4

MARKETS AND ASSET PRICES

Figure 4.1
Markets and asset prices (a)

SOURCE: Banco de España.

a The green (red) shields denote the circumstances of the financial position of each market that constitute strengths (vulnerabilities) should risks materialise. The strengths (vulnerabilities) reduce (increase) the likelihood of occurrence and/or the impact of the risks to financial stability.

4.1 The real estate market

4.1.1 Prices and activity

House purchases reached high levels in 2025 H1, but showed signs of a slowdown. In June 2025 house purchases totalled 745,000 units in cumulative 12-month terms, a similar figure to that observed at the end of 2008 Q1 (Chart 4.1.a).[1] However, this represented a year-on-year increase of 3.1% in 2025 Q2, significantly below the rates of 14% observed in 2025 Q1 and 20% in 2024 Q4. Second-hand housing continued to dominate, accounting for nearly 90% of all house purchases.[2]

The pace of house price growth quickened. In nominal terms, house prices climbed at an annual average rate of 12.5% in 2025 H1, compared with 4% and 8.4% on average in 2023 and

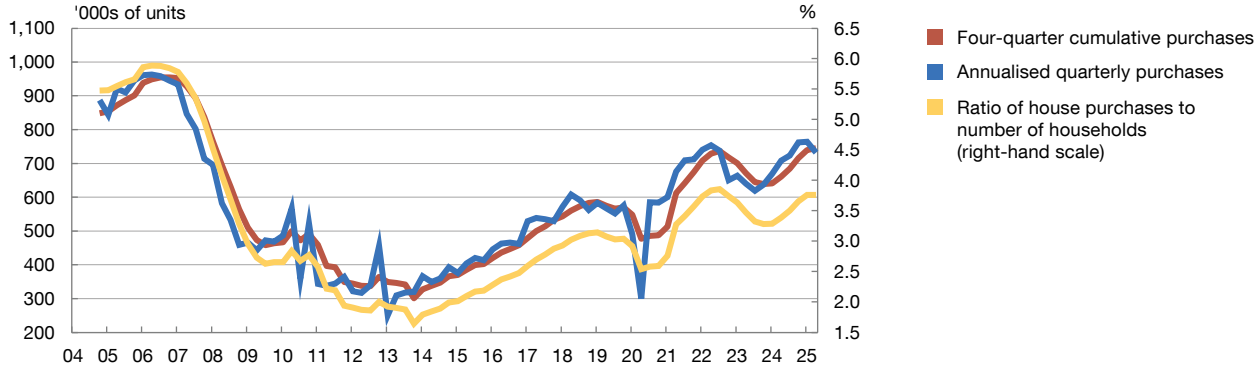
1 The similarity in terms of house purchases between these two dates lessens when population growth is considered, as the cumulative volume of house purchases was equivalent to 4.5% of resident households in 2008 Q1, compared with 3.7% in 2025 Q2.

2 In contrast to the higher share of new-house purchases in previous expansions, with average ratios of 40% in the period 2004-07.

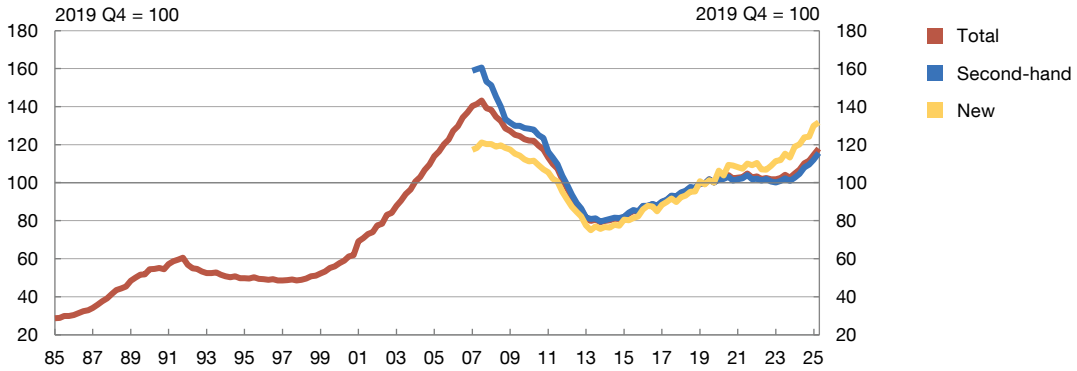
Chart 4.1

Strong demand and relatively rigid supply continued to exert upward pressure on house prices in 2025 H1, while house purchases grew at a slower pace than in 2024

4.1.a House purchases (a)



4.1.b House prices. Deflated by the consumer price index (CPI)



SOURCES: Banco de España, INE and Ministerio de Transportes y Movilidad Sostenible. Latest observation: 2025 Q2.

a Purchases signed before a notary.

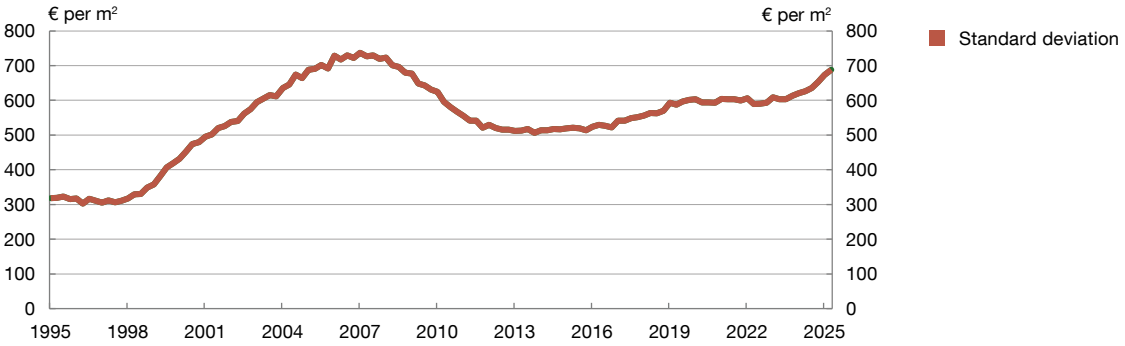
2024, respectively. By segment, second-hand housing saw a sharper price increase (12.6%) than new housing (12.2%), in contrast to the dynamics observed between 2019 and 2024. In real terms, house prices grew at a rate of 10.3% year-on-year in 2025 Q2, 17.7% below the peak reached at the outset of the global financial crisis in 2007 Q3 (Chart 4.1.b). Meanwhile, commercial property prices have proven more buoyant than in 2024, particularly in the central areas of large cities (Chart A2.4.1.1 in Annex 2).

