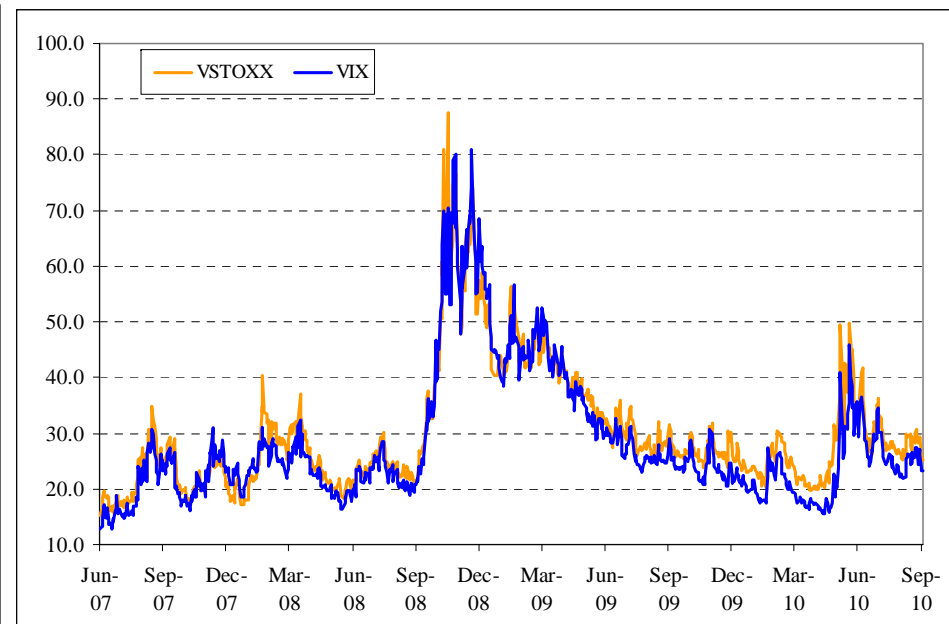
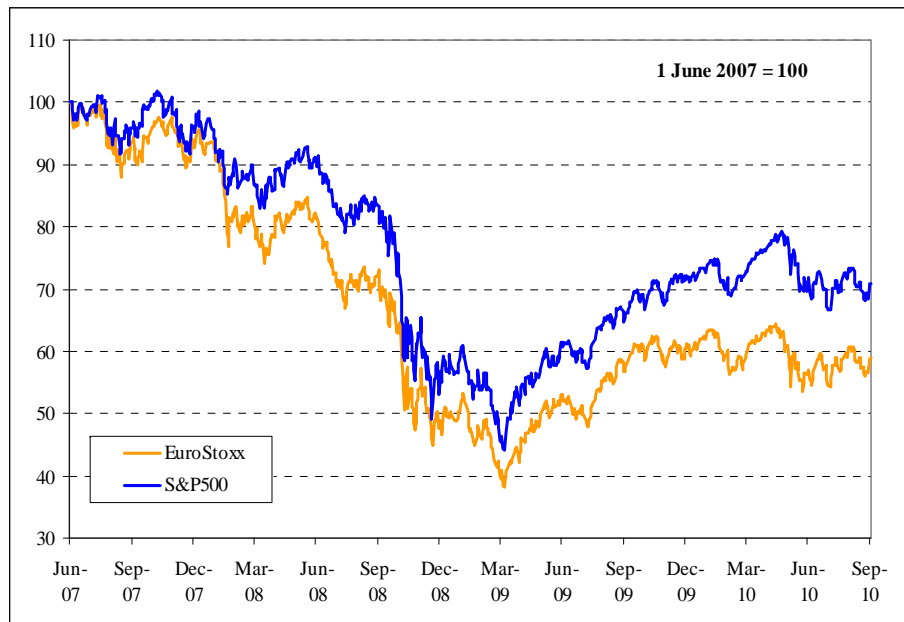


