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Il termometro dei mercati finanziari (27 luglio 2018)

a cura di Emilio Barucci e Daniele Marazzina

28/07/2018 07:15

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

Il termometro dei mercati finanziari						
27-lug-18	Legenda					
Valutazione complessiva		Calma		↑	in miglioramento	
Turbolenza		Turbolenza		↔	stabile	
		Tensione		↓	in peggioramento	
Mercati italiani	27-lug	20-lug	13-lug	06-lug	29-giu	Tendenza
Rendimento borsa italiana	0,74	-0,45	-0,15	1,38	-1,20	↔
Volatilità implicita borsa italiana	16,06	17,20	17,28	19,28	20,54	↑
Future borsa italiana	21895	21720	21800	21845	21505	↑
CDS principali banche 10Ysub	417,98	442,68	424,53	447,34	475,99	↑
Tasso di interesse ITA 2Y	0,76	0,61	0,70	0,86	0,73	↑
Spread ITA 10Y/2Y	1,98	1,97	1,86	1,86	1,96	↔
Mercati europei	27-lug	20-lug	13-lug	06-lug	29-giu	Tendenza
Rendimento borsa europea	1,94	0,16	0,18	1,56	-1,34	↔
Volatilità implicita borsa europea	11,45	12,43	12,38	13,68	14,85	↑
Rendimento borsa ITA/Europa	-1,20	-0,61	-0,33	-0,17	0,14	↔
Spread ITA/GER	2,33	2,21	2,28	2,43	2,38	↑
Spread EU/GER	0,80	0,77	0,82	0,87	0,86	↑
Politica monetaria, cambi e altro	27-lug	20-lug	13-lug	06-lug	29-giu	Tendenza
Euro/Dollaro	1,17	1,17	1,17	1,18	1,17	↔
Spread US/GER 10Y	2,55	2,52	2,55	2,54	2,54	↔
Euribor 6M	-0,269	-0,269	-0,271	-0,269	-0,270	↔
Prezzo Oro	1224	1229	1242	1255	1251	↔
Spread 10Y/2Y Euro Swap Curve	1,05	1,04	1,02	1,01	1,03	↔

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.

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EIOPA Stress Test 2018

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di Silvia dell'Acqua

26/07/2018 14:32

EIOPA launched its fourth union-wide exercise with the aim of assessing the resilience of the European insurance companies against adverse scenarios which can trigger systemic risk and threaten the stability of the European financial markets and the real economy.

The target sample encompasses 42 insurance groups (the first 30 and 12 additional others supervised by different NCAs), for a total coverage close to 78% of the consolidated Assets according to the SII Financial Stability reporting.

The Stress Test (ST) does not represent a "pass" or "fail" exercise, but rather a full bottom up calculation to assess the impact of three adverse scenarios to the insurance groups Balance Sheets (BS), Own Funds (OF) and Solvency Capital Requirement (SCR), with reference date 31.12.17. The set of templates to report these results are broadly based on the SII QRT reporting and will be partly disclosed upon the consent of the participating groups.

Participating groups are requested to submit the filled in templates to the NCAs by the 16^{th} of August and quality checks and benchmarking will be carried out by the supervisors until end October, with the aim of disclosing the results by the second half of January 2019.

In the 2018 ST exercise:

- the shocks are instantaneous and applied to the entire in force business at the reference date
- the shocks levels for sovereign or corporate yields refer to a change in the total yield, and changes to the risk free yields (swaps) have to be considered too when calculating the credit spreads
- shocks on the underwriting risks have to be applied after the market ones and, in case the lapse/longevity shocks imply a positive impact on the SII OF conditional to the situation after the application of the market ones, their impact has to be capped to 0 (only groups take part to the exercise)
- the consolidation of the results for the group BS after stress shall be in line with the base
- participations in not-insurance entities and related undertakings held by the group shall be stressed according to the shock prescribed to the stock prices
- measures like mitigating strategies that rely on taking future actions after the reference date should not be considered
- the look through approach shall be applied
- for what concerns the SCR calculation, approximations and simplifications can be used considering the trade-off between feasibility and reliability, and all the simplifications shall be discussed with the group supervisor and cannot include the calculation of Loss Absorbing Capacity of Technical Provisions (LACTP) and Deferred Taxes (LACDT)
- for what concerns the Risk Margin (RM) recalculation, scaling approaches can be used to derive the post stress RM according to the change in BEL
- the Long Term Guarantees (LTG) and Transition measures applied at the reference date shall be applied in the stressed situations too and the impact calculated; the impact of the latter on the TP shall be calculated in the base scenario, approved by the NCA and kept constant in the stressed scenarios.