This house price growth came about amid continued robust demand and relatively rigid supply. Demand for residential housing remained strong, driven by population growth in 2025 H1 (an additional 85,000 resident households). Moreover, demand from non-residents also contributed to this momentum, accounting for more than 29,000 house purchases.[3] This

3 According to the estimates available, these gross purchases will result in a net increase of 15,000 units in the housing stock held by non-residents.

Chart 4.2
Real house prices are highly heterogeneous at provincial level

4.2.a Standard deviation of real house prices (a)



SOURCES: Banco de España, Ministerio de Transportes y Movilidad Sostenible and INE. Latest observation: 2025 Q2.

a House prices reflect the appraisal values of open-market housing. Nominal values are CPI-deflated, using 2025 H1 as the base period.

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increase in housing demand[4] outstripped the 45,000 new dwellings completed in the same period, meaning that demand continued to be met through second-hand home purchases. In the short term, the expected rise in the number of new dwellings (based on housing starts and new building permits) will still fall short of the new demand in 2025.[5]

Provincial heterogeneity in house prices has increased in the recent period. Robust real price growth in higher-priced provinces, compared with the modest growth or sluggishness observed in medium and low-priced provinces, has led to widening real price dispersion between provinces since 2024 (Charts 4.2 and 4.3). Specifically, the gap between the real price at the 90th percentile in the distribution by province and the provincial average has expanded in the recent period (Chart 4.3). Real price levels in the lowest-priced provinces are comparable to those seen in the late 1990s, while those in the highest-priced provinces have reached their 2004 levels, but remain below their 2008 peaks. These geographical differences may be associated with numerous factors, such as heterogeneity in household income developments, in the strength of non-resident demand and in the conditions for mortgage loans to households. Box 4.1 documents, using data at postcode level, the relationship of these and other factors with recent price developments across geographical areas in Spain.

The indicators relating house prices in Spain to household income and interest rates show an upward trend, above their estimated long-term level. These indicators yield more positive values when changes in house prices are high compared with changes in

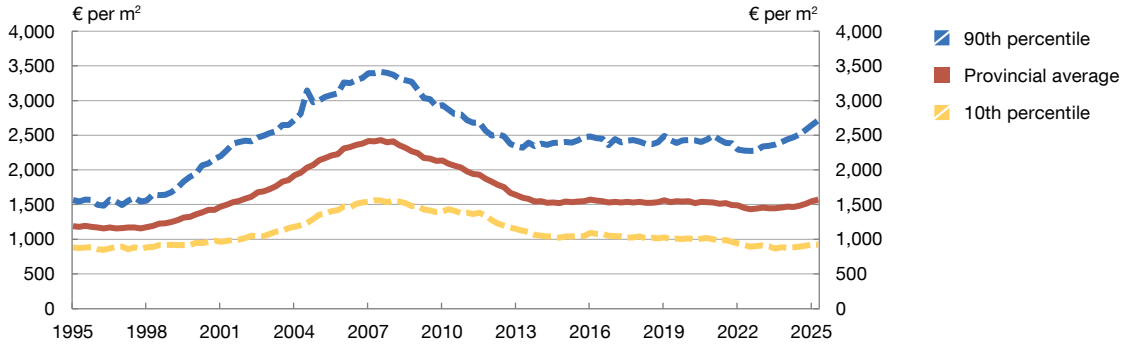
4 Other demand components would stem from alternative uses of housing (such as seasonal or holiday rentals) and unmet demand from young people who have delayed leaving the family home.

5 In 12-month cumulated terms, net household formation stood at 190,000 in 2025 H1 compared with new housing production comprising around 100,000 housing completions and 140,000 housing starts in the same period. In the period 2021-25, the gap between net household creation and new housing production stood at 700,000.

Chart 4.3

In the recent period, real house prices in the higher-priced provinces have risen more sharply, while other provinces have seen moderate or no increases

4.3.a Provincial heterogeneity in real house prices (a)



SOURCES: Banco de España, Ministerio de Transportes y Movilidad Sostenible and INE. Latest observation: 2025 Q2.

a House prices reflect the appraisal values of open-market housing. Nominal values are CPI-deflated, using 2025 H1 as the base period. Provinces are ordered on an annual basis, according to their real price distribution.

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income or interest rates.[6] They held steady at slightly positive levels in the period 2021-24, as the rise in house prices in that period was offset by a similar recovery in household income. However, this year the indicators have seen a year-on-year increase to June, when they reached between 5.3% and 12.7%, compared with an estimated range of 3.0%-9.4% at end-2024 (Chart 4.4.a). The estimated range at June 2025 is similar to that recorded in 2004, and below the maximum values observed in early 2008.

The use of a synthetic indicator allows for a more comprehensive assessment of the possible build-up of risks in the real estate market, as it considers both supply and demand-side factors. This indicator brings together information from four groups of key variables for the real estate market: households' financial position, credit conditions, house valuation and real activity.[7]

According to the synthetic indicator, real estate market vulnerabilities have increased since 2024, but they remain significantly below the levels observed in the run-up to 2008 (Chart 4.4.b). The higher valuation component reflects the factors discussed two paragraphs above. The composite indicator of credit conditions has eased slightly of late

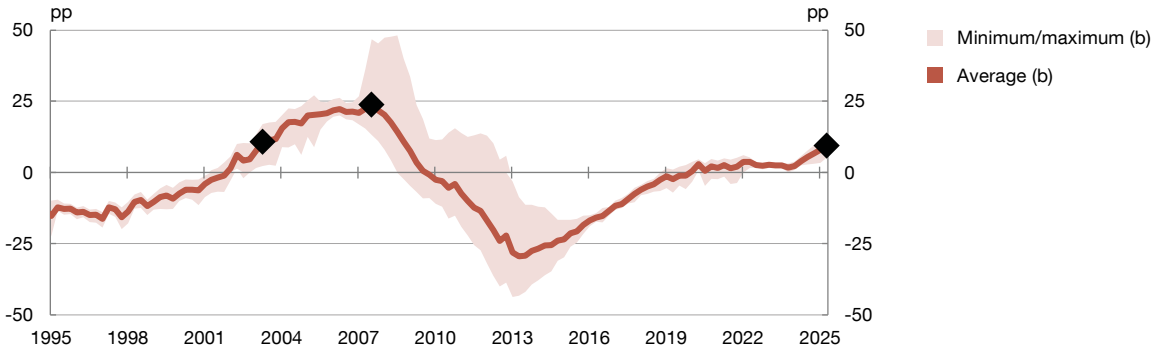
6 These house price indicators, which are relative to their long term levels, are subject to notable uncertainty and should be interpreted with caution. See, for example, Box 3 of the European Central Bank's June 2011 *Financial Stability Review* and Box 3 of its May 2015 edition. The use of a battery of indicators (drawing on different methods and various combinations of prices, income and interest rates), rather than just one, contributes robustness, but it should be noted that not all factors relevant to the housing market (such as supply conditions) are included.

