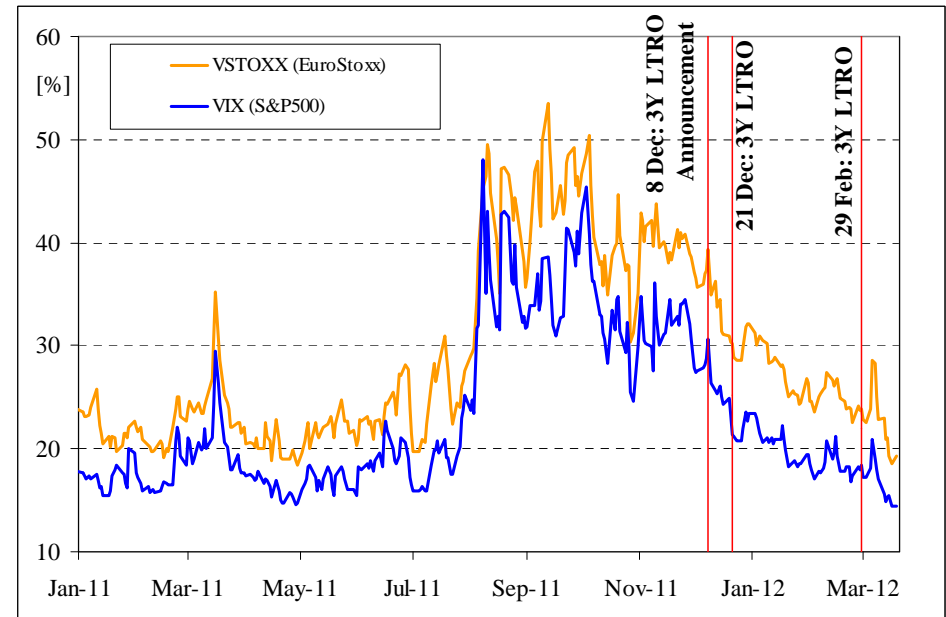
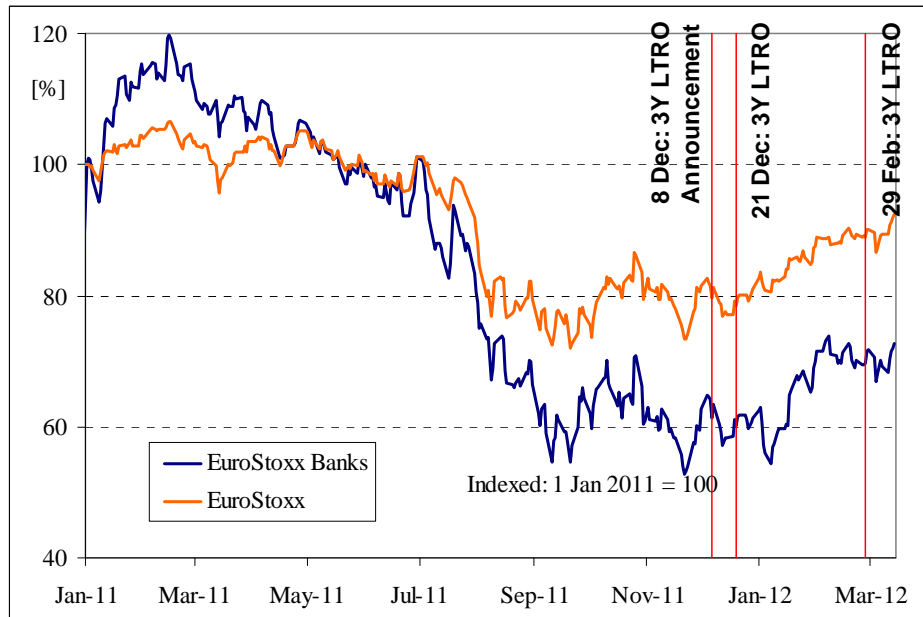


Recent developments in the euro money market

Money Market Contact Group
Frankfurt, 21 March 2012

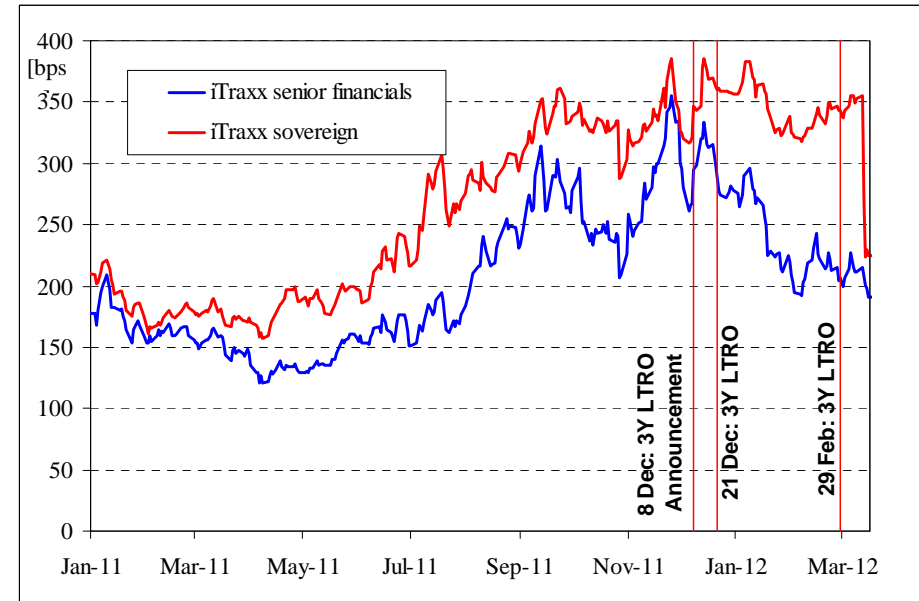
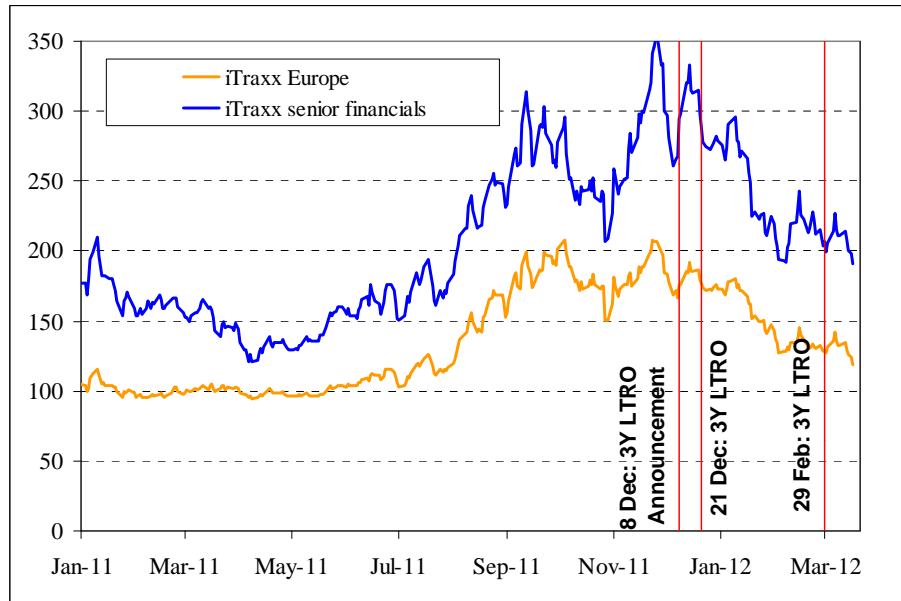
Overall financial market background

