
FX Swaps and US MMF

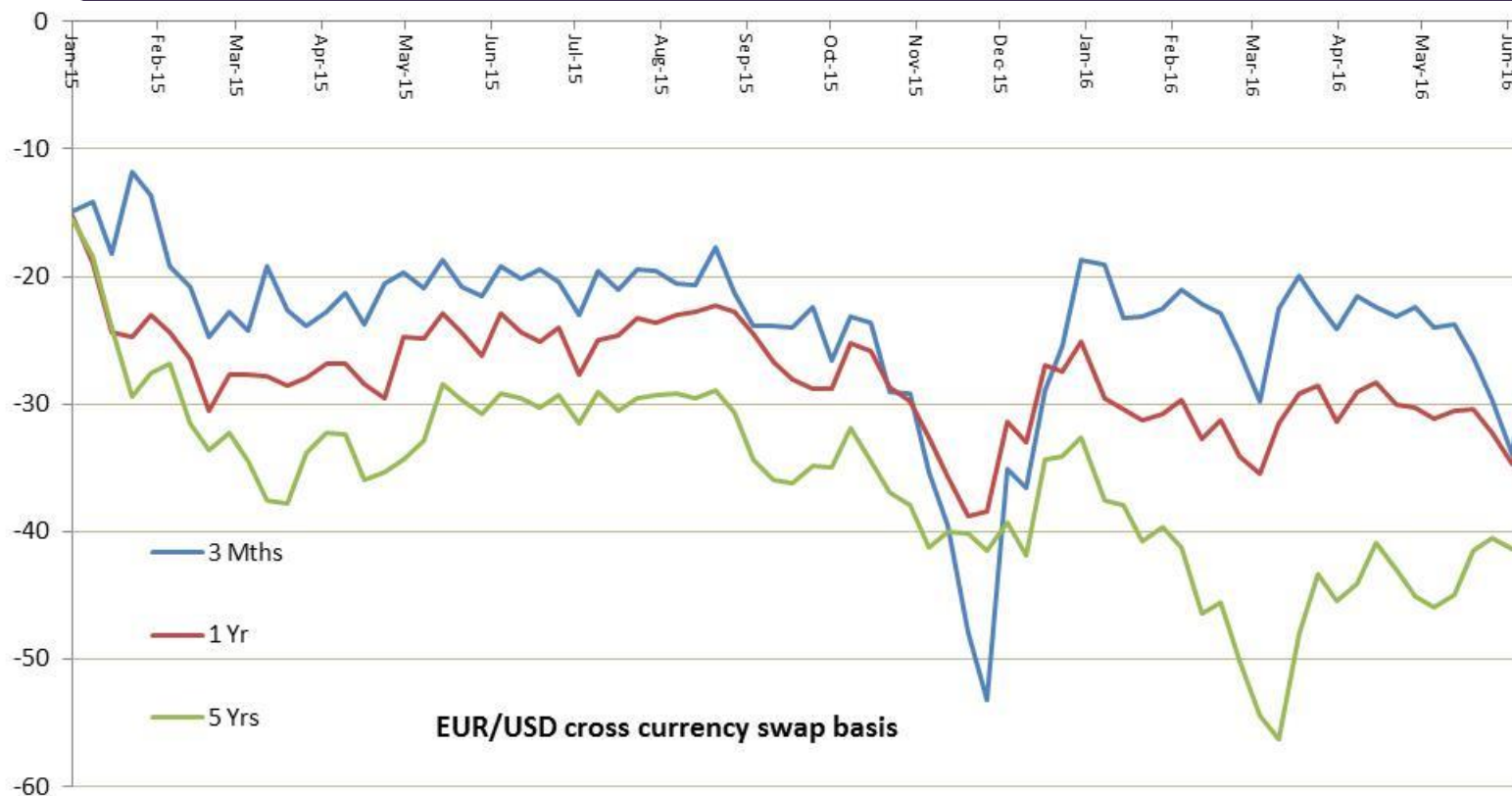
European Central Bank
Money Market Contact Group