7 For more information about how the synthetic indicator for the property market is calculated, see note A2.4.1.2 in Annex 2 and Pana Alves, Carmen Broto, María Gil and Matías Lamas. (2023). "Risk and vulnerability indicators for the Spanish housing market", Documentos Ocasionales, 2314, Banco de España.

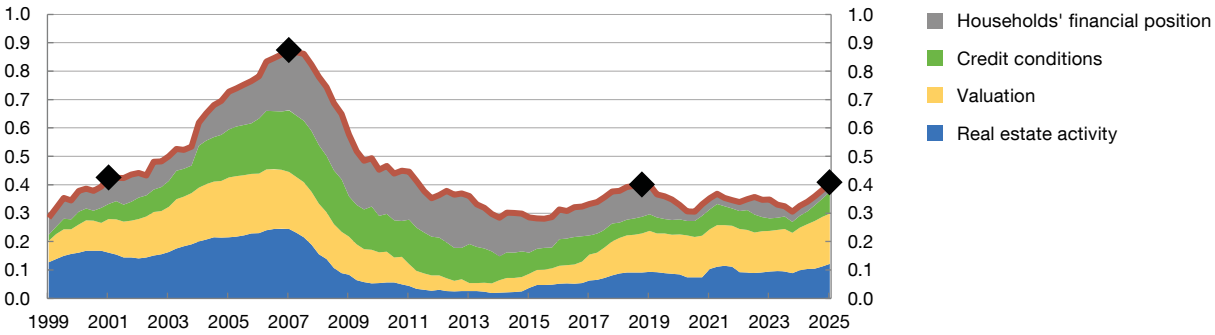
Chart 4.4

Despite some increase driven by house prices, the indicators of risks in the real estate market as a whole stand well below their pre-2008 levels

4.4.a Indicators relating house prices to long-term trends, household income and interest rates (a)



4.4.b Synthetic indicator of risks in the real estate market (a) (c)



SOURCES: Banco de España and INE. Latest observation: June 2025 (March 2025 for the synthetic indicator).

a The black diamonds depict the maximum value, the latest value available and its equivalent at previous dates with upward trends.
b, c Note A2.4.1.2 in Annex 2.

(see the following section for more details), although it is at historically low levels. Meanwhile, real activity has seen far more moderate growth, owing to a low supply of new dwellings. Lastly, households' financial position has remained steady at historically favourable levels (see also Chapter 2). On balance, in June 2025 the synthetic indicator was at levels similar to those observed in 2019 (the year before the pandemic) and 2001, and well below those of the 2000s real estate boom. In sum, real activity, households' financial position and credit conditions have made much smaller contributions to the overall indicator level in the recent period than they did before 2008.

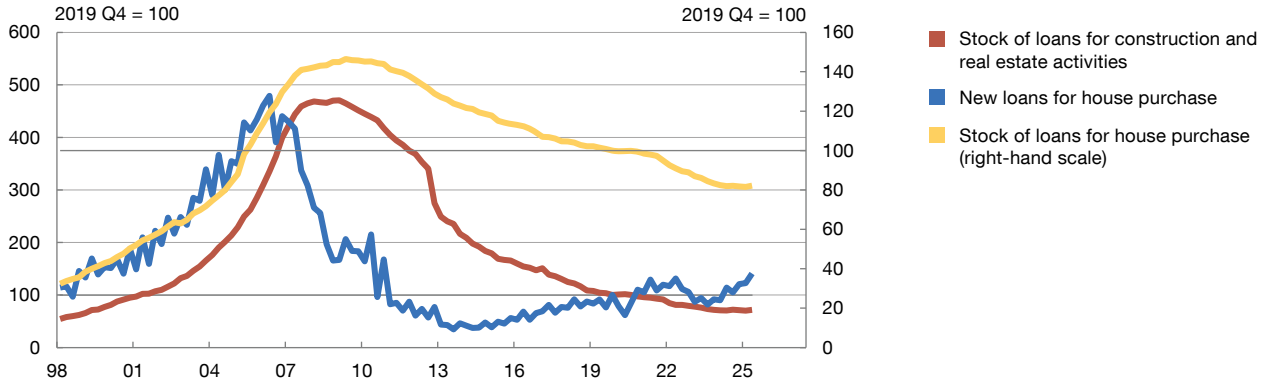
4.1.2 Financing

New mortgage loans to households for house purchase increased sharply in 2025 H1. These loans grew at a year-on-year rate of 26.2% in 2025 Q2, a slowdown from the 39.9%

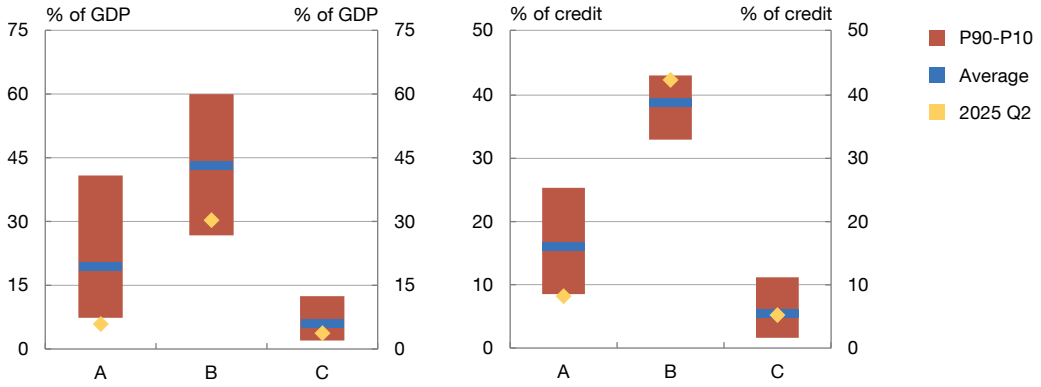
Chart 4.5

Lending to the real estate sector remains on the path of recovery that began in late 2024 and continues to account for a small share of GDP

4.5.a Bank credit to the real estate sector. Index (a)



4.5.b Bank credit to the real estate sector. Share of GDP and total credit to households and firms resident in Spain (b)



A: Stock of loans for construction and real estate activities
B: Stock of loans for house purchase
C: New loans for house purchase

SOURCES: Colegio de Registradores and Banco de España. Latest observation: June 2025.

a The three series are depicted in real terms and using 2019 Q4 as the base year in each case.
b The 90th and 10th percentiles and average of the series are calculated for the period 1998 Q1-2025 Q2.

