

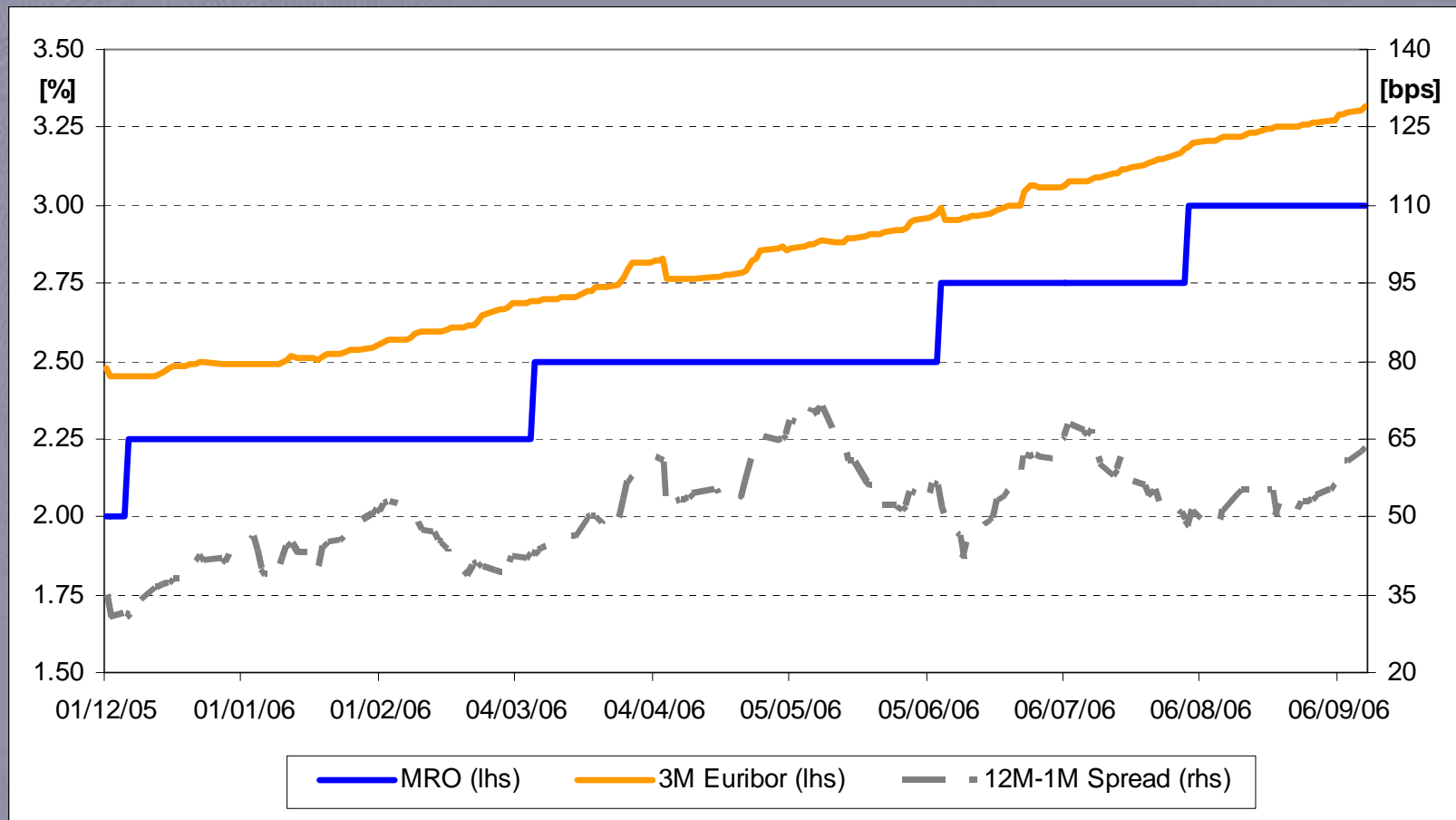


EUROPEAN CENTRAL BANK

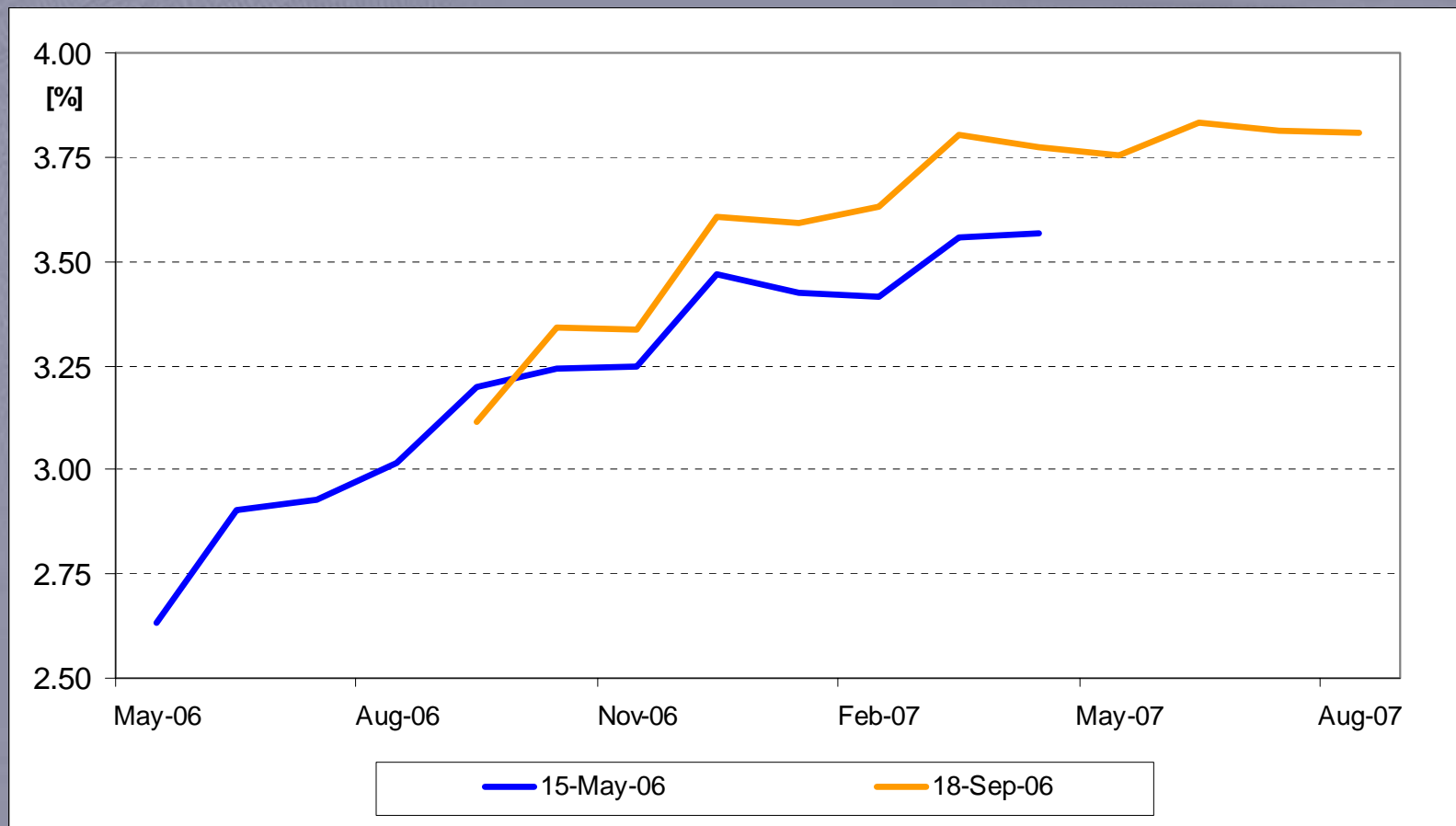
Recent Money Market Developments

Money Market Contact Group
Frankfurt,
20 September 2006

Development of selected interest rates



Interest rate expectations in the euro area [derived from EONIA swap rates]



Evolution of volatility

[3m Euribor future March 2007]