Munich, June 9th 2016

FX Swaps Basis

Anticipating monetary policy decisions

EUR		USD	CHF	GBP	JPY
Euribor 3 Mths		Libor 3 Mths	Libor 3 Mths	Libor 3 Mths	Libor 3 Mths
-0,262%	Fixing	0,661%	-0,737%	0,582%	-0,029%
	Fx Swp Eq	0,88%	-0,76%	0,71%	-0,18%
	Spread	22	-2	13	-15



US MMF

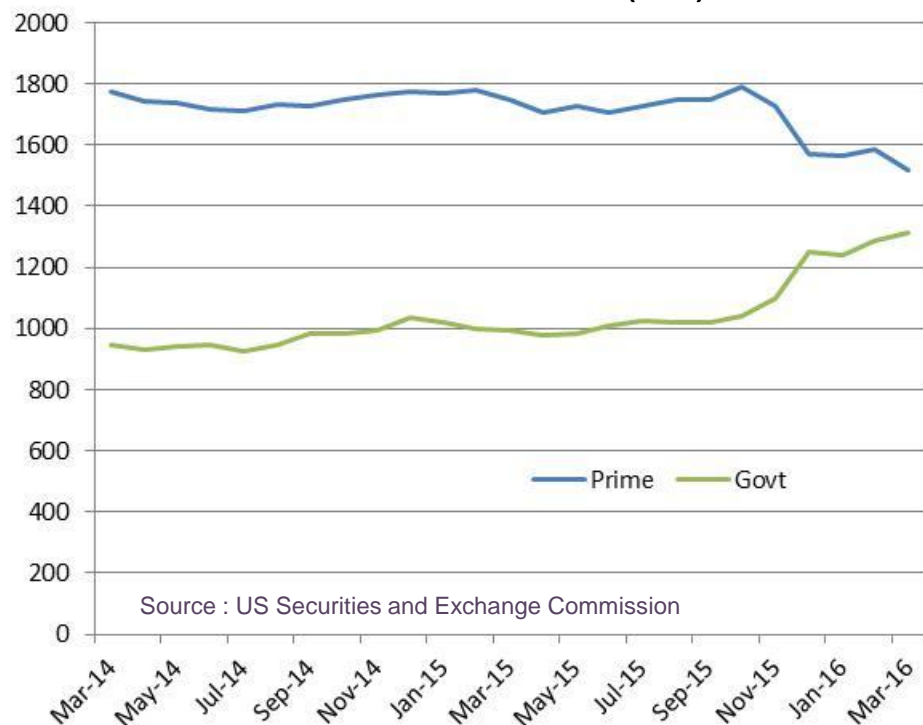
US MMF Reform, full implementation October 14th 2016

In response to the SEC's money fund reform, investment companies converted some of their Prime funds into Government funds, reducing demand for bank and corporate debt.

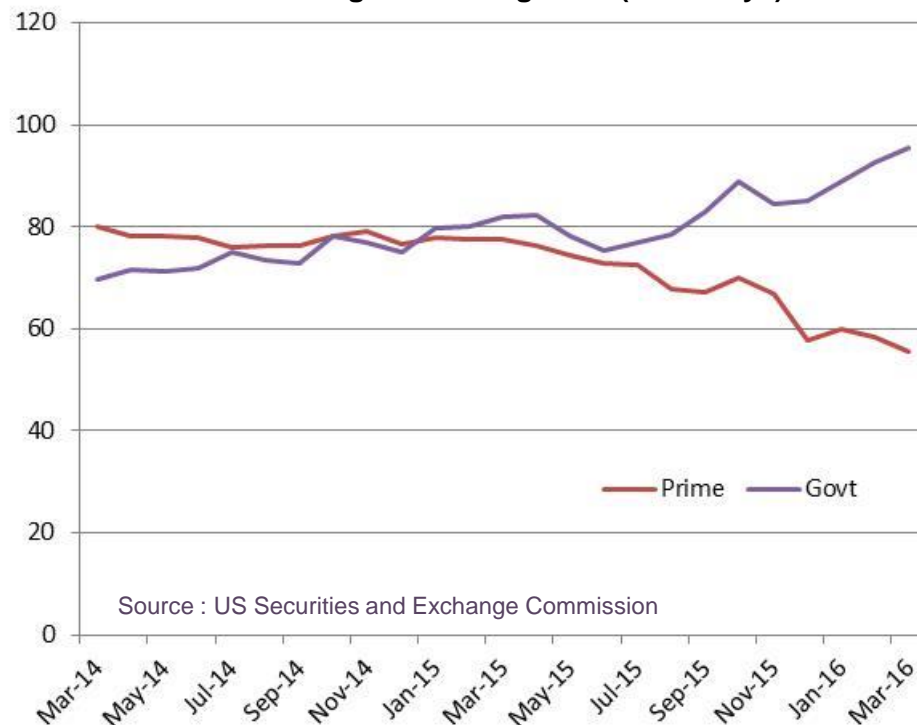
Managing a VNAV (Prime) fund is expensive and onerous and the fear, from final investors, of a lock up to take money out of a fund justify this transfer.

