

MMCG meeting in ECB

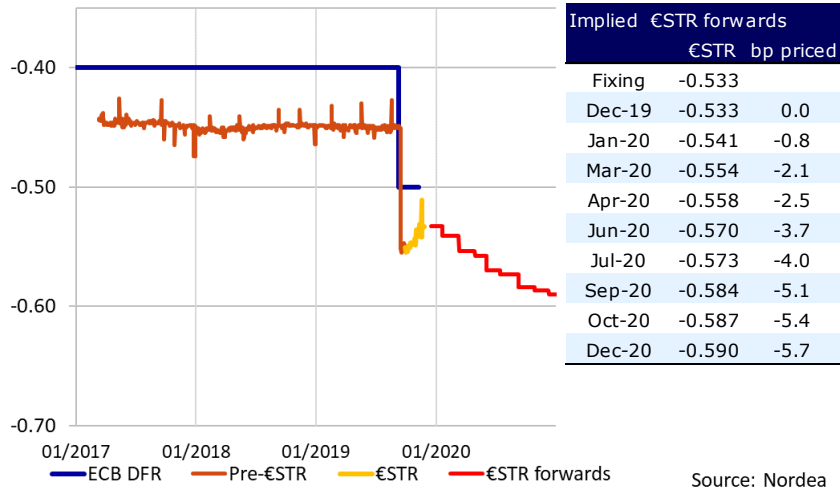
Jaana Sulin

03.12.2019

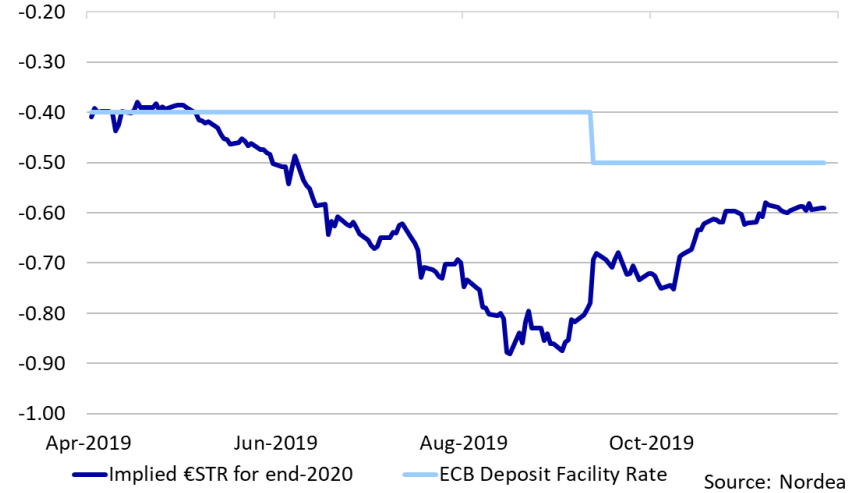


ECB market pricing/outlook for 2020

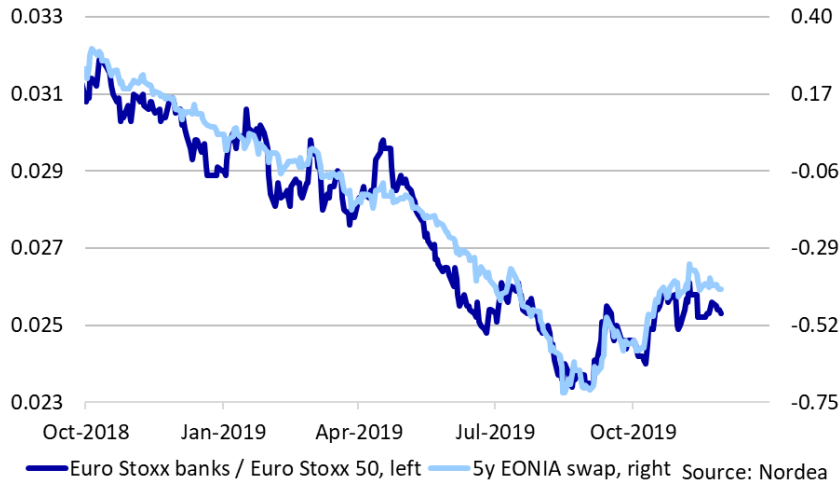
ECB OIS: Less than 10bp priced in by end-2020



