Il termometro dei mercati finanziari (8 febbraio 2019)

09/02/2019 10:06

L'iniziativa di Finriskalert.it "Il termometro dei mercati finanziari" vuole presentare un indicatore settimanale sul grado di turbolenza/tensione dei mercati finanziari, con particolare attenzione all'Italia.

Il termometro dei mercati finanziari						
08-feb-19	Legenda					
Valutazione complessiva		Calma		↑	in miglioramento	
		Turbolenza		↔	stabile	
		Tensione		↓	in peggioramento	
Mercati italiani	08-feb	01-feb	25-gen	18-gen	11-gen	Tendenza
Rendimento borsa italiana	-1.15	-1.18	0.52	2.17	2.43	↔
Volatilità implicita borsa italiana	18.00	18.60	18.02	17.89	20.48	↑
Future borsa italiana	19360	19570	19770	19640	19195	↓
CDS principali banche 10Ysub	564.17	561.03	567.05	571.48	574.40	↓
Tasso di interesse ITA 2Y	0.70	0.43	0.31	0.32	0.49	↓
Spread ITA 10Y/2Y	2.28	2.31	2.34	2.41	2.38	↔
Mercati europei	08-feb	01-feb	25-gen	18-gen	11-gen	Tendenza
Rendimento borsa europea	-1.12	0.25	0.90	2.11	0.93	↓
Volatilità implicita borsa europea	14.17	13.04	13.73	13.57	16.29	↓
Rendimento borsa ITA/Europa	-0.03	-1.43	-0.38	0.05	1.51	↑
Spread ITA/GER	2.89	2.57	2.45	2.47	2.68	↓
Spread EU/GER	1.05	0.94	0.92	0.90	1.03	↓
Politica monetaria, cambi e altro	08-feb	01-feb	25-gen	18-gen	11-gen	Tendenza
Euro/Dollaro	1.133	1.147	1.140	1.137	1.148	↓
Spread US/GER 10Y	2.55	2.53	2.55	2.52	2.52	↔
Euribor 6M	-0.233	-0.236	-0.236	-0.236	-0.236	↓
Prezzo Oro	1314	1318	1299	1284	1290	↔
Spread 10Y/2Y Euro Swap Curve	0.79	0.86	0.90	0.97	0.97	↑

Significato degli indicatori

- Rendimento borsa italiana: rendimento settimanale dell'indice della borsa italiana FTSEMIB;
- Volatilità implicita borsa italiana: volatilità implicita calcolata considerando le opzioni at-the-money sul FTSEMIB a 3 mesi;
- Future borsa italiana: valore del future sul FTSEMIB;
- CDS principali banche 10Ysub: CDS medio delle obbligazioni subordinate a 10 anni delle principali banche italiane (Unicredit, Intesa San Paolo, MPS, Banco BPM);
- Tasso di interesse ITA 2Y: tasso di interesse costruito sulla curva dei BTP con scadenza a due anni;
- Spread ITA 10Y/2Y : differenza del tasso di interesse dei BTP a 10 anni e a 2 anni;
- Rendimento borsa europea: rendimento settimanale dell'indice delle borse europee Eurostoxx;
- Volatilità implicita borsa europea: volatilità implicita calcolata sulle opzioni at-the-money sull'indice Eurostoxx a scadenza 3 mesi;
- Rendimento borsa ITA/Europa: differenza tra il rendimento settimanale della borsa italiana e quello delle borse europee, calcolato sugli indici FTSEMIB e Eurostoxx;
- Spread ITA/GER: differenza tra i tassi di interesse italiani e tedeschi a 10 anni;
- Spread EU/GER: differenza media tra i tassi di interesse dei principali paesi europei (Francia, Belgio, Spagna, Italia, Olanda) e quelli tedeschi a 10 anni;
- Euro/dollaro: tasso di cambio euro/dollaro;
- Spread US/GER 10Y: spread tra i tassi di interesse degli Stati Uniti e quelli tedeschi con scadenza 10 anni;
- Prezzo Oro: quotazione dell'oro (in USD)
- Spread 10Y/2Y Euro Swap Curve: differenza del tasso della curva EURO ZONE IRS 3M a 10Y e 2Y;
- Euribor 6M: tasso euribor a 6 mesi.