Prime funds are building large liquidity buffers (at least 30%) and will manage their assets to face potential redemptions in October.

US MMF Assets (bn \$)



US MMF Weighted Average Life (nb of days)



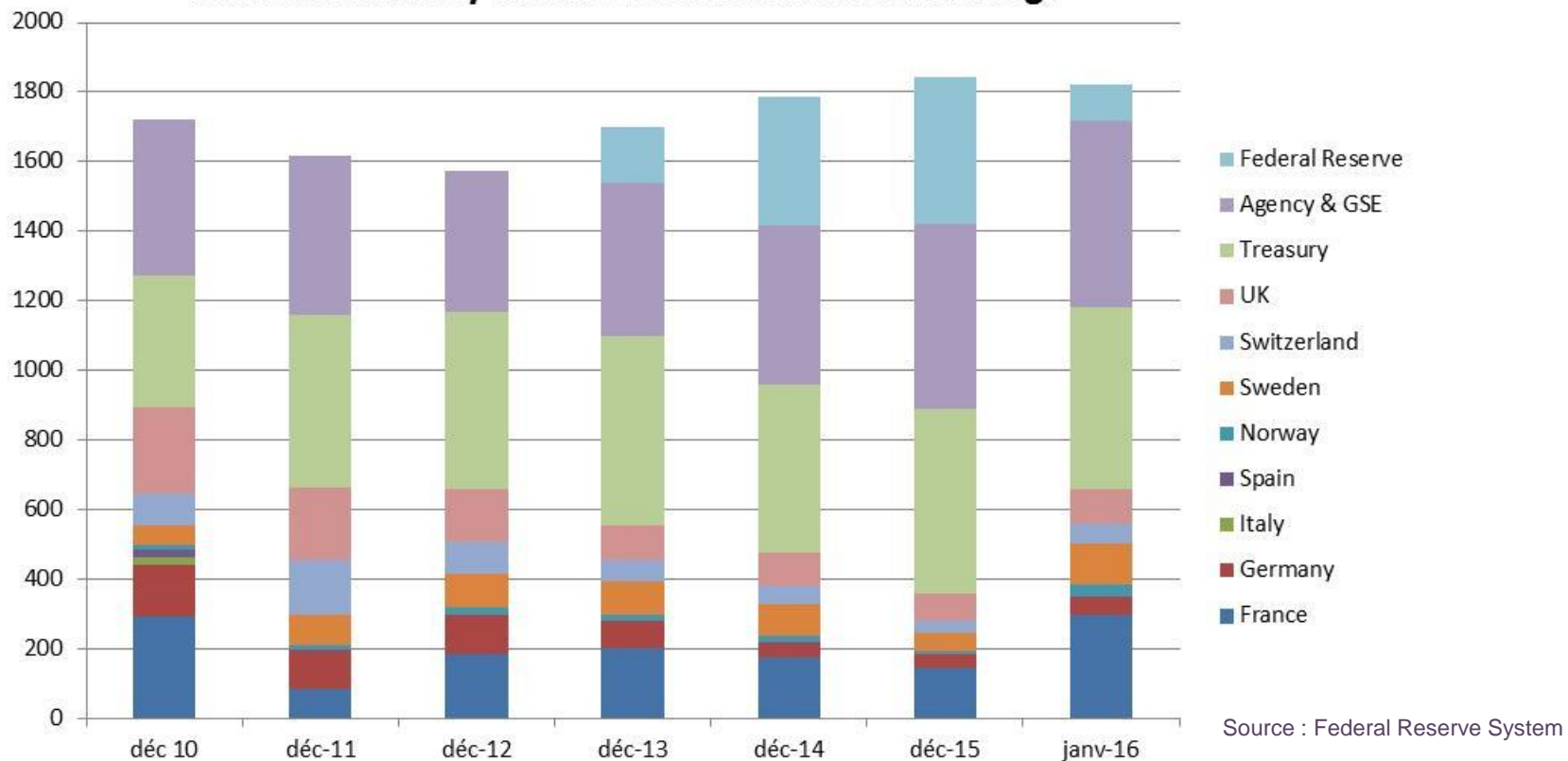
US MMF

Leverage Ratio

US MMF investments to the private sector are also affected by bank regulation and especially the leverage ratio as evidenced by the use of FED's Reverse Repo on year ends.

If US banks report the leverage ratio quarterly on an average of daily and monthly figures, European banks report only quarter-end figures, which contribute to an increased volatility between investments on European banks and the use of Fed's RRP.

Main U.S. Money Market Fund Investment Holdings



US MMF

Table 1: U.S. Money Market Fund Investment Holdings by Country of Issuance (billions of dollars)

