PRESS RELEASE

CNMV BULLETIN: INCLUDES THE REPORT ON THE SITUATION OF NATIONAL AND INTERNATIONAL FINANCIAL MARKETS

15 July 2019

- The positive performance of international financial securities markets slowed down as of April.
- Demand in debt markets intensified in the first half of the year, particularly in the last few weeks when the ECB announced that it was ready to cut rates, if necessary.
- The performance of Spanish financial markets was similar to that of its European benchmarks, although the year-to-date increase in stock prices was lower.

The Spanish National Securities Market Commission (CNMV) has published its Quarterly bulletin for the second quarter of 2019. This edition includes the "National and international financial market situation report", which analyses the performance of the most relevant national and international indicators for the financial sector in recent months.

This report highlights the increase in stock prices of the most relevant international securities markets, which continued until April when positive expectations for the first few months partially subsided due to the escalation of trade tensions between the US and China, and the increasing doubts with regard to economic growth in the euro zone and the new direction in the ECB monetary policy, as well the current challenge of Brexit, along with the geopolitical tensions in the Middle East in the latter part of the second quarter. Despite this, the majority of the indices rose in the year to date, offsetting the losses of the preceding financial year.

In international debt markets, despite initial expectations that seemed to rule out new interest rate reductions, the fact that many of these assets were considered as a safe haven in the first months of the year, and the subsequent announcement of the ECB related to its readiness to cut interest rates again, as well as to adopt other monetary policy measures, triggered further declines in debt asset yields, which in the case of the U.S. 10-Year Treasury Bond dropped by 69 b.p. to 2%, and by 57 b.p. to -0.33% in the case of the German bond, due to an increase in the demand for bonds, and accordingly, its price.

In Spain, the performance of national financial markets was, in general, similar to that of other European financial markets, with the most significant difference being a lower increase in stock prices (the Ibex 35 rose by 7.7% in the first quarter of the year versus increases exceeding 15% in many European indices), mainly due to lower bank share prices and certain ongoing domestic political uncertainties. For its part, the yield of the Government bond fell sharply in June after the ECB's statement, closing the first half of the year at 0.40% (down 103 b.p. from the end of 2018).

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