

Il termometro dei mercati finanziari (29 Luglio 2022)

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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						
29-Jul-22	Legenda					
Valutazione complessiva	Calma			↑	miglioramento	
				↔	stabile	
	Tensione			↓	peggioramento	
Mercati italiani	29-Jul	22-Jul	15-Jul	8-Jul	1-Jul	
Rendimento borsa italiana	5.63	↑	1.33	-3.86	1.96	-3.46
Volatilità implicita borsa italiana	25.81	↑	27.69	29.46	26.91	27.26
CDS principali banche 10Ysub	436.38	↑	441.32	444.83	426.93	444.19
Tasso di interesse ITA 2Y	1.41	↔	1.36	1.32	1.06	1.03
Spread ITA 10Y/2Y	1.74	↑	2.06	2.04	2.30	2.18
Mercati europei	29-Jul	22-Jul	15-Jul	8-Jul	1-Jul	
Rendimento borsa europea	3.10	↓	3.43	-0.84	1.69	-2.40
Volatilità implicita borsa europea	21.40	↑	23.25	25.43	24.54	25.28
Rendimento borsa ITA/Europa	2.52	↑	-2.10	-3.02	0.28	-1.05
Spread ITA/GER	2.39	↔	2.40	2.23	2.02	1.97
Spread EU/GER	0.98	↑	1.04	0.99	0.92	0.92
Politica monetaria, cambi e altro	29-Jul	22-Jul	15-Jul	8-Jul	1-Jul	
Euro/Dollaro	1.03	↔	1.023	1.008	1.017	1.039
Spread US/GER 10Y	1.82	↓	1.76	1.81	1.76	1.67
Euribor 6M	0.66	↓	0.632	0.448	0.238	0.263
Prezzo Oro	1764	↓	1731	1705	1746	1808
Spread 10Y/2Y Euro Swap Curve	0.58	↑	0.62	0.70	0.88	0.88

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.

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EIOPA financial stability report highlights

a cura di Silvia Dell'Acqua

29/07/2022 09:04:17

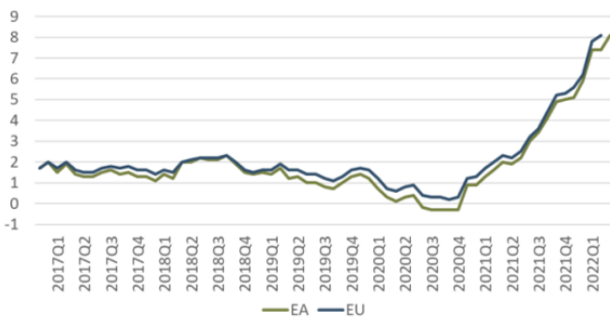


This article is meant to recap the major topics highlighted in the Financial Stability Report published by EIOPA last 22nd June 2022.

Russian invasion of Ukraine and Inflation

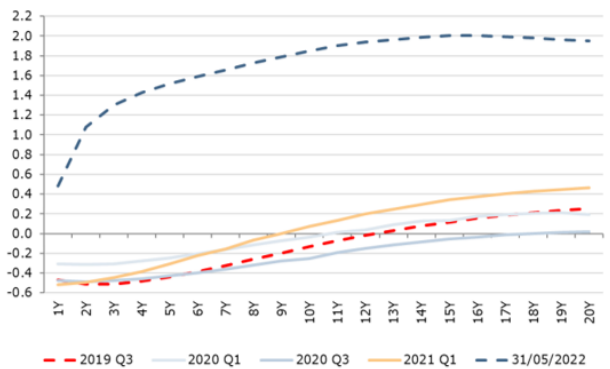
The Russian invasion of Ukraine has increase pre-existing inflationary pressures triggered by the pandemic, planting doubts of negative economic outlooks with stagflation scenarios. Consequently, Central Banks are turning to restrictive monetary policies and a scenario with rising interest rates seem more realistic than a low yield one. Insurers benefit or suffer from an increase in interest rates based on duration mismatch of assets and liabilities: when assets are shorter than liabilities (negative duration gap) their value decreases less than the liabilities' one. This often happens for life insurers and pension schemes, while the opposite is observed for non-life insurers, that also massively suffer raising claims driven by the inflation increase. Obviously, also life insurers suffer an increase in inflation (expense risk), as well as policyholders, who face lower real word returns and a reduced purchasing power. This may lead to an increase in lapse rates (indeed many companies turned from lapse down to lapse mass risk) and lower pension contributions, or even accesses to pension pots to afford a higher cost of living.

During 2021, the inflation has increased in the euro area by 2.6%, well above the 2.0% target; the growth has continued in 2022, reaching an annual estimate of 8.1% in May 2022. The chart shows the HICP annual % change, sourced by ECB.



The EU Commission forecasts inflation levels of 6.8% in 2022 and 3.2% in 2023, while the IMF World Economic Outlook forecasts euro area inflation rates of 5.3% in 2022 and 2.3% in 2024.

Following high inflation rates and a tighter monetary policy, Sovereign yields have increased in Europe during the second half of 2021 and in the beginning of 2022, being significantly higher than in the last years. The government bond yields are back to be positive, and the Euro swap curve is even above the 2019 level, as showed by the following chart, sourced by Refinitiv.



