

# **Spanish Repo Market MMCG**

**Bankia**

**17 june 2015**

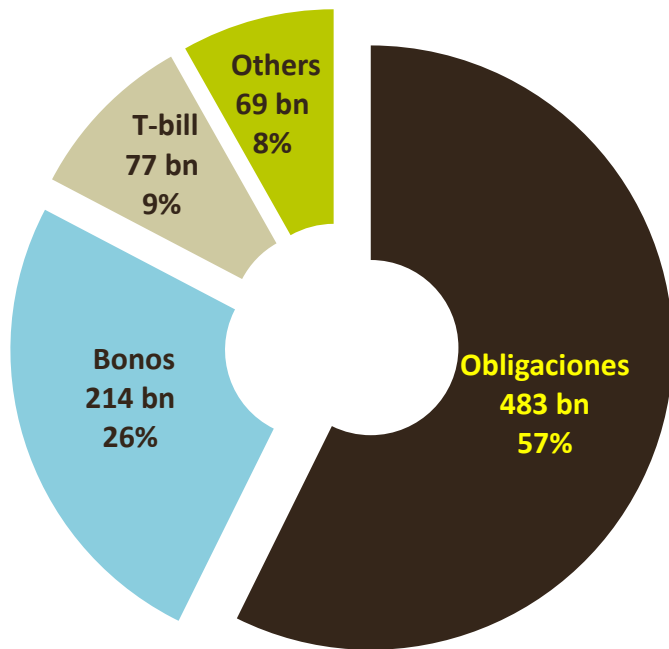
# Index

- 1. SPGB Market**
- 2. Players**
- 3. Short Term Spanish Funding Alternatives**
- 4. Repo analysis**
  - 4.1. Volume.
  - 4.2. CCPs & rates.
  - 4.3. ERC Survey
  - 4.4. ERC Survey
  - 4.5. Fails?
- 5. Spanish Treasury Tender (Subasta de Liquidez del Tesoro)**
- 6. ECB Refinancing Operations**

# 1. SPGB Market

## Outstanding Government Debt distribution

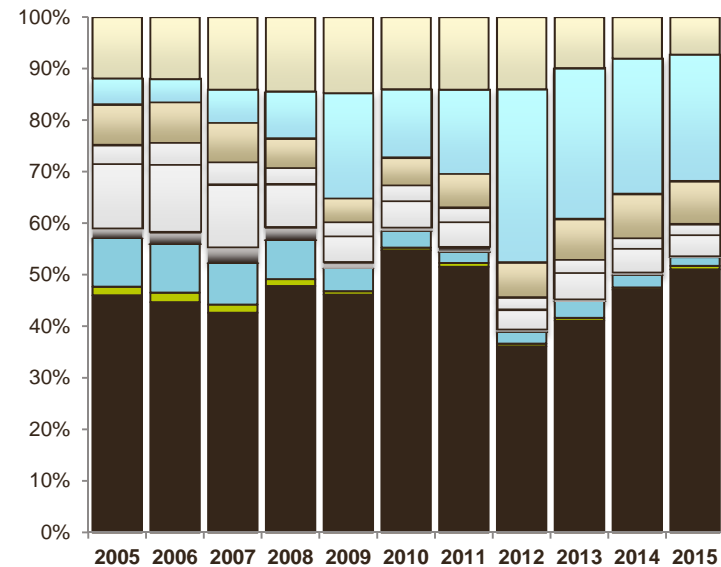
**843 bn**



SOURCE: Spanish Treasury.