I) Strong equity performance amid markedly lower volatility



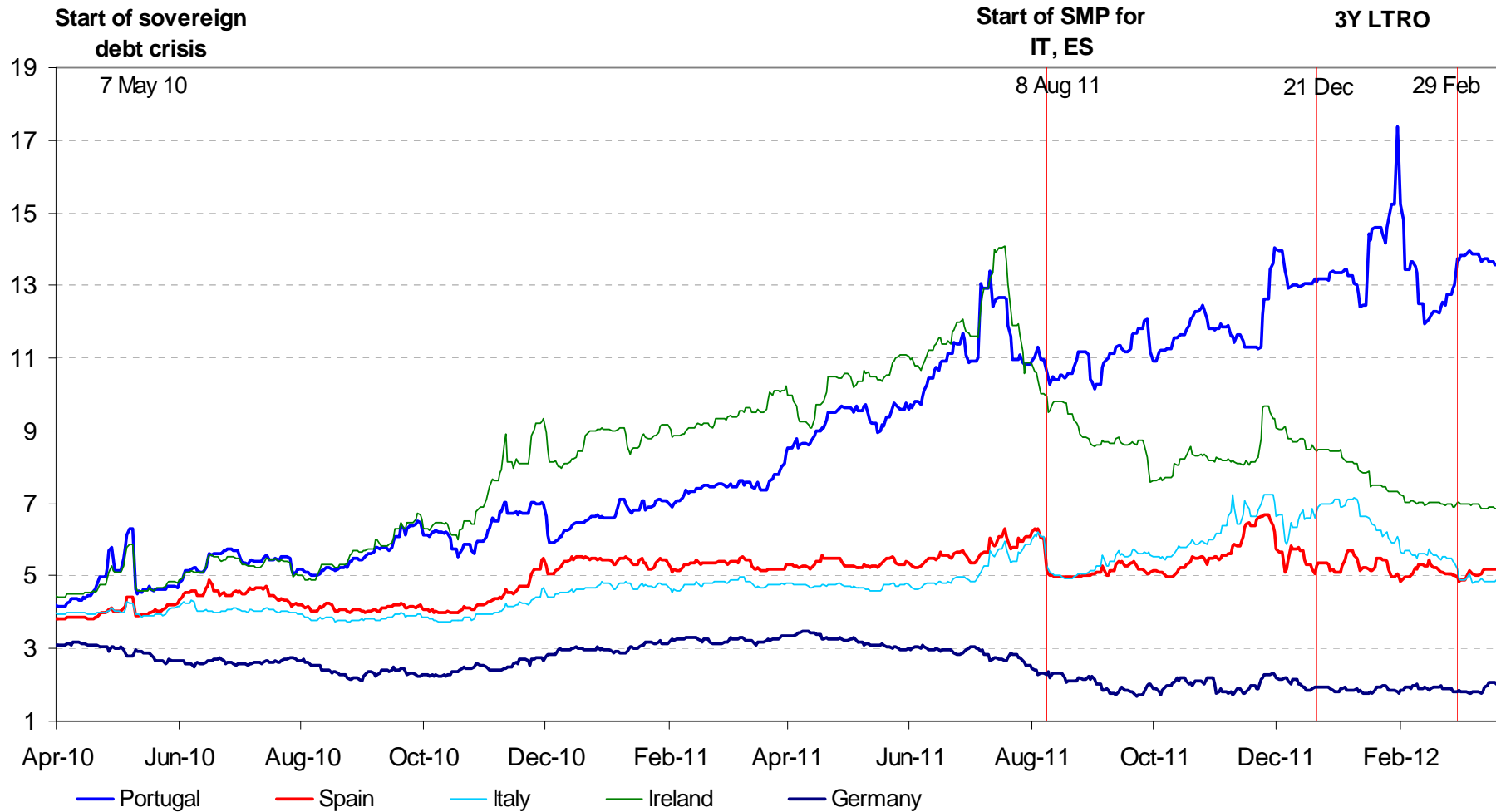
Overall financial market background

II) Perceived credit risk of senior financials declined strongly, sovereign CDS index sharply lower after Greece's exclusion from the index



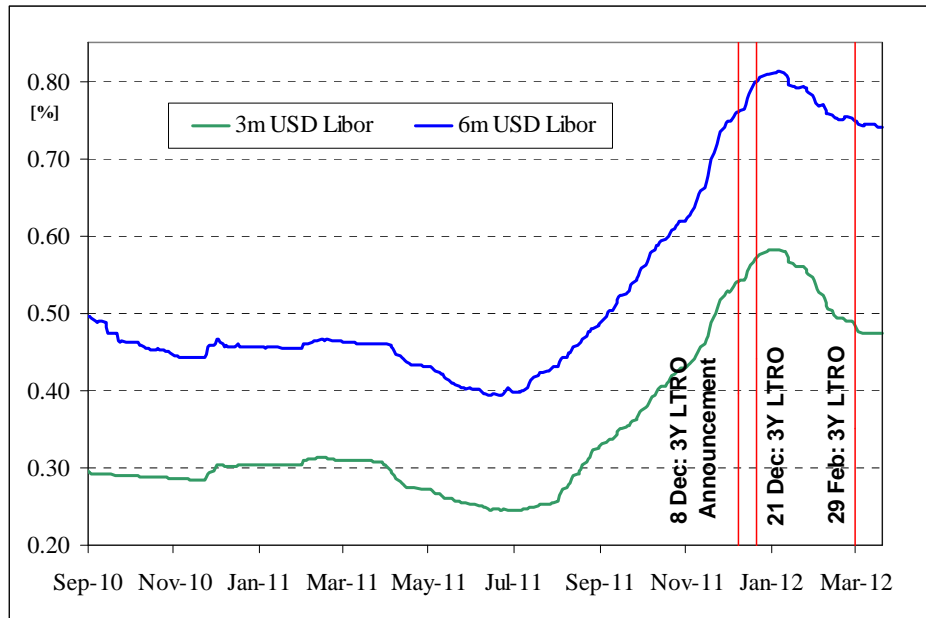
Overall financial market background

III) Euro area sovereign bond yields (10-year)

