



EUROPEAN CENTRAL BANK

EUROSYSTEM

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# Recent developments in the euro bond markets

Frankfurt am Main, 22 January 2013

Bond Market Contact Group

# ECB monetary policy actions and other announcements

## 29 June 2012

- *Decisions towards strengthening the framework of the EMU*

## 5 July 2012

- *25 bps cut of ECB interest rates bringing the rate of the deposit facility to zero*

## 26 July 2012

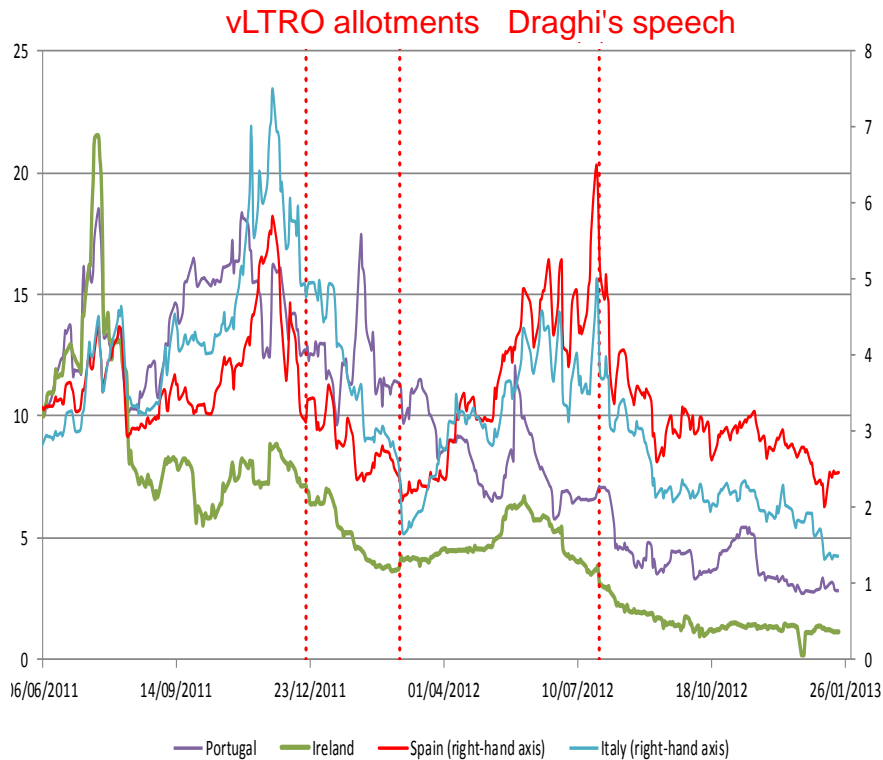
- *Speech by President Draghi at the Global Investment Conference in London*

## 2 August & 6 September 2012

- *Announcement and technical features of Outright Monetary Transactions (OMTs)*
- *Collateral availability measures*

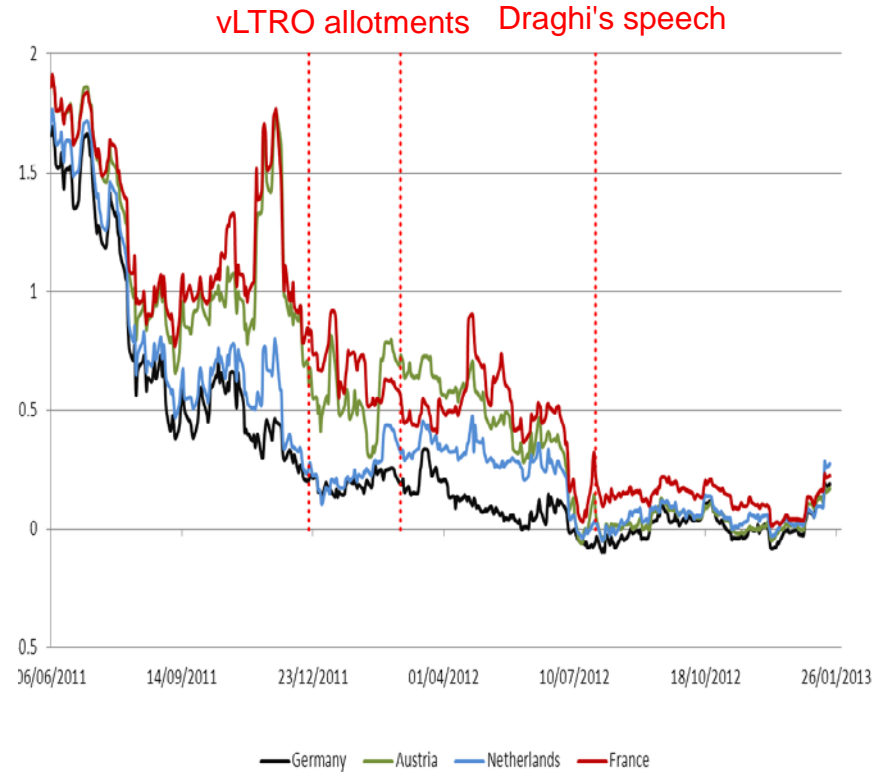
# Some 2-year euro area government bond yields since June 2011