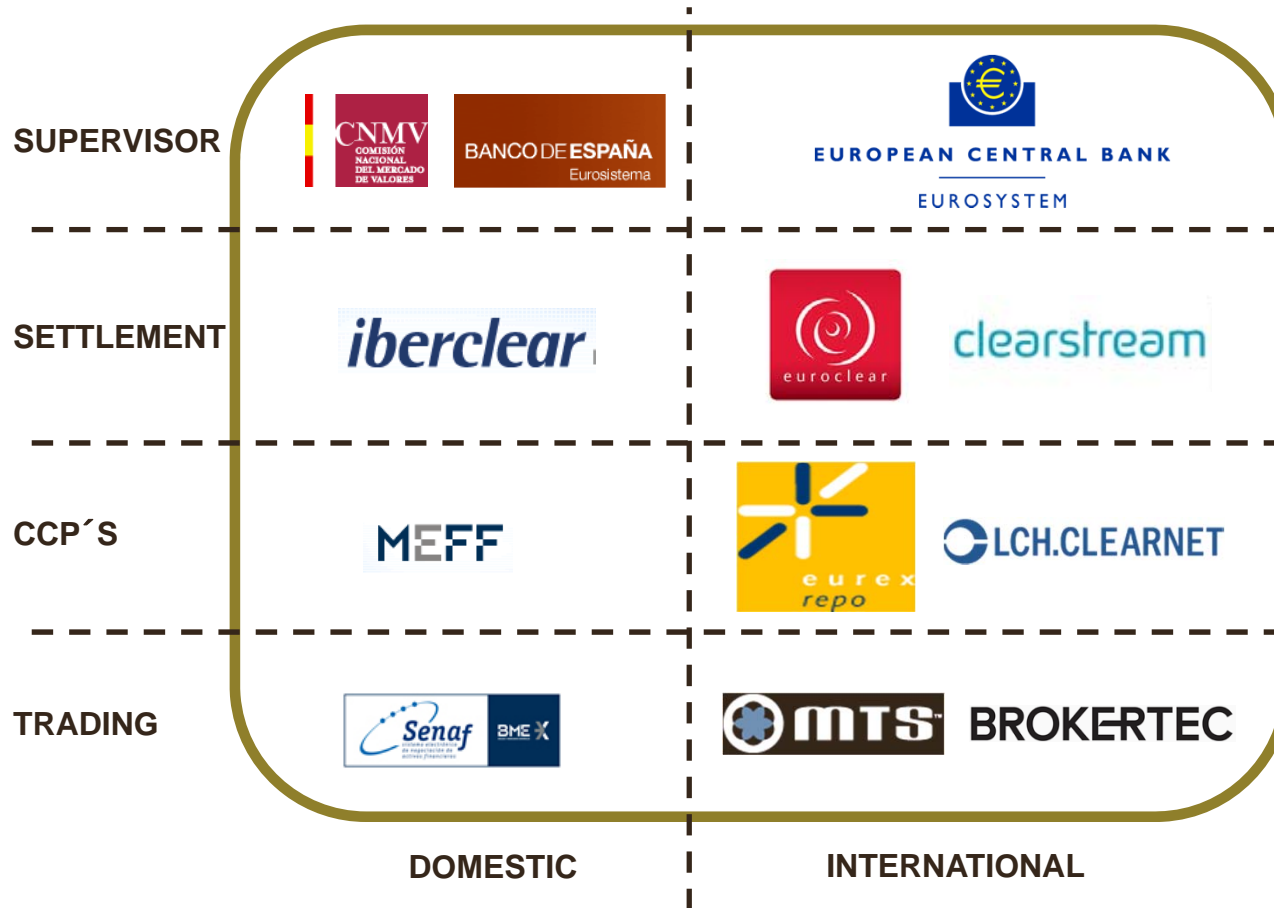
## Distribution by holder

- Public Sector
- Credit Institutions
- Insurance Companies
- Pension Funds
- Investment Funds
- Other institutions
- Non Financial Companies
- Individual Investors
- Non resident

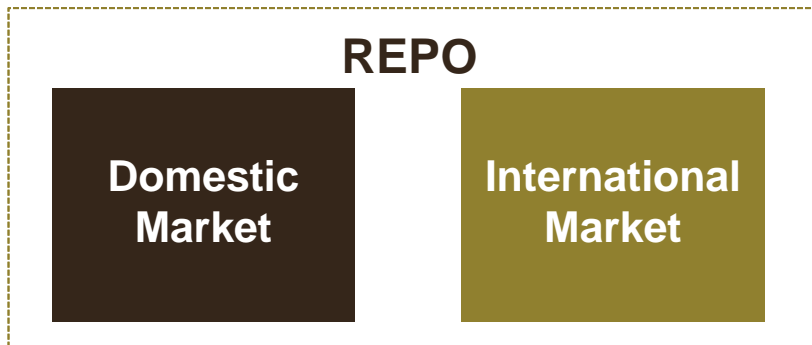


SOURCE: Spanish Treasury

## 2. Players

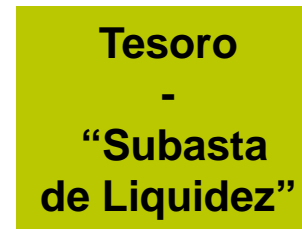


### 3. Short Term Spanish Funding alternatives



- MeffClear & bilateral
- Low volume
- Higher cost.

