

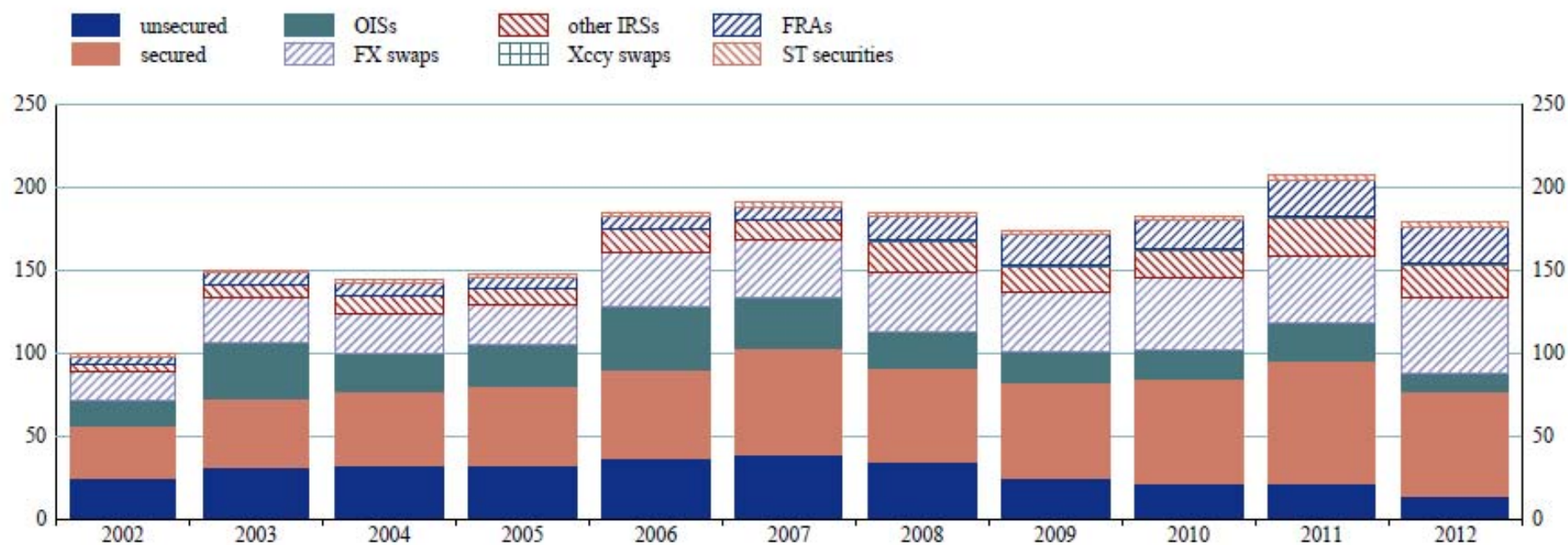
The Euro Money Market Survey 2012

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Frankfurt am Main, September 2012

I. Euro money market across time and segments

- Decline in aggregate turnover (by 14%)
- **The secured market** remained largest segment but declined by 15% in 2012.
- Only increases in FX swaps (+12%) and FRAs (+4%).

Chart 66 Aggregated average daily turnover of the euro money market
(index: aggregated average daily turnover volume in 2002 = 100)



2. Unsecured market

- Unsecured interbank market beyond 1 month almost non-existent
- Deterioration in perceived **efficiency** and **liquidity** in unsecured market

Chart 2 Maturity breakdown for average daily turnover in unsecured lending (index: cash lending volume in 2002 = 100)

