

Bond Market Contact Group

Frankfurt, Tuesday 7 February 2017 (13:00-17:00 CET, Sonnemannstrasse 20, room C2.04)

FINAL AGENDA

1) GDP-linked bonds and sovereign bond backed securities

Christian Kopf, Partner of Spinnaker Capital, will explore the case for governments issuing GDP-linked bonds as an alternative to fixed-rate government debt in the current low/negative yield environment. BMCG members will be invited to discuss the business case of this asset class, as well as the case of sovereign bond backed securities (SBS). SBS would comprise senior and junior claims on an underlying diversified portfolio of euro central government bonds.

2) Impact of the ECB's asset purchase programme

Mariano Bengoechea, Andreas Gruber and Natasha Brook-Walters will analyse the impact of the ECB's asset purchase programme (APP). The analysis will try to address the following questions: (i) where is the money going?; (ii) what would be the implications of reinvestment, extension or tapering/exit?; and (iii) how have historical correlations between asset classes changed and whether this indicates the presence of 'bubbles'.

3) Yield Curve Targeting

Garry Naughton and Michael Krautzberger will review the lessons to learn from the Bank of Japan's attempt to control the yield curve and other historical episodes such as the yield cap strategy of the Fed (1942-51). The analysis will include the effectiveness of forward guidance under the new policy regime; its impact on financial markets and implications on central banks' credibility.

4) Bond market outlook, issuance outlook and other topics of relevance

Nathalie Fillet will review the main bond market developments over the last quarter and its outlook. The sovereign funding challenges for 2017 and the outlook for private sector bond issuance will also be covered.

5) Other items

- 5.1 The Chair of the ECB's Operations Managers Group (ECB OMG) will present the work of the group related to euro area fixed-income markets and possible areas of collaboration.
- 5.2 The BMCG will finalise the draft Terms of Reference, distributed in January 2017.
- 5.3 Planning of the next meeting on 16 May 2017, followed by the annual dinner.