# Recent developments in the euro money market

**Money Market Contact Group**  
**Frankfurt, 8 September 2010**

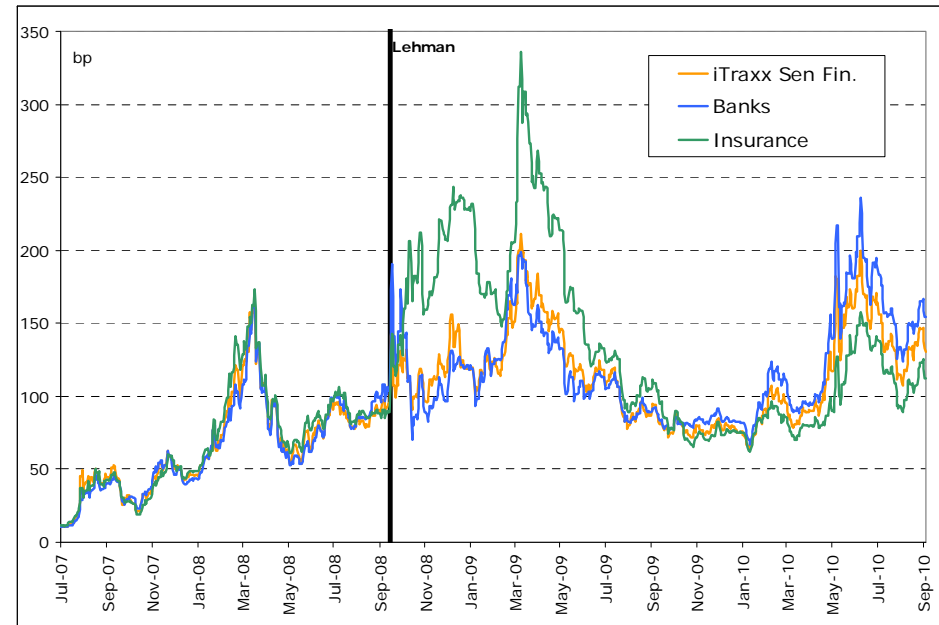
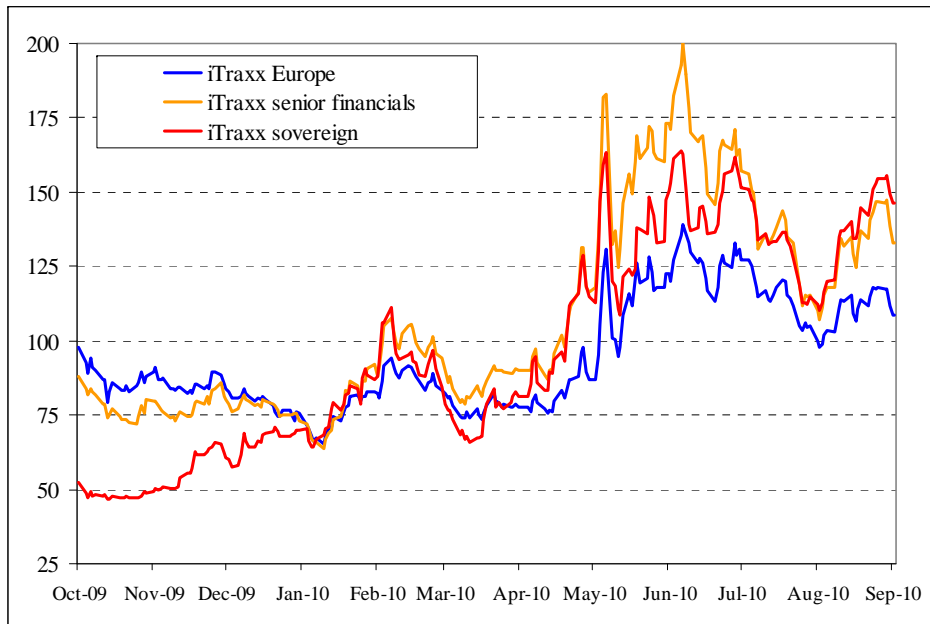
# Overall financial market background