Apr 8, 2016

	- 2010 -	- 2011 -	- 2012 -	- 2013 -	- 2014 -	2015										- 2016 -		
	Dec	Dec	Dec	Dec	Dec	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
1 Worldwide	3040.4	2912.2	2983.5	3050.0	3081.9	3032.9	3016.9	2926.9	2950.5	2982.3	2998.6	3046.1	3032.1	3076.1	3081.1	3058.3	3046.0	1
2 Europe	1041.9	746.6	726.4	637.5	550.0	776.1	566.9	756.9	757.9	522.7	775.4	777.5	516.4	761.5	703.7	420.0	744.6	2
3 Eurozone	609.0	275.7	367.7	365.2	294.1	426.6	320.5	404.6	402.7	282.0	433.4	430.9	288.0	423.3	397.5	243.7	431.8	3
4 Austria	1.7	0.8	0.3	1.1	0.6	0.2	0.3	0.3	0.1	0.1	0.0	0.0	--	0.5	0.0	--	0.1	4
5 Belgium	25.6	0.8	2.2	3.5	4.6	14.8	7.2	12.6	11.3	4.1	10.8	11.6	3.5	11.3	12.6	3.9	15.0	5
6 Finland	0.1	--	--	--	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	6
7 France	290.6	85.6	184.9	199.7	174.5	269.9	171.8	255.9	252.6	152.6	291.0	289.0	161.5	289.8	274.5	145.0	296.0	7
8 Germany	152.0	107.8	112.4	78.0	40.9	56.1	58.7	56.8	55.2	52.2	54.9	58.8	53.4	52.1	44.3	38.8	53.2	8
9 Ireland	0.2	0.1	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	9
10 Italy	20.6	0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	10
11 Luxembourg	1.1	0.1	0.9	1.0	0.9	1.6	1.7	1.6	1.4	1.2	1.0	0.8	1.2	1.1	0.9	0.8	0.4	11
12 Netherlands	96.3	79.0	66.3	79.6	69.1	81.2	77.9	75.6	79.9	70.5	72.9	68.8	67.1	67.6	63.8	53.9	65.9	12
13 Spain	20.9	1.5	0.6	2.2	3.4	2.5	2.7	1.6	2.0	1.1	2.5	1.6	1.1	0.8	1.2	1.0	1.0	13
14 Other Europe	432.9	470.9	358.7	272.3	255.9	349.5	246.5	352.3	355.2	240.7	342.1	346.6	228.4	338.1	306.1	176.4	312.8	14
15 Denmark	18.0	3.5	--	--	0.1	--	0.2	0.1	--	--	0.2	0.4	0.6	2.5	2.9	2.6	3.4	15
16 Norway	13.7	13.9	20.5	16.1	17.7	41.9	15.5	34.3	38.8	8.4	28.9	36.0	6.9	48.5	35.4	8.2	34.6	16
17 Supranational (1)	6.2	0.2	--	0.1	0.2	0.9	1.0	1.1	0.6	3.1	2.0	5.3	4.4	1.6	1.6	1.2	0.1	17
18 Sweden	54.7	89.0	96.4	96.3	89.5	114.7	84.5	102.2	113.3	88.0	122.2	120.3	83.8	113.6	108.6	52.3	116.0	18
19 Switzerland	94.4	157.7	90.2	63.0	53.7	58.8	60.1	72.8	66.2	62.0	69.6	61.1	51.7	74.7	60.1	35.3	59.0	19
