

A reality check on Capital Markets Union

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Fig. I The range in depth of capital markets in the EU

Relative depth of capital markets by country in the EU (average across 24 sectors, 3 years to 2019, EU28 = 100)

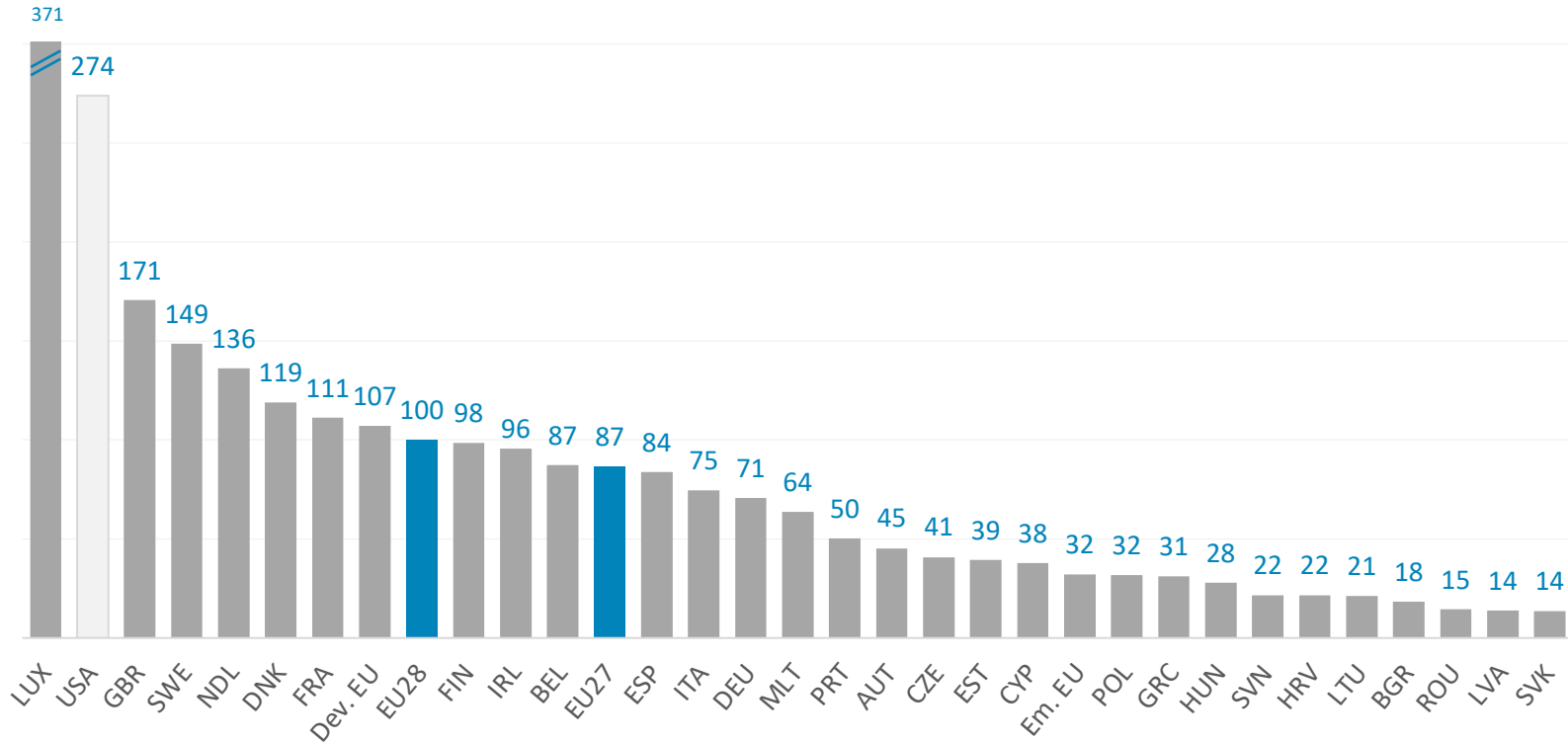


Fig.2 The depth of capital markets across EU countries

Overall depth of capital markets relative to GDP by country across 24 sectors (3 years to 2019, the numbers in brackets show the ranking in 2014)



Fig.3 The depth of capital markets across EU countries

Overall depth of capital markets relative to GDP by country across 24 sectors (3 years to 2019, the numbers in brackets show the ranking in 2014)

