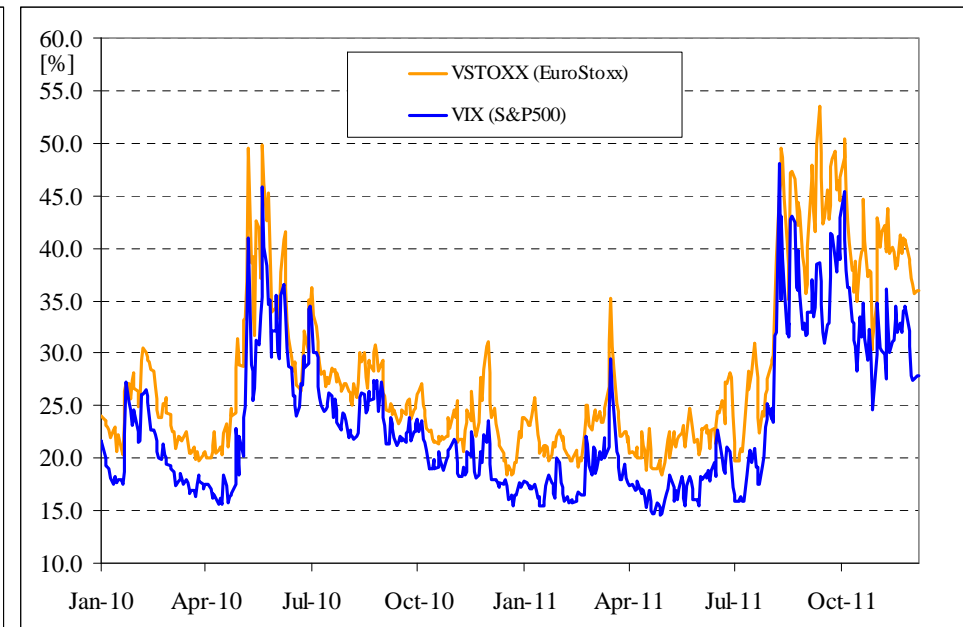
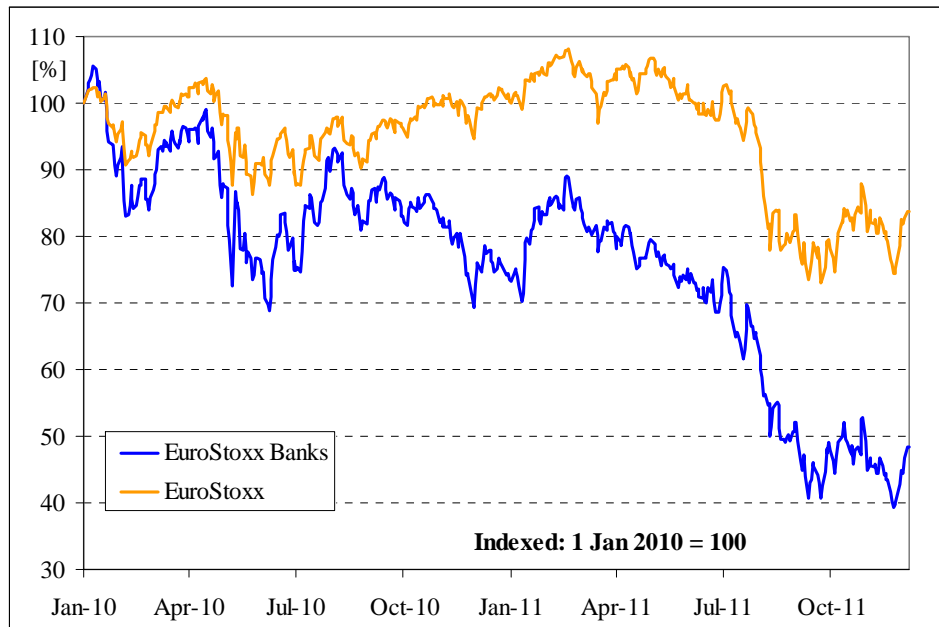