20 UK	246.0	206.6	151.6	96.9	94.6	133.3	85.2	141.9	136.3	79.1	119.2	123.6	81.0	97.2	97.5	76.7	99.7	20
21 North America	1799.8	1882.3	1923.5	2060.5	2192.1	1909.9	2117.0	1846.0	1862.8	2124.0	1892.7	1946.7	2200.5	1982.2	2055.4	2321.6	1987.8	21
22 Canada	146.5	202.6	256.8	241.0	254.8	247.2	252.0	254.2	267.2	274.3	263.7	266.0	262.4	236.8	256.3	243.9	234.9	22
23 USA	1653.3	1679.7	1666.7	1819.5	1937.3	1662.7	1864.9	1591.8	1595.6	1849.7	1629.0	1680.7	1938.2	1745.4	1799.2	2077.7	1753.0	23
24 Treasury	378.8	496.9	510.3	547.3	483.9	435.0	508.8	454.1	442.2	444.5	451.8	458.0	435.8	444.4	564.9	530.3	520.4	24
25 Agency & GSE	450.6	459.3	406.1	437.9	456.8	410.7	398.0	395.5	391.0	406.4	400.6	430.0	466.7	501.1	495.9	533.1	537.0	25
26 Federal Reserve (2)	--	--	--	163.3	371.2	184.4	345.3	122.1	149.0	402.8	129.4	143.9	433.5	188.4	133.9	424.0	104.0	26
27 Municipal	412.6	369.3	340.6	309.1	275.7	271.0	269.2	258.2	261.3	254.6	256.5	251.1	251.7	252.6	251.1	246.8	244.7	27
28 Other	411.2	354.3	409.7	361.9	349.6	361.6	343.7	362.0	352.1	341.3	390.6	397.8	350.5	358.9	353.4	343.5	346.8	28
29 Asia/Oceania (3)	193.8	278.6	327.1	342.7	332.1	337.8	323.5	314.6	321.2	327.7	322.9	313.7	303.1	324.3	312.8	305.8	304.2	29
30 Australia	104.1	130.4	127.6	106.7	100.0	100.4	97.3	95.6	98.1	97.4	89.8	85.3	79.4	89.6	88.2	87.4	84.4	30
31 China	0.1	0.5	2.2	7.6	9.0	6.1	7.0	6.4	6.9	9.6	8.0	5.2	5.6	7.2	6.6	7.4	7.9	31
32 India	0.4	0.5	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32
33 Japan	89.1	144.5	190.9	208.0	198.0	205.8	198.7	195.0	197.6	198.6	200.1	199.3	197.7	207.5	198.2	188.7	193.8	33
34 New Zealand	--	--	--	0.0	0.0	0.0	--	--	--	--	--	--	--	--	--	--	--	34
35 Singapore	--	2.6	6.2	20.0	24.6	25.0	19.8	16.9	18.1	21.5	24.2	23.0	19.7	19.1	18.9	21.6	17.4	35
36 South Korea	0.1	0.1	0.2	0.3	0.6	0.5	0.7	0.6	0.5	0.6	0.8	0.8	0.7	0.8	0.7	0.6	0.6	36
37 Other	4.9	4.7	6.4	9.2	7.7	9.0	9.5	9.4	8.6	8.0	7.6	8.3	12.1	8.2	9.2	10.8	9.3	37

Source : Federal Reserve System

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