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observed in Q1. As a result, new loans to households for house purchase are at their highest level in a decade, but are significantly below the levels observed in 2000-08 (Chart 4.5.a).

Despite the recent expansion, the ratios of new mortgage loans to GDP and to total bank lending remain at moderate levels. These ratios are close to their historical averages and well below the peaks reached before the global financial crisis (Chart 4.5.b).

The ongoing growth in the flow of new lending has led to a moderate rise in the stock of mortgage loans to households for house purchase. The stock of mortgage loans increased by 2.4% in the 12 months to 2025 Q2, consolidating a third consecutive quarter of

positive year-on-year growth. This has brought to a close the continuous declines seen since the end of the global financial crisis, although the recent changes differ markedly from the developments observed in 2000-08 (Chart 4.5.a).

Mortgage loans for house purchase comprise the largest portfolio of bank credit to households and firms, but they account for only a small share of GDP. In June 2025 the stock of mortgage loans accounted for 42.5% of total bank lending to households and firms, close to the 90th percentile of the time series. This high share is attributable to the larger relative decrease in other loan types since 2008, particularly in lending for construction and real estate activities. For instance, after a protracted decline between 2009 and 2021, the stock of mortgages now stands at a low level relative to GDP (30.3%, close to the 10th percentile of the time series).

Bank lending to the construction and real estate sector also grew moderately, but holds close to an all-time low. The nominal amount of such lending rose by 3.7% year-on-year in June 2025, continuing its upward trend for a fourth consecutive quarter and thus contributing to the expansion of total business lending (see Section 3.1). However, in real terms (Chart 4.5.a) and as a share of GDP and total credit to households and firms, this lending is still close to an all-time low (Chart 4.5.b).

Lending standards for new mortgage loans relative to household income held at moderate levels,[8] despite a recent small increase in the loan-to-income (LTI) ratio. The average LTI ratio stood at 4.5 in mid-2025, slightly higher than the 4.4 observed in June 2024. However, the average loan service-to-income (LSTI) ratio declined by 0.5 percentage points (pp) in the same period, to stand at 22.6% in June 2025, as the higher LTI ratio on new loans was offset by lower interest rates. Based on the historical information available, the percentage of loans with LTI and LSTI ratios above 5 and 30%, respectively, was contained, at levels similar to those observed in the late 1990s (Chart 4.6.a).

The amount of new mortgage loans relative to the value of the property has also held at contained levels, despite climbing slightly since early 2024. Since end-2023 the amounts of new mortgage loans relative to the property appraisal value (loan-to-value, or LTV) and to the purchase price (loan-to-price, or LTP) have risen moderately, to stand at 68.7% and 77.8%, respectively, in 2025 H1. The proportion of new loans with an LTV or LTP ratio above 80% also increased in the same period (Chart 4.6.b). However, based on the sample available, current LTP values are still low by historical standards, while LTV values are holding around the average for the period 2004-25.

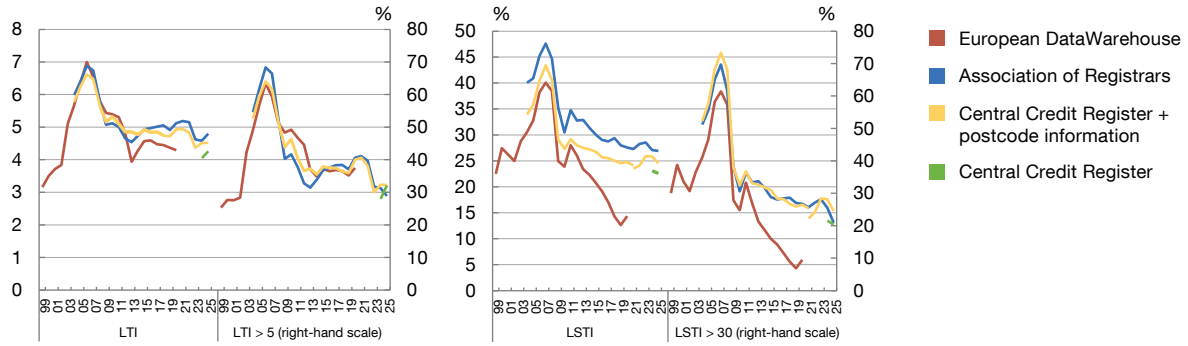
The maturities of new mortgage loans to households have increased slightly in 2025. The average maturity of new mortgage loans to households rose by more than six months in

8 Unlike previous Financial Stability Reports, various historical data sources have been combined to increase the time period covered for mortgage lending conditions metrics, with the aim of having information covering the entire cycle that began in the late 1990s. This has entailed drawing on sundry sources of information and proxies. In the case of income-related metrics, the analysis period has been extended back from 2007 to the late 1990s.

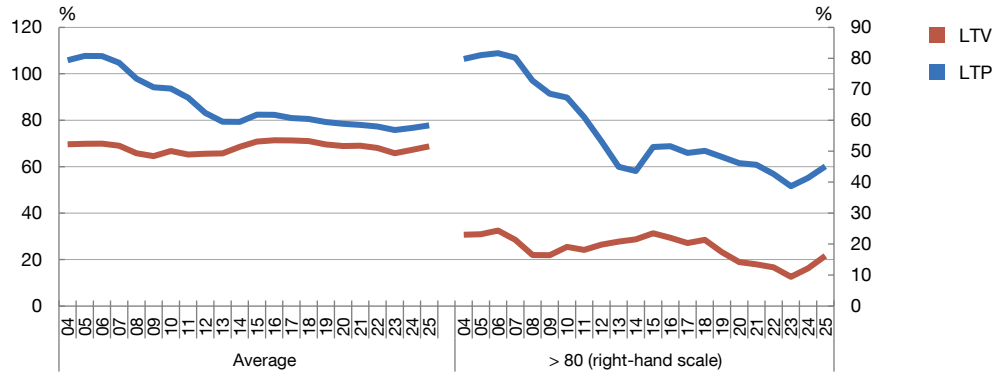
Chart 4.6

Lending conditions relative to income and collateral value for new mortgages have eased slightly in recent quarters

4.6.a Lending conditions (relative to income) for new mortgage loans to households (a) (b) (c)



4.6.b Lending conditions (relative to the collateral value) for new mortgage loans to households (d)



SOURCES: Colegio de Registradores and Banco de España. Latest observation: June 2025.

a, b, c, d Note A2.4.1.3 in Annex 2.