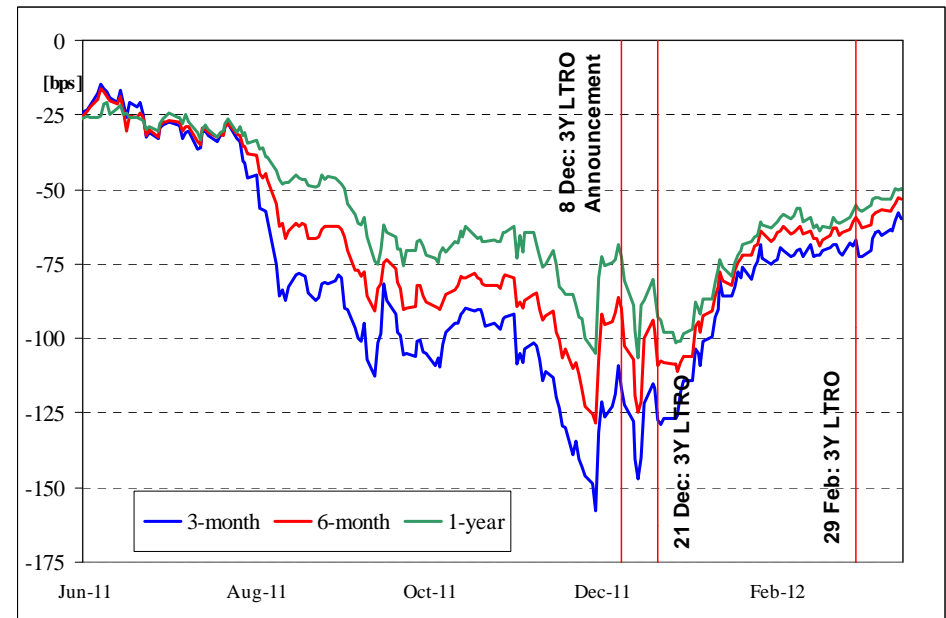


USD funding situation

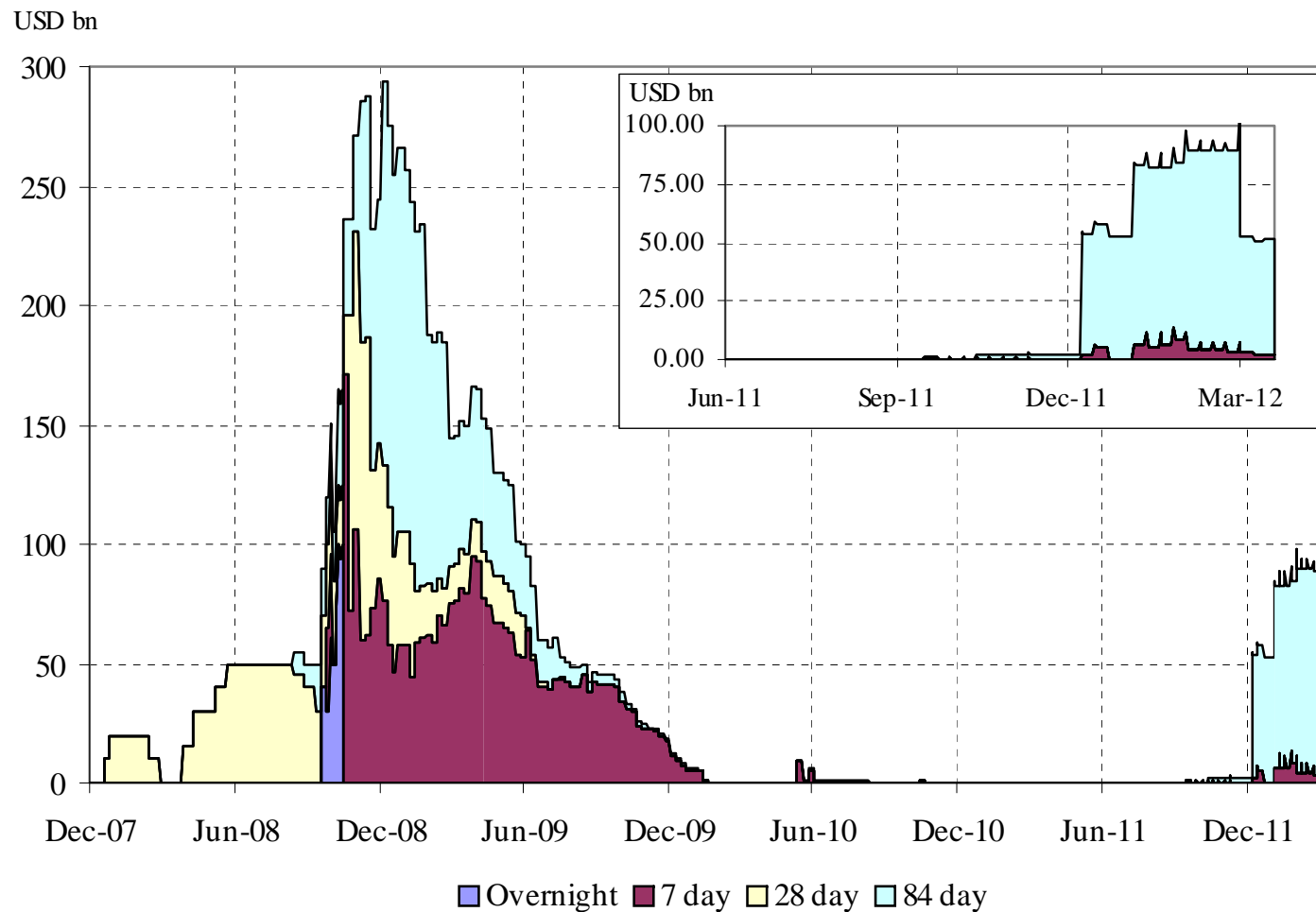
USD Libor fixings reversed their rising trend