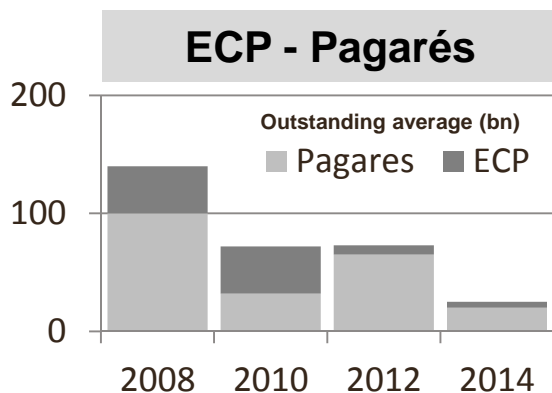
- Eurex, LCH & bilateral
- High volume
- Lower cost



- Tenders weekly/monthly/...
- Secured & Unsecured
- High volatility in rates & volumes



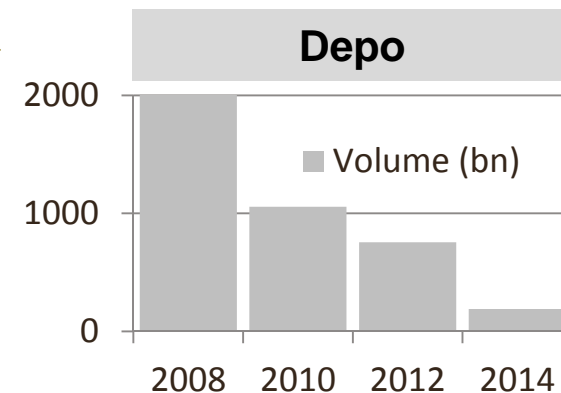
- MRO/LTRO/TLTRO
- Still High dependency (31% of Euro system)