2025 Q2, to 26.5 years. Nevertheless, this is still considerably shorter than the all-time high reached in 2007 (30 years) and the historical average of the 2004-25 series (just above 27 years).

4.2 Financial markets

Monetary policy, money markets and government debt

Monetary policy in the euro area and the United States has eased slightly since the cut-off date for the last Financial Stability Report (FSR). In June 2025 the European Central Bank reduced its key interest rates by 25 basis points (bp), lowering the deposit facility rate to 2%, and has kept them unchanged since. In the United States, the Federal Reserve, which

had kept its policy rate unchanged since December 2024, cut it by 25 bp in September, and again in October 2025, to a range between 3.75% and 4.00%.

However, market expectations as to the course of official interest rates in the two areas have diverged (Chart A2.4.2.1 in Annex 2). The markets expect further gradual cuts to the policy rate in the United States over the coming months, to levels below those anticipated in mid-May. By contrast, market expectations as to euro area interest rates have been revised up slightly, with barely any further reduction envisaged.

In this setting, money market interest rates in the euro area have shown small fluctuations in both directions, depending on the term. On 29 October 2025 the one-year and three-month EURIBOR stood at 2.19% and 2.07%, respectively, up 12 bp and down 7 bp since the last FSR.

Long-term sovereign debt yields have fallen in most euro area countries and, particularly, in the United States. Specifically, US sovereign debt yields have been affected by expectations of a more accommodative monetary policy. At the cut-off date for this report, ten-year German and US sovereign bond yields stood at 2.6% and 4.1%, respectively, down 3 bp and 40 bp since the last FSR.

The slope of the sovereign yield curve between 10 and 30 years has steepened in recent months across different regions (Chart 4.7.a). This could reflect increased investor concern about public finances, but also lesser demand among traditional investors (such as pension funds and life insurers) in the very long-term segment due to other factors.

Ten-year sovereign spreads relative to the risk-free rate[9] in the euro area have diverged, with spreads rising in France and decreasing or holding steady in other countries (Chart 4.7.b). The widening in France is linked to the heightened political uncertainty in the country and to the market perception of its worsening public finance outlook. This deterioration has also been reflected in rating downgrades by some agencies (Chart A2.4.2.2 in Annex 2).[10] Nevertheless, its credit-agency ratings are still more favourable than the CDS-implied[11] ratings, in contrast to the pattern observed among other euro area countries (Charts 4.8). In Spain, the 10-year sovereign debt spread over the German Bund stands at 51 bp, down 12 bp since mid-May (Chart A2.4.2.2 in Annex 2), while several agencies have upgraded the country's credit rating in recent months.[12]

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9 The Overnight Indexed Swap (OIS) rate is considered the benchmark rate for euro area risk-free interest rates. The OIS rate is the fixed leg of an interest rate swap contract where the floating leg is the 1-day euro short-term rate (€STR).

10 France's rating was downgraded by Fitch from AA- to A+ (with stable outlook) on 12 September, by DBRS from AA (high) to AA (changing its outlook from negative to stable) on 19 September, and by S&P from AA- to A+ on 17 October, while on 24 October Moody's held its rating at Aa3 but changed its outlook from stable to negative. By contrast, in the case of Italy, Moody's raised its outlook from stable to positive on 23 May, Fitch upgraded its rating from BBB to BBB+ (with stable outlook) on 19 September, and DBRS upgraded its rating from BBB (high) to A (low) on 17 October.

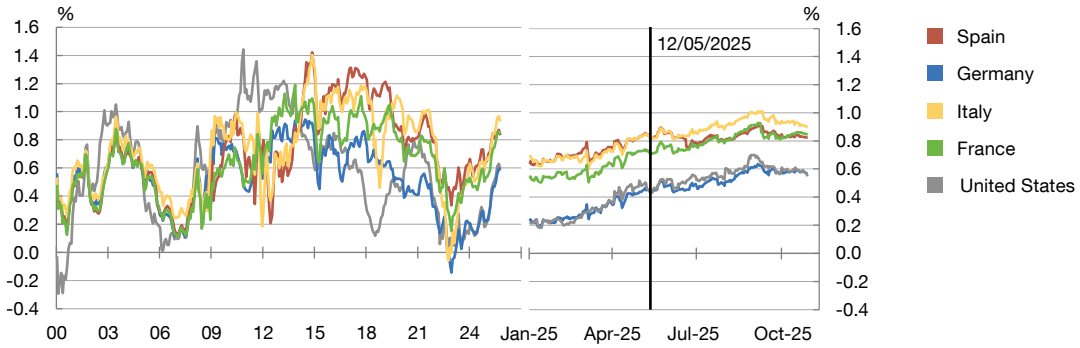
11 Credit default swaps (CDS) are a financial derivative that acts as coverage against default risk.

12 In the case of Spain, on 12 September S&P raised its sovereign credit rating from A to A+ (with stable outlook). In addition, on 26 September Moody's and Fitch each upgraded their rating for Spain, from Baa1 to A3 and from A- to A, respectively.

