

BOND MARKET CONTACT GROUP

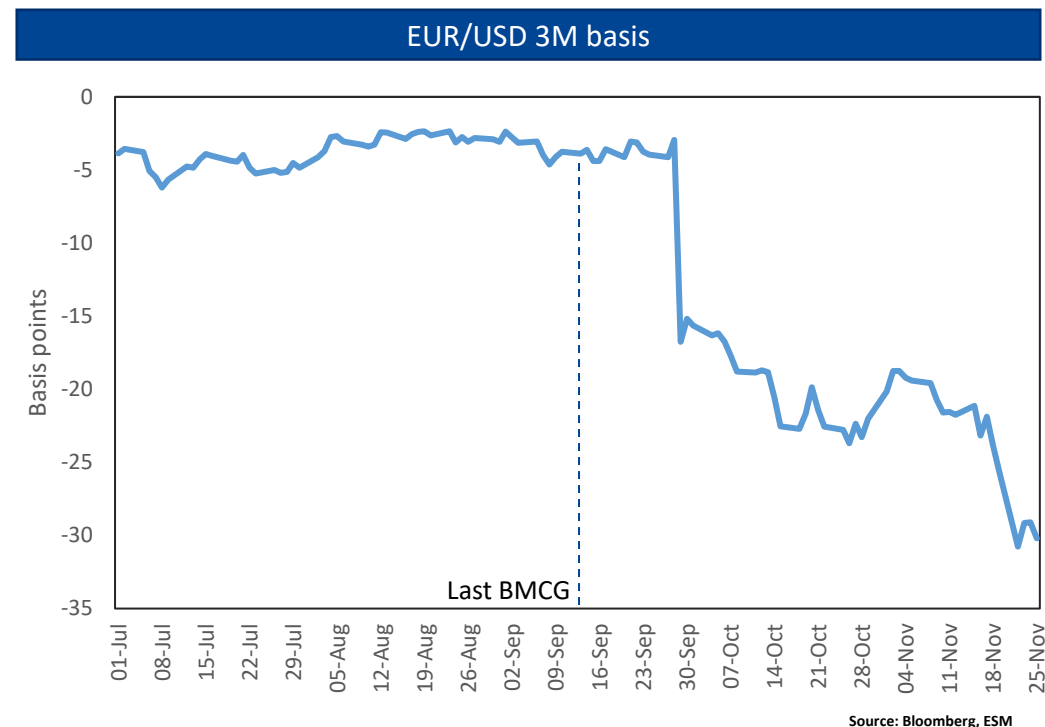
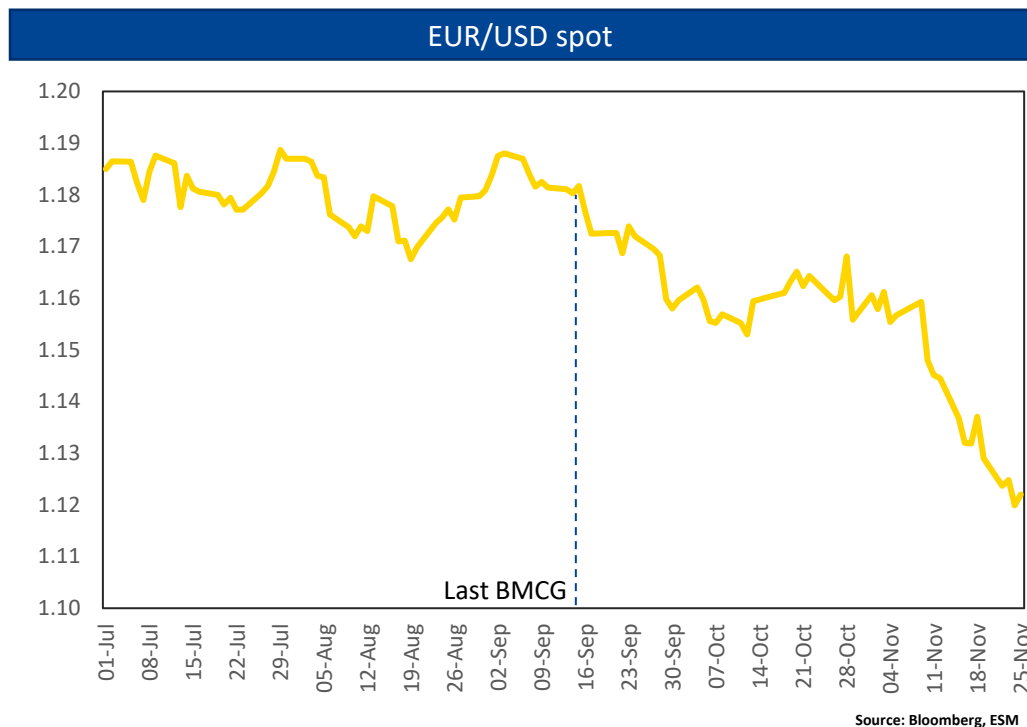
Market Update