SOURCE: BME & CMD



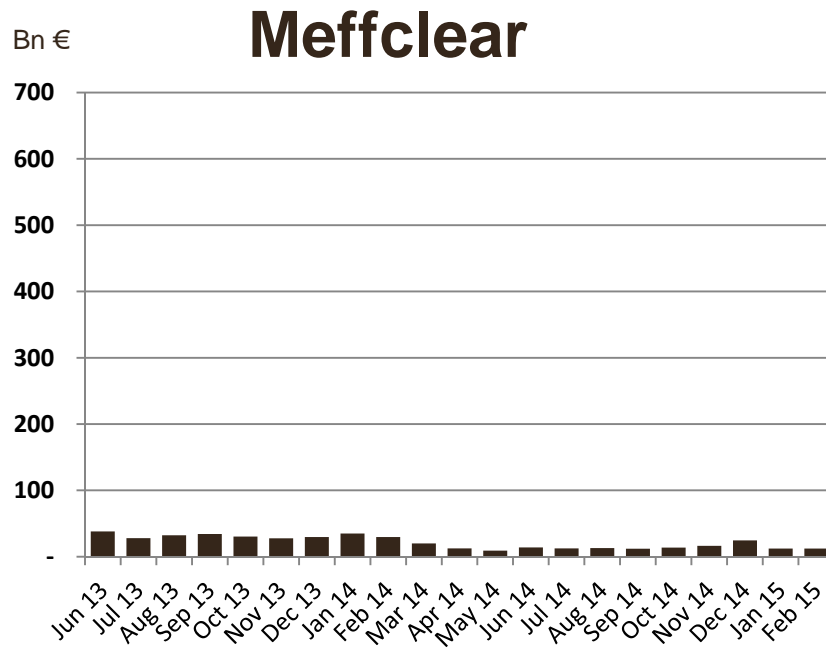
**Not longer funding alternatives**



SOURCE: Bank of Spain Boletín de Operaciones

## 4.1. Repo analysis. Domestic vs International CCPs

Nominal value of cleared Spanish trades through Meffclear

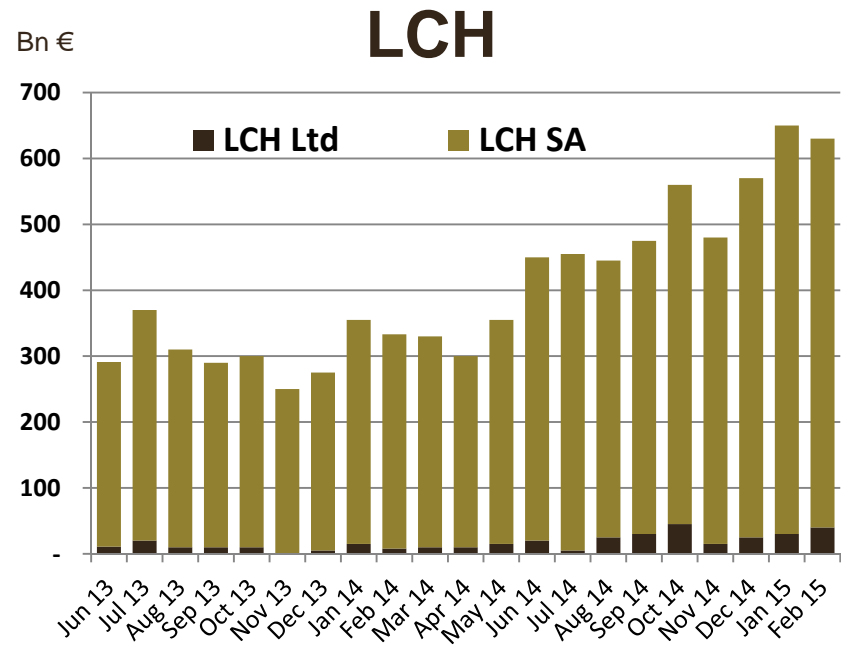


SOURCE: Meffclear

### Meffclear:

- 26 Spanish banks.
- 3 Non Spanish banks.

Nominal value of cleared Spanish trades through LCH

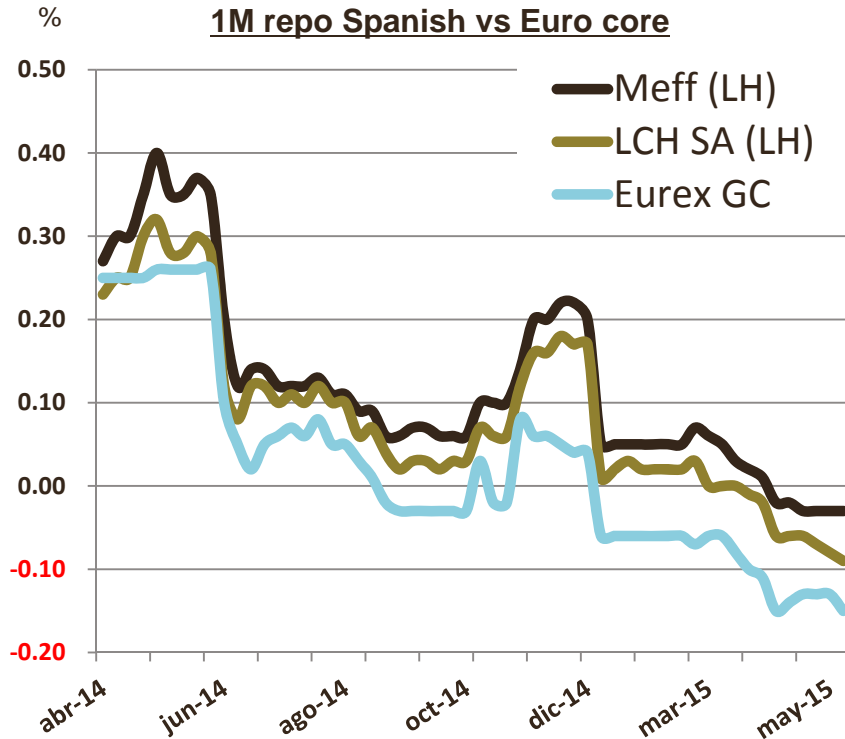


SOURCE: LCH-Clearnet

### LCH. SA:

- 11 Spanish banks
- 92 Non Spanish banks.

## 4.2. Repo analysis. Domestic vs International CCP



Source: Bankia

		Spanish Treasury		Eurex
%		Domestic	LCH	GCP
<b>1M</b>		-0,05	-0,10	-0,17
<b>2M</b>		-0,04	-0,10	-0,18
<b>3M</b>		-0,04	-0,10	-0,16
<b>6M</b>		-0,03	-0,10	-0,12
<b>12M</b>		+0,01	-0,10	-0,13

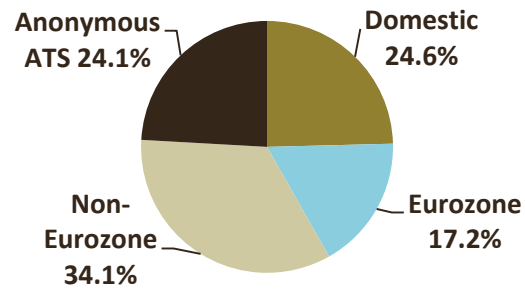
**EUREX Repo** Still set up Spain and Italy as “Yellow” countries, with some threshold for same country (Core countries no threshold).

