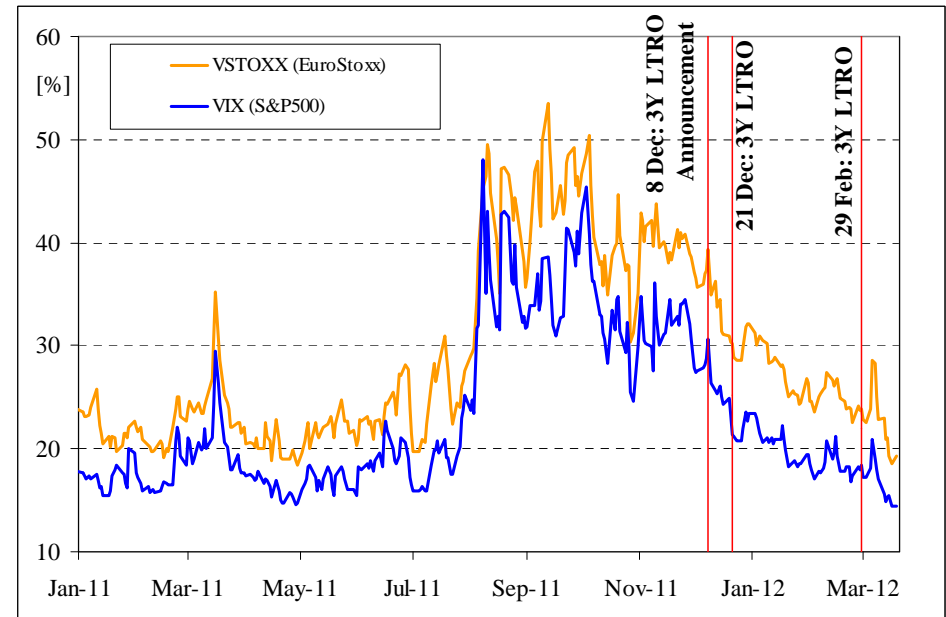
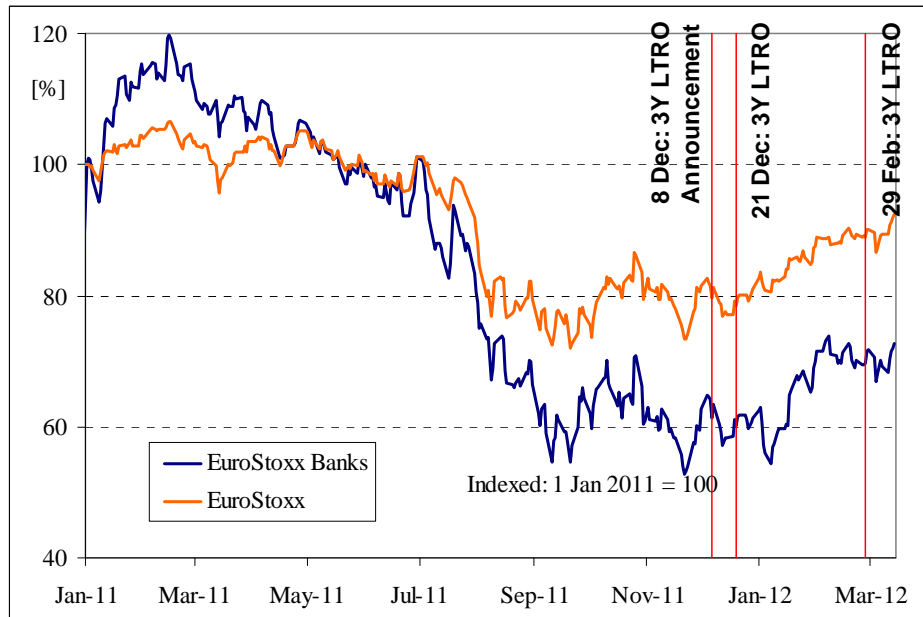


# Recent developments in the euro money market

**Money Market Contact Group**  
**Frankfurt, 21 March 2012**

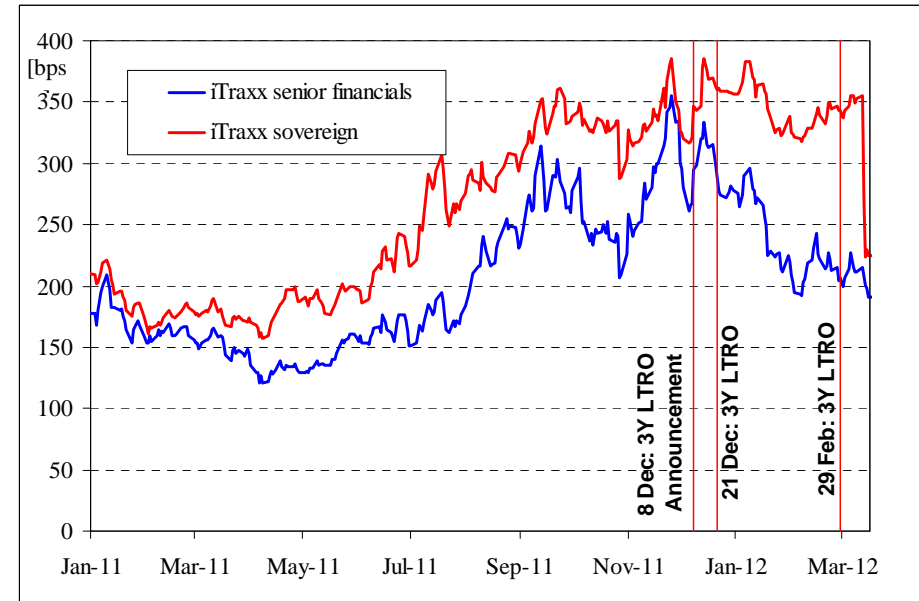
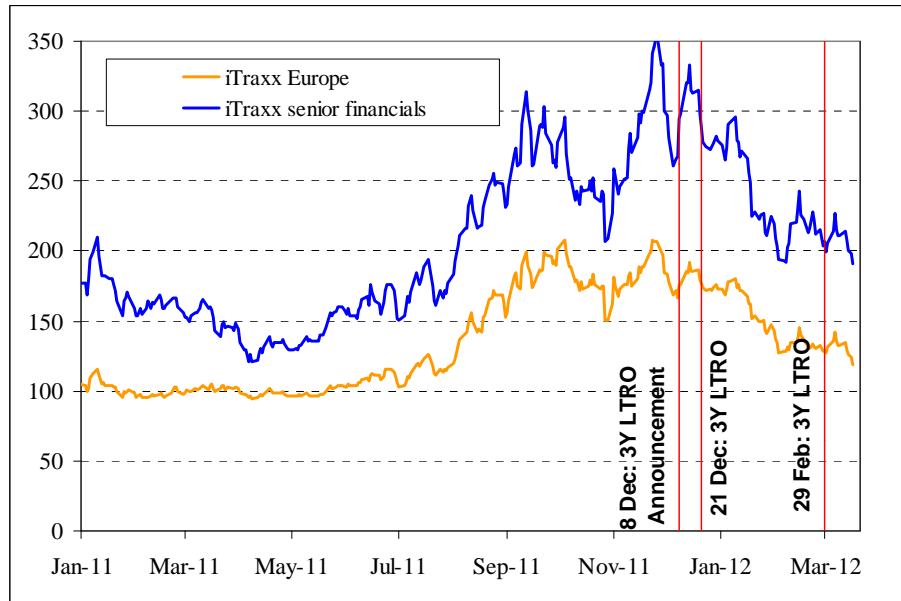
# Overall financial market background