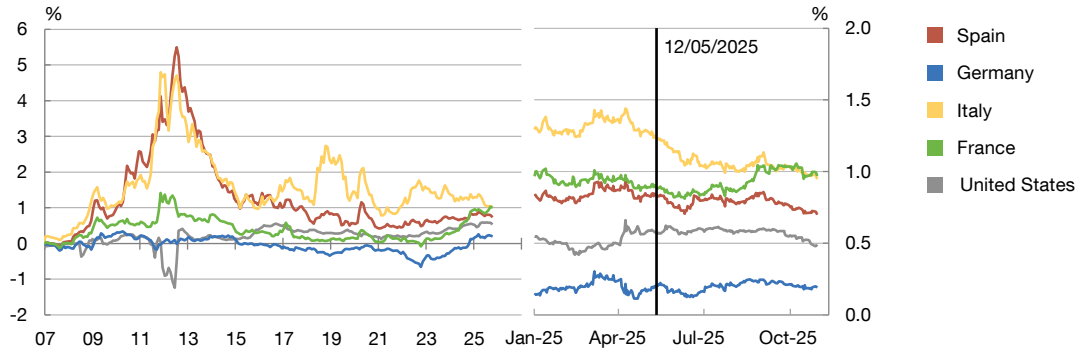
Chart 4.7

The slope of the sovereign yield curve has steepened in several advanced economies, but spreads relative to the risk-free rate have widened only in France

4.7.a Sovereign yield spreads (30Y-10Y) (a)



4.7.b Sovereign yield spreads (10Y-OIS) (a) (b)



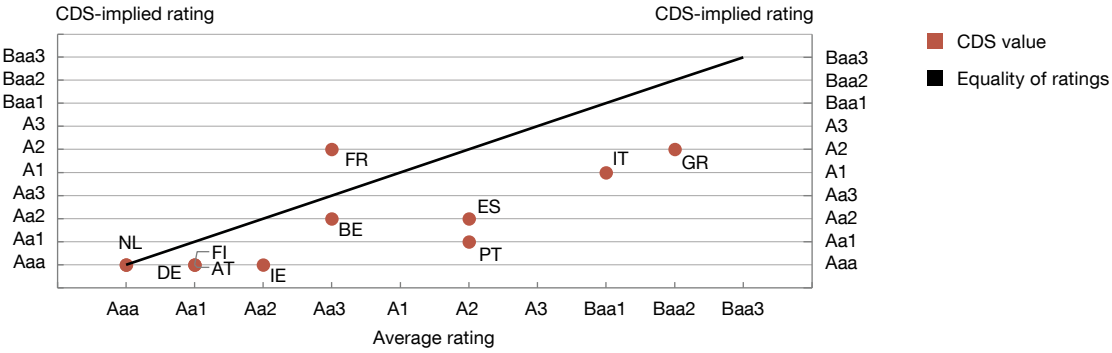
SOURCE: LSEG Datastream. Latest observation: 29 October 2025. 12 May 2025 is the cut-off date for the last report.

a The left-hand panel includes monthly average data, and the right-hand panel includes daily data.
b The series start in 2007, the first year from which OIS rate data are available.

Chart 4.8

France's credit-agency ratings are more favourable than the CDS-implied ratings, in contrast to the pattern observed among other euro area countries

4.8.a Average rating and CDS-implied rating of euro area countries (a)



SOURCES: Bloomberg, Moody's and Banco de España. Date of analysis: 29 October 2025.

a Credit default swaps (CDS) are a financial derivative that acts as coverage against default risk. CDS-implied ratings are derived from the rating implied by the sovereign CDS spread drawing on Moody's data. The average rating is calculated using the average of the Moody's, S&P, Fitch and DBRS ratings.

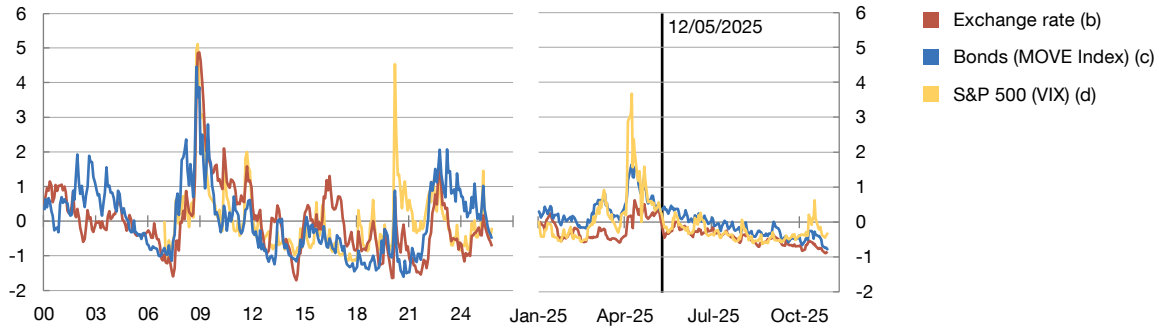
Equities and corporate bonds

Implied volatility in the financial markets and equity risk premia remain low, despite the high level of uncertainty (Chart 4.9). Although the financial markets have seen spikes in volatility in the period owing, for example, to bouts of renewed China-US trade tensions and strains at US regional banks,[13] these episodes have proven transitory. Thus, financial market volatility has declined since mid-May. The fact that the more adverse geopolitical and trade scenarios have not materialised has contributed to this current low level of volatility and the

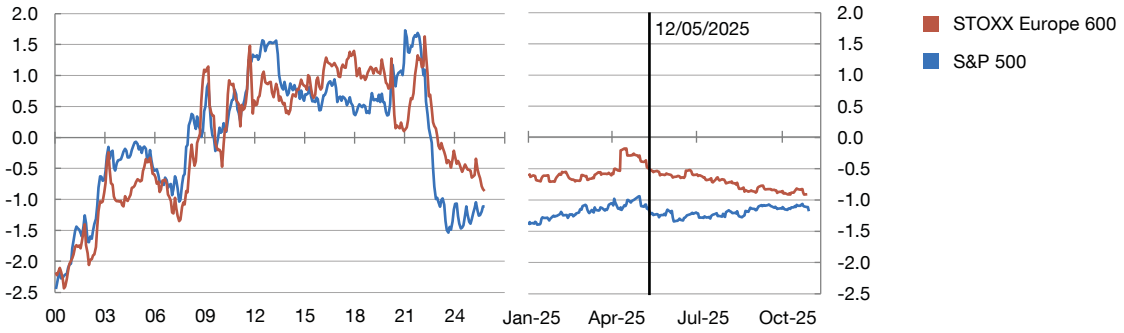
Chart 4.9

Financial market volatility is contained and equity risk premia remain very low, despite the high level of uncertainty surrounding economic policy and outlook

4.9.a Implied volatility (a)



4.9.b Equity risk premia (a) (e)



SOURCES: Bloomberg Data License, LSEG Datastream and Banco de España. Latest observation: 29 October 2025. 12 May 2025 is the cut-off date for the last report.