		● Top quartile ● Second quartile ● Third quartile ○ Bottom quartile								
		Rank 2019 2014	Country	Overall depth		Pools of capital	Equity markets	Bond markets	Asset management	Private equity & VC
Third quartile		15 (16) ↑	Austria	●		●	●	●	●	●
		16 (18) ↑	Czech Rep	●		●	●	●	○	○
		17 (23) ↑	Estonia	●		○	●	●	●	●
		18 (15) ↓	Cyprus	●		●	●	○	●	●
		19 (=)	Poland	●		●	●	●	●	●
		20 (12) ↓	Greece	●		○	○	●	○	○
		21 (20) ↓	Hungary	●		●	○	○	○	●
Bottom quartile		22 (25) ↑	Slovenia	○		○	●	○	○	○
		23 (21) ↓	Croatia	○		●	○	●	○	○
		24 (26) ↑	Lithuania	○		●	○	○	●	●
		25 (24) ↓	Bulgaria	○		○	○	●	○	○
		26 (27) ↑	Romania	○		○	●	○	○	○
		27 (28) ↑	Latvia	○		○	○	○	●	●
		28 (22) ↓	Slovakia	○		○	○	○	●	○

Fig.4 The change in EU capital markets

The change in absolute size and depth relative to GDP in different sectors of EU27 capital markets & in the gap between the EU27 and UK
(3 years to 2014 & 2019 comparison)

	Sector	Increase in value?	Increase in depth?	Narrowed gap vs UK?
Pools of capital	- Pensions assets	● 35%	●	●
	- Insurance assets	● 20%	●	●
	- Household financial assets	● 20%	●	● *
	- Pensions + insurance	● 24%	●	●
Market / asset values	- Stockmarket	● 33%	●	●
	- Corporate bond market	● 28%	●	●
	- Bank lending to companies	● 1%	●	● *
Asset management	- Assets under management	● 38%	●	●
	- Investment funds (by domicile)	● 59%	●	● *
Debt markets	- Corporate bond issues	● 23%	●	●
	- High-yield bond issues	● -1%	●	●
Equity markets	- All equity issues	● -11%	●	●
	- IPOs	● 30%	●	●
	- Equity trading	● 27%	●	●
Private equity & venture capital	- Private equity funds raised	● 132%	●	●
	- Private equity activity	● 96%	●	●
	- Venture capital activity	● 133%	●	●

Note: sectors marked with * are more developed relative to GDP than in the UK and the traffic lights denote whether they have increased/decreased their lead.

Source: New Financial

Fig.5 The change in the depth of EU capital markets

The changing depth of EU capital markets over the period 2006-2019 (3 year rolling average across 24 sectors of activity, EU28=100 in 2014)

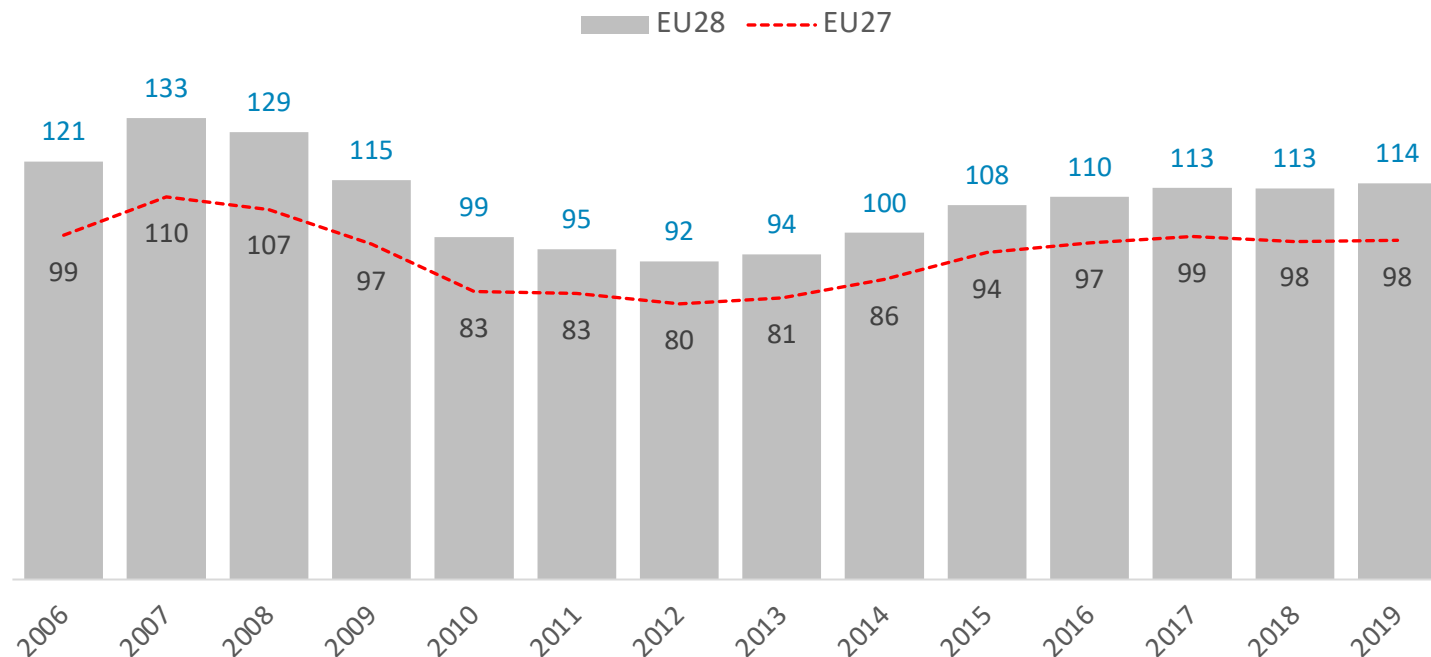


Fig.6 The divergence in EU capital markets

Average depth of capital markets within each quartile over the period 2010-2019
(3 year rolling average across 24 sectors of activity, EU28=100 in each year)