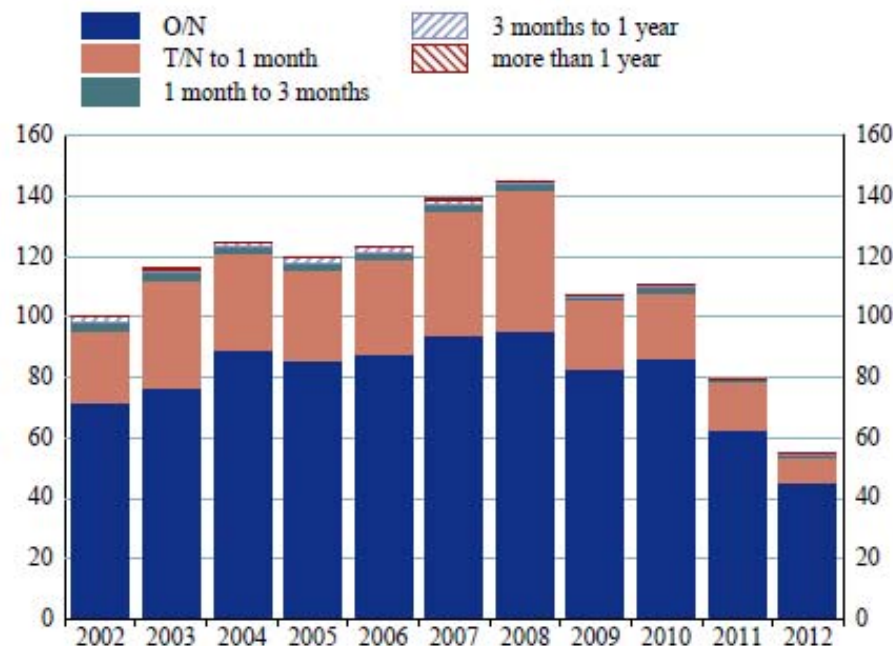
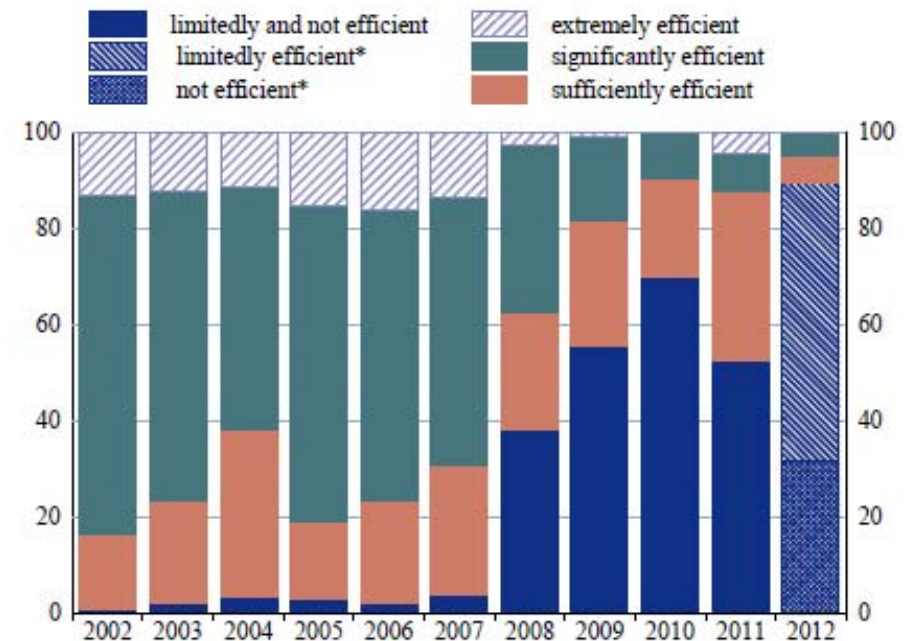


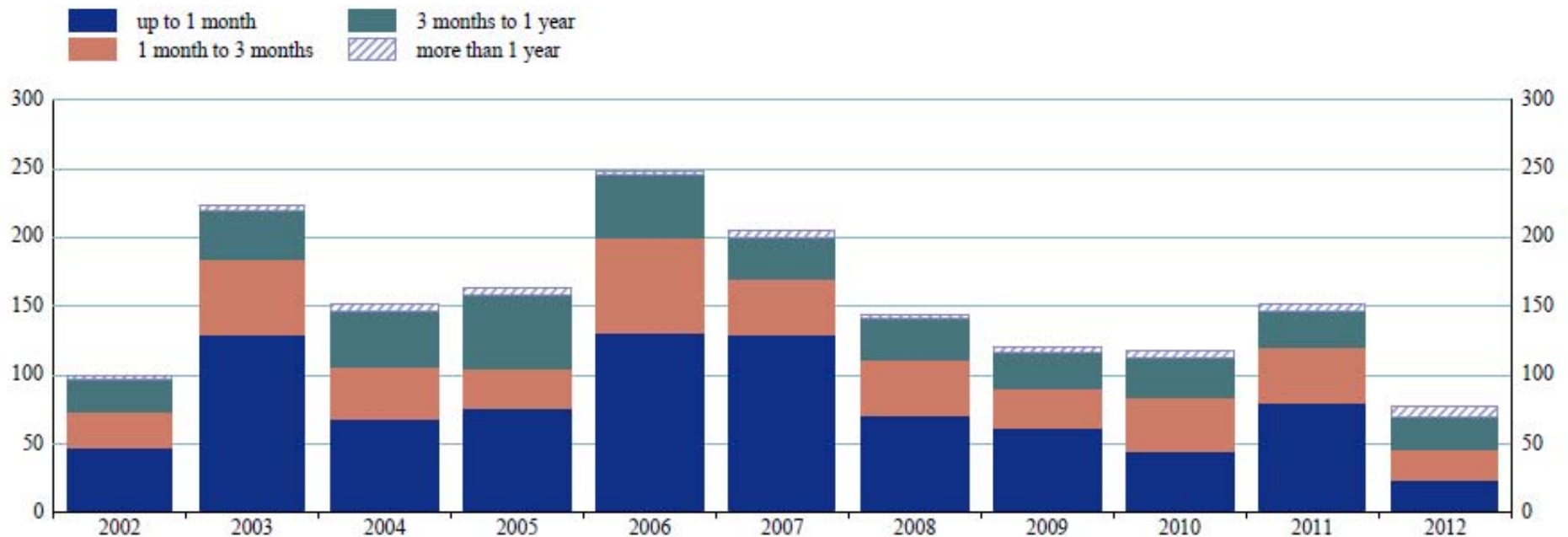
Chart 8 Is the unsecured segment in your opinion efficient? (percentages of total)



