

ESMA updates its risk assessment in light of the COVID-19 pandemic

The pandemic, in combination with existing valuation risks, has led to large equity market corrections since mid-February, driven by a sharp deterioration in the outlook for consumers, businesses and of the economic environment. Corporate bond, government bond markets and a number of investment funds show signs of stress. Market infrastructures have continued to function in an orderly manner despite significant surges in trading activity, the use of circuit breakers and increases in derivatives margins.

ESMA sees a prolonged period of risk to institutional and retail investors of market corrections and very high risks across the whole of ESMA's remit.

This Risk Up-date complements our regular TRV and Risk Dashboard monitoring. The next Risk Dashboard covering the entire 1Q20 will be published according to the regular schedule in May 2020