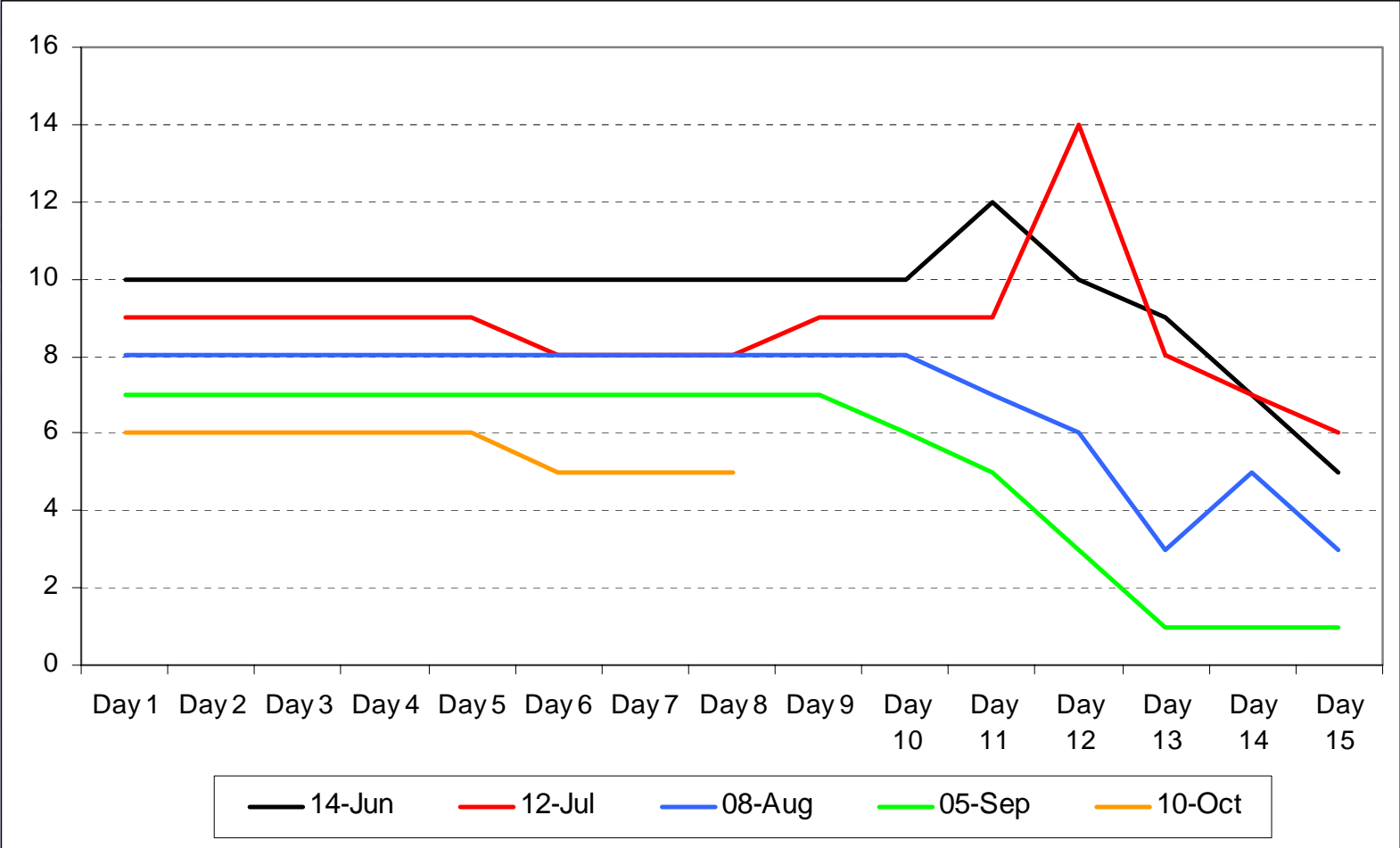
ECB communication from 3 May

The ECB has observed the widening of the spread between very short-term interest rates and the minimum bid rate of the main refinancing operations [MROs].

To counter this widening, in today's MRO - the last one of the reserve maintenance period ending on 9 May - the ECB again allotted EUR 2 billion more than the benchmark amount. If needed to counter an elevated spread, the ECB will consider continuing allotting more than the benchmark amount in all MROs, including the last one, of upcoming reserve maintenance periods.

The ECB still aims at balanced liquidity conditions on the last day of the reserve maintenance period.

EONIA pattern in the 3 weeks preceding the last week in the MP



ECB communication from 5 September

The ECB's recent practice of allotting EUR 2 billion above benchmark in all main refinancing operations, including the last one of the maintenance period, has been followed by continued progress in countering the elevated spread between market rates and tender rates, on the one hand, and the minimum bid rate, on the other hand.

This allows reducing, as from today's operation, the amount allotted above the benchmark from EUR 2 to 1 billion, while still aiming at balanced liquidity conditions on the last day of the maintenance period.

End of the reserve periods in 2006

	Allotment last MRO	Fine tuning operation	Net recourse to facilities	Excess reserves	Eonia	Spread to MBR
17-Jan	BM	7 bn providing	0.8bn DF	0.81	2.30%	+5 bps
07-Feb	BM	6.5 bn providing	0.8bn DF	0.72	2.34%	+9 bps
07-Mar	BM	5 bn absorbing (only 2.6 bn received)	1.6bn DF	0.63	2.08%	-17 bps
11-Apr	BM	26 bn providing (largest in new framework)	0.4bn DF	0.62	2.63%	+13 bps
09-May	BM + 2bn	11.5 bn absorbing	0.3bn MLF	0.78	2.52%	+2 bps
14-Jun	BM + 2bn	5 bn absorbing (only 4.9 bn received)	0.8bn MLF	0.73	2.50%	0 bps
11-Jul	BM + 2bn	8.5 bn absorbing	0.8bn MLF	0.74	2.76%	+1 bps
08-Aug	BM + 2bn	18.0 bn absorbing	1.2bn MLF	0.61	2.73%	-2 bps
09-May	BM + 2bn	11.5 bn absorbing	0.6bn MLF	0.60	3.04%	+4 bps



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Thank you for your
attention!