I colori sono assegnati in un'ottica VaR: se il valore riportato è superiore (inferiore) al quantile al 15%, il colore utilizzato è l'arancione. Se il valore riportato è superiore (inferiore) al quantile al 5% il colore utilizzato è il rosso. La banda (verso l'alto o verso il basso) viene selezionata, a seconda dell'indicatore, nella direzione dell'instabilità del mercato. I quantili vengono ricostruiti prendendo la serie storica di un anno di osservazioni: ad esempio, un valore in una casella rossa significa che appartiene al 5% dei valori meno positivi riscontrati nell'ultimo anno. Per le prime tre voci della sezione "Politica Monetaria", le bande per definire il colore sono simmetriche (valori in positivo e in negativo). I dati riportati provengono dal database Thomson Reuters. Infine, la tendenza mostra la dinamica in atto e viene rappresentata dalle frecce: ↑, ↓, ↔ indicano rispettivamente miglioramento, peggioramento, stabilità rispetto alla rilevazione precedente.

A synthesis of the 2018

EIOPA Stress Tests

di Emilio Barucci

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Overall, the stress test exercise shows the significant sensitivity to market shocks for the European insurance sector. The groups seem to be vulnerable to not only low yields and longevity risk, but also to a sudden and abrupt reversal of risk premia combined with an instantaneous shock to lapse rates and claims inflation.

Three scenarios are considered:

1. Yield curve up (YCU) scenario: i) the 10– year EUR swap rate term structure would shift upwards by 85 bps and by more than 100 bps for currencies of other major advanced economies. Government bond spreads increase by 36 bps on average, reaching a maximum of 134 bps. ii) Lapse rates are assumed to increase by 20% for all non-mandatory life insurance products. iii) 2.24% higher annual claims inflation than assumed for the existing calculation of the best estimate of non-life liabilities.
2. Yield curve down (YCD): i) protracted period of extremely low interest rates. Instantaneous change of the relevant risk-free interest rate term structures, including an adjustment of the ultimate forward rate which is set at 2.04% (compared to 4.2% at the end of 2017). 10– year swap rates decline by around 80 bps in advanced economies and by around 40 bps in the emerging market economies. ii) average life expectancy is assumed to increase significantly across the entire population.
3. Natural Catastrophe (NC): four European windstorms, two central and eastern European floods and two Italian earthquakes.

Management actions were not allowed in the exercise. Data refer to end of 2017. The exercise covers 42 groups (75% of consolidated assets, 66% of technical provisions at the European level).

Two ratios of insurance companies are considered: assets over liabilities (AoL) and Solvency capital ratio (SCR).

In the baseline situation, participating groups have an average AoL ratio of 109.5% with an SCR ratio of 202.4%.

In the YCU scenario, the aggregate AoL ratio drops from 109.5% to 107.6%. Without the use of Long Term Guarantee (LTG) and transitional measures the impact would be more severe, corresponding to a drop in AoL ratio to 105.1% with 3 groups reporting an AoL ratio below 100% (accounting for approximately 10% of total assets in the sample). The post-stress aggregate SCR ratio remains at 145.2% with a drop of 57.2%, but 6 groups report a post-stress SCR ratio below 100%. Without the application of LTG and transitional measures, the SCR ratio would drop to 86.6%, with 21 groups reporting a ratio below 100%.

In the YCD scenario, the aggregate AoL ratio decreases from 109.5% to 106.7%. Without the use of LTG and transitional measures, the aggregate AoL ratio would drop to 104.8% with 3 groups reporting an AoL ratio below 100% (accounting for approximately 10% of total assets in the sample). The aggregate SCR ratio drops by 64.9 percentage points at 137.4% after shock, 7 groups report a ratio below 100%. Excluding both LTG and transitional measures would lead to an aggregate SCR ratio of 85.4%, with 20 participating groups reporting a ratio below 100%.