Three adverse scenarios are proposed, along with a questionnaire on the exposure to the cyber risk:

[1] YC up + LAPSE up + inflation pressure (that causes a provision deficiency)

This scenario is characterized by an upward shift in the risk free rates as well as a significant increase in inflationary pressure, followed by a large share of policyholders who surrender. An abrupt fall in the global asset prices puts in trouble the insurers that are large investors in government and corporate bonds, equity and real estates:

- the swap yield with 10y maturity increases by 85bps in the EU
- the spread of a 10y government bond increases on average by 36pbs, reaching a maximum of 134bps; yields on corporate and bank debt increase too and in larger measure
- stock prices in the EU decline by about 39%, equity by 33%, real estate by 41% and residential and commercial real estates by 20% and 31% respectively
- overall expenses and costs increase strongly because of the inflation pressure
- an instantaneous shock of 20% of the lapse rate shall be applied in place of the best estimate to all products types (but mandatory), overruling the potential dynamic adjustment generated by the market shocks
- the annual claims cost of non-life insurers increases by 2.24%

[2] YC dw + LONGEVITY up

This scenario is characterized by a protracted period of extremely low interest rates (including an adjustment to the UFR) in conjunction with a significant increase in the average life expectancy:

- the swap yield with 10y maturity decreases by 80bps in the EU
- the spread of a 10y government bond declines on average by 36pbs, spanning from 49 to 17bps; yields on corporate bonds decrease too, increasing the spreads
- stock prices in the EU decline by about 16%, equity by 6%, real estate by 18% and residential and commercial real estate remain unchanged
- consistently to the methodology recently suggested for the review of the SF, a relative change of –15% shall be applied to the best estimate mortality assumptions independently of the age and the type of product

[3] NATURAL CATASTROPHE

This scenario is characterized by multiple catastrophic events for windstorm (4), floods (2) and earthquakes (2) to be considered as separate events for reinsurance recoveries. Management actions such additional reinsurances cannot be considered and insurers may therefore suffer from exhaustion of the reinstatement provisions of their reinsurance treaties

CYBER QUESTIONNAIRE

The questionnaire aims at gathering information on the current situation, the existing approaches and the best practices to deal with the cyber risk, that has climbed to the top positions in the list of global risks for businesses as a consequence of the digital transformation going on lately. Insurers have to check their definition of cyber risk against a benchmark and have to analyse its impact in terms of frequency and economic loss in the last four years (cyber risk is usually classified as operational risk, linked to a deliberate exploitation of computers systems and networks). They finally have to collect information on the exposures held in underwritten portfolios, split between "affirmative" (coverage explicitly included) and "not affirmative" (coverage not explicitly excluded, i.e. "silent").

ECB: results of the July 2018 euro area bank lending survey

26/07/2018 14:55

The European Central Bank (ECB) published on the 24th of July the results of the euro area bank lending survey collected in July 2018. These results can be summarized in three main points:

- Easing credit standards and increasing demand across all loan categories continued to support loan growth
- Banks expect continued net easing of credit standards in all segments for the third quarter
- Tightening impact on credit standards from banks' non-performing loans is diminishing

Credit standards for loans to enterprises eased in net terms in the second quarter of 2018, according to the July 2018 bank lending survey (BLS). The net easing (-3%) of credit standards – i.e. banks' internal guidelines or loan approval criteria – follows on from an easing of credit standards (-8%) for loans to enterprises in the previous quarter and was in line with banks' expectations in the previous survey round. In addition, credit standards for loans to households for house purchase eased (net percentage of reporting banks at –8%, after –11%), and credit standards for consumer credit and other lending to households also eased (-3%, unchanged from previous period). Across the three segments, competitive pressure and risk perceptions had an easing impact on credit standards, while banks' cost of funds and balance sheet constraints and their risk tolerance were broadly neutral. For the third quarter of 2018, banks expect a net easing of credit standards in all three segments.

Banks' overall terms and conditions (i.e. banks' actual terms and conditions agreed in the loan contract) on new loans eased across all loan categories in the second quarter of 2018, driven mainly by a narrowing of margins on average loans, while margins on riskier loans also eased across all loan categories, albeit to a lesser extent.

Net demand continued to increase across all loan categories in the second quarter of 2018. The net increase in demand for loans to enterprises was driven mainly by the general level of interest rates, inventories and working capital, and M&A activity. Net demand for housing loans continued to be driven mainly by the low general level of interest rates, favourable housing market prospects and consumer confidence. Consumer confidence, spending on durable goods and the low general level of interest rates continued to contribute positively to net demand for consumer credit and other lending to households.

With regard to the impact of banks' non-performing loans (NPLs) on their lending policies, euro area banks reported that NPLs contributed to a tightening in their credit standards and terms and conditions across all categories of loans over the past six months. However, this tightening impact has generally diminished relative to the impact between 2014 and 2017, and it is expected to decrease further in the next six months. Banks' NPL ratios affected their lending policies mainly through their impact on risk perceptions, risk tolerance and the cost of cleaning up the balance sheet.