## I) Stock market prices and implied volatilities

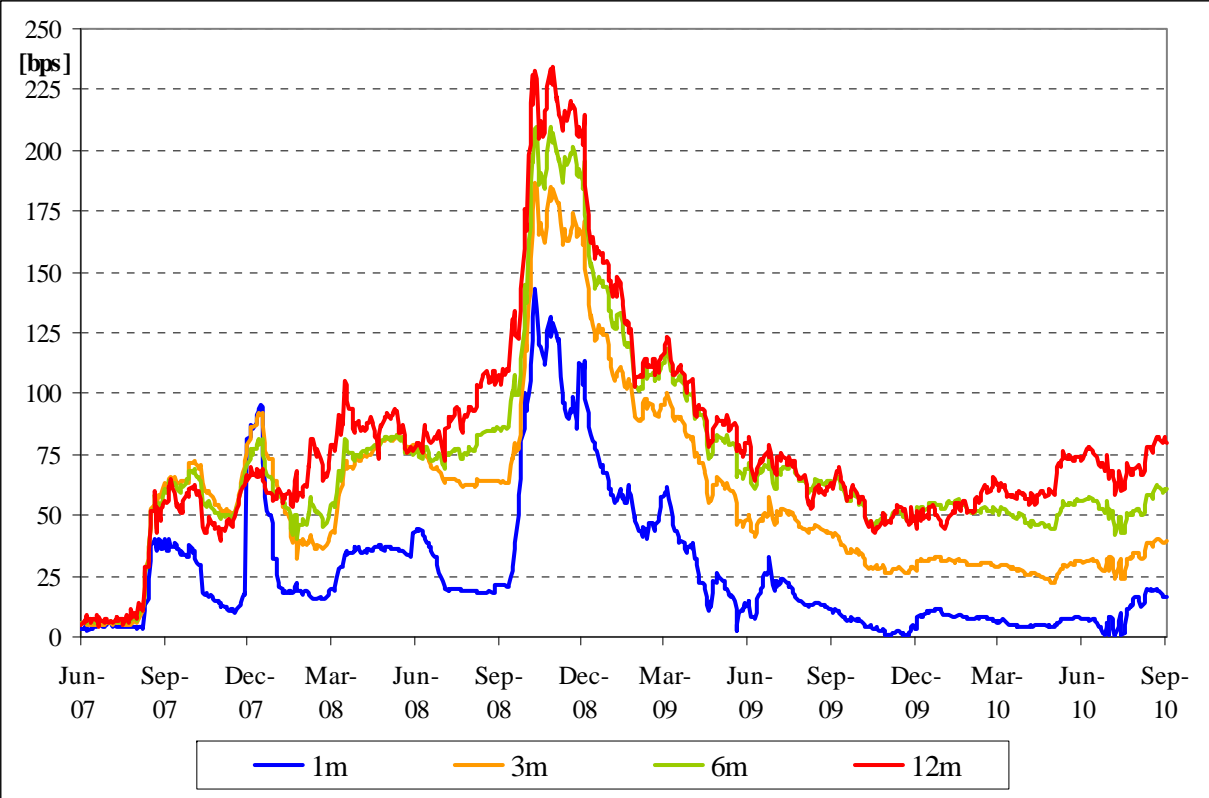


# Overall financial market background