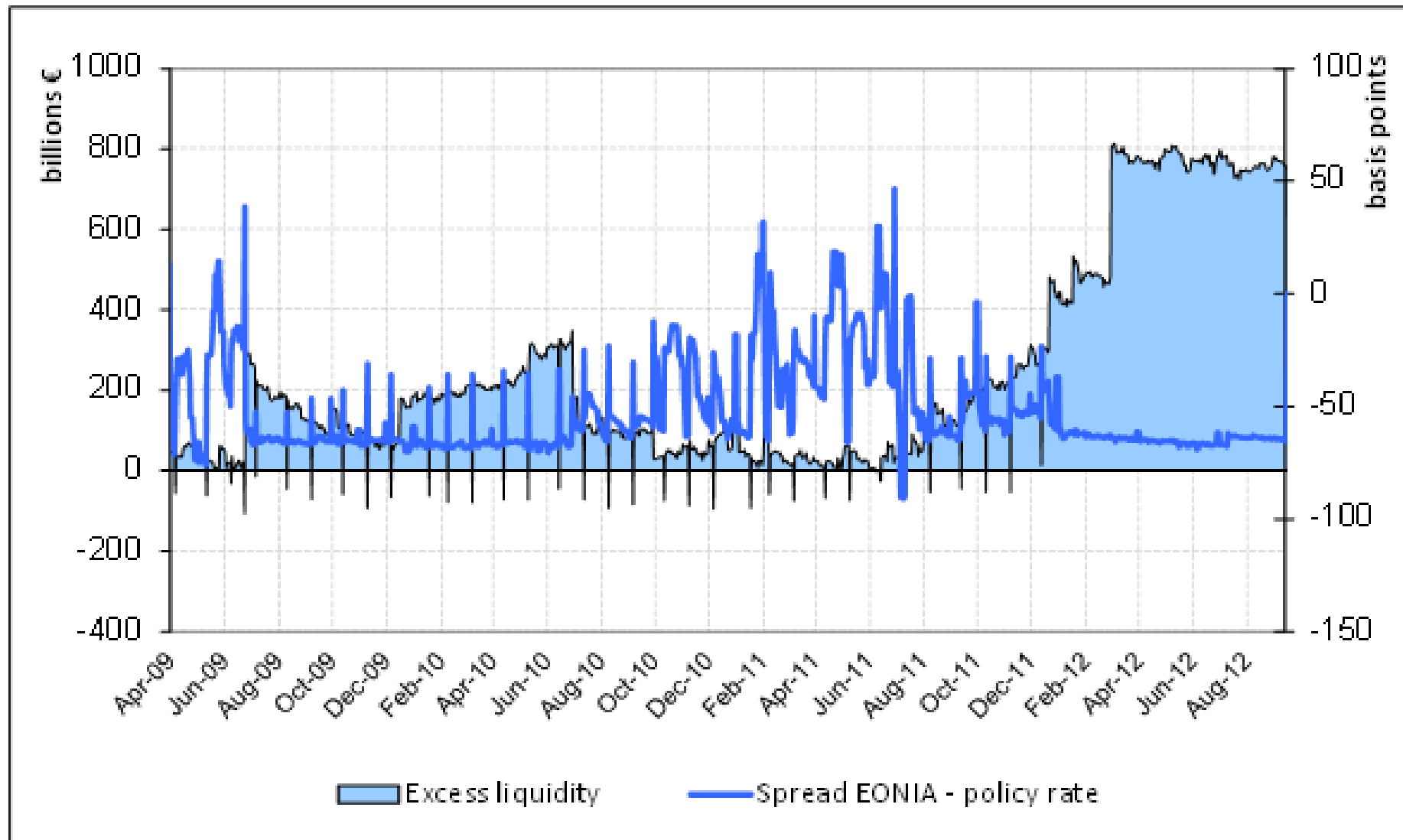
3. Derivatives market: OIS segment

- **OIS segment** decreased markedly in particular for shorter maturities

Chart 27 Average daily turnover in the OIS segment
(index: OIS volume in 2002 = 100)



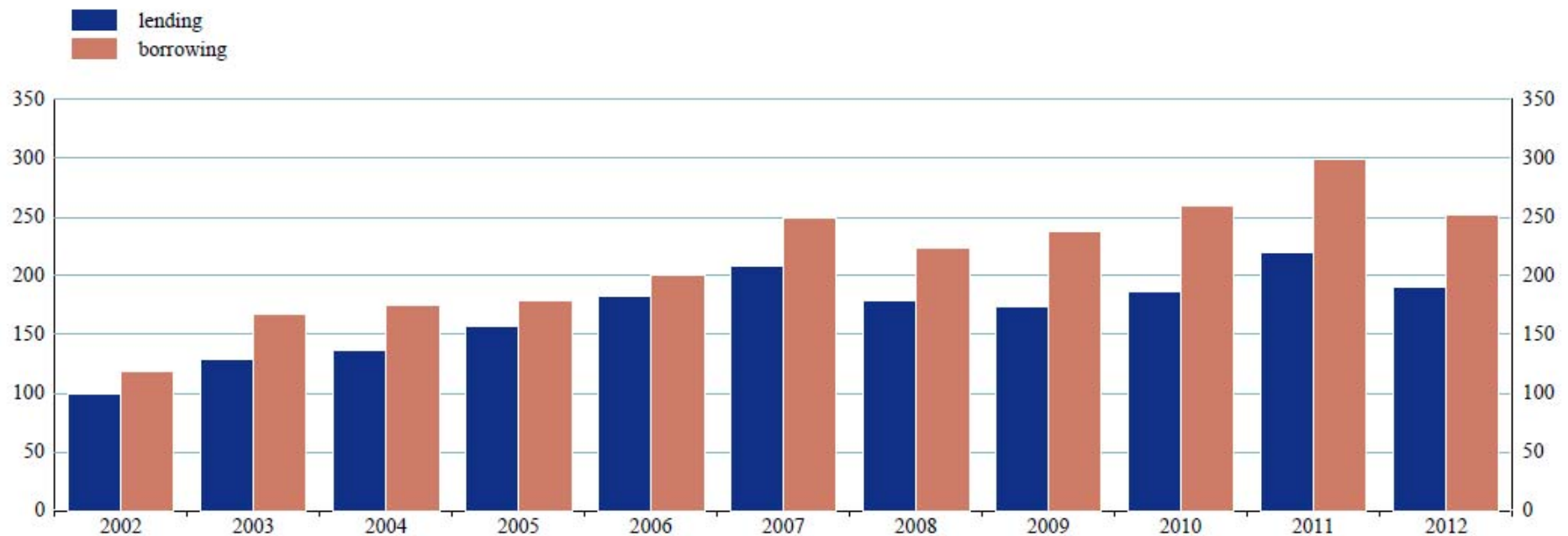
4. Low EONIA rates and reduced volatility lower OIS turnover?



5. Euro Money Market: Secured market

- Activity in the **secured market** declined by 15%
- The secured market remained the largest money market segment

Chart 12 Average daily turnover in secured cash lending and borrowing
(index: cash lending volume in 2002 = 100)



6. ICMA June 2012 – comparison with MMS

- Total repo business declined by 14% between June 2011 and June 2012 based on the constant panel
- Share of reserve repo increased

Table 2.1 – Total repo business from 2001 to 2012

survey	total	repo	reverse repo
2012 June	5,647	48.7%	51.3%
2011 December	6,204	50.3%	49.7%
2011 June	6,124	50.7%	49.3%
2010 December	5,908	51.0%	49.0%
2010 June	6,885	53.7%	46.3%
2009 December	5,582	50.0%	50.0%
2009 June	4,868	52.2%	47.8%
2008 December	4,633	49.9%	50.1%
2008 June	6,504	48.8%	51.2%
2007 December	6,382	49.4%	50.6%
2007 June	6,775	50.8%	49.2%

Note: Data is for total (not constant) panel

Source: ICMA

7. Collateral analysis

- Modest shift out of euro area collateral for ICMA report
- Some increase in other collateral in MMS, but no clear trend.