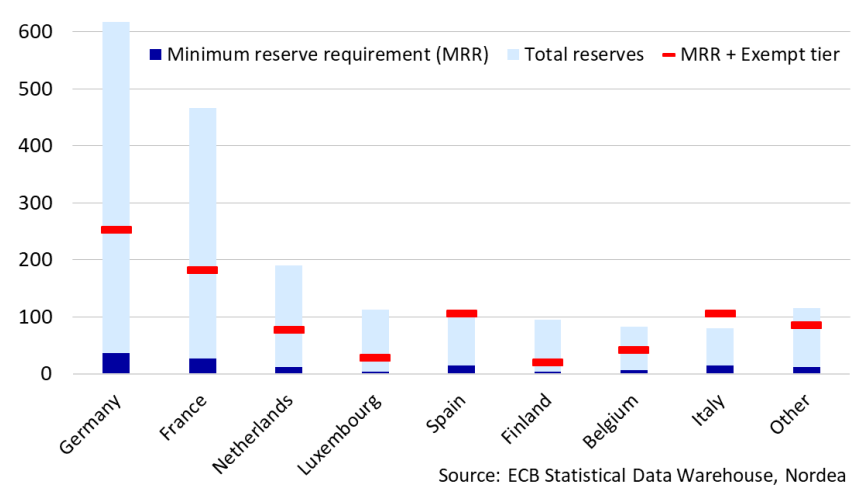
Rate cut expectations have been pared since mid-August