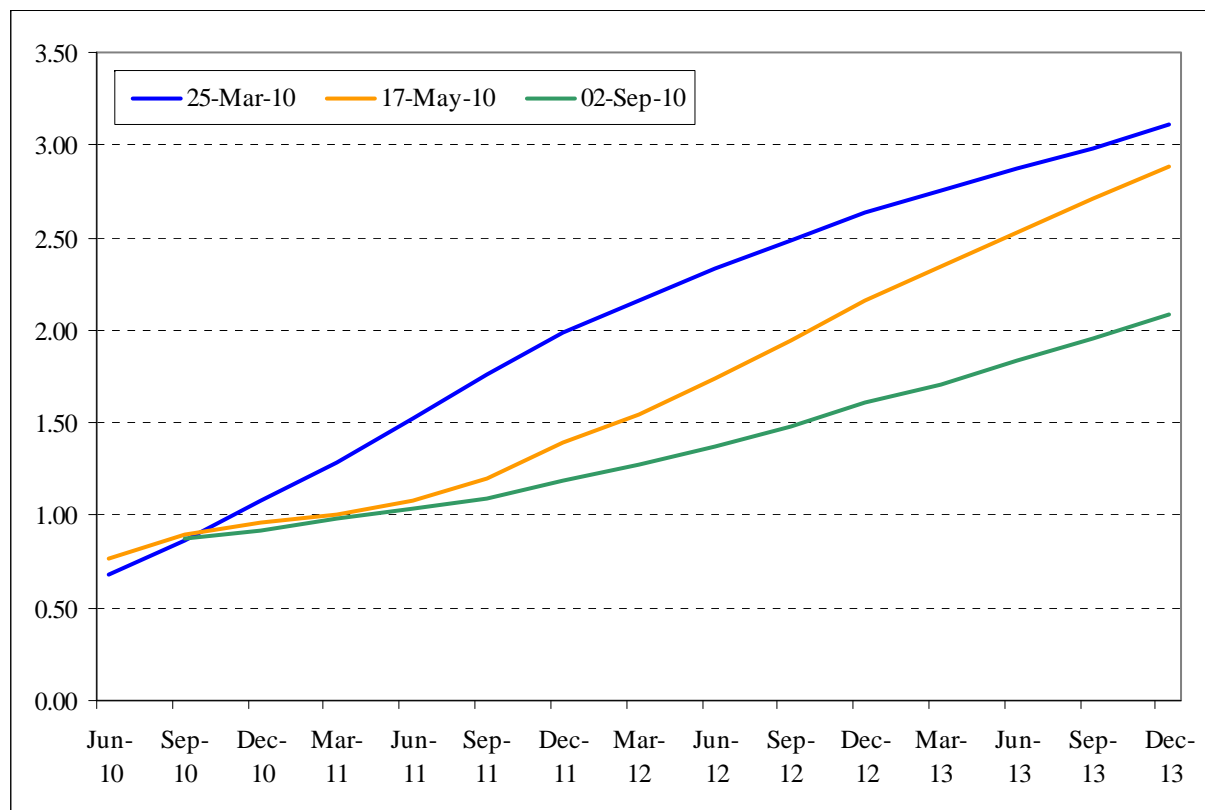
## II) Credit market development



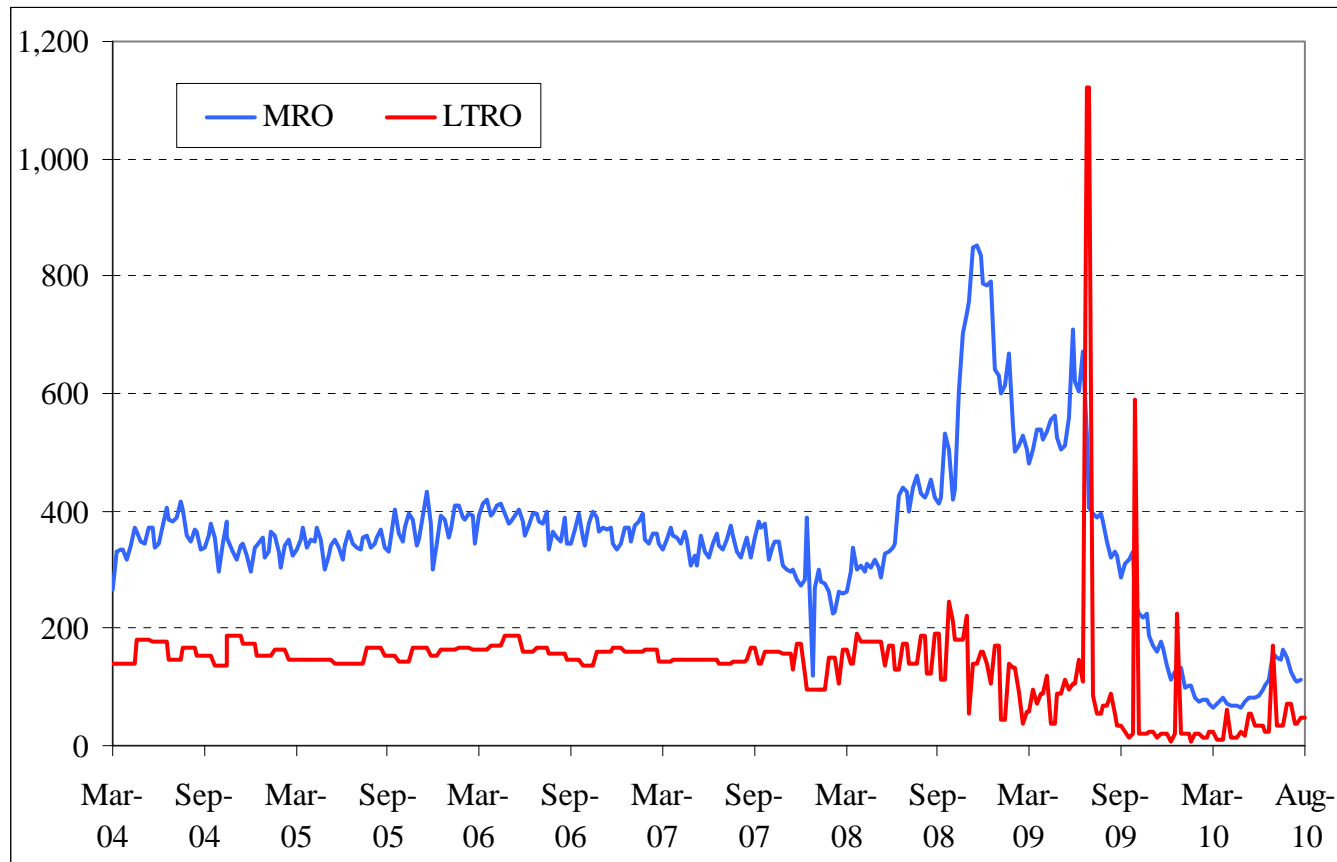
# EURIBOR - OIS spreads for different maturities



