

25/07/2020 | Newsletter-29-2020

## Il termometro dei mercati finanziari (24 Luglio 2020)

a cura di *Emilio Barucci e Daniele Marazzina*

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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						
24-Jul-20	Legenda					
Valutazione complessiva	Calma					
				↑	miglioramento	
				↔	stabile	
	Tensione			↓	peggioramento	
Mercati italiani						
	24-Jul	17-Jul	10-Jul	3-Jul	26-Jun	
Rendimento borsa italiana	-1.69 ↓	3.30	0.21	3.15	-2.52	
Volatilità implicita borsa italiana	26.43 ↑	27.31	30.02	29.14	32.58	
CDS principali banche 10Ysub	370.92 ↑	394.42	410.01	492.35	504.01	
Tasso di interesse ITA 2Y	-0.05 ↑	0.08	0.12	0.14	0.13	
Spread ITA 10Y/2Y	1.12 ↔	1.16	1.17	1.19	1.24	
Mercati europei						
	24-Jul	17-Jul	10-Jul	3-Jul	26-Jun	
Rendimento borsa europea	-1.63 ↓	2.10	0.06	2.82	-1.99	
Volatilità implicita borsa europea	21.70 ↓	23.21	25.20	24.81	28.78	
Rendimento borsa ITA/Europa	-0.06 ↓	1.19	0.15	0.33	-0.53	
Spread ITA/GER	1.52 ↑	1.69	1.76	1.76	1.85	
Spread EU/GER	0.61 ↑	0.66	0.69	0.69	0.73	
Politica monetaria, cambi e altro						
	24-Jul	17-Jul	10-Jul	3-Jul	26-Jun	
Euro/Dollaro	1.162 ↑	1.142	1.132	1.124	1.120	
Spread US/GER 10Y	1.03 ↑	1.08	1.10	1.10	1.12	
Euribor 6M	-0.373 ↑	-0.352	-0.328	-0.302	-0.268	
Prezzo Oro	1902 ↓	1810	1801	1775	1761	
Spread 10Y/2Y Euro Swap Curve	0.23 ↔	0.24	0.24	0.27	0.24	

### 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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COVID-19 worldwide economic downturn: a challenge and an opportunity for Corporate & Investment Banking sector  
a cura di *Tommaso Sacchi*

23/07/2020 10:29:11

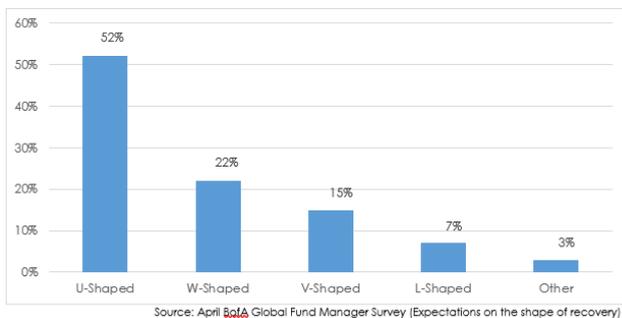


## [An introduction of actual crisis](#)

Current situation is something extraordinarily dramatic. On March 11 the World Health Organization declared COVID 19 a pandemic, it means an outbreak of a disease spreading across wide geographic areas of the whole world and affecting an exceptionally high proportion of the entire population. It was since 1968-69 that a similar event, at the time the “Hong-Kong Flu”, gripped a significant region; that time Asia and America, while we have to throwback to 1918-19 with the “Spanish Flu” to [find the Europe as the ground-zero of the disease.](#)

On the verge of completion from Phase 1 to Phase 2 transition which means a step-by-step re-opening, uncertainty is still raging. Economists are trying to understand what is going to happen on financial markets and real economy. Their effort is devoted to predicting, as far as possible, the recovery shape (V, W, U, L in terms of GDP) but difficulty is mainly dependent on how long coronavirus will affect business and every economic activity.

Bank of America’s April monthly global fund manager survey (Nagarajan, 2020) shows that 52% of fund managers believe the economic recovery from COVID-19 will be U-shaped (gradual recovery), 22% say W-shaped (double-dip recession), and only 15% say V-shaped (strong re-growth).



Even if we still have a long way to go through, following the optimism spreading in the system, the updated survey (Winck, 2020) as of May shows a reduced 10% who expect a V-shape recovery and a 75% who predict prolonged U- or W-shaped recoveries.

Within this context, a relevant role must be pursued by banks which are first in line in order to speed-up recovery.

In this article we want to provide some insights about what it is happening on the Corporate & Investment Banking sector, what banks will have to do in order to support their clients and what are the main challenges that they will face soon.

## [Corporate & Investment banking: impact and recovery](#)

Economic uncertainty has risen significantly; market conditions are challenging for all stakeholders but, in recent weeks, a

widespread optimism is observed over investors with global indices climbing at a fast pace after an initial collapse. Above all banks, which after 2008 downturn faced a strengthen of solidity measures imposed by Regulators (e.g. different liquidity and anticyclical buffer and continuously solvency tests through stress test exercises) appear to be quite correctly funded to provide liquidity to the system. Nevertheless, the dramatic speed of the COVID outbreak; estimated global GDP reduction, at its worst, were 5% - 7% while now, optimistically, is 25% (Lee, 2020) worldwide, has led to reassess every corporate, government and financial sponsor’s plan with a contingency perspective.