Evolution for periphery bonds



Source: ECB, Bloomberg

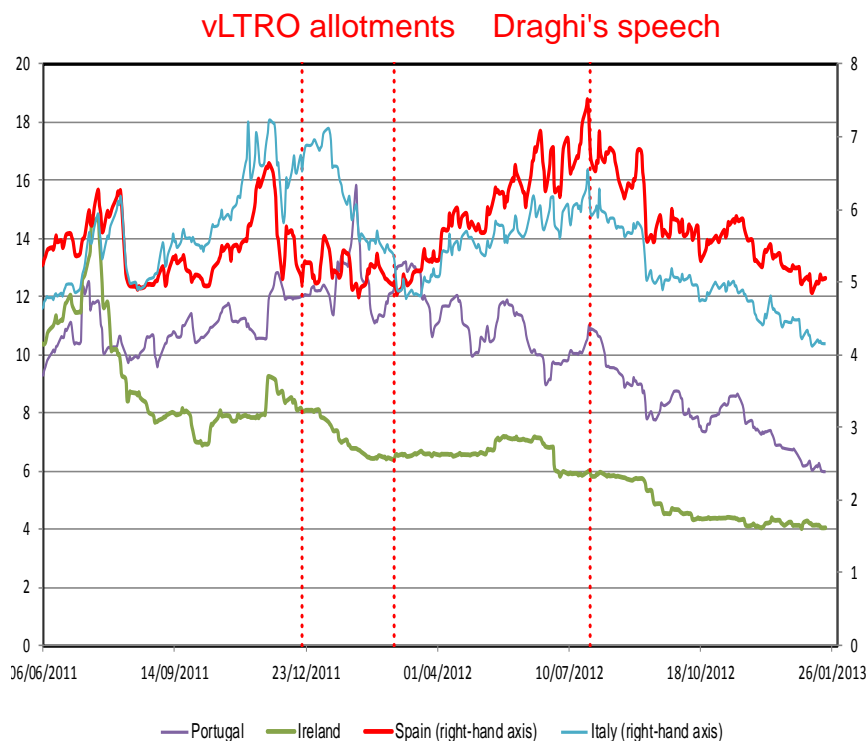
Evolution for core & semi-core bonds



Source: ECB, Bloomberg

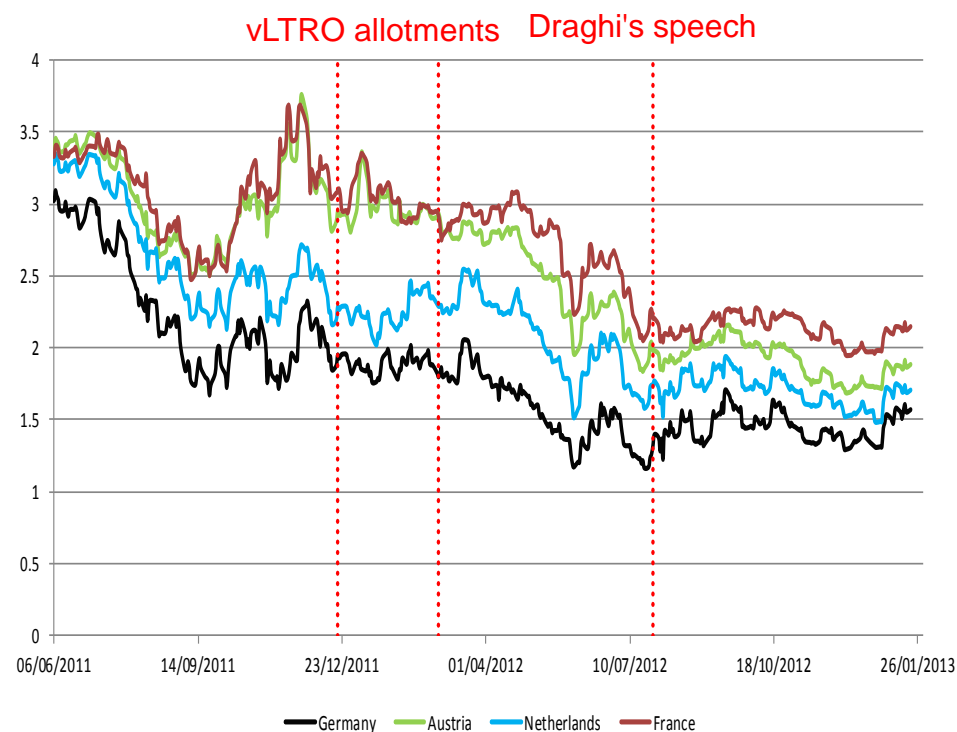
# Some 10-year euro area government bond yields since mid 2011