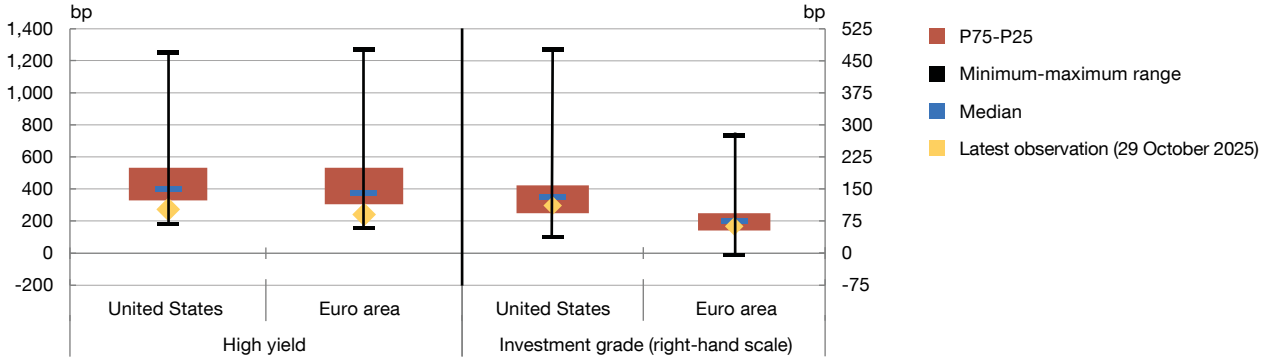
a De-meaned and standardised data for the period 2000-25. The left-hand panel includes monthly average data, and the right-hand panel includes daily data.
b Average three-month volatility in the dollar/euro, dollar/pound sterling and yen/dollar exchange rates.
c The MOVE measures implied volatility in the US Treasury bonds market.
d The VIX measures expected 30-day volatility in the US stock market. A high value points to increased market uncertainty.
e Note A2.4.2.3 in Annex 2.

13 The share price of US regional banks slumped in mid-October after two of them reported cases of large bad loans and borrower fraud. This triggered a strong negative market response, coming as it did shortly after two US firms (First Brands and Tricolor) filed for bankruptcy. Together, these two events appear to have revived concerns that there could be a greater underlying problem regarding credit quality and loose lending in the US market.

Chart 4.10

Corporate debt risk premia are below their historical median, especially in the high-yield segment

4.10.a Corporate spreads (a)



SOURCES: Banco de España, LSEG Datastream and Bloomberg Data License. Latest observation: 29 October 2025.

a Corporate spreads over the swap curve of the ICE Bank of America Merrill Lynch indices. The swap curve represents the risk-free rates at different maturities. In an interest rate swap, the two parties agree to exchange periodic interest payments, one based on a fixed rate and the other on a variable rate. Monthly series data since January 1998.

persistence of record-low equity premia. Nevertheless, this situation stands in contrast to the continued high level of uncertainty surrounding economic policy and outlook.

The main stock market indices have risen sharply since the cut-off date for the last FSR (Chart A2.4.2.4 in Annex 2). This performance appears to be attributable to sound corporate earnings, particularly in the United States, and to expectations of a more accommodative US monetary policy. Since the cut-off date for the last FSR, the EURO STOXX index has climbed 6.5%, driven by the sound performance of the banking sector (Chart A2.4.2.4 in Annex 2), while the US S&P 500 index has risen by 17.9%. The growth of the S&P 500 has been spurred by tech and artificial intelligence firms, which account for a very high – and growing – percentage of its total market cap (see Section 5.2). For its part, the IBEX 35 index has risen by 18.3%, also driven by the banking sector, with earnings outperforming market expectations.

Corporate debt risk premia have decreased since the cut-off date for the last FSR and remain at historically low levels, particularly in the high-yield segment (Chart 4.10)**.** Nevertheless, there were one-off spikes in corporate debt risk premia as a result of the bouts of increased risk aversion in the period.[14]

Foreign exchange markets and gold

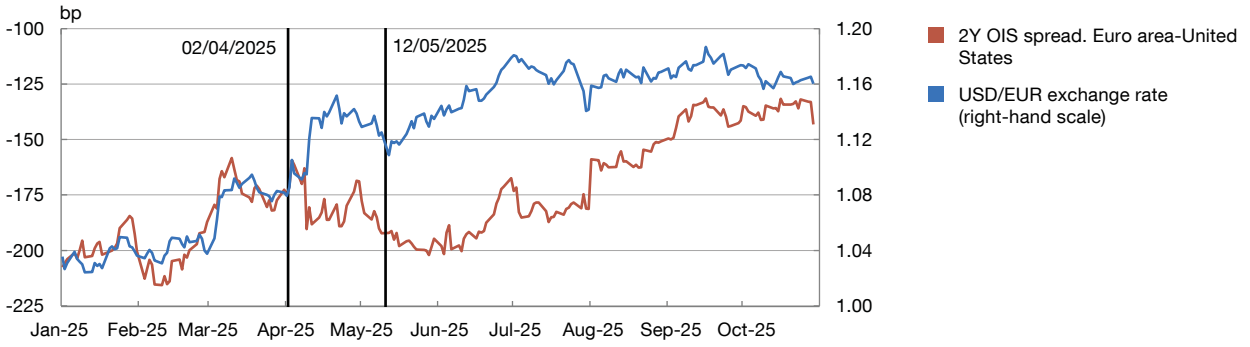
The depreciation of the dollar against the main currencies has slowed in recent months. However, the expectations of a more accommodative monetary policy in the United States, as

14 According to Dealogic cumulative corporate issuance data since 1999, high-yield corporate debt currently accounts for 18.5% and 14.1% of total corporate debt in the United States and the euro area, respectively.