Euro area bank stocks correlate with 5y EONIA

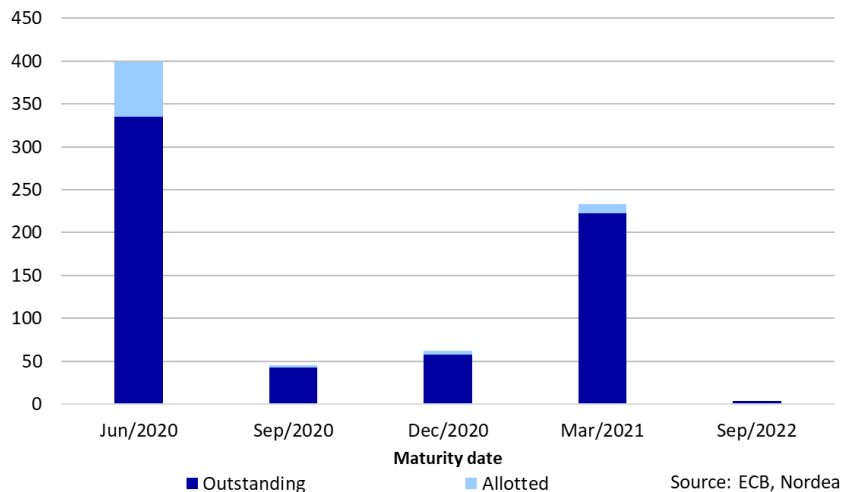


Euro area bank reserves by country, as of end-September

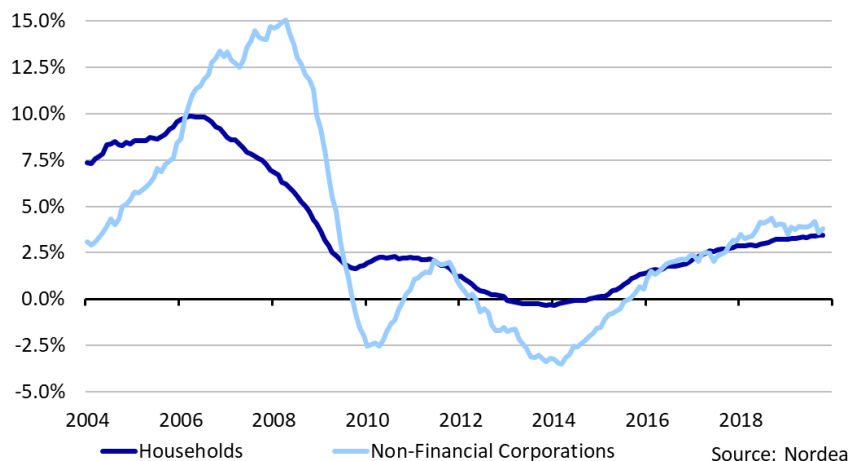


TLTRO considerations

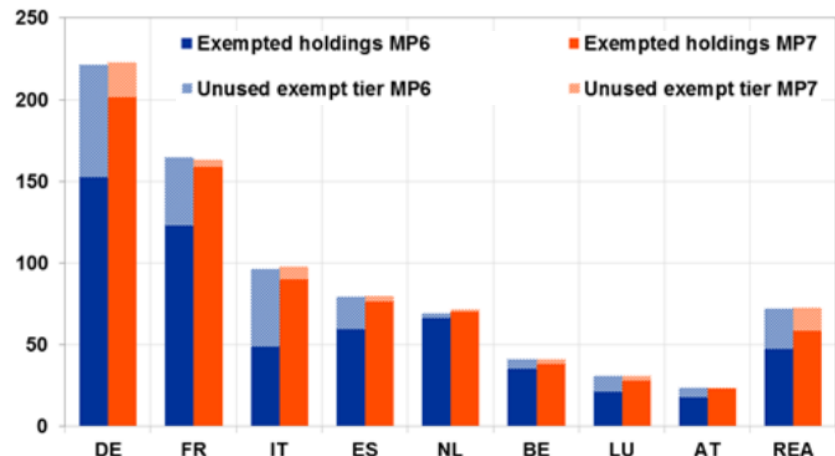
Refinancing needs in June; TLTROs outstanding, EURbn



Bank lending in the Euro zone, year-on-year changes

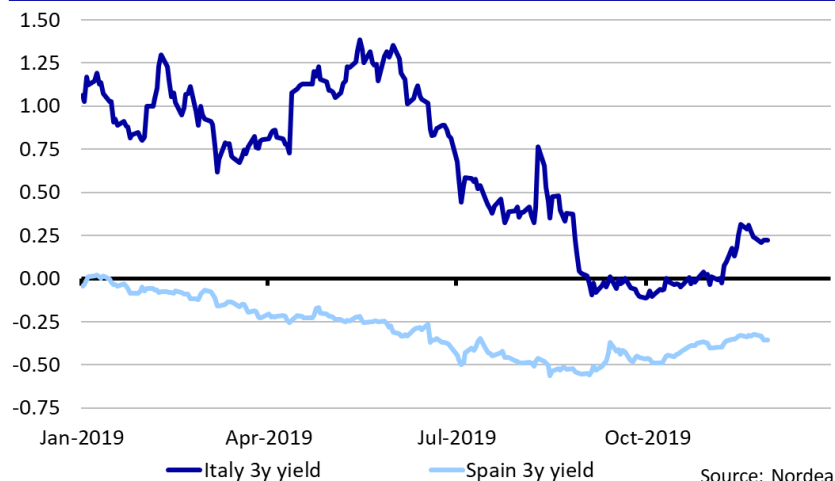


Exempt tier almost fully used, EURbn



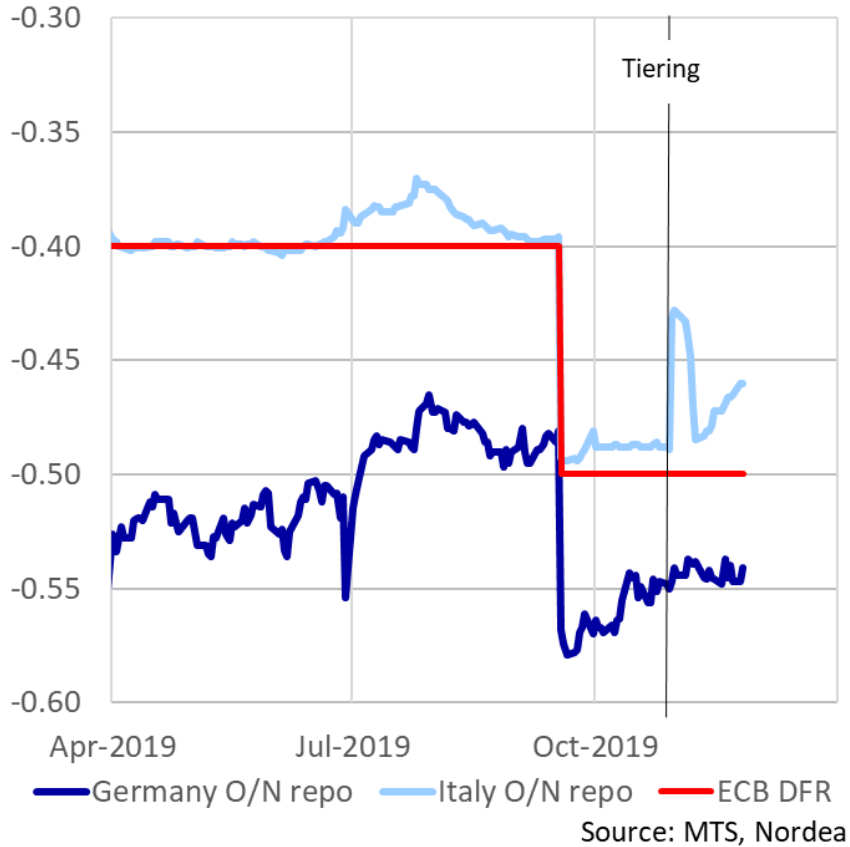
Source: ECB. A tale of two money markets: fragmentation or concentration, 12 Nov 2019