## Evolution for periphery bonds



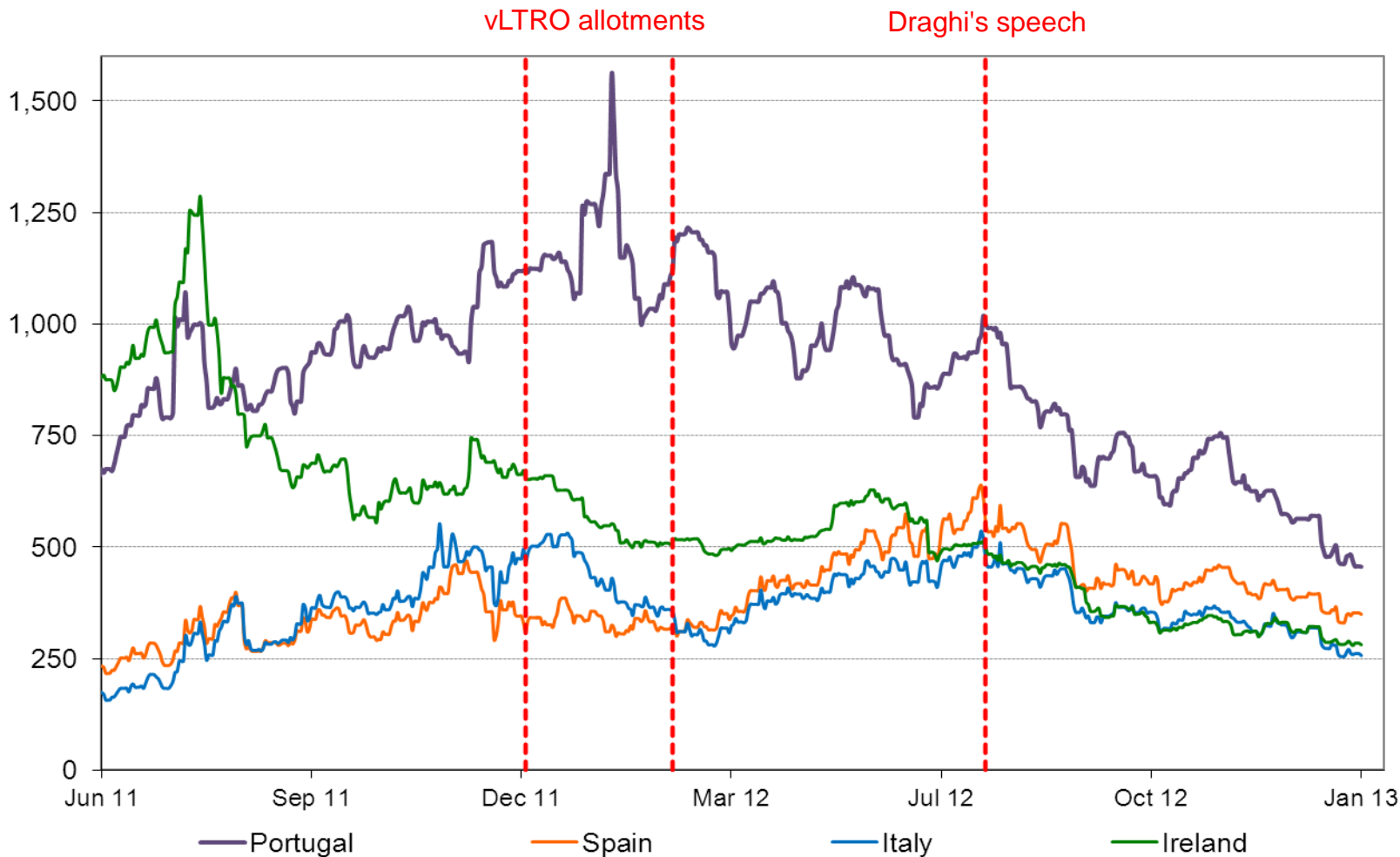
Source: ECB, Bloomberg

## Evolution for core & semi-core bonds

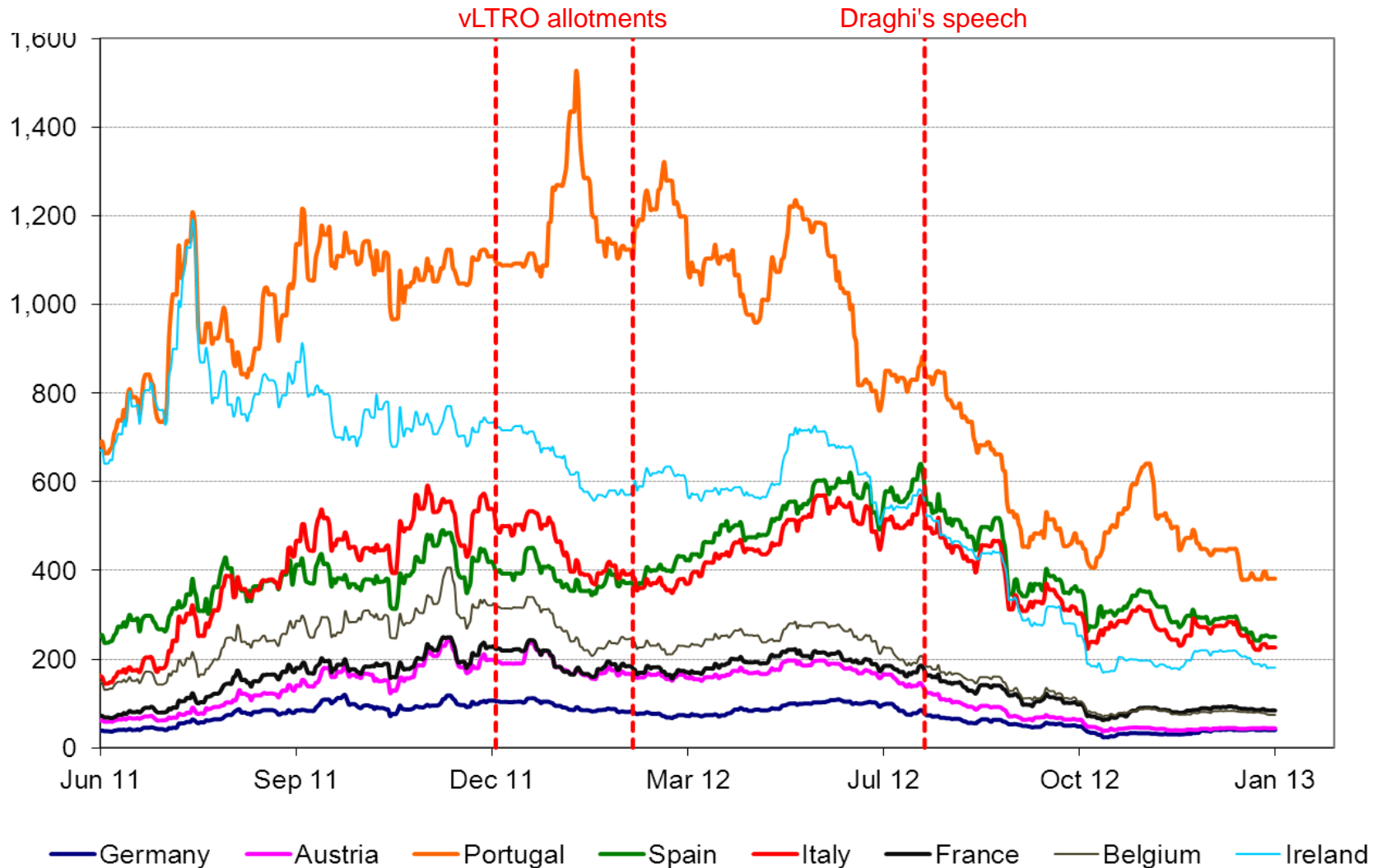


Source: ECB, Bloomberg

# Selected intra euro area bond spreads against Germany (10-year maturity)

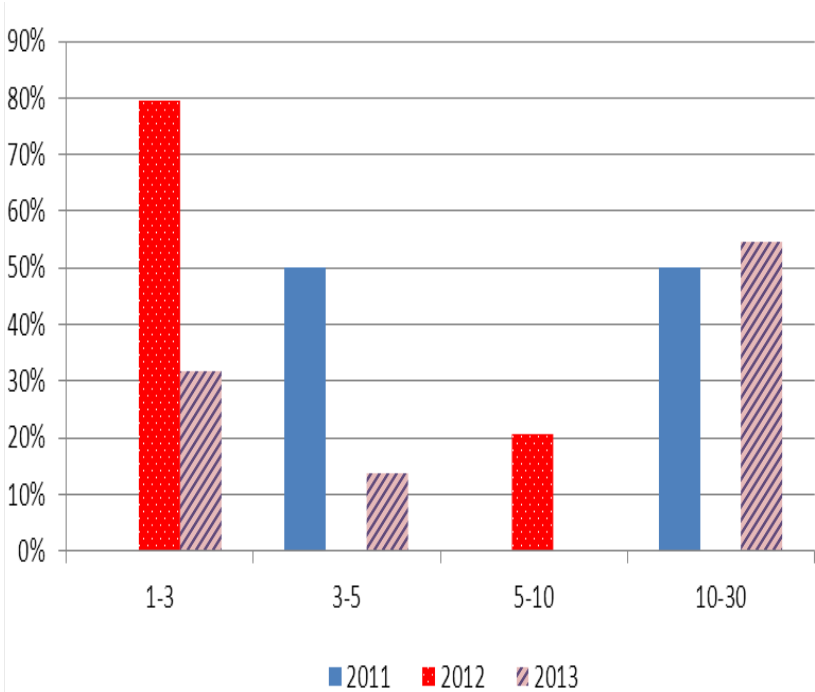