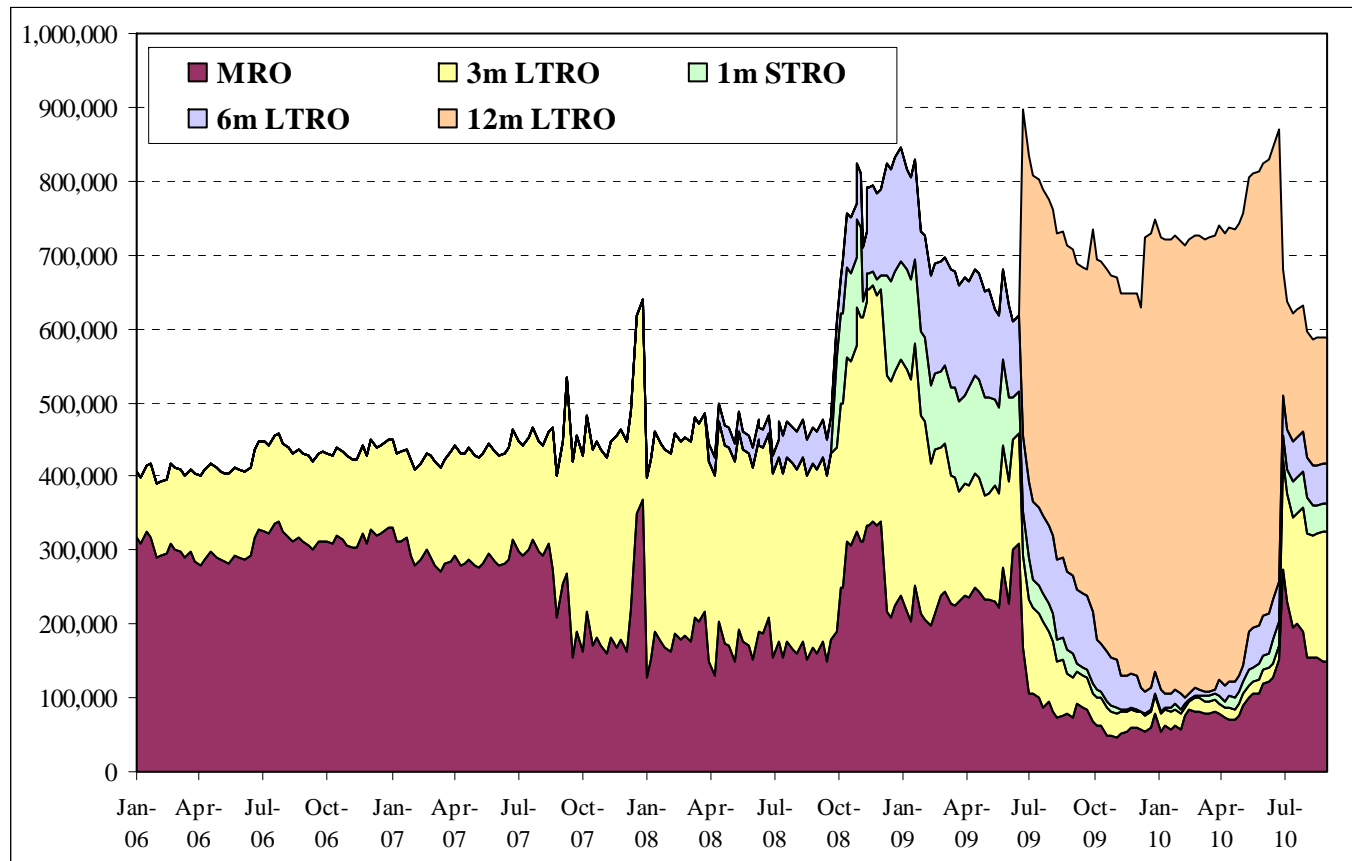
# Development of the Euribor futures curve



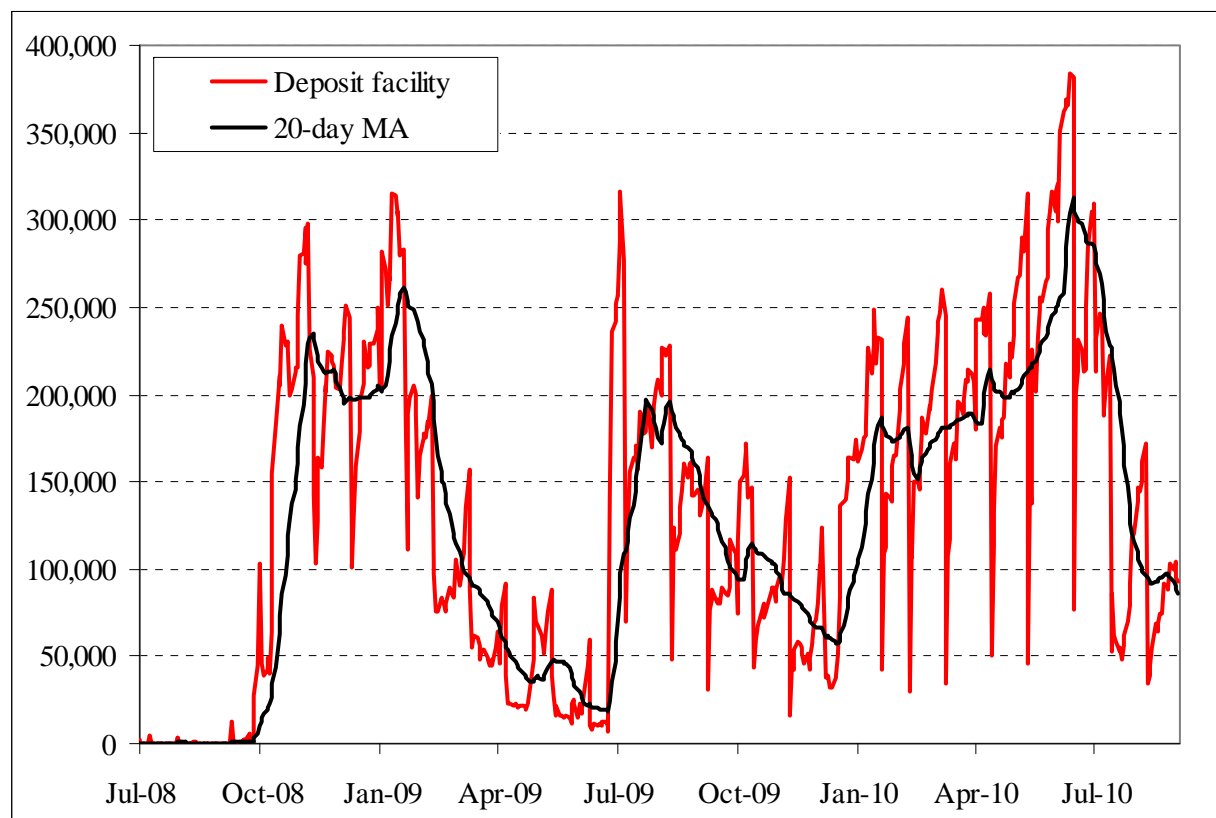
# Number of participating banks in MROs and LTROs