**TLTRO and QE have driven a decline in money market rates. Current market environment is still characterized by fragmentation and limited access to CCPs due to aversion to peripheral exposures.**

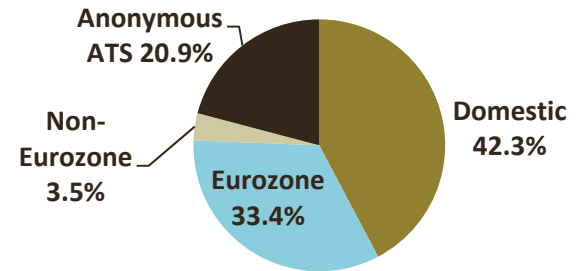
### 4.3. ICMA Survey

#### GEOGRAPHICAL ANALYSIS

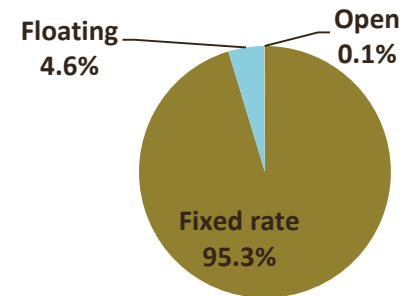
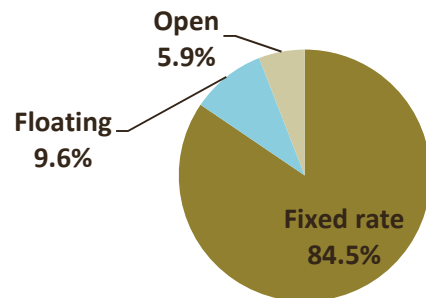
#### MAIN SURVEY



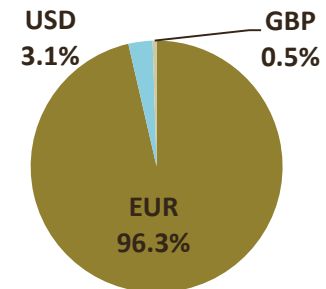
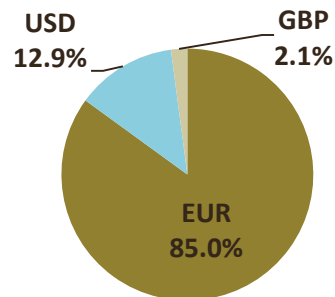
#### SPAIN



#### REPO RATE ANALYSIS



#### CURRENCY ANALYSIS



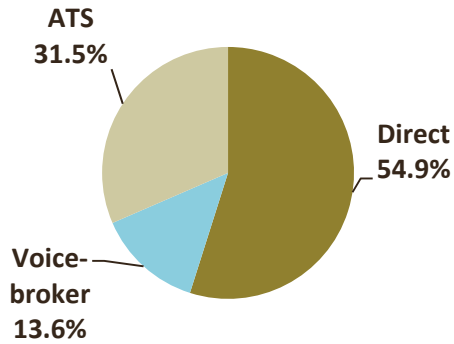
SOURCE: ICMA Repo Market Survey dec-14



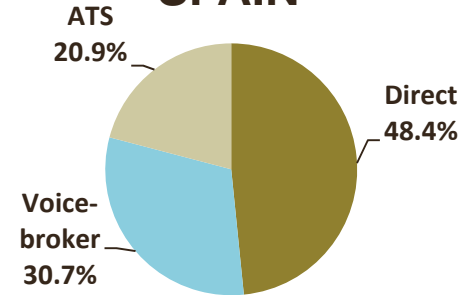
## 4.4. ICMA Survey

### TRADING ANALYSIS

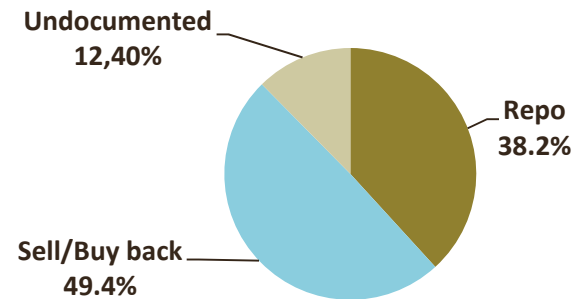
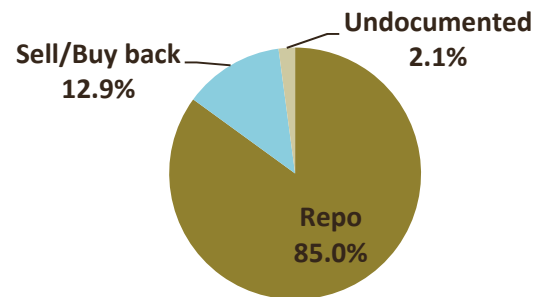
#### MAIN SURVEY