## I) Strong equity performance amid markedly lower volatility



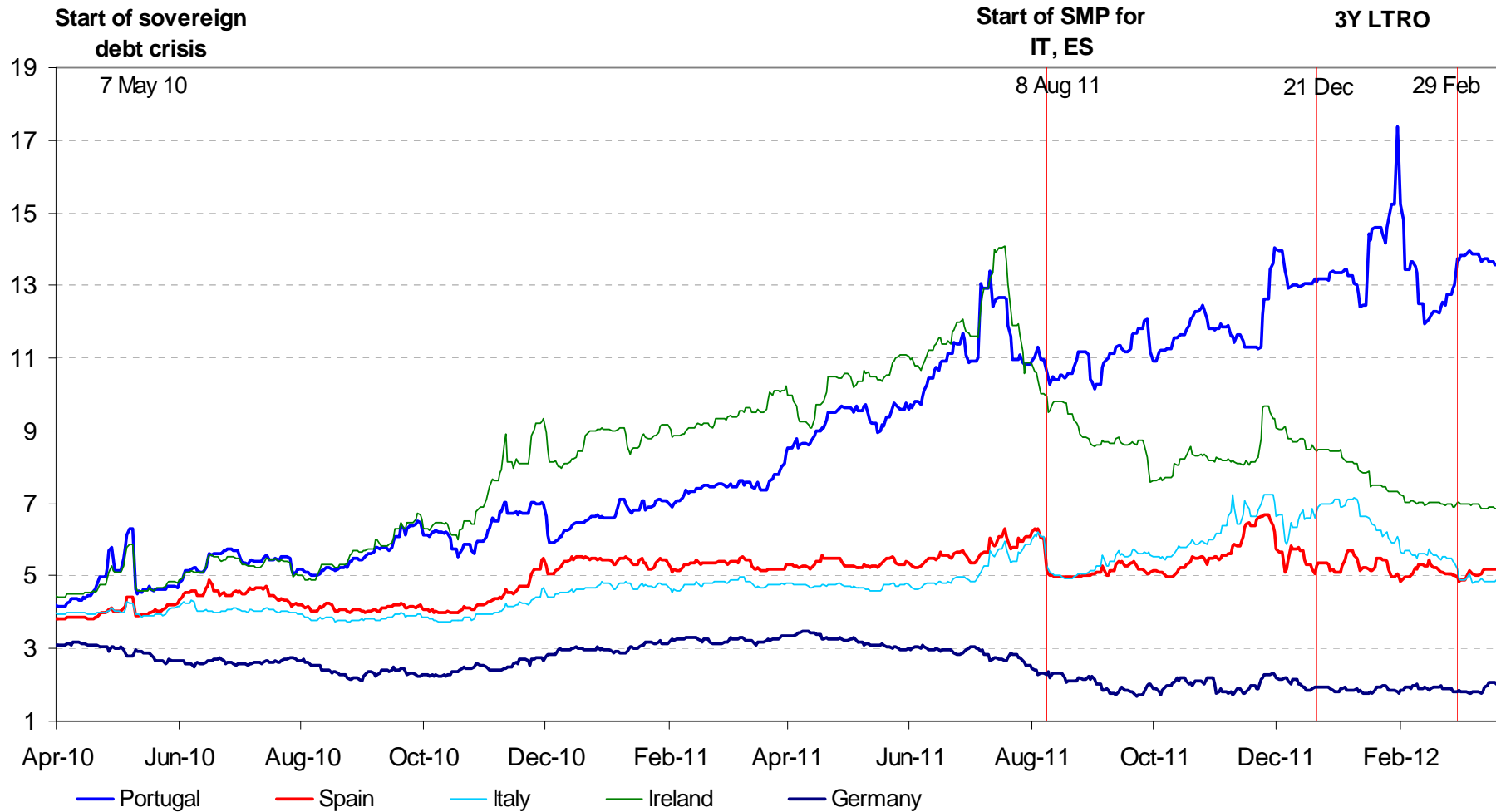
# Overall financial market background

**II) Perceived credit risk of senior financials declined strongly, sovereign CDS index sharply lower after Greece's exclusion from the index**