Recent developments in the euro money market

Money Market Contact Group
Frankfurt, 14 December 2011

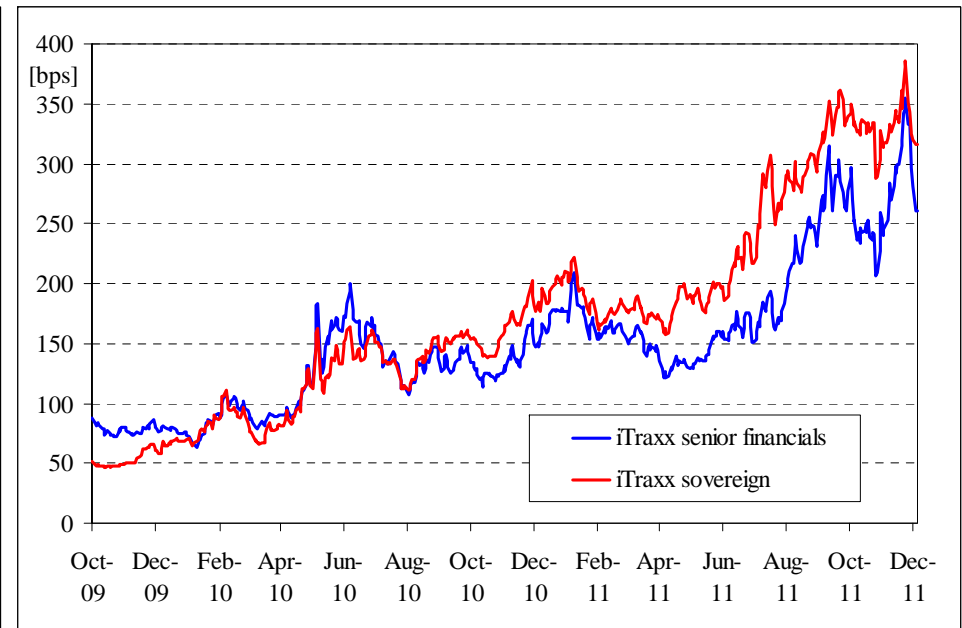
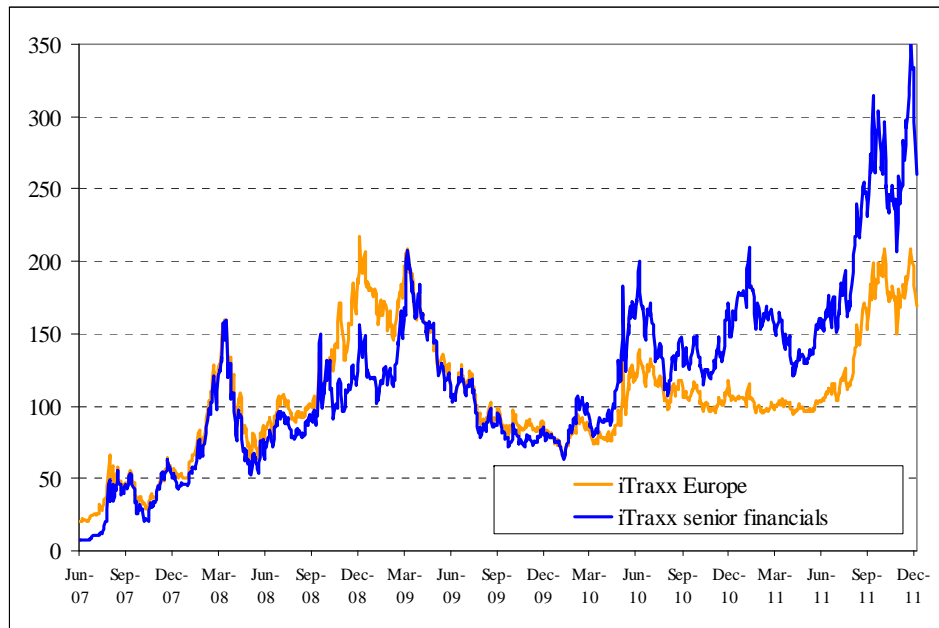
Overall financial market background