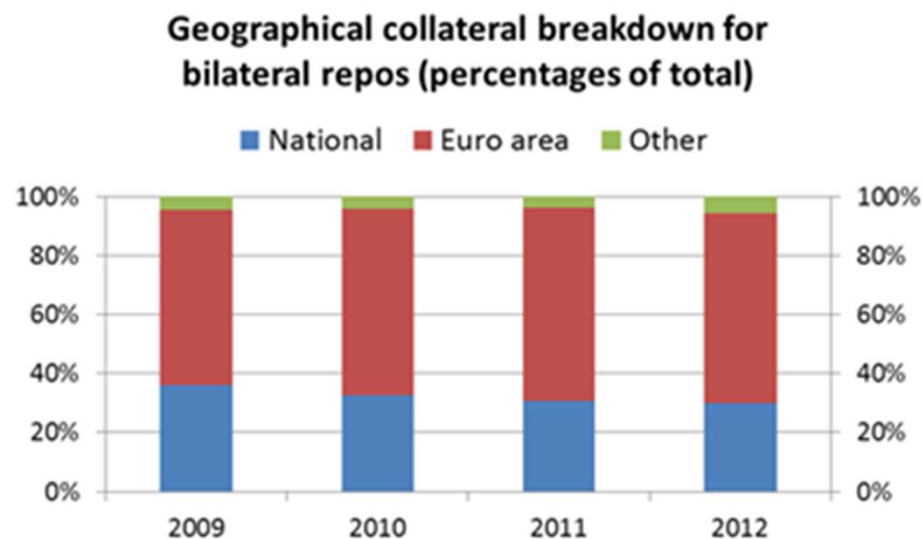
ICMA Survey

MMS

Table 2.8 – Collateral analysis

	June 2012	December 2011	June 2011
Germany	20.7%	20.9%	22.4%
Italy	8.3%	7.0%	10.0%
France	8.6%	9.8%	9.9%
Belgium	3.8%	4.1%	2.2%
Spain	5.0%	6.7%	7.1%
other eurozone	7.0%	7.6%	6.6%
UK	15.0%	12.5%	11.1%
DKK, SEK	2.8%	2.3%	2.4%
US	3.3%	3.1%	2.4%
Accession countries	0.7%	0.5%	0.8%
Japan	2.7%	5.2%	4.2%
other OECD	11.1%	10.4%	11.9%
other fixed income	10.0%	9.9%	8.0%
equity	0.2%	0.0%	0.9%

Source: ICMA



Source: ECB

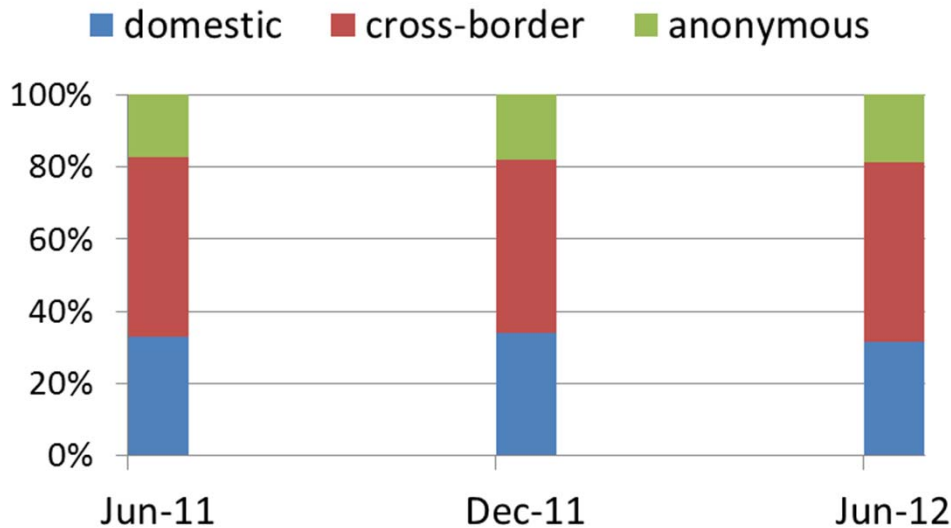
8. Counterparty analysis

- The share of 'national' counterparties increased for unsecured
- For the secured market there is no clear trend