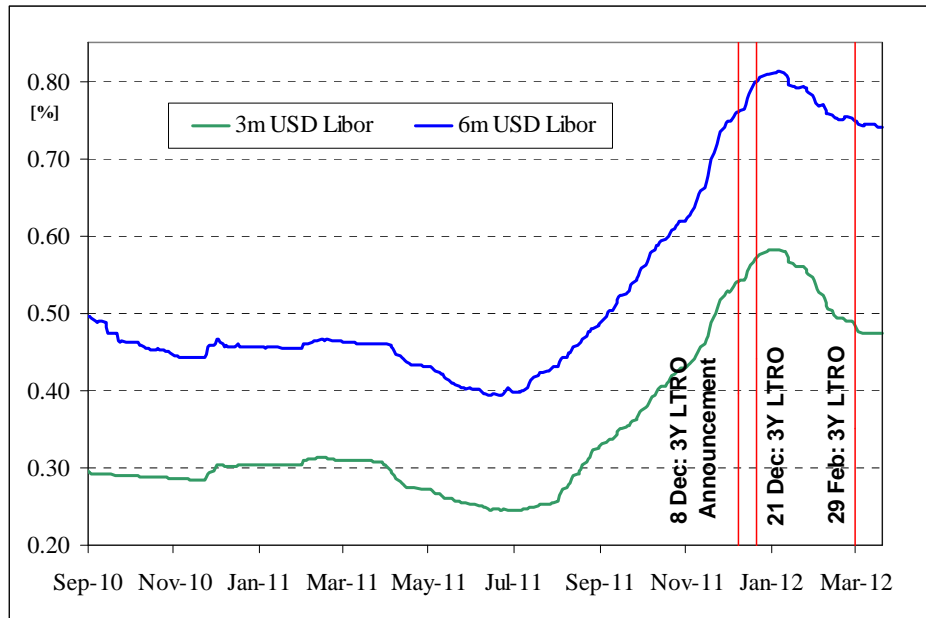
# Overall financial market background

## III) Euro area sovereign bond yields (10-year)

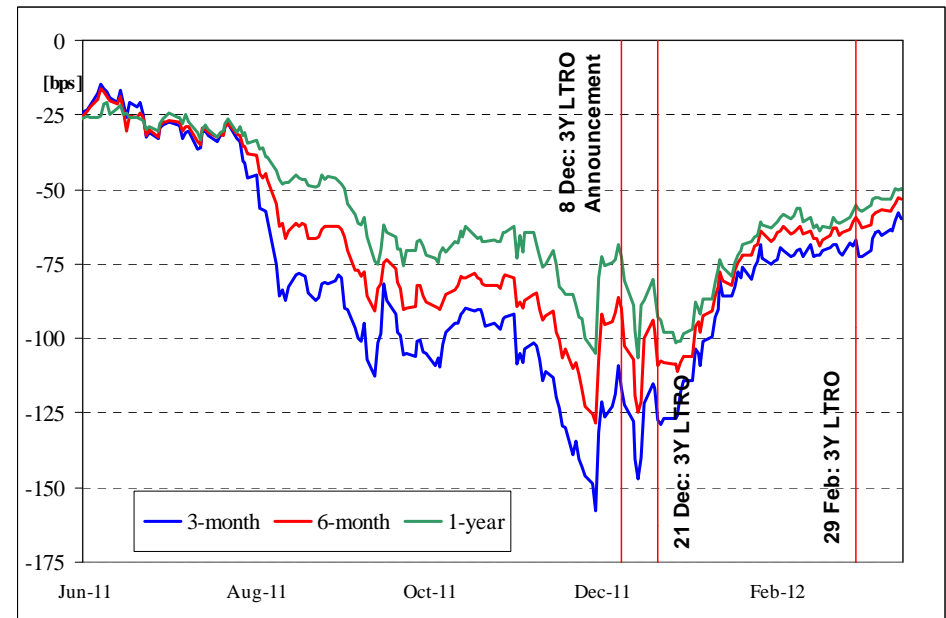


# USD funding situation

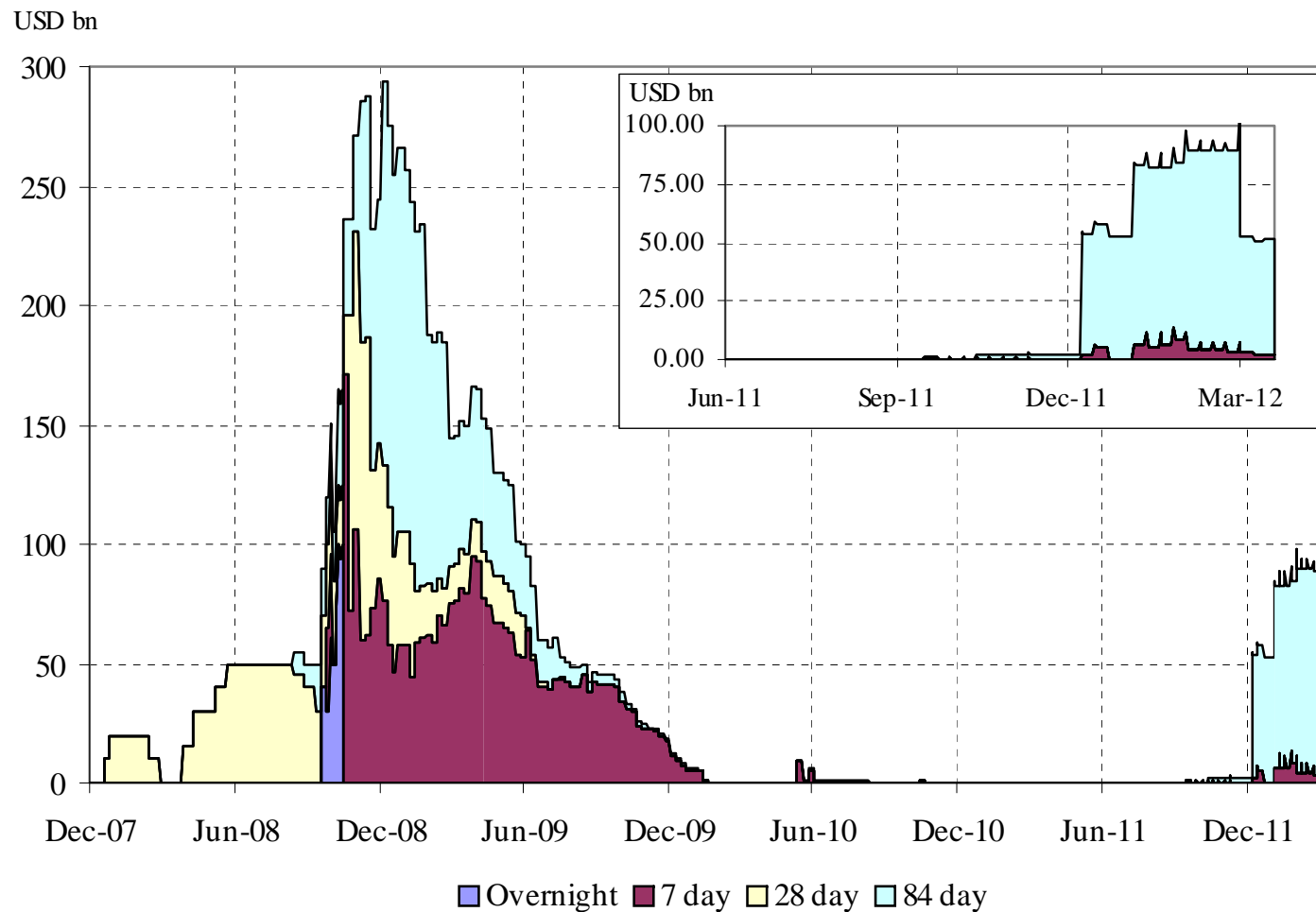
## USD Libor fixings reversed their rising trend