Chart 4.11

The depreciation of the dollar has slowed, but expectations of a more accommodative US monetary policy continue to exert downward pressure on the exchange rate

4.11.a 2Y OIS spread between euro area and United States (a) and USD/EUR exchange rate



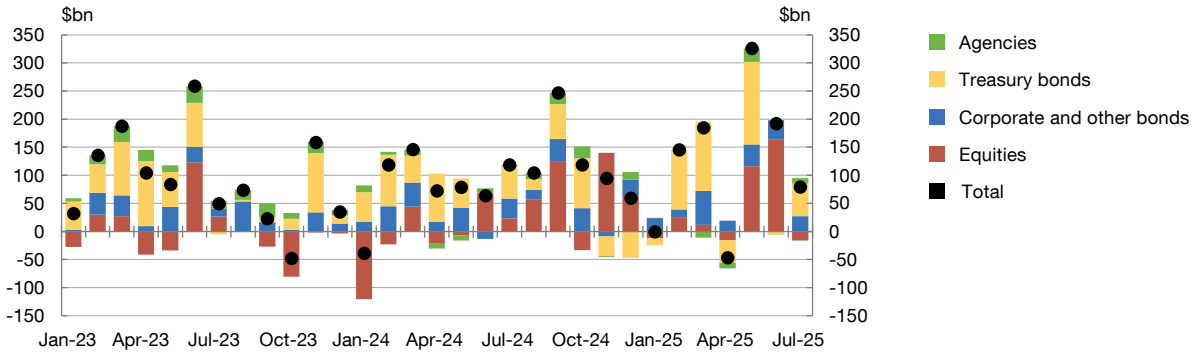
SOURCES: Banco de España and Bloomberg Data License. Latest observation: 29 October 2025. 12 May 2025 is the cut-off date for the last report.

a The 2Y OIS spread between the euro area and the United States captures the difference in 2-year risk-free rates between the two areas.

Chart 4.12

Foreign investment in US assets is increasing, recovering after the drop at the start of the tariff crisis in April of this year

4.12.a Net purchases of US long-term assets by foreign investors. Monthly flows



SOURCE: Bloomberg Data License. Latest observation: July 2025.

reflected in the narrowing of the 2-year OIS spread, continue to exert downward pressure on the exchange rate (Chart 4.11). Since the April downturn during the tariff crisis, international investors' appetite for the dollar has recovered somewhat, as can be observed in the more buoyant financial investment flows to the United States in recent months (Chart 4.12).

Despite the backdrop of subdued volatility and increased prices of risk-bearing assets, the price of gold has continued to climb in recent months. After holding steady between May and mid-August 2025, gold prices have once again begun to rise and surpassed $3,900 per ounce, representing a cumulative rise of 49% in the year, the largest annual increase since 1979. An increase in the price of gold usually signals greater risk aversion, but the current rise

has been accompanied by low equity and bond risk premia, suggesting limited concern about risk among investors.[15]

Emerging financial markets

Financial markets in the emerging market economies have performed relatively well since April, against a backdrop of heightened global uncertainty. These economies' exchange rates against the dollar have broadly appreciated in recent months, influenced by expectations of a looser US monetary policy. In addition, the stock markets have performed well, and the cost of financing internal and external debt has decreased. The financial markets in Latin America have outperformed those in other regions since July, owing to the easing of some local fiscal sustainability risks (Chart A2.4.2.5 in Annex 2).[16]

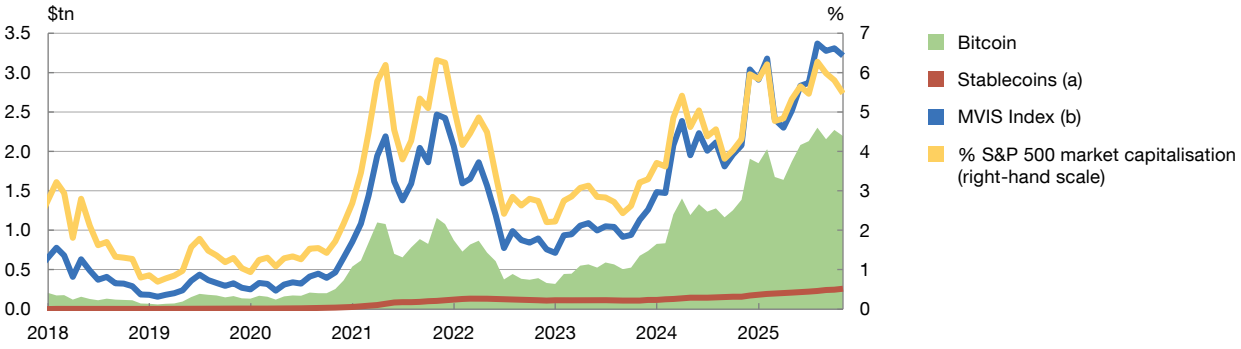
Crypto-assets

Crypto-asset market capitalisation has surged in 2025 so far, although it has been subject to some volatility. The market cap of the MVIS index, which groups together the top

Chart 4.13

The value of crypto-assets has continued to climb and, although they still account for a small part of the financial markets, their rapid growth could pose greater risks to financial stability

4.13.a Market value of crypto-assets



SOURCES: LSEG Datastream, MVIS, Coinmarketcap and Banco de España. Latest observation: 29 October 2025.

a Aggregate market value of Tether and USDC.
b The MVIS CryptoCompare Digital Assets 100 Index, which includes the largest 100 crypto-assets by market value (not including stablecoins).

15 Some analysts ascribe it to a higher hedging demand against extreme adverse events by some investors. However, others link it to momentum trading, an investment strategy where investors buy assets whose prices have risen in the recent period, thus fuelling momentum.

16 One exception was Argentina, whose exchange rate depreciated and sovereign spread rose owing to the growing political uncertainty in the run-up to the legislative elections on 26 October. As a result of the explicit support provided by the US Administration and the government's electoral victory, the sovereign spread narrowed markedly, stock market indices rose and the depreciation pressures on the peso eased. The US Treasury intervened in the currency markets with the purchase of Argentine pesos and arranged a $20 billion swap with the Banco Central de la República Argentina.

100 unbacked crypto-assets, rose strongly from mid-May, but saw significant downward corrections in October. Its market cap is dominated by Bitcoin, which accounted for a share of around 70% in October 2025 (Chart 4.13). Meanwhile, the value of stablecoins (asset-backed crypto-assets),[17] such as Tether or USD Coin, is also growing rapidly, but it continues to represent a relatively small proportion of total crypto-asset market cap. Indeed, in October 2025 the aggregate market value of Tether and USD Coin accounted for just 8.1% of the MVIS index market cap.

The financial stability risks posed by crypto-assets markets are limited by their scale, but this could change if they grow rapidly. In October 2025, the MVIS market cap was equivalent to 5.5% of that of the S&P 500 index (Chart 4.13). The two markets are positively correlated and there is also a growing degree of interconnectedness with the banking sector through, for instance, the sale of crypto-investment products and the provision of custody services. Section 5.4 discusses the emerging risks associated with these assets in more detail.

17 Stablecoins are a type of cryptocurrency, pegged to one or several assets with a stable value, such as the dollar or the euro, to minimise fluctuations in their value.