# Selected euro area government Credit Default Swaps (5-year)

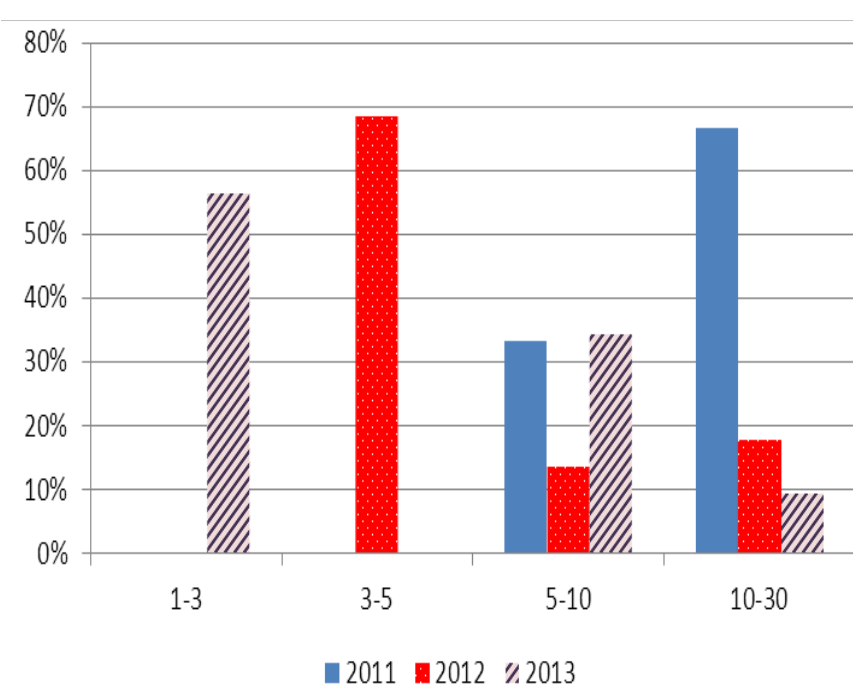


# Issuance pattern Spanish and Italian government bond auctions

Italian auction pattern- mid january

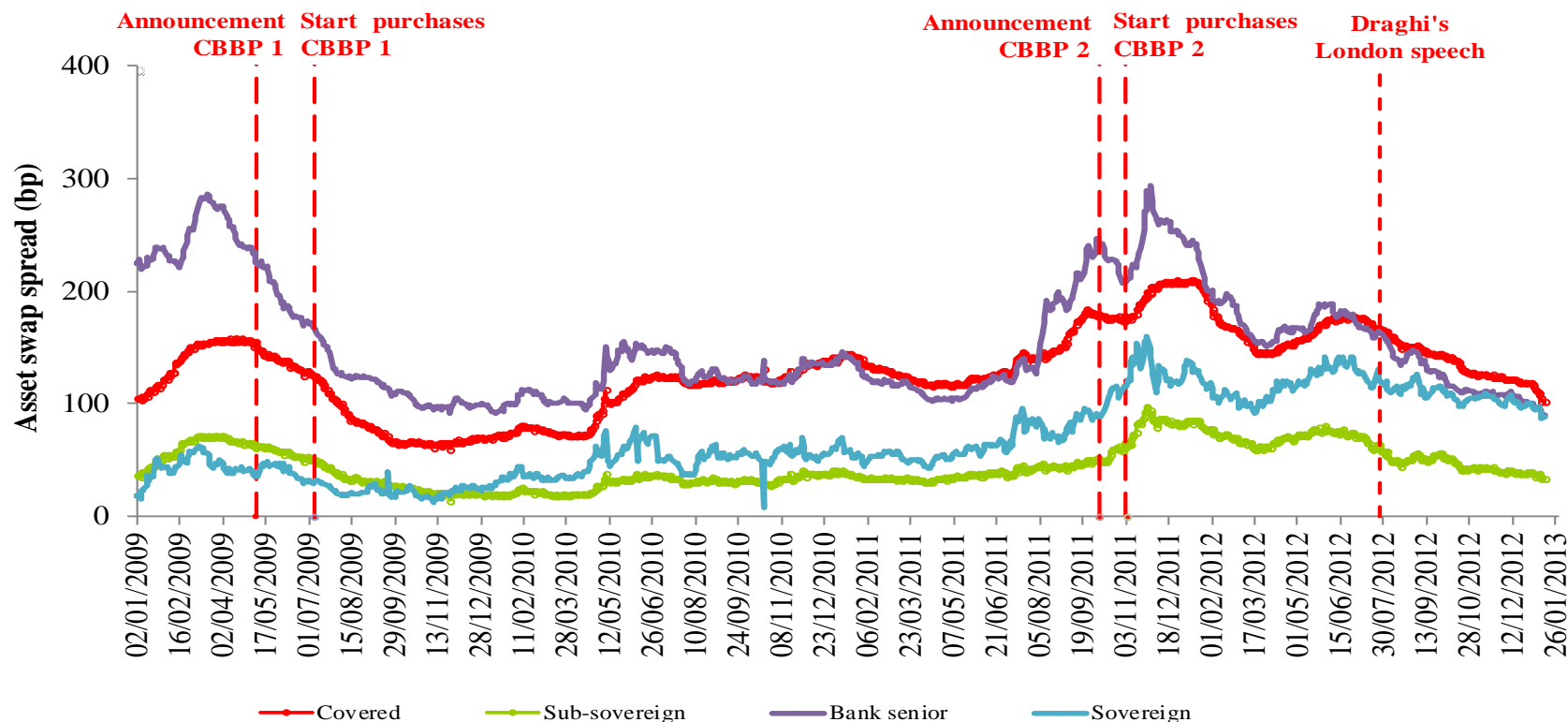


Spain auction pattern- mid january