## EUR/USD FX swap premia contracted

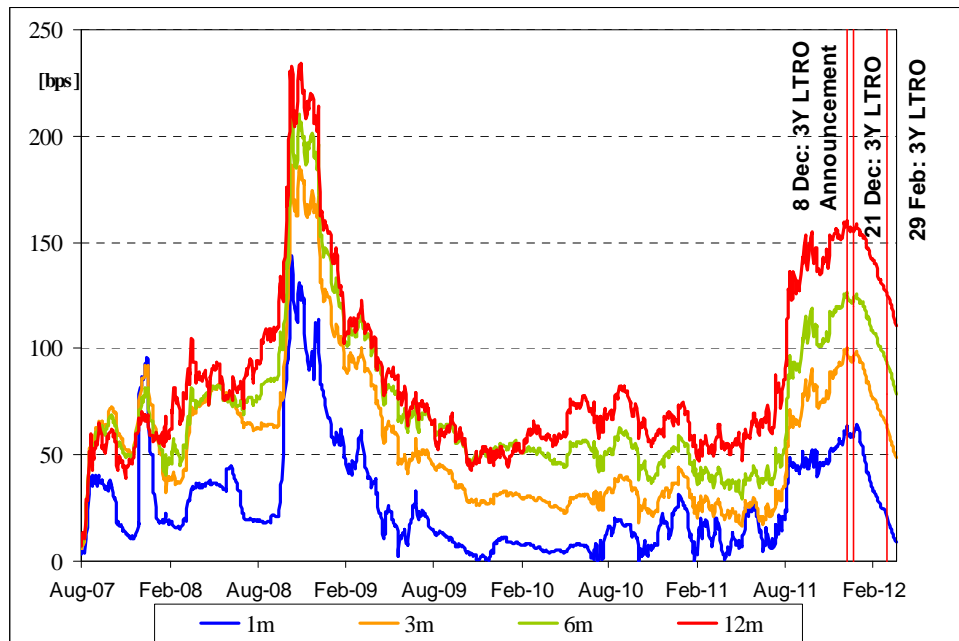


# The ECB's provision of USD liquidity → 84-day USD operations re-introduced

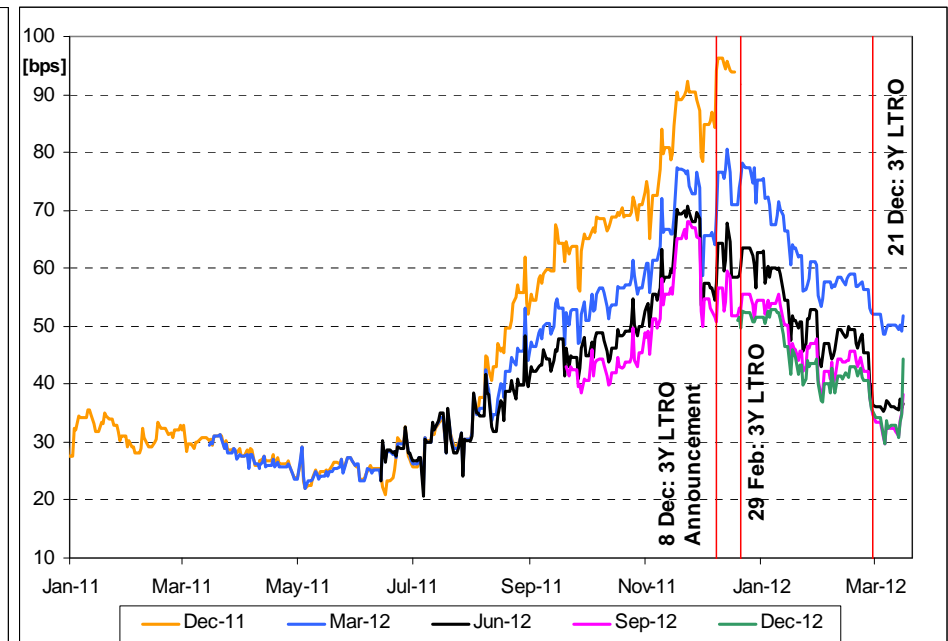


# EURIBOR - OIS spreads

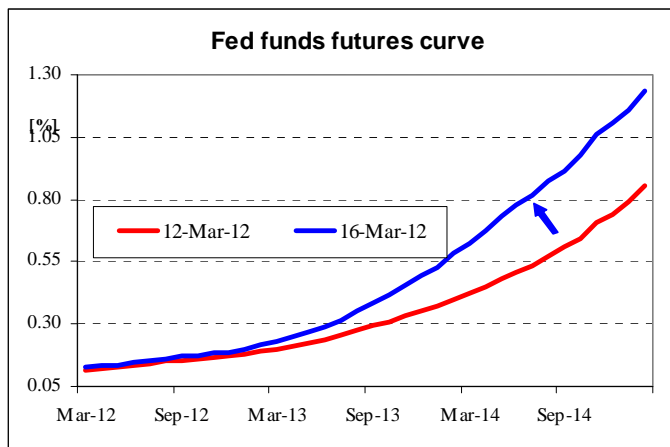
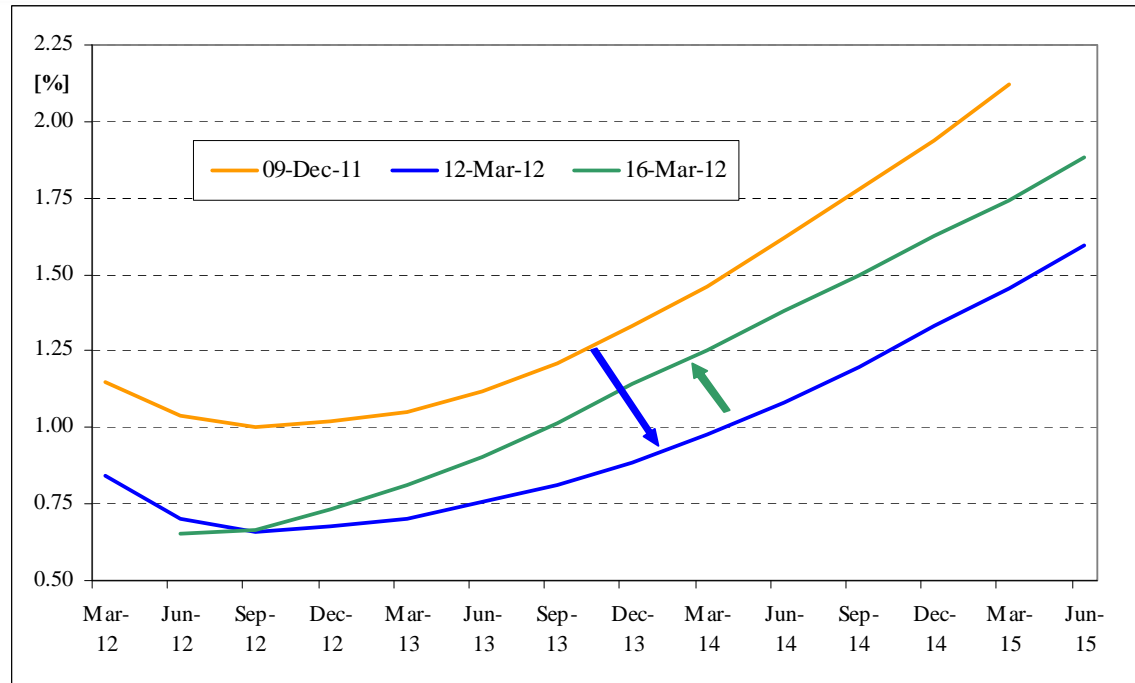
A sharp reversal after the 3-y LTRO