I) Bank stocks' underperformance continues – volatility remains high



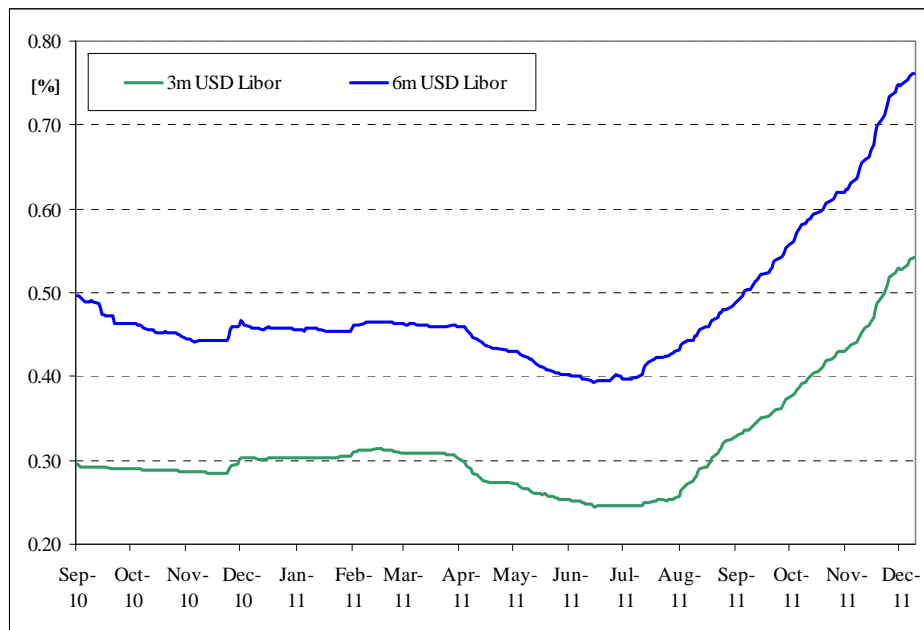
Overall financial market background

II) Perceived credit risk of senior financials and sovereigns reaches new highs