In the NC scenario, participating groups report a drop of only 0.3% in the aggregate AoL ratio. The limited impact of the NC scenario is mainly due to the reinsurance treaties in place, with 55% of the losses transferred to reinsurers.

Are Long-term Guarantees measures levelling the field for insurance companies in Europe?

di Emilio Barucci

09/02/2019 10:24

The 2018 Eiopa Report on Long-term Guarantees measures and measures on equity risk was released in December 2018. The analysis refers to data at 31 December 2017, the following measures were investigated: Matching Adjustments (MA), Volatility Adjustmens (VA), Symmetric adjustment meachanism to the equity risk charge (SA), Duration-based equity risk module (DBER), Transitional on the risk free rate (TRFR), Transitional on technical provisions (TTP).

The report shows that 3 out of 4 insurance and reinsurance undertakings do not apply any of the LTG measures, undertakings aopting them represent 74% of the technical provisions of the European market. Those using VA represent the vast majority (66%), followed by those adopting TTP (24%) and the MA (15%).

The report show the effect of removing the measures for undertakings. The effect should be an increase for technical provisions, a decrease for net deferred tax liabilities, a decrease for eligible own funds, an increase for the SCR and MCR. Removing all the measure would lead to increase the amount of technical provisions by 176 bln euro (215 in 2017), to reduce eligible own fund by 127 bln euro (164 in 2017), to increase the SCR by 64 bln (73 in 2017). The effect is lower than last year. The impact on average on the SCR ratio at the European level for undertakings adopting at least one of the measures is –59%pts (last year it was –69%pts). There is a lot of heterogeneity, the datum is affected by two outliers (Germany and UK with –95%pts), Itlay has a little impact: –5%pts. Without the measures, 7% of undertakings would be below the 100% threshold, representing 13% of technical provisions at the European level. In 2017, the number of undertakings at risk to go below 100% was 11%. Thus the criticality associated with applications of these measures is decreasing.

Undertakings adopting LTG measures are more exposed to risk. 1)Credit risk. Almost all investments in bonds by undertakings are investment grade with no difference between undertakings using LTG measures and the others. However, undertakings adopting the LTG measures invest in riskier bonds: +25% in BBB

government bonds with respect to the other undertakings and +12% in case of corporate bonds. 2) Interest rate risk. The duration of the assets held by undertakings adopting LTG measures is longer than for the others: +2 years in case of government bonds, +1 year in case of corporate bonds.

Removing the MA would lead to a –81% (companies located in UK and Spain). Without MA, 41% of undertakings using this measure would go below 100%.

The number of undertakings using the VA decreased by 34 in one year. In many countries undertakings using the VA represent more than 80% of technical provisions of the market. 17% of the technical provisions apply both the VA and the TTP. The impact of removing the VA is –17%pts. There are three outliers: Germany, Denmark and The Netherlands with an impact around –40%pts for undertakings adopting the measure. Only 1% of the undertakings using this measure would go below 100% without it. It is interesting to observe that the advantage of the VA comes almost exclusively from undertakings adopting an internal model with a dynamic VA (-56%bps), for those adopting the standard formula or the internal model but without the dynamic VA the effect is limited: –5/6%bps. Undertakings using the VA are more exposed to credit risk than the others: +24% of BBB government bonds or lower grade, +12% in case of corporate bonds.

The average impact of removing TRFR measures for undertakings using this measure would be 50%pts with a significant effect for France and Greece. The average impact of removing TTP measures for undertakings using this measure would be 75%pts with a significant effect for Germany, Belgium, France.

The picture that deserves a deeper analysis. The main questions are: Are these measures able to accomplish the tasks for which they were designed? Is their application able to level the playing field for insurance companies in Europe?