3y rates, %

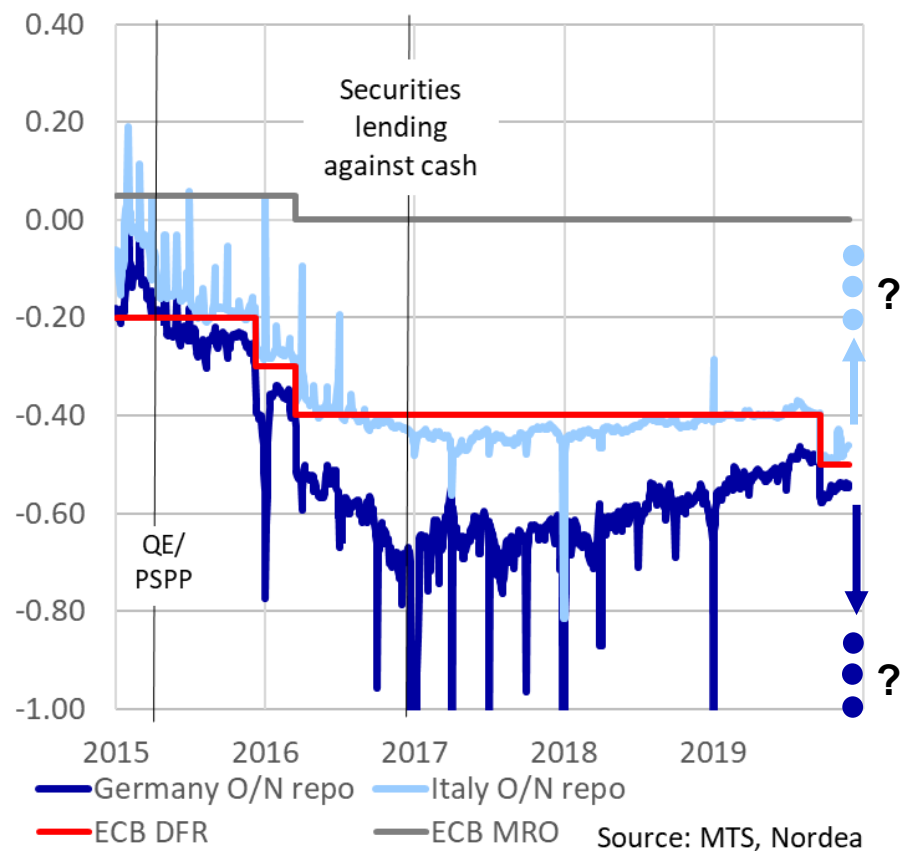


Secured money market

Repo market reactions to ECB rate cut, tiering

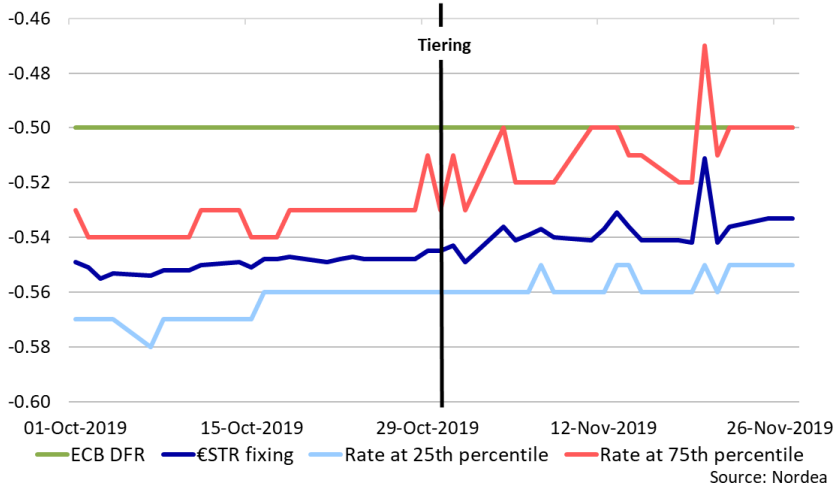


Year-end: Demand for collateral vs demand for funding?