EUR/USD FX swap premia contracted

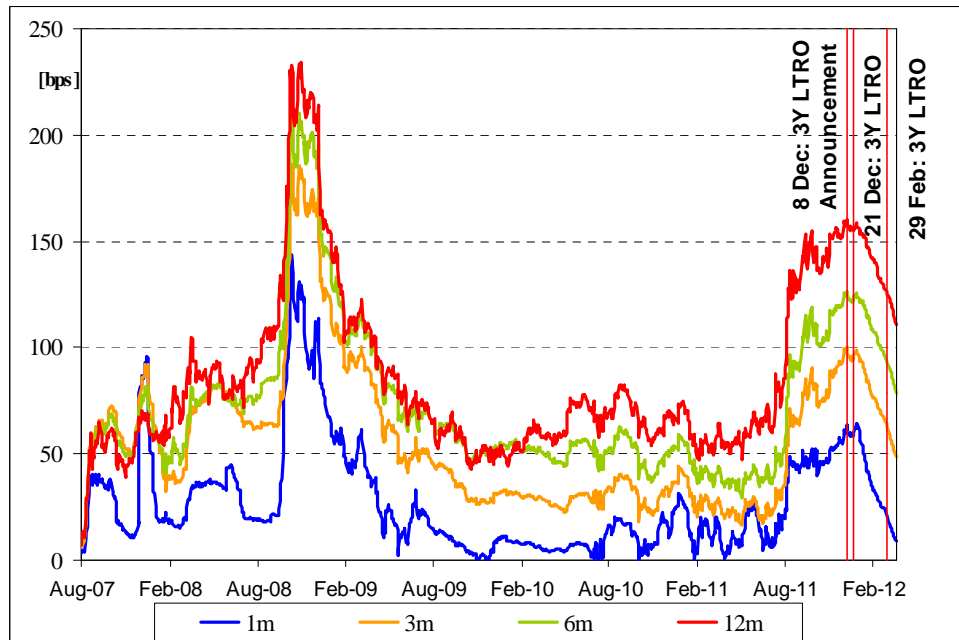


The ECB's provision of USD liquidity → 84-day USD operations re-introduced

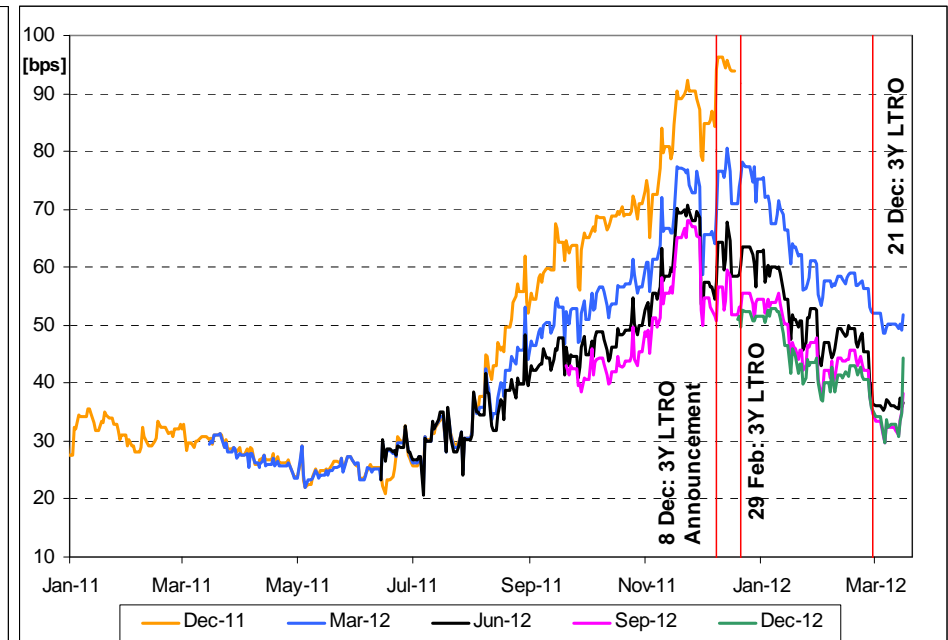


EURIBOR - OIS spreads

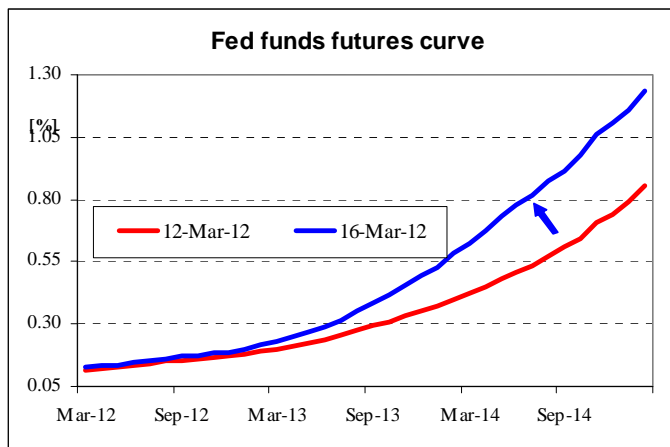
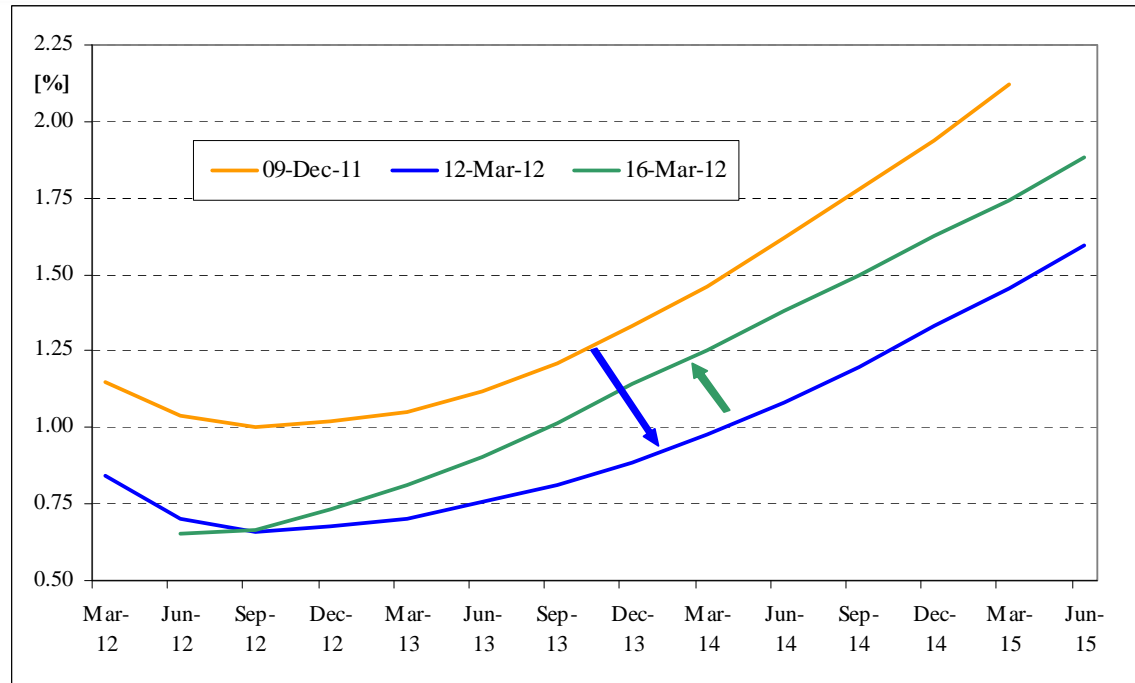
A sharp reversal after the 3-y LTRO