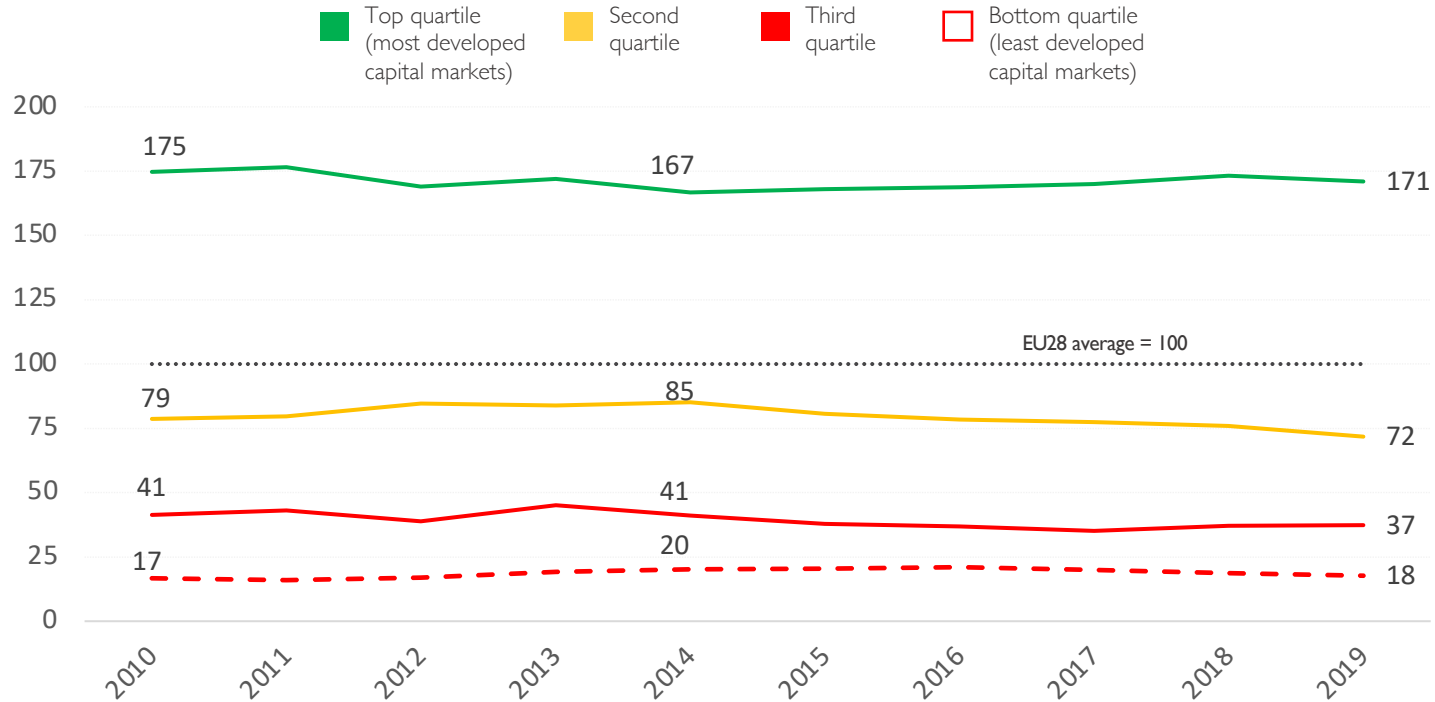










Fig.7 The reliance on banks

The change in the structure of corporate funding and household financial assets since 2014 (3 years to 2014 & 2019)





Corporate borrowing

	Share of corporate bonds in 2019	Share of corporate bonds in 2014	Increase in share of bonds?	Real increase in combined value of corp. bonds & bank lending?	
EU28	26%	24%		-3%	
EU27	23%	19%		-1%	

Corporate funding

	Share of capital markets in 2019	Share of capital markets in 2014	Increase in share of capital markets?	Real increase in combined value of capital markets & bank lending?	
EU28	14%	14%		2%	
EU27	12%	12%		1%	

Savings vs investments

	Share of cash deposits in 2019	Share of cash deposits in 2014	Decrease in the share of cash deposits?	Real increase in the value of households' investment?	
EU28	30%	31%		11%	
EU27	32%	33%		12%	



Thank you

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