2nd December 2021

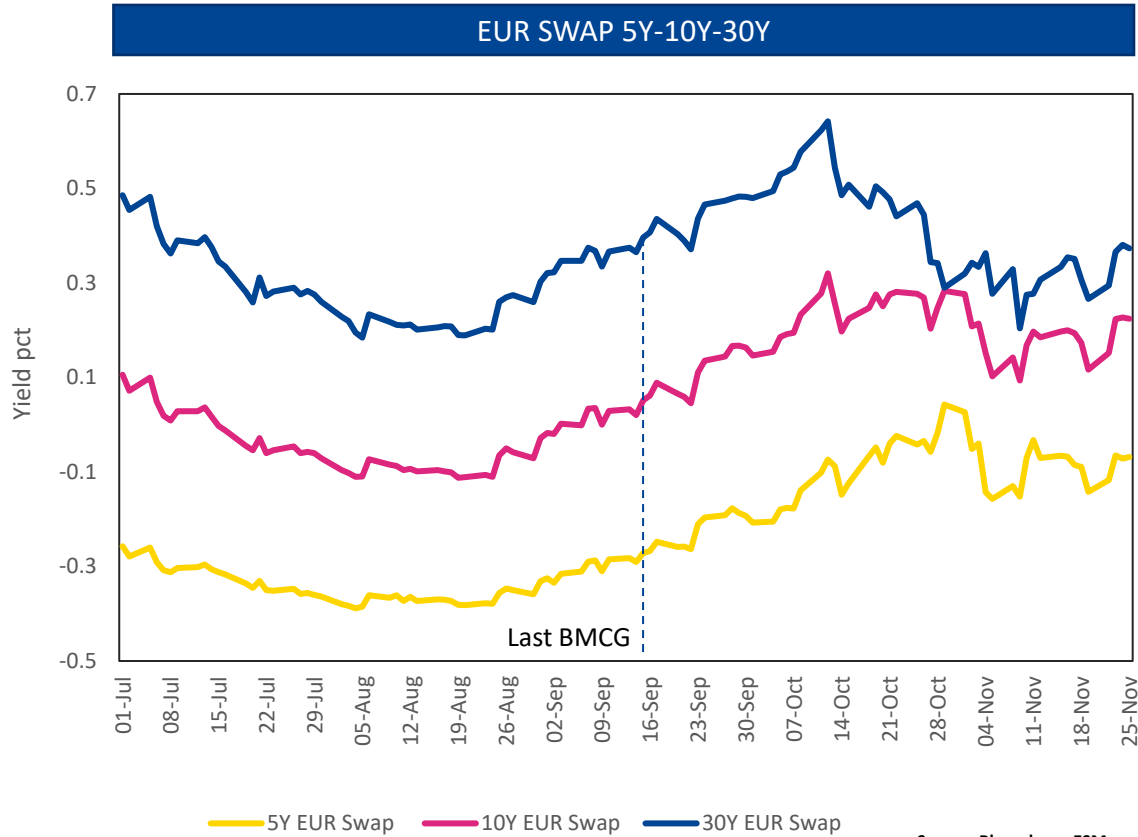


WHAT HAPPENED SINCE SEPTEMBER?