# Maturity breakdown of the ECB's liquidity providing operations

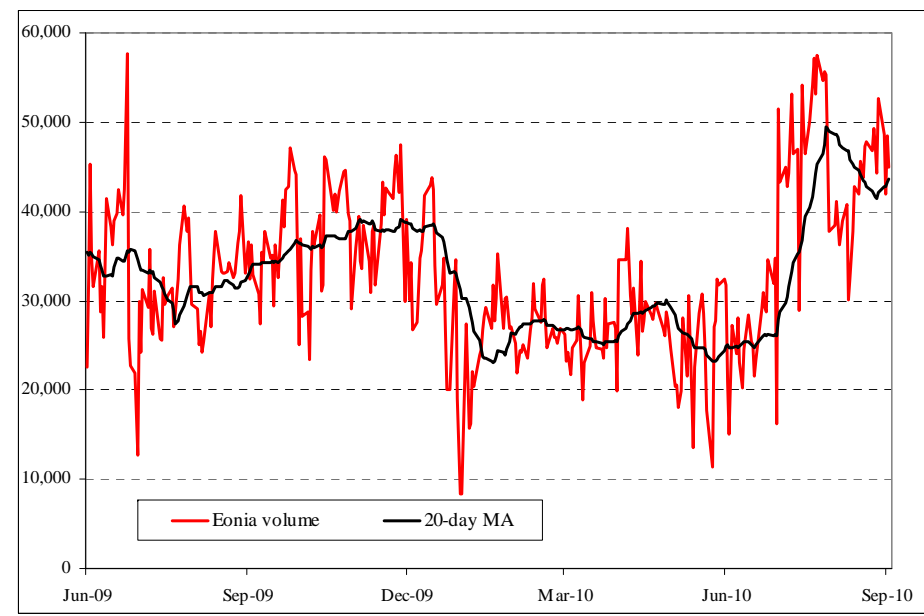
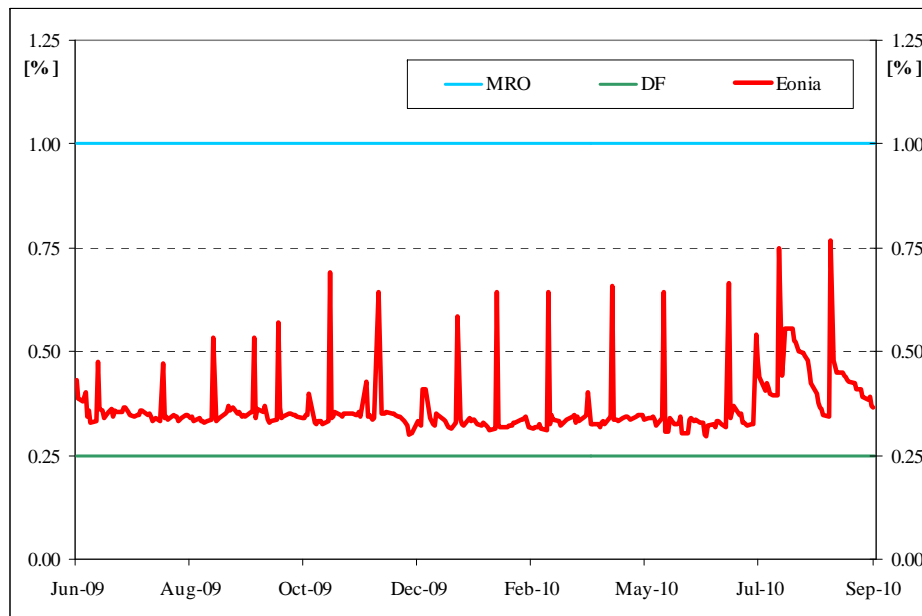