Source: Bloomberg, Tesoro websites, ECB

# Asset swap spreads per asset class since January 2009 (bps)

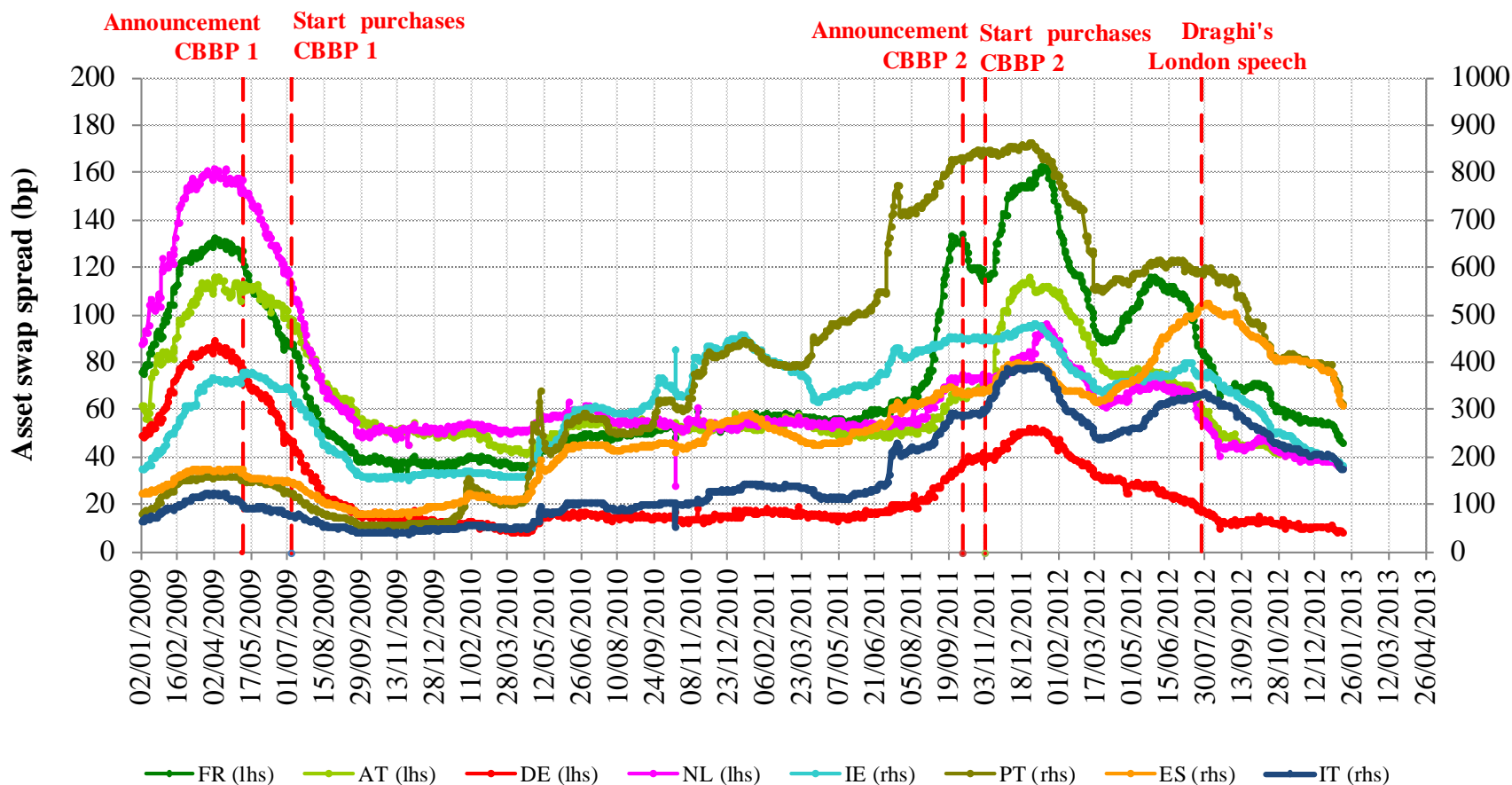


Source: Markit

**Note:** The data shown are Market iBOXX EUR benchmark indices. The iBoxxEUR indices include only euro and legacy currency denominated bonds. The issuer's domicile is not relevant. *Sovereign* is defined as bonds issued by central governments in their domestic currencies. *Sub-sovereign* is defined as bonds issued by local governments and bonds guaranteed or issued by entities guaranteed by the governments such as government agencies, public banks or supranational entities. *Covered* is defined as bonds that fulfil the criteria specified in UCITS 22.4 or similar. In addition, other bonds with a structure affording an equivalent risk and credit profile, and considered by the market as covered bonds, will be included in the iBoxxEUR covered bond indices.