also in the forward spreads

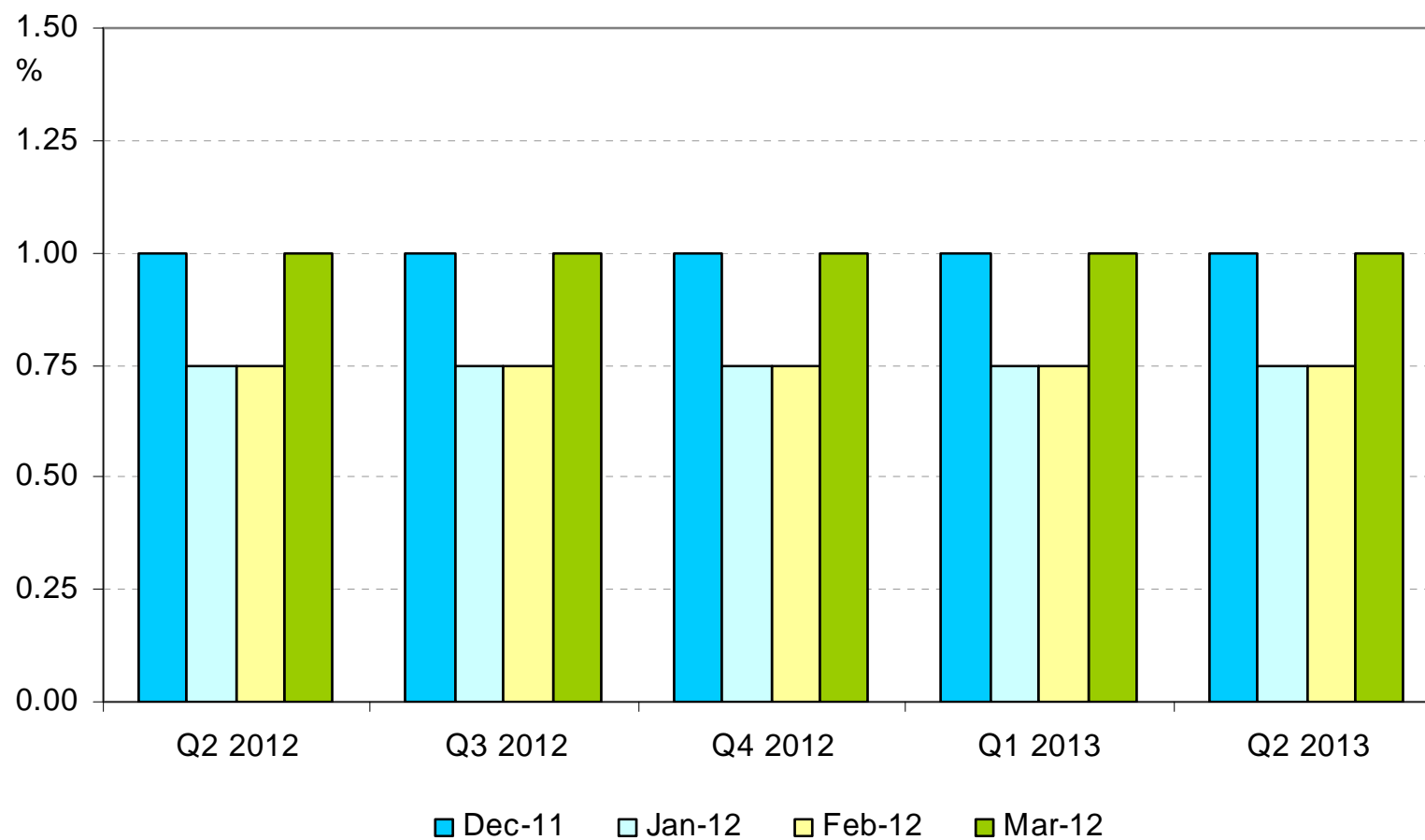


Development of the Euribor futures curve



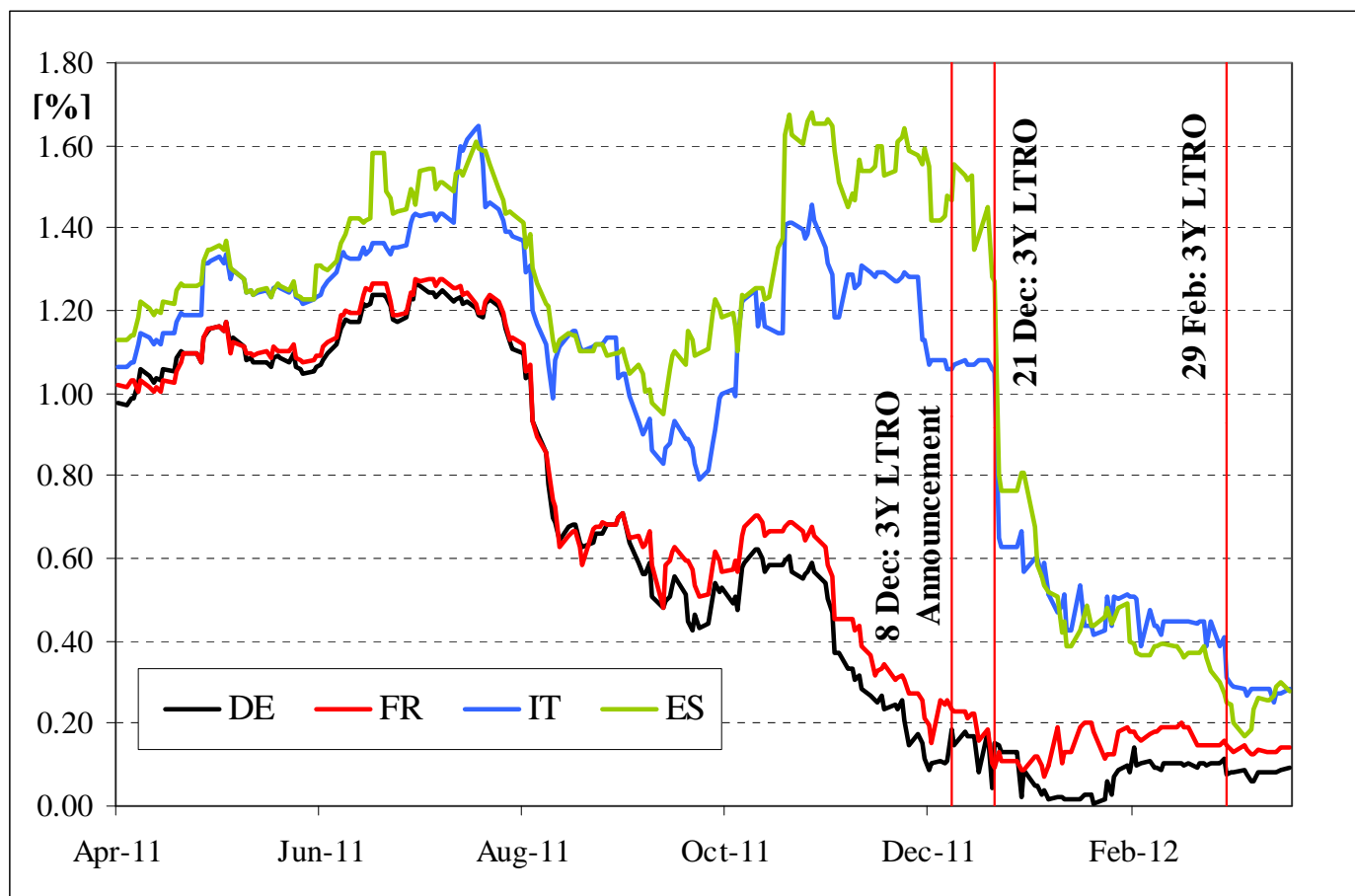
ECB monetary policy expectations