# Use of the ECB's deposit facility



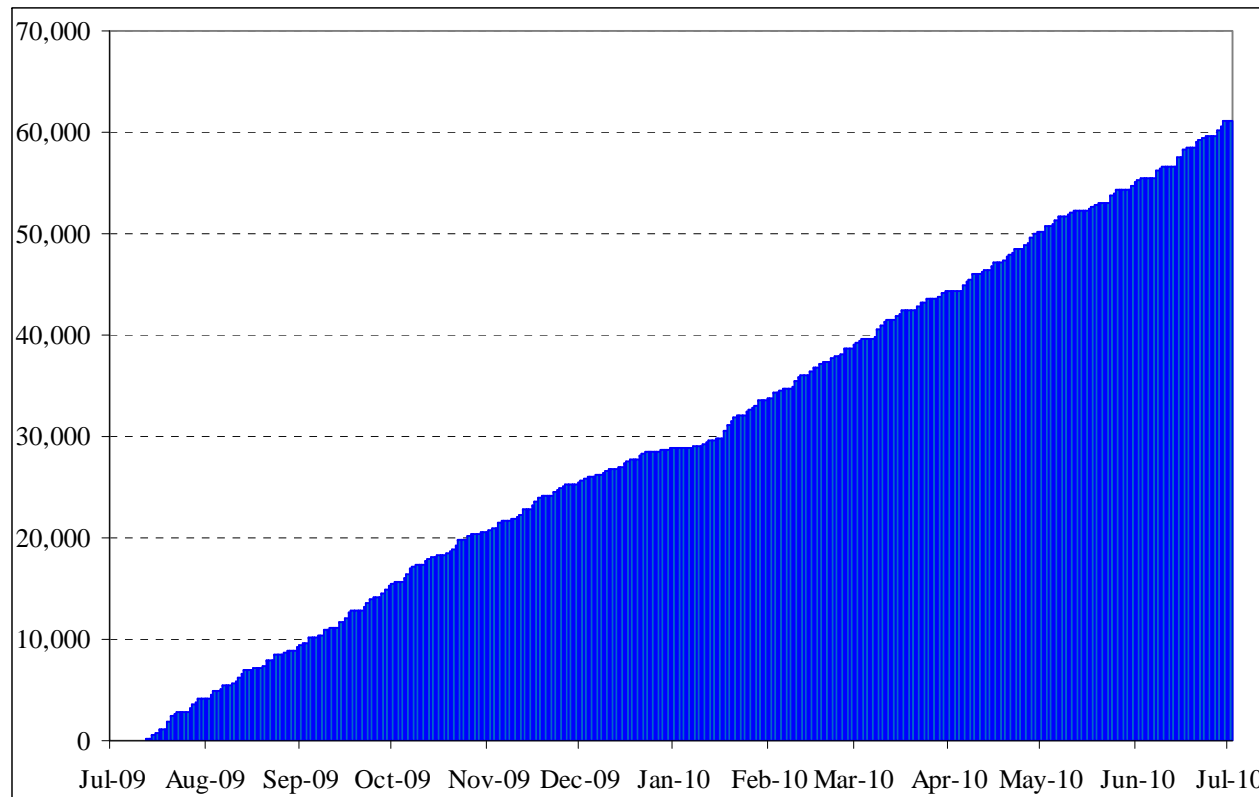


# ECB rates and Eonia developments



# Covered Bond Purchase Programme

- Evolution of Eurosystem purchases

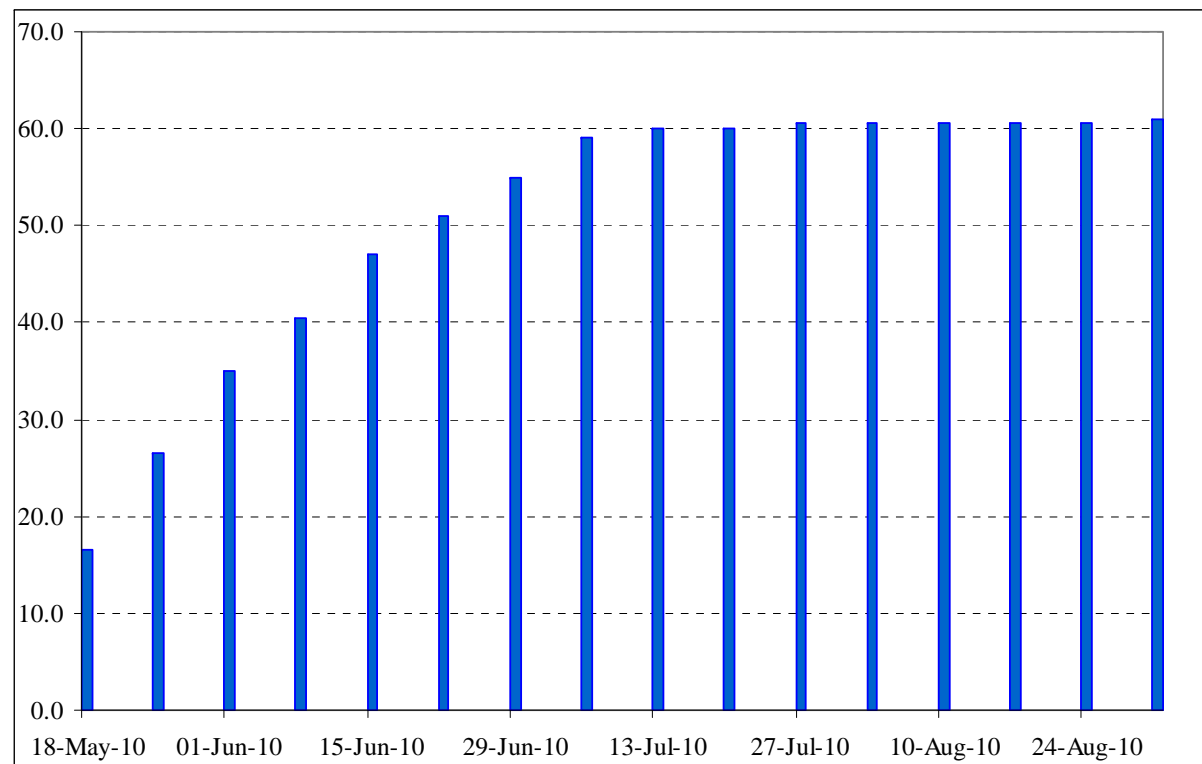


The last monthly report on the CBPP can be found on the ECB's webpage:

<http://www.ecb.europa.eu/pub/pdf/other/monthlyreporteurosystemcoveredbondpurchaseprogramme201007en.pdf>

# Securities Markets Programme

- **Evolution of Eurosystem purchases**



# I-week sterilization operations

<i>Date</i>	<i>Intended amount</i>	<i>Bid amount</i>	<i>Number of banks</i>	<i>Allotment amount</i>	<i>Weighted average rate</i>	<i>Marginal rate</i>	<i>Bid/cover ratio</i>	<i>Weekly purchased amount under SMP</i>	<i>Accumulated amount purchased under SMP</i>
18 May	16.5 bn	162.7 bn	223	16.5 bn	0.28%	0.29%	9.9	16.5 bn	16.5 bn
25 May	26.5 bn	86.0 bn	93	26.5 bn	0.27%	0.28%	3.2	10.0 bn	26.5 bn
1 June	35.0 bn	73.6 bn	68	35.0 bn	0.28%	0.28%	2.1	8.5 bn	35.0 bn
8 June	40.5 bn	75.6 bn	64	40.5 bn	0.31%	0.35%	1.9	5.5 bn	40.5 bn
15 June	47.0 bn	71.1 bn	66	47.0 bn	0.28%	0.30%	1.5	6.5 bn	47.0 bn
22 June	51.0 bn	71.6 bn	67	51.0 bn	0.31%	0.40%	1.4	4.0 bn	51.0 bn
29 June	55.0 bn	31.9 bn	45	31.9 bn	0.54%	1.00%	<b>0.6</b>	4.0 bn	55.0 bn
06 July	59.0 bn	87.4 bn	88	59.0 bn	0.56%	0.75%	1.5	4.0 bn	59.0 bn
13 July	60.0 bn	98.3 bn	85	60.0 bn	0.56%	0.65%	1.6	1.0 bn	60.0 bn
20 July	60.0 bn	97.2 bn	88	60.0 bn	0.56%	0.64%	1.6	0.3 bn	60.0 bn
27 July	60.5 bn	88.6 bn	86	60.5 bn	0.55%	0.60%	1.5	0.2 bn	60.5 bn
3 August	60.5 bn	115.7 bn	93	60.5 bn	0.45%	0.50%	1.9	0.1 bn	60.5 bn
10 August	60.5 bn	123.5 bn	94	60.5 bn	0.43%	0.47%	2.0	0.0 bn	60.5 bn
17 August	60.5 bn	129.0 bn	89	60.5 bn	0.39%	0.40%	2.1	0.0 bn	60.5 bn
