

CNMV BULLETIN: INCLUDES THE MARKET SITUATION AND TWO ARTICLES ON THE BEHAVIOUR OF RETAIL INVESTORS DURING THE COVID-19 CRISIS AND ON RECENT DEVELOPMENTS IN THE SECURITISATION ACTIVITY

2 February 2022

The Spanish National Securities Market Commission (CNMV) has today published its [Quarterly Bulletin for the fourth quarter of 2021](#).

This issue includes the market situation report, which describes the development in the equities and fixed-income financial markets in 2021 as a whole, with emphasis placed on the events of the last quarter. The Bulletin also includes two articles of interest: the first one describes the behaviour of retail investors in equity markets during the most acute market moments of the COVID-19 crisis. The second article deals with the most important trends observed in the area of securitisation in Spain in recent years.

Market situation report for 2021

The **market situation report** describes the major trends in financial markets in 2021, a year marked by the evolution of the coronavirus pandemic, the recovery in economic growth and a new element of risk: the upturn in inflation. This last factor changed the expectations on future monetary policy developments. The latter part of the year and the beginning of 2022 were marked by the sixth wave of Covid-19 and by escalating tensions between Russia and Ukraine, which is one of the major sources of tension in the short term.

In this context of economic recovery, international securities markets closed the year with significant gains. Most indices of advanced economies surged more than 20%, in an environment of low market volatility and higher risk appetite. Indices with a greater number of technology or healthcare companies, in general, offered higher returns. The relative performance of the Spanish Ibex-35 benchmark was worse than that of other European indices, rising 7.9% in the year (most of this increase being in the first quarter).

The development in debt markets was in line with the monetary policy, which continues being extremely expansionary but with the prospect of a turnaround in the coming months due to the upturn in inflation, on which there is a debate over its transitory nature. In the euro area, short-term interest rates continued at very low levels, while interest

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rates of longer maturities references increased, particularly in the first quarter and the latter part of the year.

Article on the behaviour of investors

The first article, by Guillermo Cambronero and Gloria Ruiz, entitled “Análisis del comportamiento de los inversores minoristas en los mercados financieros durante la crisis del COVID-19” (Analysis of the behaviour of retail investors in financial markets during the COVID-19 crisis), describes the development in trading by these investors in the securities market in 2019 and 2020 to identify possible changes in times of heightened uncertainty of the crisis.

This article, which is an abbreviated version of a more detailed working paper to be published shortly, is the first that the CNMV has carried out focussing on this type of analysis. It highlights the significant increase in trading by natural persons in the context of the crisis.

The increase in trading was due to the sharp rise in the number of trades executed of a smaller size, together with an unusual increment in the number of new investors. The abrupt movements in equity prices in 2020, together with the easy access to trading on markets deriving from the use of new technologies were the catalysts of this process. The results contained in this article are accompanied by the publication of an interactive web-based dashboard, which can be accessed by all users using any electronic device.

Article on the securitisation activity

The second article, by Jesús González, entitled “La evolución de la actividad de titulización desde la crisis financiera” (Developments in the securitisation activity since the financial crisis) starts with the issues identified in this area in the wake of the 2007 financial crisis, lists the solutions adopted by regulators in recent years and describes the development of securitisation in Spain after the crisis. The data show that the securitisation market has not regained the dynamism of previous years, which is also related to the expansionary tone of monetary policy in recent years.

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<https://app.powerbi.com/view?r=eyJrjoiMTMxMTdhOWUtZjQ1Mi00Y2I4LTg4MmUtMzk3Mzk1MGY4MzBhliwidCI6jRiZDE1NWQzLWNiYjUtNGFjMC04MzZlLWJkMmFhMjIjZDk2OSIsImMiOjI9>

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