Finally, with regard to the factors that are significant in determining banks' lending margins, competition and profitability targets were reported as the most significant factors across all categories of loans over the past six months, and these factors also increased most in significance between the beginning of 2014 and the end of 2017.

The BLS, which is conducted four times a year, was developed by the Eurosystem to improve the understanding of banks' lending behaviour in the euro area. The results reported in the July 2018 survey relate to changes in the second quarter of 2018 and expectations of changes in the third quarter of 2018, unless otherwise indicated. The July 2018 BLS was conducted between 18 June and 3 July 2018. In this BLS round, the sample size of the survey was 149 banks. The response rate was 100%.

Euro Area Bank Lending Survey (HTML)

ECB: Monetary Policy Decisions

26/07/2018 14:49

The Governing Council of the ECB met on July 26th to update decisions concerning monetary policy across the monetary union.The interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.00%, 0.25% and –0.40% respectively.

The Governing Council expects the key ECB interest rates to remain at their present levels at least through the summer of 2019, and in any case for as long as necessary to ensure the continued sustained convergence of inflation to levels that are below, but close to, 2% over the medium term.

Regarding non-standard monetary policy measures, the

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Governing Council will continue to make net purchases under the asset purchase programme (APP) at the current monthly pace of €30 billion until the end of September 2018.

The Governing Council anticipates that, after September 2018, subject to incoming data confirming the Governing Council's medium-term inflation outlook, the monthly pace of the net asset purchases will be reduced to €15 billion until the end of December 2018 and that net purchases will then end.

The Governing Council intends to reinvest the principal payments from maturing securities purchased under the APP for an extended period of time after the end of the net asset purchases, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation.

IOSCO: World Investor Week to promote investor education

26/07/2018 14:40

The International Organization of Securities Commissions (IOSCO) is preparing to launch its second annual World Investor Week (WIW) from 1 through 7 October 2018, following the success of last year´s event in promoting investor education and protection and highlighting the various initiatives of securities regulators in those two areas around the globe.

The 2018 WIW involves a week of activities carried out by participating IOSCO member jurisdictions. A key objective of the WIW is to highlight the importance of investor education and protection, and to foster learning opportunities for investors, given today´s rapidly changing environment of online and technological innovations. Many members leverage the event to organize further investor education activities throughout the year.

In last year's WIW, IOSCO members and stakeholders from some 80 jurisdictions on six continents engaged in a range of activities, offering investor-focused information and services, staging contests to increase awareness of the importance of investor education, organizing workshops and conferences, and conducting local/national campaigns in their jurisdictions. The WIW 2017 Public Report provides an overview of these activities that took place worldwide.

Ashley Alder, Chair of the IOSCO Board and the Chief Executive Officer of the Hong Kong Securities and Futures Commission, said, "The IOSCO World Investor Week not only effectively communicates key messages to market participants regarding investor education, investor protection and financial literacy but also encourages and facilitates new initiatives among our members."

WIW 2017 Public Report (PDF)

EBA: updates on monitoring of CET1 capital instruments

26/07/2018 14:38

The European Banking Authority (EBA) published today a new updated list of Common Equity Tier 1 (CET1) instruments of EU institutions. This list is accompanied by an updated CET1 Report, which includes information on the underlying objectives of the monitoring as well as on the consequences of including or excluding instruments in or from the CET1 list.

The EBA's monitoring of capital instruments contributes to the enhancement of the quality of institutions' capital across the EU. The EBA will continue to update the Report on a regular basis to give account of new developments in CET1 issuances and practices.

Since the first publication of the list on 28 May 2014, the EBA has included 13 new forms of instruments issued after the entry into force of the Capital Requirements Regulation (CRR) and assessed their terms and conditions against the regulatory provisions with the aim of identifying any discrepancy with the eligibility criteria. In cooperation with competent authorities, the EBA is also conducting a review of some pre-CRR instruments.

In several cases, the EBA requested amendments to the terms and conditions of the instruments, mainly relating to the eligibility criteria flexibility of payments and permanence.

The CET1 Report includes some background information on the monitoring work done to establish the CET1 list. Its aim is to provide external stakeholders with further guidance on the content and objectives of the CET1 list. The main results of the monitoring and assessment of CET1 instruments are summarised in a 'lessons learnt' section. This section highlights areas where the EBA believed it was necessary to amend the terms and conditions of the instruments or the national laws of a given jurisdiction or the by-laws/statutes of institutions to make a given form of instrument eligible as CET1 capital.

EBA report on the monitoring of CET1 instruments — first update (PDF)

EBA updated CET1 list-Q3 2018 (XLSX)

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