also in the forward spreads



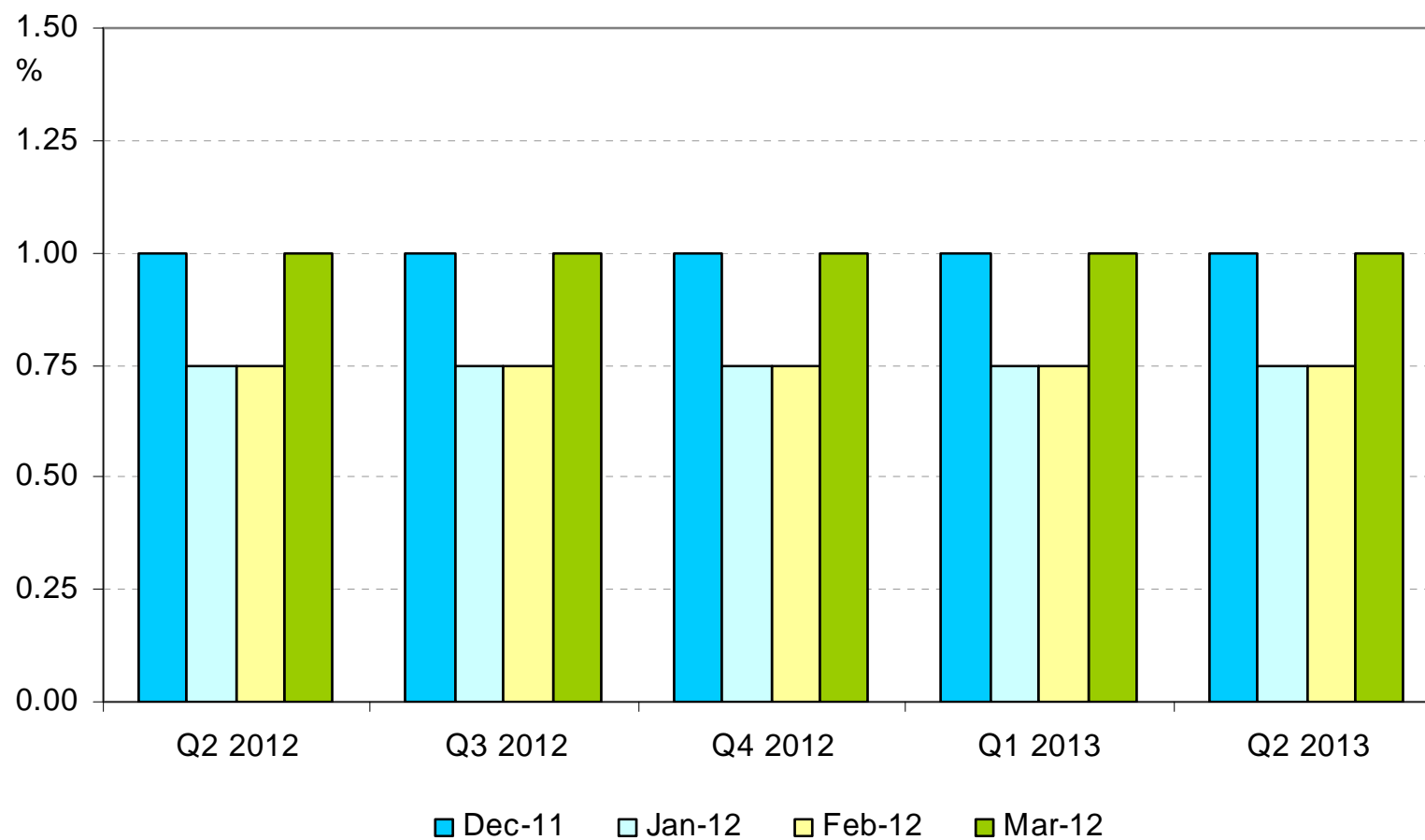
# Development of the Euribor futures curve