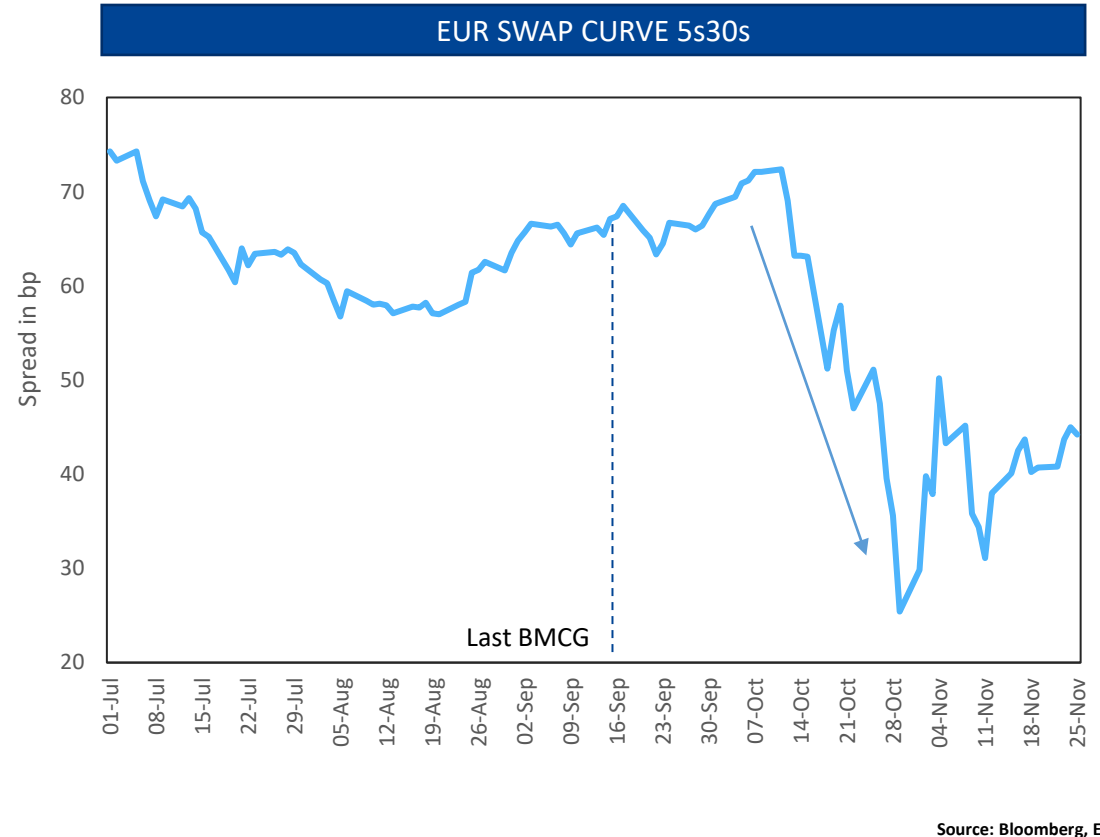
- **September/October:** Evergrande worries, Commodity price shock, some CB hikes, ECB Oct meeting
- **November:** BoE decision disappointed, Fed moves ahead, 4th wave in full swing, ECB securities lending limit increase, GE finalises coalition agreement, new variant fear