What is the current focus of all? The near term. The critical turning point to not fall into a stagnation is right now. Companies need capital, fresh liquidity to preserve financial stability in the short term until their income will cover, at least, 80% of pre coronavirus scenario.

Within this context, banks’ main concerns are related to:

- Liquidity
- Risk management
- Clients and portfolio management.

Demand for liquidity will be high and continuous considering that all companies are struggling to defend their positions. Even the bigger and wealthier ones will have to cope with unpaid debts by their clients or critical situation of their suppliers (e.g. Hertz bankruptcy declared on the 22<sup>th</sup> of May 2020) and banks, even if correctly funded, can’t survive long without other financial stakeholders. Moreover, some countries like Italy, are still in the middle of a recovery from previous 2008 downturn and non-performing loan cutting process which will unavoidably be slowed down.

Banks need to carefully manage their liquidity positions being able to offer maturity shifting (longer to shorter), bridge financing strictly related to current situation (e.g. long period reimbursement plan) and/or ad hoc financing plan related to business activities recovery. In addition, some non-repayable money is highly demanded and really make a difference for small/medium companies and retail clients. This kind of behavior are more and more highlighted also by Regulators with also official introduction of first Papers and Regulations on ESG (Environmental, Social and Governance) which tries to lay the foundation for more responsible conduct. The whole world has seen the environmental impact of the shut-down and pro bono donations made by financial institution have not gone silent. These kinds of behavior are becoming more and more relevant from now on.

Flip side, it has also to be noted that banks are not no-profit institution. Within this context and with a potentially relevant shifting from longer to shorter maturities, banks will also have to protect its own marginality so to sustain its role and correctly assess risks. A bank failure or a credit crunch from one of them now more than ever can have critical impact on the whole system. In a normal situation, banks should have no problem in granting a mortgage payment holiday but within this situation a complete reassessment of risk profiles must be carried out. A prolonged suspension/reduction of interests’ income can shrink banks’ liquidity at a moment where a lack of it is also increasing the cost of loans on interbank market.

Finally, it must to be noted that crisis is widespread, but it has not to be mistakenly conceived that banks can bear all liquidity effort or can act on the same level as Governments. Following the third point mentioned, own clients and portfolio management must be the priorities. Sustain client’s relationship by granting

special conditions or postponements to them and transmit a positive and reliable image are today a key factor which can enable credit institutions to set-up basis for future growth. To manage clients and portfolio means to carefully advise over the best choice in terms of liquidity funding both through banks both through capital markets. Basically, it means to be a very accurate valuator on liquidity management and potentially sacrifice revenues in the short term for a greater income in the long one.

## Conclusions

Just came out from a big dare as the 2008 downturn, banks are undergoing another and more sever challenge. Recovery nowadays requires not only time and bad loans management but a structural change to corporate and investment business approach.

Uncertainty over markets is gripping investors while companies are struggling to at least breakeven in a thinned market. It is time for banks to once again show their relevance and importance in the financial sector as a guide to focus on correct investments and to sustain difficult enterprises but with good fundamentals. To do so, financial institutions need to sacrifice in the short term their marginality and fees incoming in order to privilege reconstruction.

Banks have started waiving fees, increasing credit card limits and granting mortgage payment holidays as well as access to special accounts for ad hoc categories but, in a moment like this, the best action is to make clients feel that someone has their back.

In a wider consideration, this attitude is a sort of investments for the future as sustain recovery can strengthen relationship over territory and increase positive image consolidating and/or increasing potential clients

Finally, even considering the postponement of different regulatory activities (e.g. 2020 Stress Test), this momentum can be the occasion to put special focus on structural changes for too long relegated to the background such as digital innovation for clients' engagement and management.

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## Story from Business Crypto Custodian Anchorage Adds Litecoin Support

23/07/2020 12:59:55

U.S.-based crypto custodian Anchorage has added support for [litecoin \(LTC\)](#), the eighth-largest cryptocurrency by market capitalization...

<https://www.coindesk.com/crypto-custodian-anchorage-adds-litecoin-support>

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## ESMA PUBLISHES THE MIFID/MIFIR ANNUAL REVIEW REPORT

23/07/2020 12:58:51

In the report, ESMA is suggesting to the European Commission to move to the next stage for...

<https://www.esma.europa.eu/press-news/esma-news/esma-publishes-mifidmifir-annual-review-report>

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## ECB and Magyar Nemzeti Bank set up repo line to provide euro liquidity

23/07/2020 12:56:49

The European Central Bank (ECB) and the Magyar Nemzeti Bank (MNB) have agreed to set up a repo line arrangement to provide euro liquidity to Hungarian financial institutions...

<https://www.esma.europa.eu/press-news/esma-news/esas-notify-european-commission-about-outcome-review-priips-key-information>

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## ESAS NOTIFY THE EUROPEAN COMMISSION

# ABOUT THE OUTCOME OF THE REVIEW OF THE PRIIPS KEY INFORMATION DOCUMENT

23/07/2020 12:56:02

The European Supervisory Authorities (ESAs) [have informed](#) the European Commission of the outcome of the review conducted by the ESAs of the key...

<https://www.finriskalert.it/wp-admin/post-new.php>

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