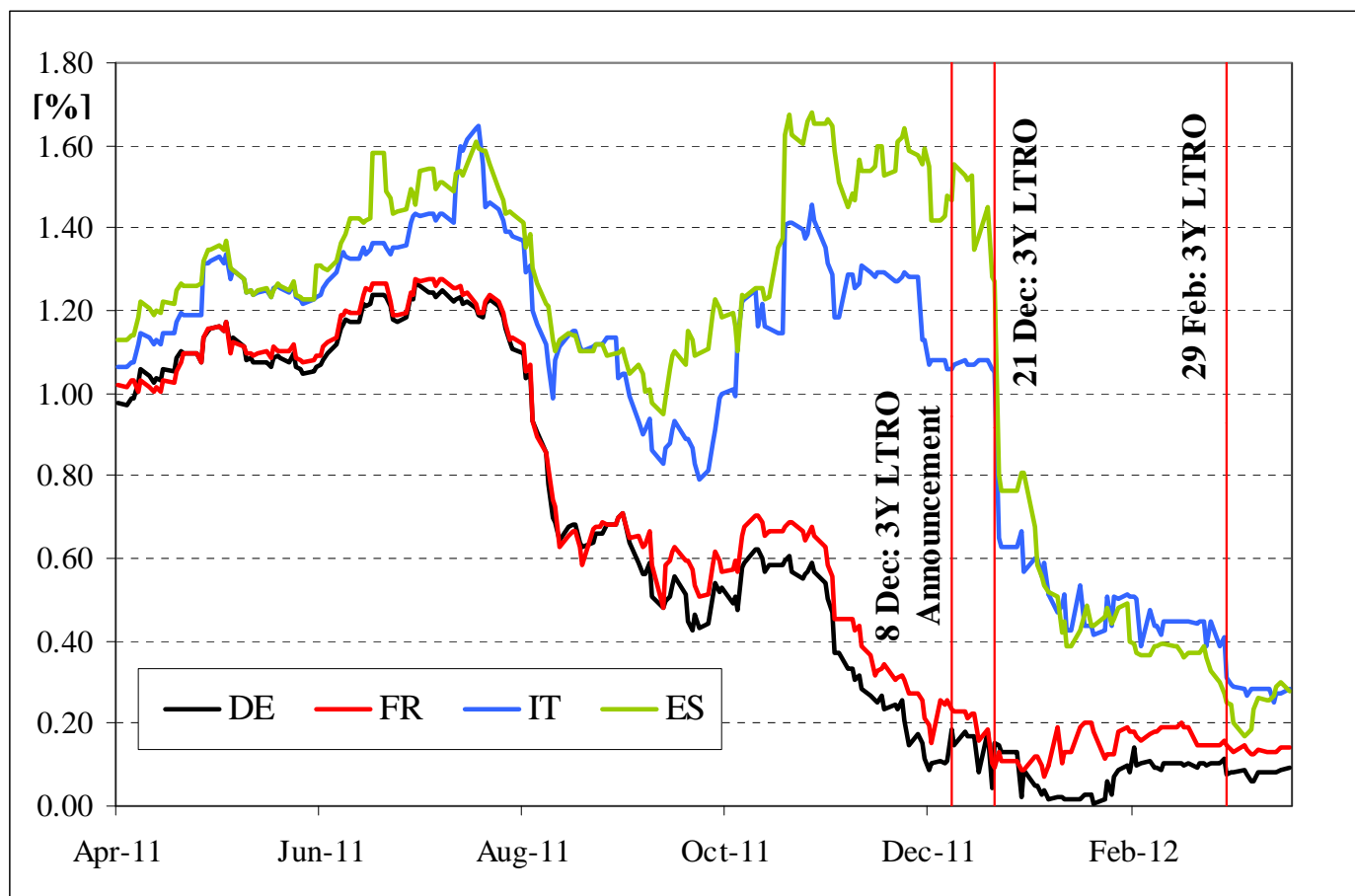
# ECB monetary policy expectations

## Reuters poll on MRO rates

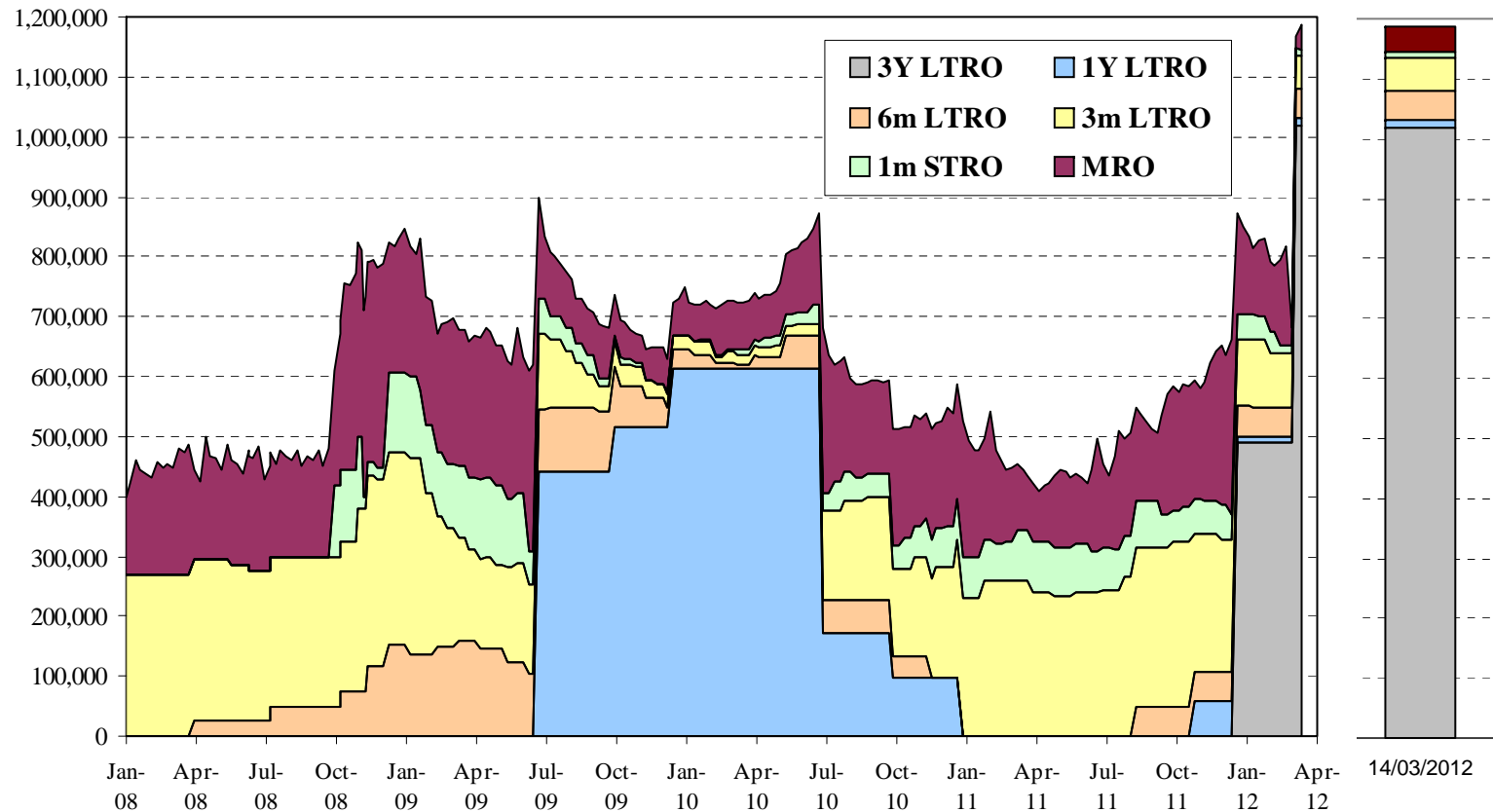


# Repo market normalisation

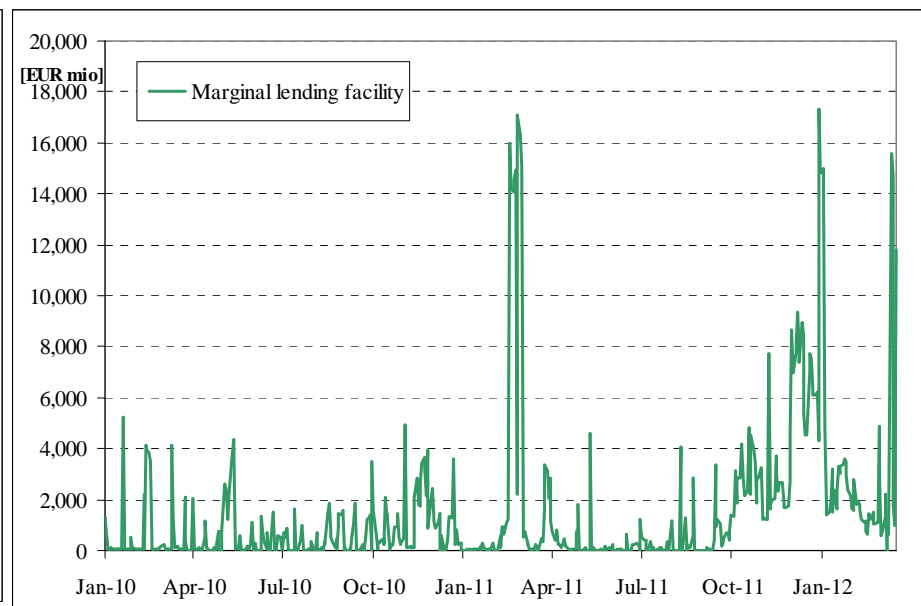
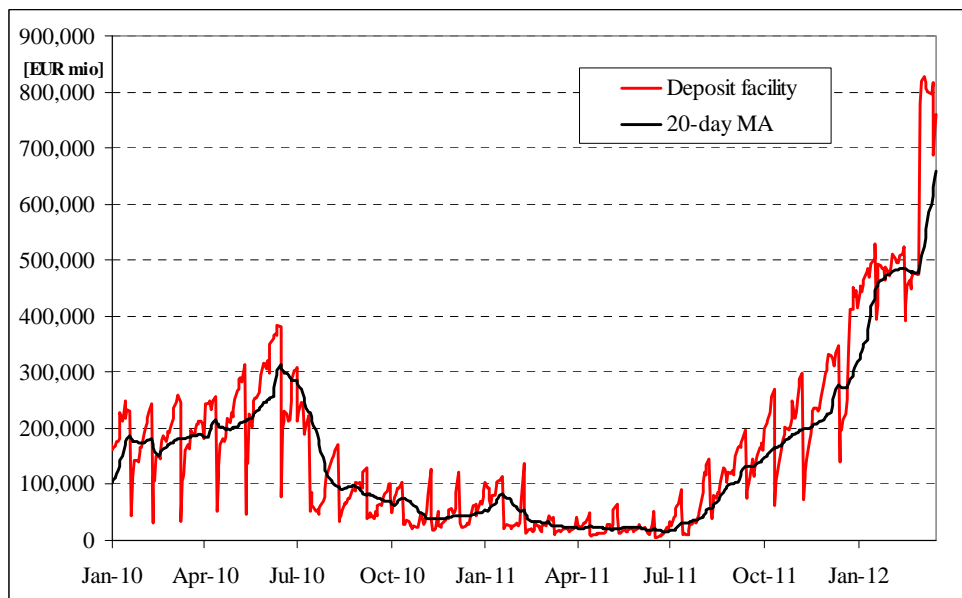