#### SPAIN

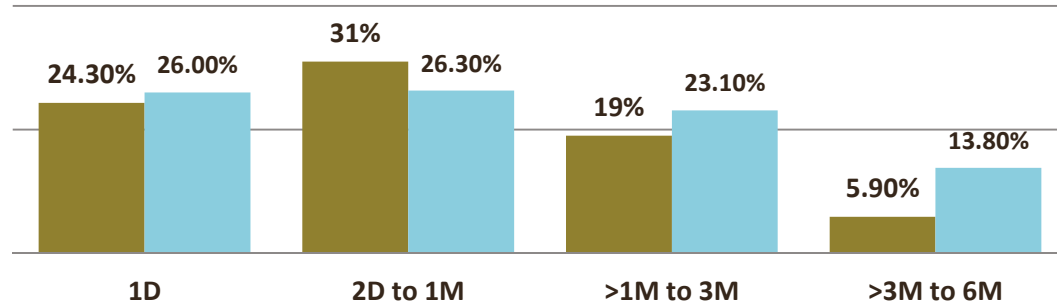


### CONTRACT ANALYSIS



### MATURITY ANALYSIS

■ Main  
■ Spain



SOURCE: ICMA Repo Market Survey dec-14

## 4.5. Fails?

### Automatic provision of securities, APS (Simultánea de oficio)

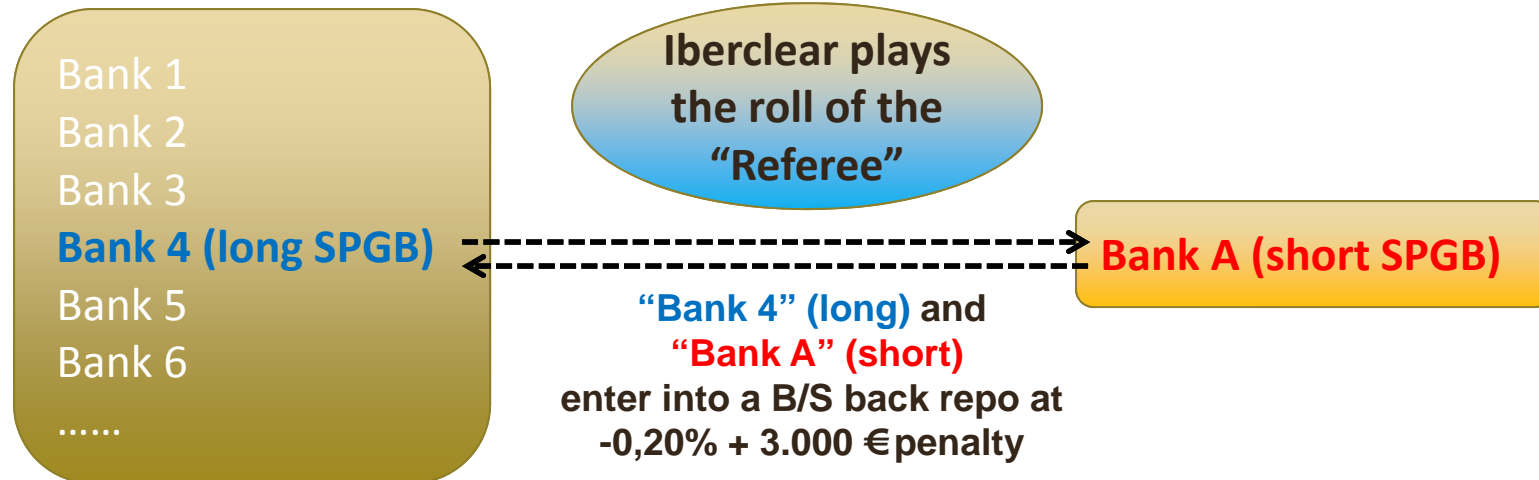
In order to reduce settlement risks, IBERCLEAR has a successful procedure for providing securities on a systematic basis to entities that lack an adequate securities balance to meet the orders they have reported.