OUTRIGHT AND CURVE MOVES



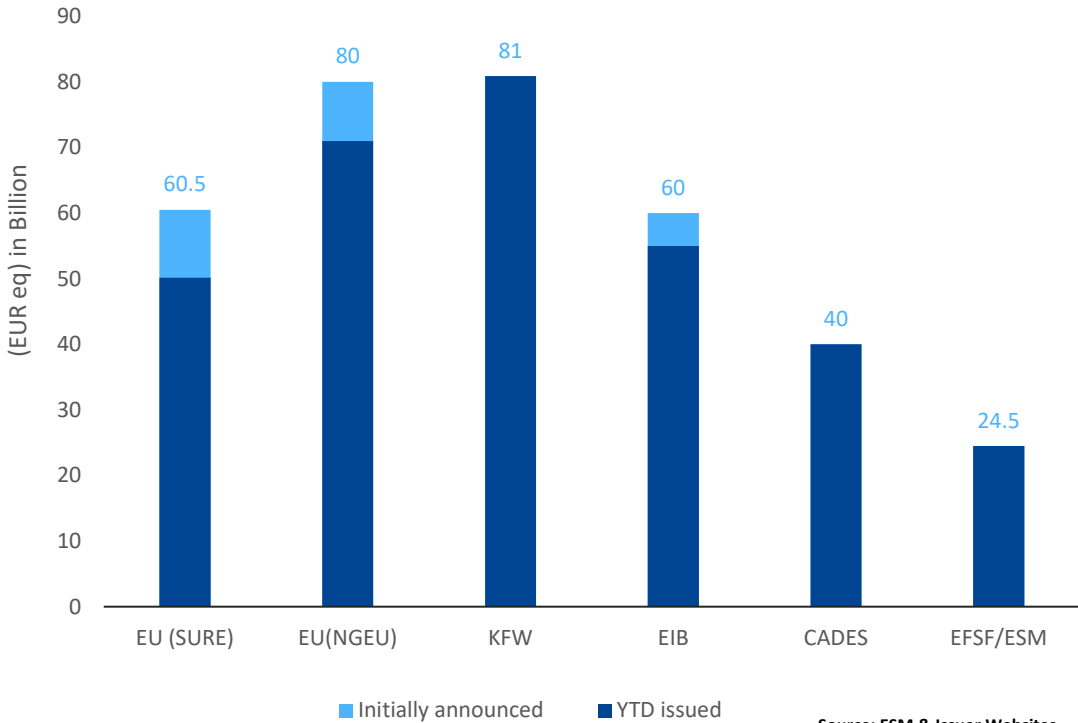
Source: Bloomberg, ESM



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THE ISSUER PERSPECTIVE: FUNDING PROGRESS

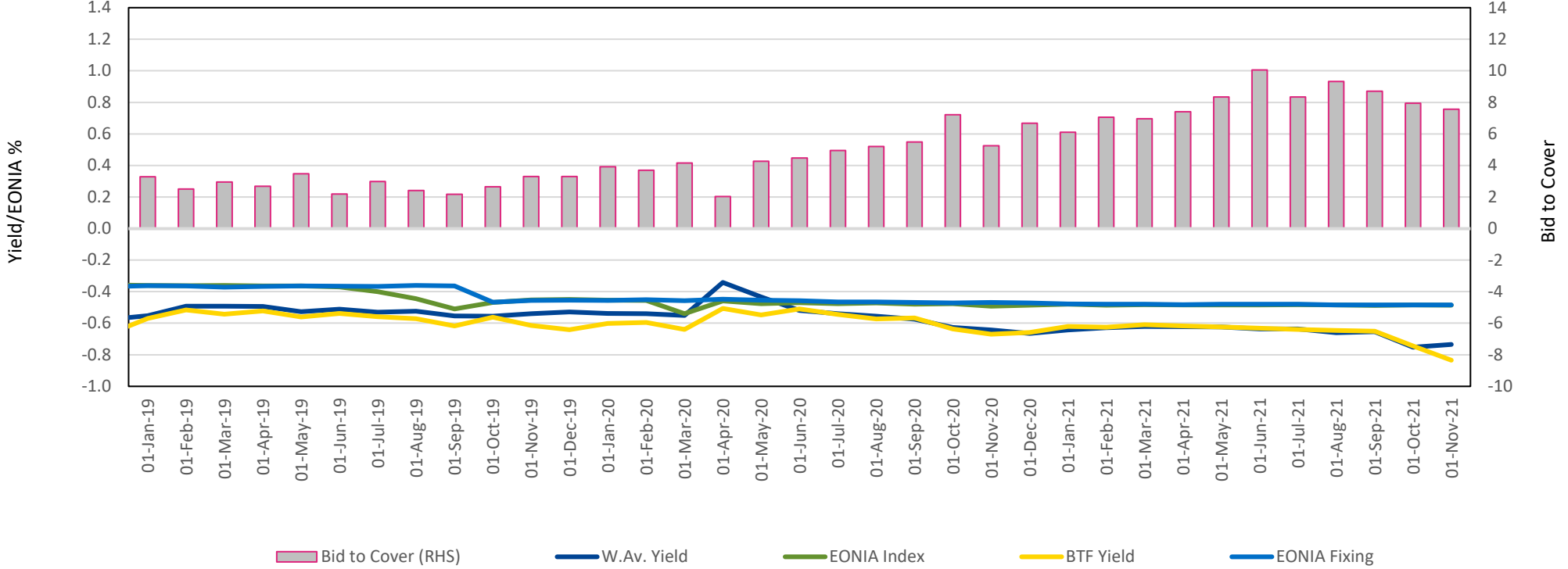
Funding Progress YtD – Supply selected Issuers



- Funding mostly done
- Frontloading
- No summer break
- Supply adjustments

THE ISSUER PERSPECTIVE: SHORT END

ESM 3M Bills



Source: Bloomberg, ESM

DISCUSSION POINTS:

1. Announcement of the ECB securities lending limit (cash vs collateral)

Eurosystem increased the limit of the securities lending facility by €75 billion to €150 billion

Past limits not utilised. Why?

2. Powell statement caused a flattening of UST, what are the spillover effects to the Euro market?

3. What is excess liquidity doing to secondary bond markets?



CONTACT

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