## 3-month repo rates for different types of collateral



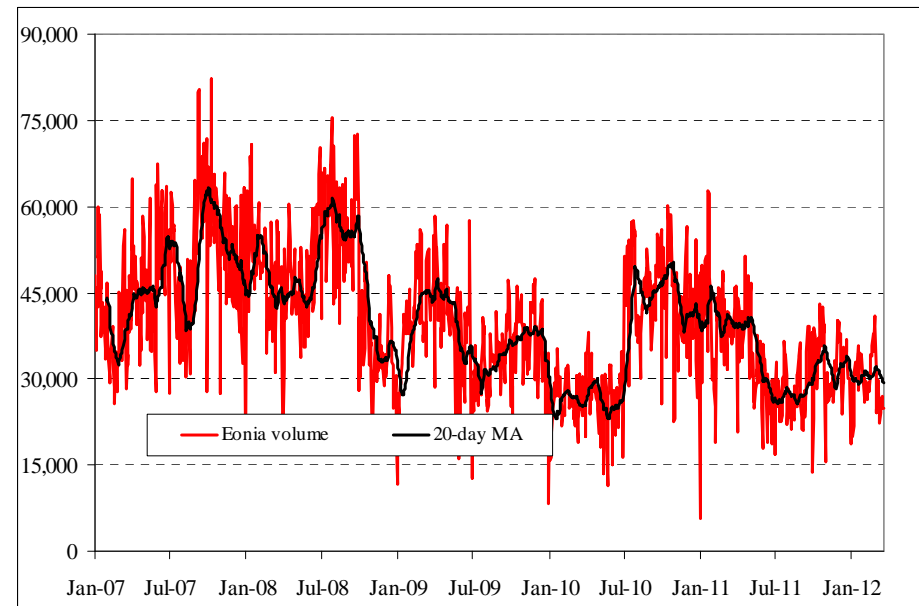
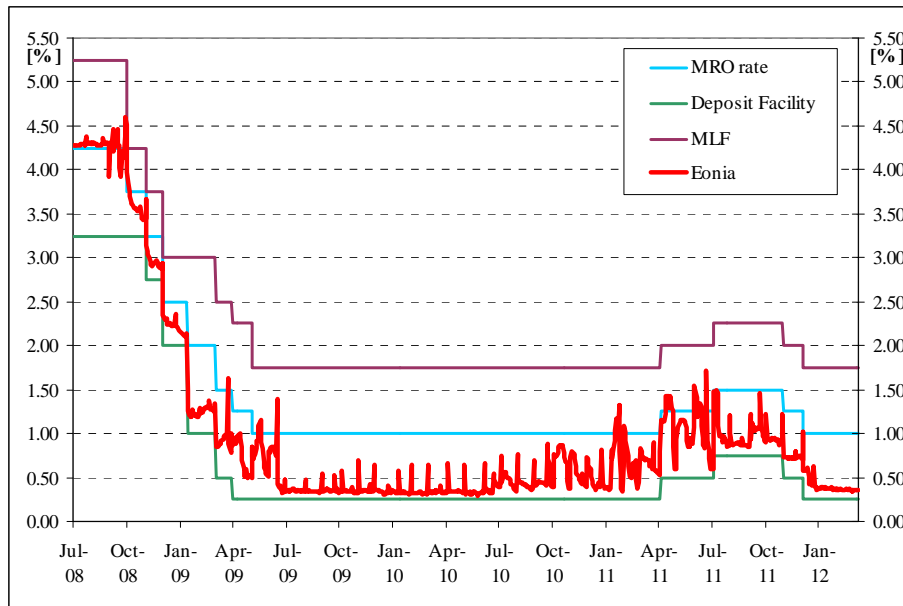
# Maturity breakdown of the ECB's liquidity provision → 3-year operations introduced