# Asset swap spread per jurisdiction since January 2009 (bp)

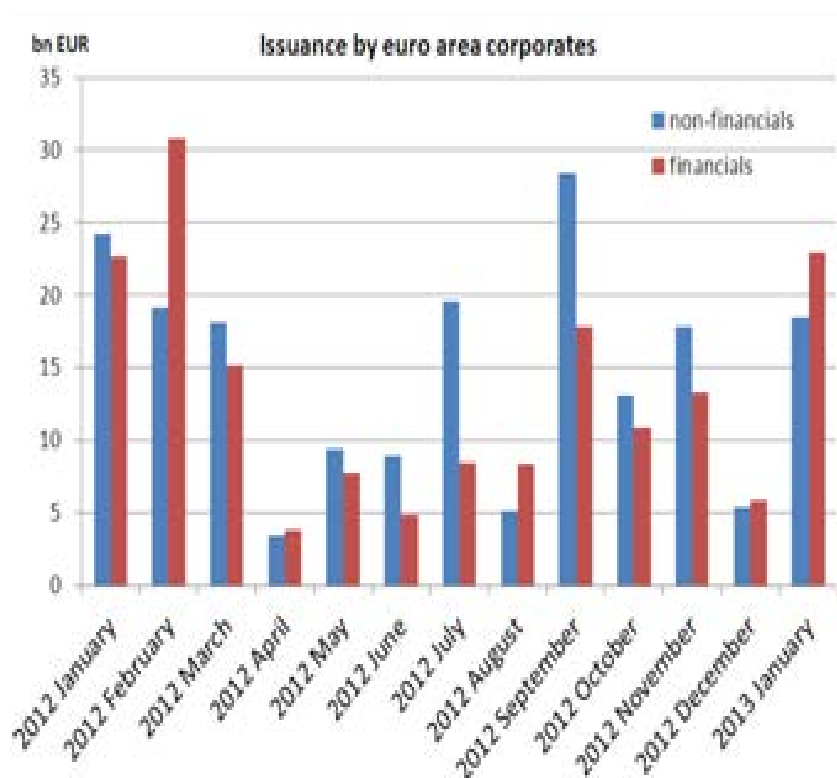


Source: Markit

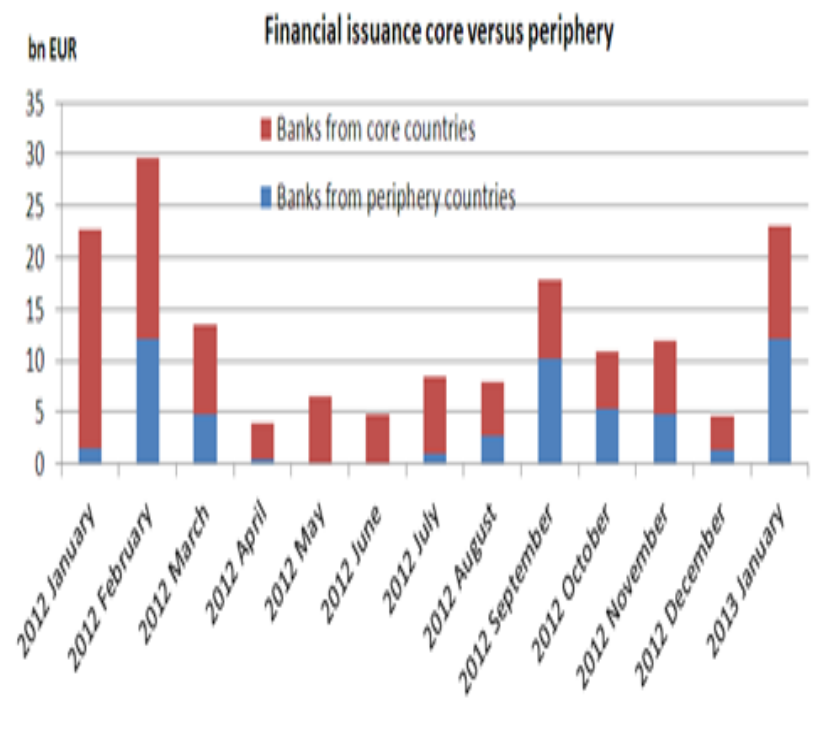
Note: The data shown are Market iBoxx EUR benchmark indices. The iBoxx EUR indices include only euro and legacy currency denominated bonds. The shown indices are composed of investment-grade covered bonds denominated in euro, categorised according to the selected jurisdictions.

# Euro area corporate issuance since 2012

## Corporate issuance since 2012 (public, size > EUR 500 mn)



## Breakdown of financial issuance



Source: Dealogic, ECB calculations

## Potential issues for discussion

1. Assessment of current euro area government bond valuations and key drivers going forward
2. Assessment of the impact of the OMT announcement on the transmission of monetary policy into the various bond market segments:
  - Sectors which remain the most impaired
  - Potential alternatives for restoring market activity in these sectors
3. Assessment of the degree of market access of programme countries and expectations for the future