Reuters poll on MRO rates

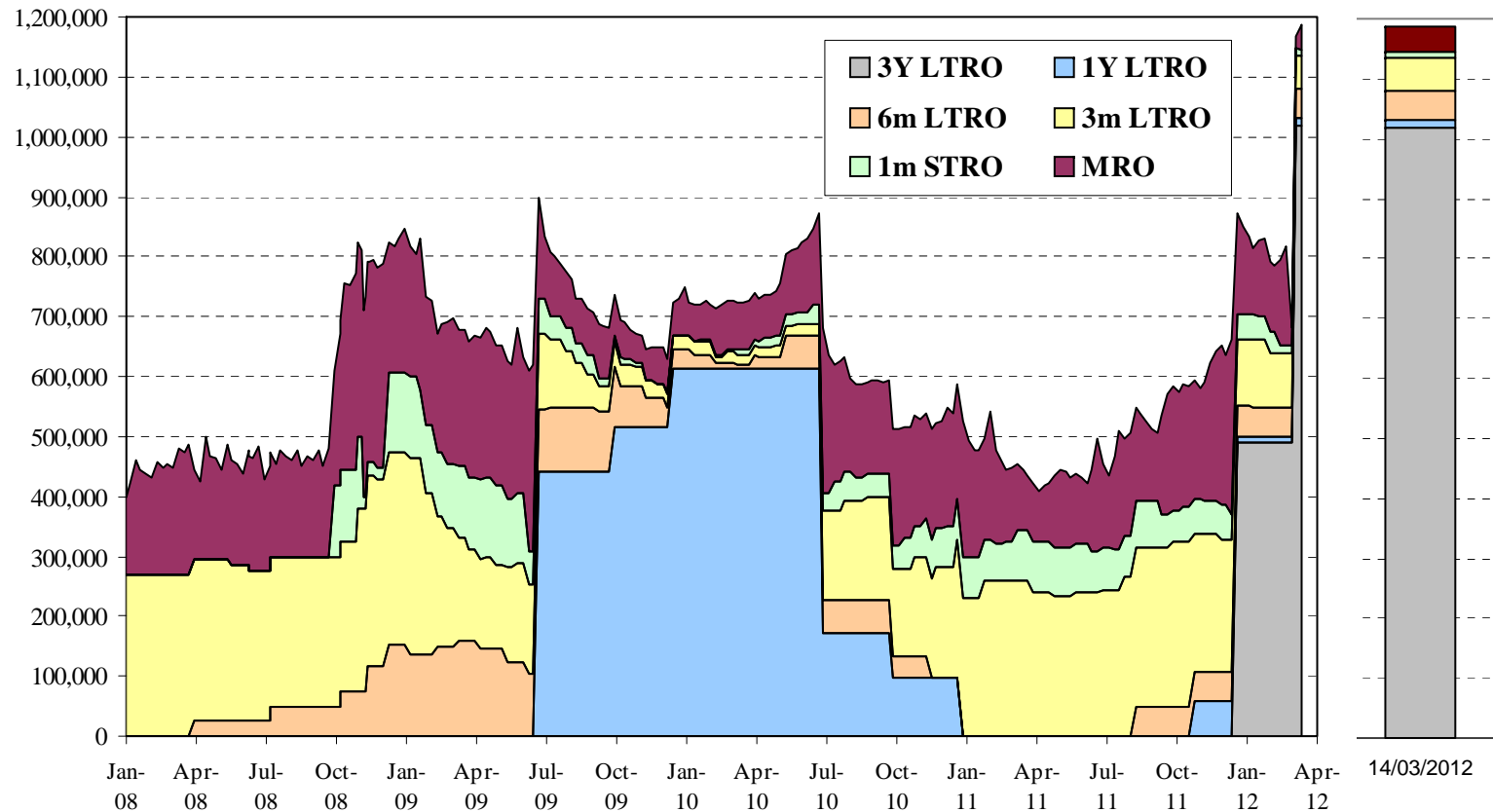


Repo market normalisation

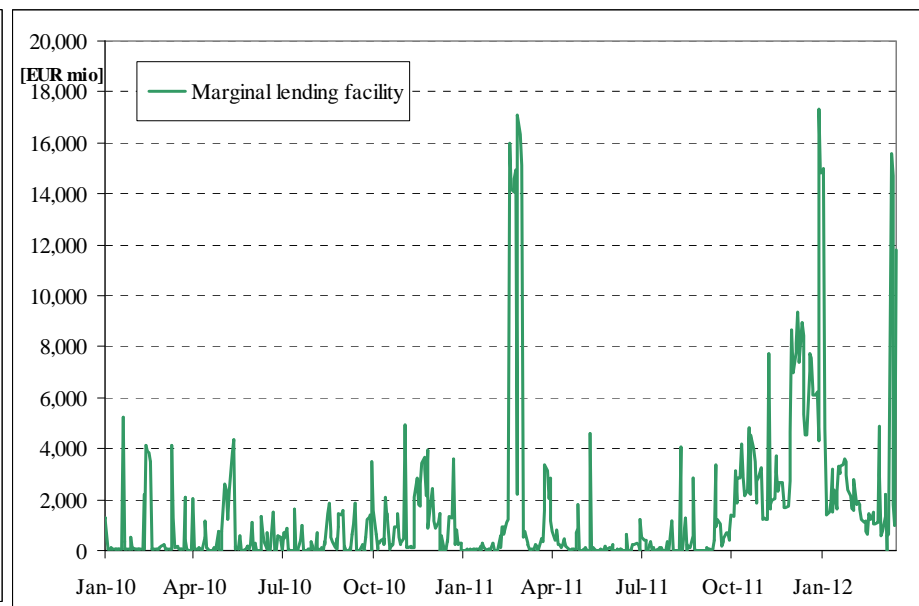
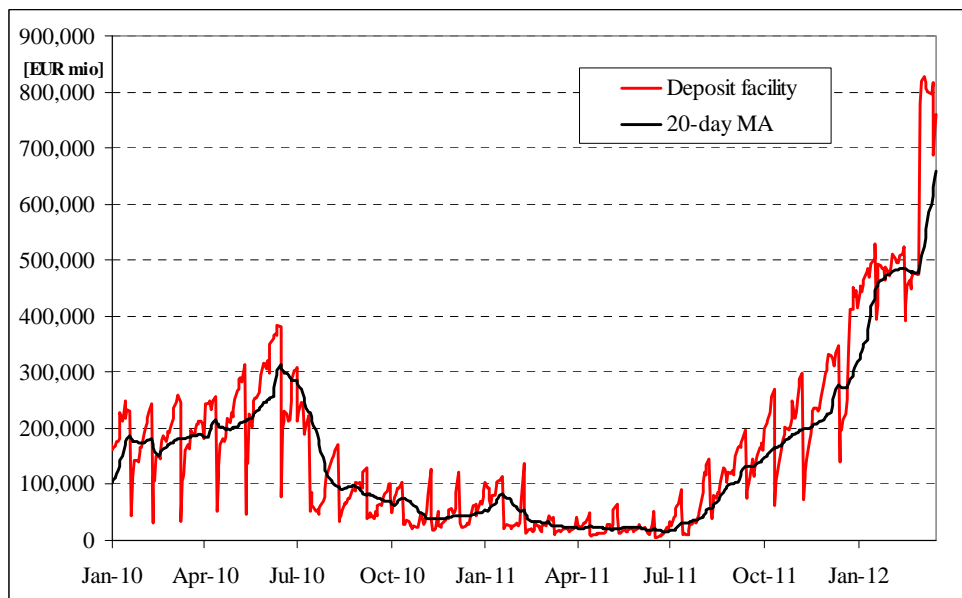