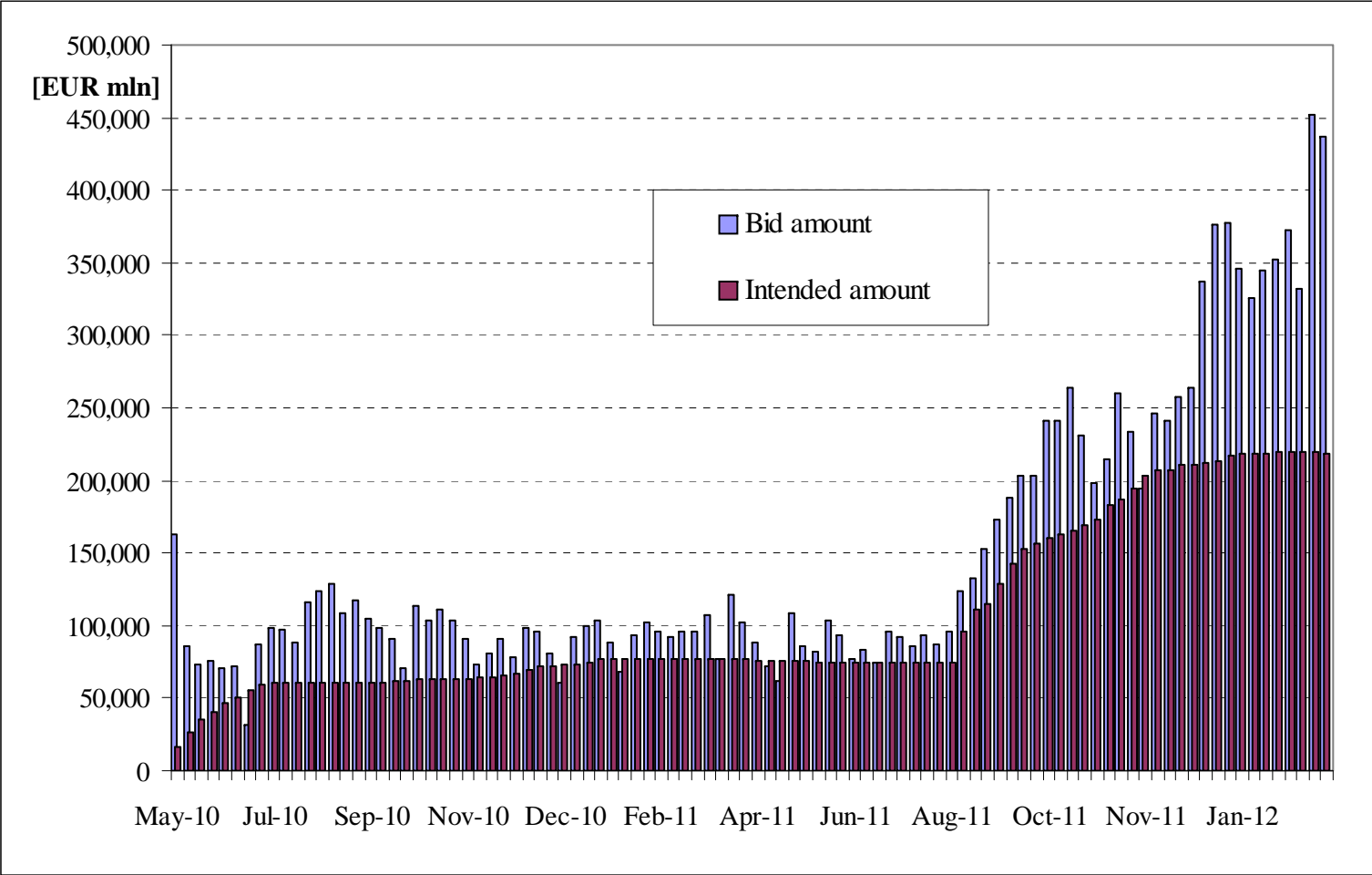
# Use of the ECB's standing facilities



# ECB rates and Eonia developments



# I-week liquidity absorbing FTOs



# ECB developments and announcements I

## 16 December 2011

*The ECB decided to conduct two one-day bridge liquidity-providing FTOs (allotted on 20 December 2011 and on 28 February 2012) related to the settlement of the 3-year LTROs.*

## 9 February 2012

*Specific national eligibility criteria and risk control measures for the temporary acceptance of additional credit claims as collateral in Eurosystem credit operations were approved for Central Bank of Ireland, Banco de España, Banque de France, Banca d'Italia, Central Bank of Cyprus, Oesterreichische Nationalbank and Banco de Portugal*

## ECB developments and announcements II

### 28 February 2012

*A temporarily suspension of the eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic for use as collateral in Eurosystem monetary policy operations.*

*The liquidity needs of affected Eurosystem counterparties can be satisfied by the relevant national central banks, in line with emergency liquidity assistance (ELA).*

### 8 March 2012

*In light of the activation of the buy-back scheme, marketable debt instruments issued or fully guaranteed by the Hellenic Republic will be again accepted as collateral in Eurosystem credit operations, without applying the minimum credit rating threshold for collateral eligibility until further notice.*



## Potential issues for discussion

- *Members are invited to provide feedback on the two 3-year LTROs and how the impact on these operations has been unfolding in the money market.*
- *In particular, how members access developments in the FX swap market?*
- *More generally, how do members assess banks' current funding conditions – also in USD and other currencies?*