The Revised EIOPA Single Programming Document 2019–2021 with Annual Work Programme 2019

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Link

Ignazio Visco: Recent economic developments and financial intermediaries in Italy

09/02/2019 10:16

Speech by the Governor of the Bank of Italy Ignazio Visco Rome, 2 February 2019 — 25th ASSIOM FOREX Congress

https://www.bis.org/review/r190204b.pdf

Driving factors of and risks to domestic demand in the euro area

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Activity in the euro area is expected to continue to expand at a moderate pace, while more elevated uncertainty points to intensified downside risks to the growth outlook. Heightened uncertainties at the global level, the prospect of Brexit, escalating protectionism, volatility in emerging market economies (EMEs) and policy uncertainty in some parts of the euro area pose major challenges to the sustainability of domestic demand going forward. According to the December 2018 Eurosystem staff macroeconomic projections, the growth outlook is expected to be underpinned by sustained growth in domestic demand over the next few years, notwithstanding a very limited contribution from net exports and inventories (see Chart A). Even though growth is expected to slow, which is consistent with a maturing business cycle in which labour supply shortages increase in some countries and saving ratios recover from their low levels, activity is expected to be relatively resilient owing to a number of factors, including the expected continued expansion of global activity, the accommodative monetary policy stance supporting financing conditions, improving labour markets, rising wages and some fiscal loosening. This box reviews the factors underpinning domestic expenditure and assesses the potential adverse effects on domestic activity of heightened global uncertainty. [Read More]

https://www.ecb.europa.eu/pub/economic-bulletin/focus/2019/html/ecb.ebbox201901_02~52a7c9d7ae.en.html

International Master in Fintech, Finance and Digital Innovation

05/02/2019 17:31

Digital Transformation has led to significant changes in all business models and sectors, particularly in the **financial industry**. New technologies and new methodologies are changing the way to do business.

Today, it is necessary to *shift perspective* and update one's specific skillset: to accomplish this task, the **Politecnico di Milano Graduate School of Business** has developed a highly professional training programme which is able to respond in a timely manner to the needs of the market.

The ***International Master in Fintech, Finance and Digital Innovation***is the programme developed by **MIP Politecnico di Milano,** in cooperation with the *Department of Mathematics*, the *Department of Management Engineering* and the *Department of Electronics, Information and Bioengineering* of the Politecnico di Milano, to provide all the skills and competencies needed to face the *Fintech revolution*.

The 12-month Master, entirely taught in English, offers a comprehensive education in **finance** and an in-depth understanding of **digital technologies** and their applications in the financial sector (banking, insurance companies, asset management). The programme targets young graduates who want to specialise in the Fintech area and its aim is to train professionals to be able to understand and manage the digital transformation, building on their different skills and capabilities. The Master builds on the collaboration with our partners from the financial industry -**Aviva**, **Deloitte, Fabrick Spa, IBM** and **Intesa Sanpaolo Group —** in order to combine theoretical competencies on methods and technologies with the expertise of the financial world and Fintech applications. The Master also boasts the cooperation with Fintech companies such as Moneyfarm, Net Insurance and ZeroKMFinance.

The programme is structured in three building blocks, designed to guide all participants through a learning funnel that enables the attainment of an in-depth understanding of the Fintech revolution. Starting from a strong basis in *Finance*, *Information Technology*, *Computer Programming* and *Quantitative Finance*, students will understand the foundations of the Fintech ecosystem. The Master then covers digital innovation technologies that play a preeminent role in Fintech, such as big data, cybersecurity, distributed ledger technologies, smart contracts, blockchain, machine learning, natural language processing and data visualisation. Finally, the programme enters into the Fintech domain, analysing how these technologies/methodologies can transform classical intermediation activity and how they can disintermediate traditional players in a peer-to-peer perspective.

To learn more about the Master, visit the MIP website and discover how to improve your skills and give the right direction to your career in the Fintech sector:

https://www.som.polimi.it/en/course/master/fintech-international-master-in-fintech-finance-and-digital-innovation/

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