



EUROPEAN CENTRAL BANK

EUROSYSTEM

DG MARKET OPERATIONS

2 December 2021

ECB Money Market Contact Group

Tuesday, 7 December 2021, 13:00-15:30 CET

Teleconference

AGENDA

1. Main developments in the money markets since September 2021, including changes to interest rate expectations

Miguel Angel Monzón (BBVA) will present the main developments in the money markets, with a particular focus on the Overnight Index Swap (OIS) segment. This presentation will cover the volatility in the short end of the OIS curve since late October and associated changes in the expected lift-off for ECB rates. The group will also exchange views on the difference in the timing of the first ECB interest rate hike priced in the OIS market as compared to analysts' views and on potential spillovers from other currency areas. Moreover, the transition from EONIA to €STR in the OIS segment in October 2021 will be covered. In the unsecured money market segment, MMCG views will be sought with regard to the high concentration of activity in very short maturities, which has lately resulted in record €STR volumes.

2. Looking ahead: the prospects for the year end and expectations for 2022

René Brunner (Erste), Ileana Pietraru (Société Generale) and Juergen Sklarczyk (Deutsche Bank) will present the prospects for the year end and the expectations for 2022 for the unsecured, secured, and foreign exchange swap segments of the euro money market, respectively. The MMCG will elaborate on the magnitude and drivers of tensions expected for the end of the year in euro money markets compared to previous years. For the repo market, the MMCG will be invited to exchange views on the availability of High-Quality Liquid Assets (HQLA) for certain issuers or issuances in different jurisdictions, also in view of the increase of the securities lending facilities agreed by the Eurosystem on 16 November 2021. The discussion on MMCG expectations for 2022 will also include aspects related to the expected evolution of excess liquidity, developments in euro money market rates and spreads (e.g. EURIBOR-OIS), market trading volumes and commercial paper issuance.

3. Incorporating climate change considerations into the Eurosystem collateral framework

An ECB representative and Harald Endres (Deutsche Kreditbank) will initiate the discussion on the Eurosystem and market perspectives on the incorporation of climate change considerations into the Eurosystem collateral framework, as announced in the ECB action plan published in July 2021. The group will examine the potential effects of this initiative on market dynamics for Environment, Social, Governance (ESG) bonds, repercussions for banks' collateral for Eurosystem open market operations and euro money markets in general.