3-month repo rates for different types of collateral



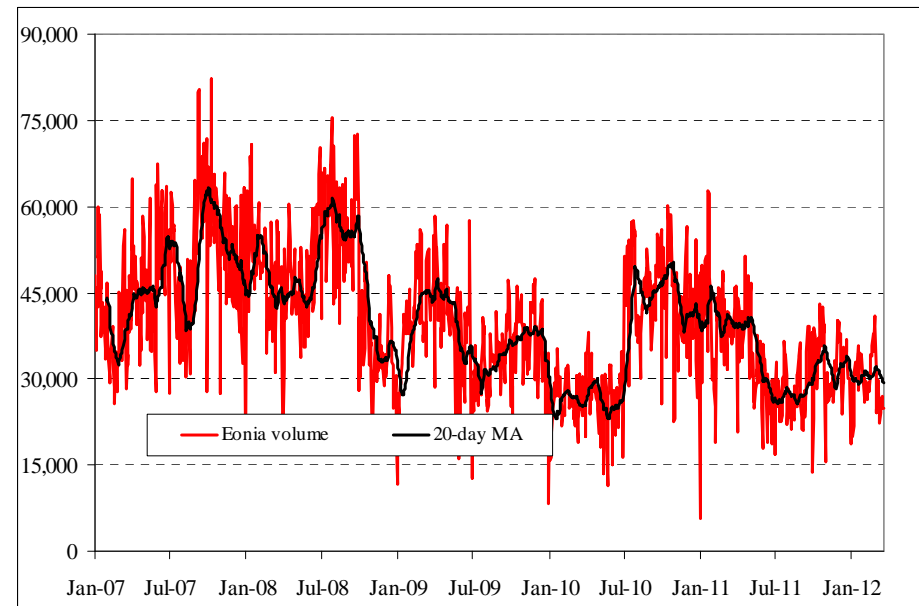
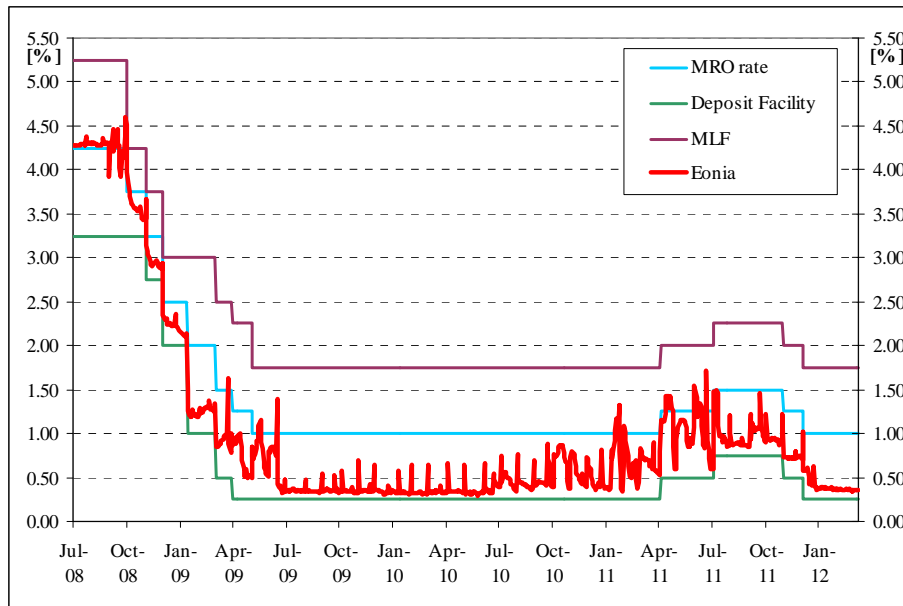
Maturity breakdown of the ECB's liquidity provision → 3-year operations introduced