Luckily, so far, a direct impact of the invasion on assets and liabilities is quite limited: the assets directly exposed to Russia,

Ukraine and Belarus are lower than 0.1% of the total investments and the volume of technical provisions in these regions is negligible; only few small European insurance groups are active there and are not exposed to energy-commodity or sovereign default risk derivatives.

Cyber Risk

Following the Russian invasion of Ukraine and the wider and wider development of digital solutions and reliance on remote work, the European supervisors expect a rise in the materiality of cyber risk, that is now ranked as third place in terms of materiality, after market and macro risks. On one hand, this challenge may turn into an opportunity for the insurance sector, which can take the chance to provide cyber underwriting policies; on the other, it can further increase coverage gaps raising issue of insurability and reputational risk (for instance, the so-called "war exclusion", losses caused by armed conflicts not paid, is now at dispute): with this respect, a clear disclosure and communication of the scope of the coverages is extremely important. It's also important to remind that, back in 2020, during the SII review, EIOPA proposed the European Commission a new reporting template of data for cyber insurance policies and, starting from January 2022, the Authority has included a new risk category (Digitalization and cyber risks) in its Risk Dashboard. EIOPA will work on improving its methodological framework for bottom-up insurance stress test, including cyber risk, during 2022 and 2023. Luckily, so far, only a limited number of European insurers are active in crypto asset investments, with negligible materiality, almost all concentrated in unit linked life products.

Climate Change and Sustainable Finance

Climate change is producing extreme weather and driving several natural disasters, in 2021 much higher than in previous years: the World Meteorological Organization has reported an increasing factor of five over the 50-year period. If they become more frequent or severe, non-life insurers will face a high pressure. EIOPA has published a paper to set out methodological principles to incorporate climate change risks in a stress testing framework. Furthermore, many risks are still not covered, and this protection gap may limit productive investments, putting in trouble the overall economic growth. Indeed, in 2021, there were covered only 43% of USD losses, only 55% of CAD losses and only 24% of German losses.

The Russian invasion has ultimately underlined the demand for renewable energy, to replace Russian fossil fuels and the European Commission has also emphasized the need to accelerate the launch of clean energy technologies. Insurers can invest in green bonds to support this initiative: the European insurance industry has planned to allocate over 140bln euro to sustainable investments by 2022 and keeps on calling for increasing the availability of sustainable long-term assets.

European insurance sector in 2021 and 2022

After a 2020 characterized by the pandemic, the European insurance sector remained resilient in 2021, entering the 2022 calendar year with a solid median SCR ratio of 216% (improved for life and composite insurers, slightly declined for non-life insurers). During 2021 the financial markets performed well, providing both a slightly improved profitability for the insurers (median return on assets of 0.57% compared to 0.38% of 2020) and high returns for the policyholders, with consequent stable lapse rates (median value of 2.8% in 2021, compared to 2.7% in 2020); the gross written premiums grew compared to 2020 (also because of the earlier pandemic) and the share of unit linked

business in life segment increased up to 39%, the highest level since 2016, when SII was introduced, emerged as a credible investment helping consumers to address the inflation risk.

The outlook for 2022 is not as good: the growth has started slowing down in the fourth quarter of 2021 and has significantly slowed down in first quarter of 2022, this combined with a weaker consumer and industry confidence driven by the fear of a longer conflict in Ukraine and a total ban of oil and gas from Russia. Industrial producer prices have increased year-over-year by over 30%, with different supply shock across member states, consequent to cross-country differences related to the effect of sanctions. The forecast of gross domestic product growth for 2022 and 2023 has been already decreased to respectively 2.7% and 2.3% in the Commission Spring 2022 Economic Forecast. This goes in hand with a declining path for the Equity market.

Reference:

- EIOPA Financial Stability Report, 22nd June 2022

US Tech Bill Creates White House Blockchain Adviser Role

29/07/2022 09:48:32

A U.S. bill to boost computer chip manufacturing that's heading to President Joe Biden's desk will also establish a crypto advisory role inside his administration...

https://www.coindesk.com/policy/2022/07/28/us-tech-bill-creates-white-house-blockchain-adviser-role/?utm_medium=referral&utm_source=rss&utm_campaign=headlines

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<https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr220726~491ecd89cb.en.html>

La convalida dei sistemi interni di rating nella consultazione EBA

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EBA ha posto oggi in **pubblica consultazione** l'**aggiornamento** del proprio **manuale** di vigilanza per la **convalida dei sistemi interni di rating**...

<https://www.dirittobancario.it/art/la-convalida-dei-sistemi-interni-di-rating-nella-consultazione-eba/>

Voluntary support and ring-fencing in cross-border banks

29/07/2022 09:45:40

While supranational architecture permits voluntary support, national architecture gives rise to inefficient ring-fencing of a healthy subsidiary when there is high correlation between the subsidiaries' assets...

<https://www.ecb.europa.eu/pub/pdf/scpwps/ecb.wp2688~7347dc11ae.en.pdf>

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