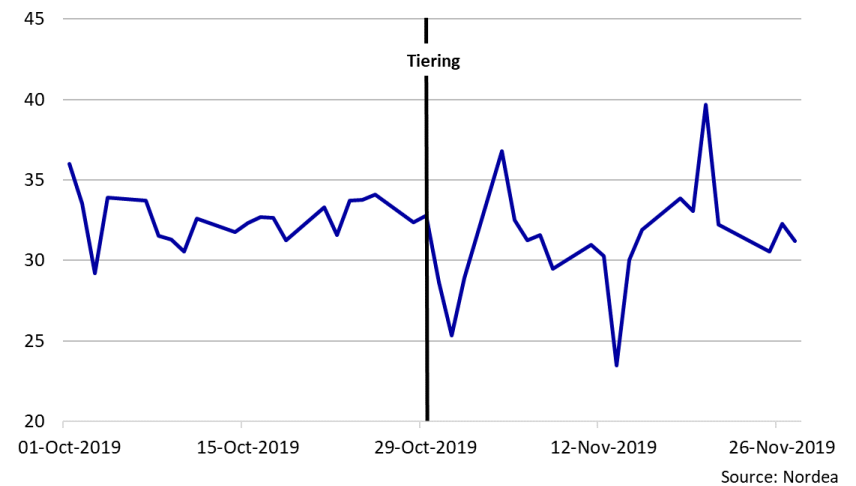


Unsecured money market

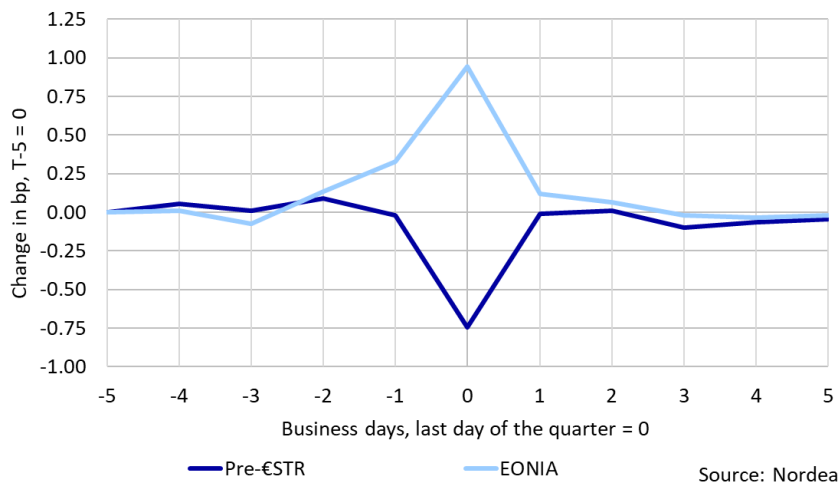
€STR modestly higher, dispersion increased due to tiering



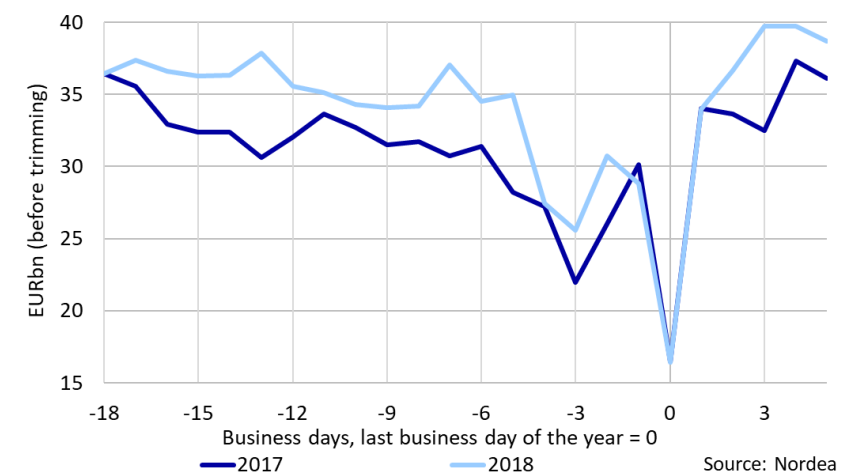
€STR volume barely impacted by tiering, EURbn



Pre-€STR and EONIA at quarter-ends, Mar-17 – Sep-19



Pre-€STR volume used to decline towards year-end



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MARKETS

Thank you!