24 August	60.5 bn	108.4 bn	82	60.5 bn	0.35%	0.37%	1.8	0.3 bn	60.5 bn
31 August	61.0 bn	117.4 bn	71	61.0 bn	0.33%	0.35%	1.9	0.1 bn	61.0 bn

# Review of risk control measures in the collateral framework

28 July 2010

- The new schedule graduates haircuts according to differences in maturities, liquidity categories and the credit quality of assets.
- It is based on an updated assessment of risk characteristics of eligible assets and the actual use of eligible assets by counterparties.
- The new haircuts will not imply an undue decrease in the collateral available to counterparties.
- The definition of liquidity categories for marketable assets and the application of additional valuation mark-downs for theoretically valued assets were fine-tuned.
- The new haircut schedule will enter into force on 1 January 2011.
- Recalled that the Eurosystem has the possibility to limit or exclude the use of certain assets as collateral also at the level of individual counterparties.

## Other ECB announcements since mid-May

### 10 June 2010

- *Fixed rate / full allotment for MROs, MPOs and 3m LTROs in Q3/2010*

### 30 June 2010

- *Completion of the Covered Bond Purchase Programme*

### 2 September 2010

- *Fixed rate / full allotment for MROs, MPOs and 3m LTROs in Q4/2010 (but LTROs indexed to MRO rate)*

## Potential issues for discussion

- *What is the assessment of the market functioning following the maturity of the first 1-year LTRO?*
- *What are the expectations for the demand in the 3-month LTRO in late September?*
- *What is the outlook for the development of very short term rates for the remainder of the year?*
- *What is the expected impact of the new haircut schedule in the collateral framework?*