**APS\*: less 0,3% - Fails 0%**

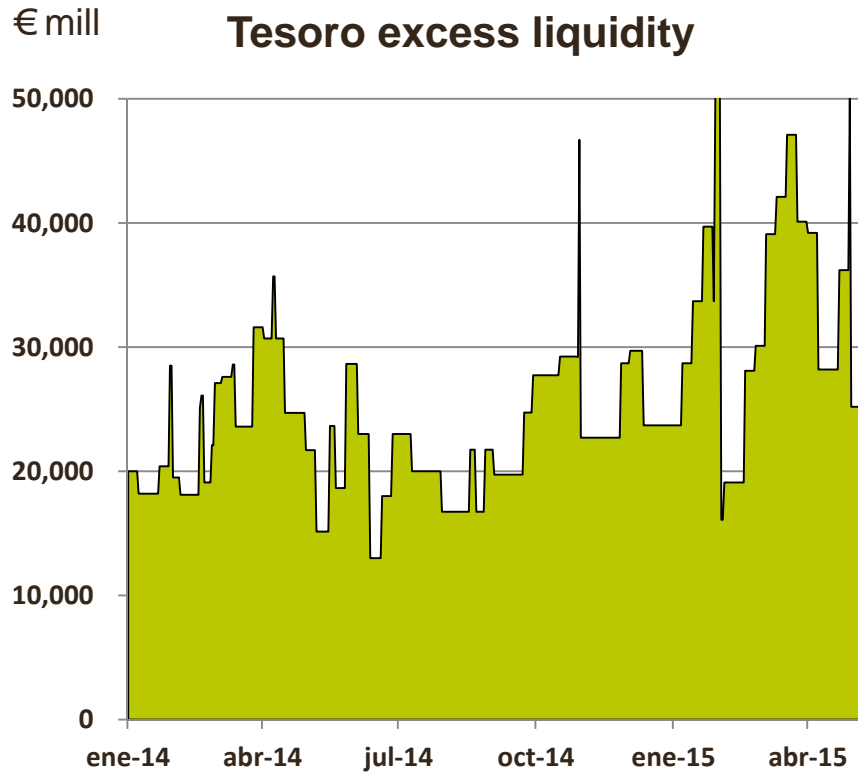
\* In Bankia 2014-2015 period

- Any participant that has signed the appropriate agreement with IBERCLEAR may act as securities provider.
- This facility is voluntary for entities which lack sufficient securities.
- IBERCLEAR will give notice of the shortfall and request authorization to initiate the securities provision mechanism.
- Eligibility for such transactions will be conditional on the availability of enough cash in the cash account at the Banco de España that has been designated by the accepting entity for cash settlement.