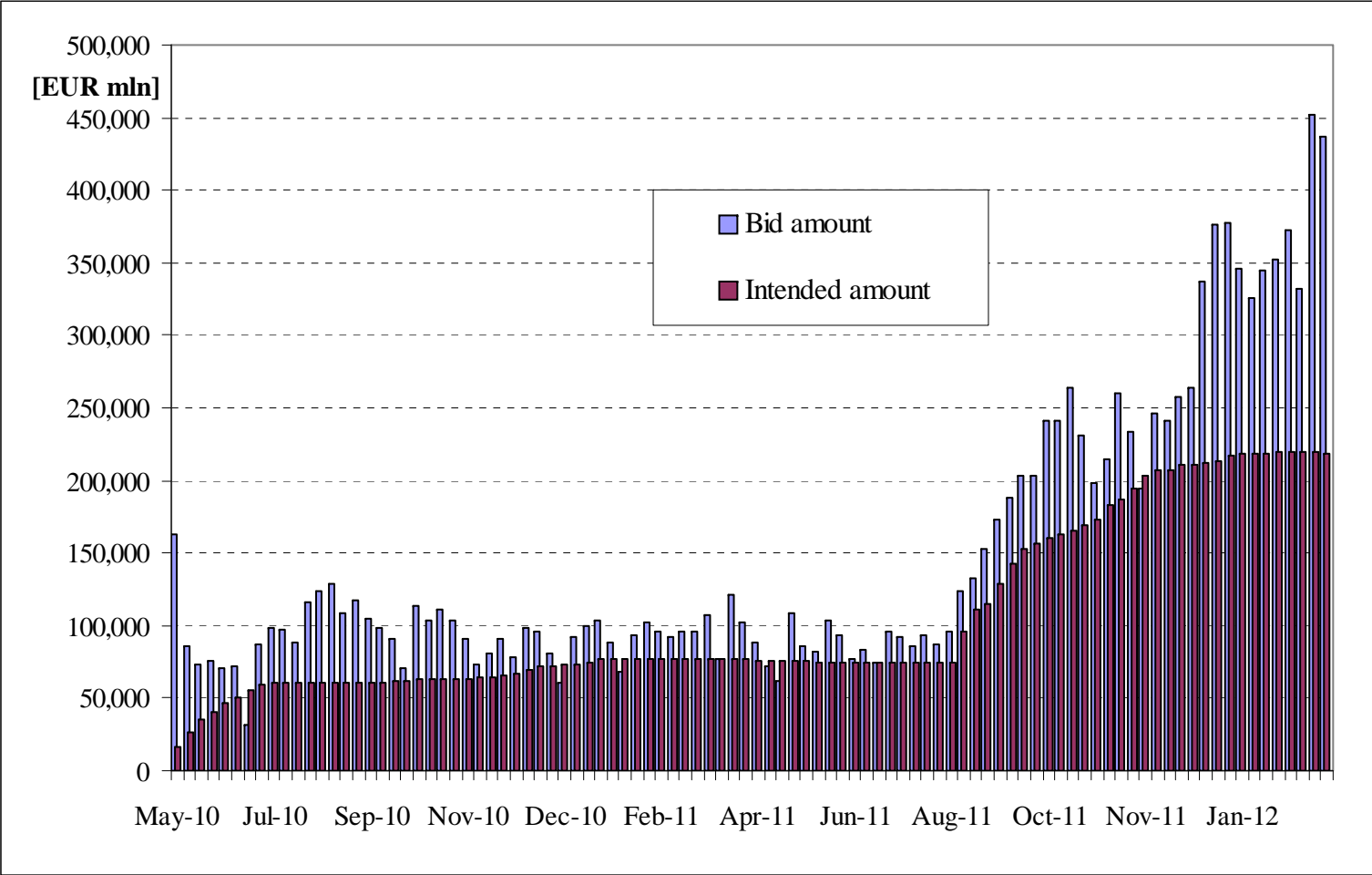
Use of the ECB's standing facilities



ECB rates and Eonia developments



I-week liquidity absorbing FTOs



ECB developments and announcements I

16 December 2011

The ECB decided to conduct two one-day bridge liquidity-providing FTOs (allotted on 20 December 2011 and on 28 February 2012) related to the settlement of the 3-year LTROs.

9 February 2012

Specific national eligibility criteria and risk control measures for the temporary acceptance of additional credit claims as collateral in Eurosystem credit operations were approved for Central Bank of Ireland, Banco de España, Banque de France, Banca d'Italia, Central Bank of Cyprus, Oesterreichische Nationalbank and Banco de Portugal

ECB developments and announcements II

28 February 2012

A temporarily suspension of the eligibility of marketable debt instruments issued or fully guaranteed by the Hellenic Republic for use as collateral in Eurosystem monetary policy operations.

The liquidity needs of affected Eurosystem counterparties can be satisfied by the relevant national central banks, in line with emergency liquidity assistance (ELA).

8 March 2012

In light of the activation of the buy-back scheme, marketable debt instruments issued or fully guaranteed by the Hellenic Republic will be again accepted as collateral in Eurosystem credit operations, without applying the minimum credit rating threshold for collateral eligibility until further notice.

Potential issues for discussion

- *Members are invited to provide feedback on the two 3-year LTROs and how the impact on these operations has been unfolding in the money market.*
- *In particular, how members access developments in the FX swap market?*
- *More generally, how do members assess banks' current funding conditions – also in USD and other currencies?*