ICMA Survey

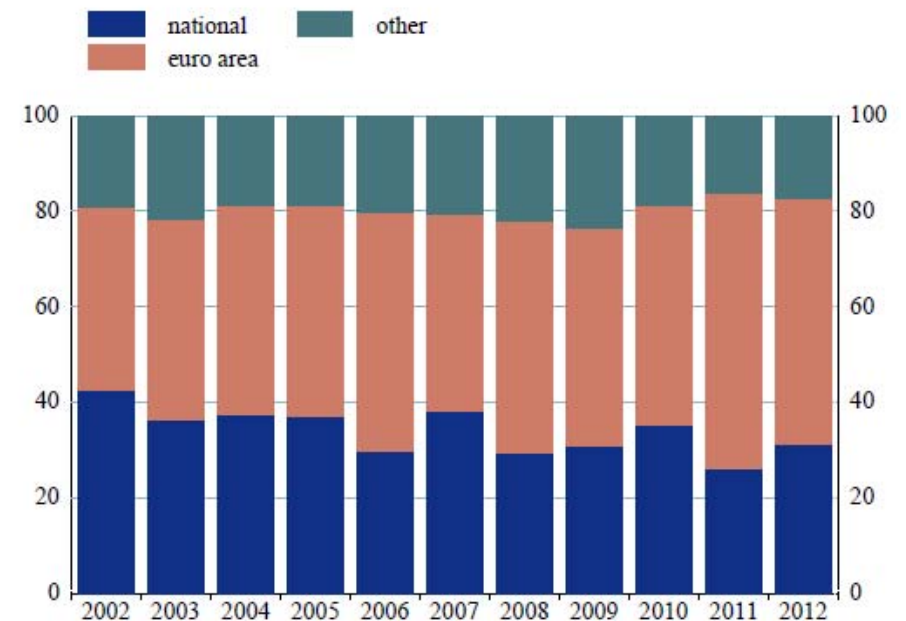
MMS

Figure 2.2 – Geographical analysis



Source: ICMA, ECB chart

Chart 24 Counterparty structure of secured transactions (percentages of total)

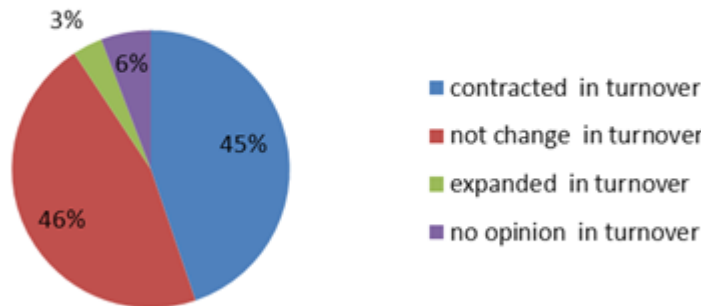


Source: ECB

9. Counterparty analysis – impact of limits

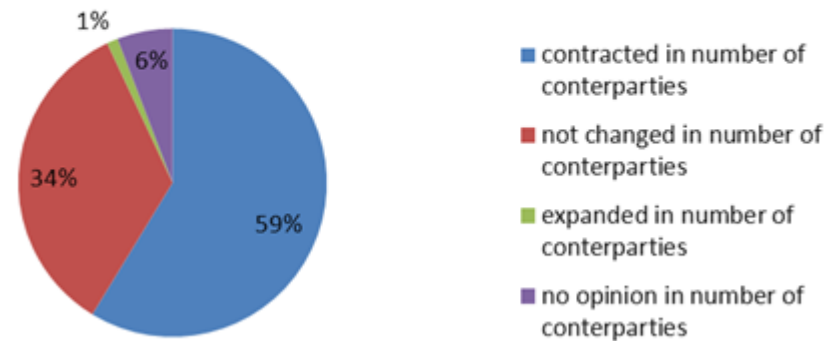
- Limits on counterparties restrained interbank activity
- Effect lower on overall turnover than on number of counterparties

Impact of limits on turnover



Source: ECB

Impact of limits on number of counterparties



Source: ECB

10. Issues for discussion

- **Do low interest rates and low interest rate volatility help explain the decline in turnover in OIS and other short-term interest rate derivatives?**
- **What are the main drivers behind the increase in the FX swap market?**
- **How strong is the “home bias” in choice of collateral and counterparties?**