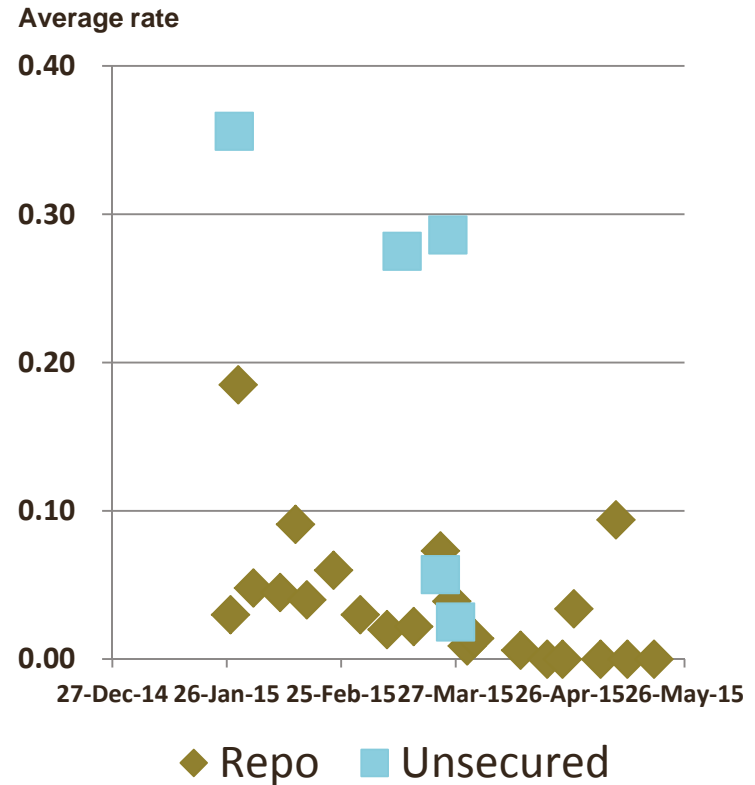
### Pool of banks



## 5. Spanish Treasury Tenders (Subasta de Liquidez del Tesoro)



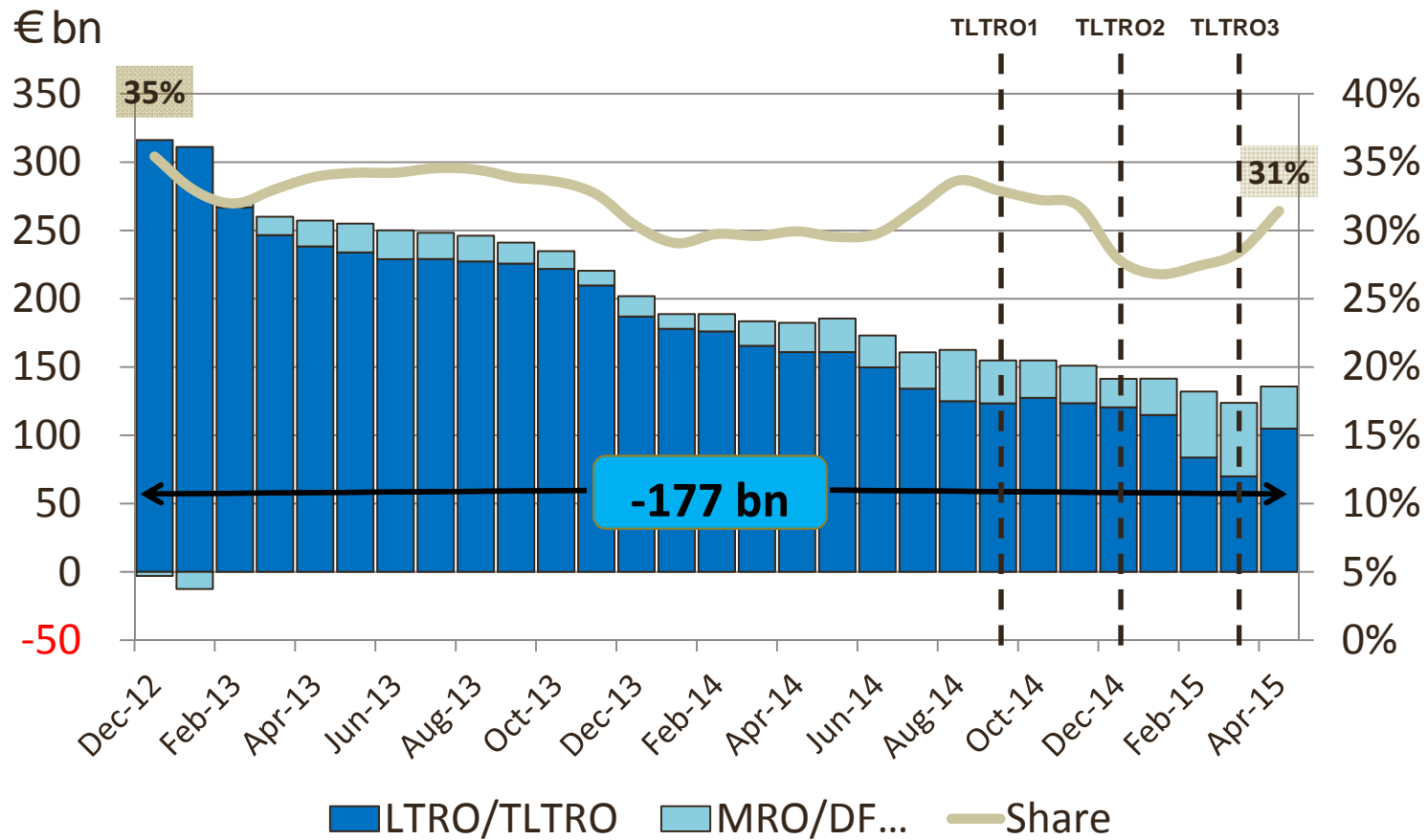
### Latest tender resolution



↑
High Volatility
↑

SOURCE: Bankia & Reuters

## 6. ECB refinancing operations



**Bankia**