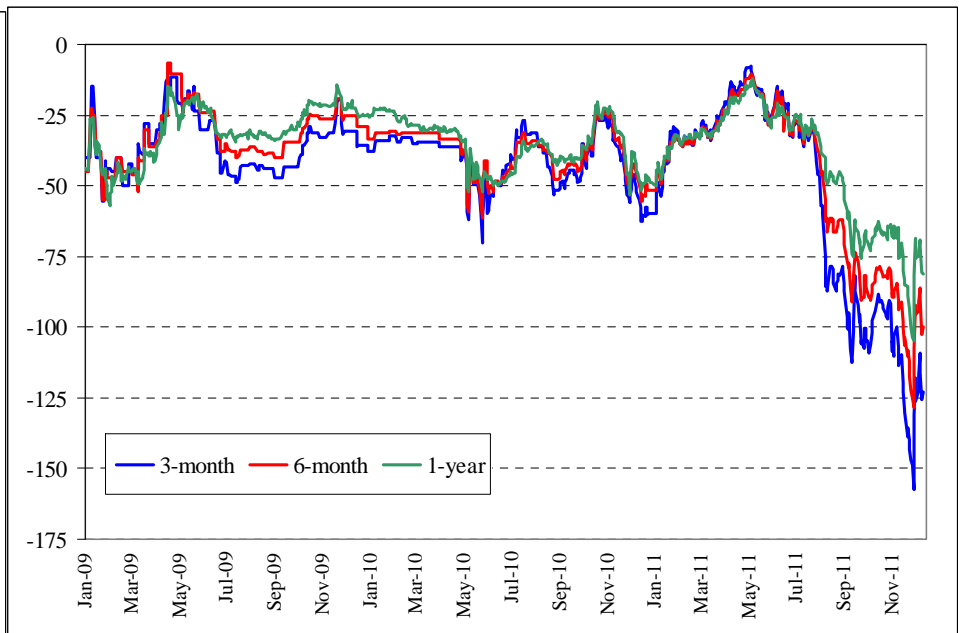


USD funding situation

USD Libor fixings creep higher

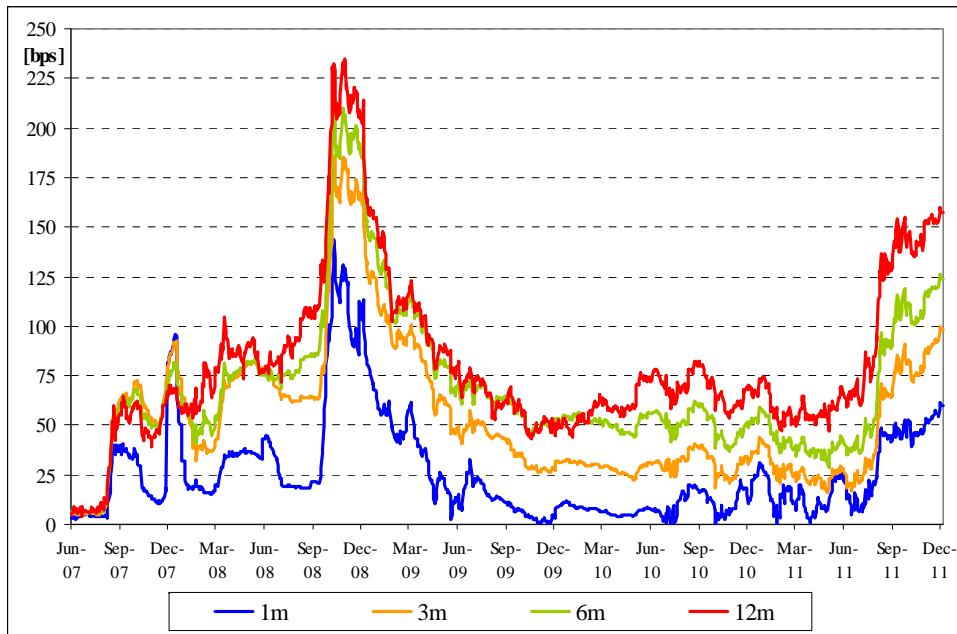


EUR/USD FX swap premia surge

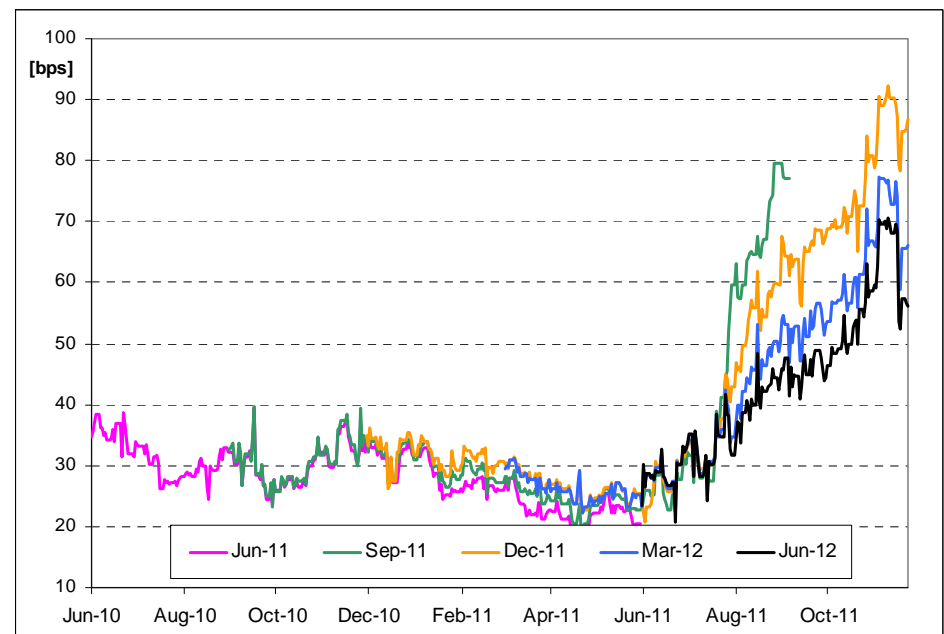


EURIBOR - OIS spreads

Further gradual widening

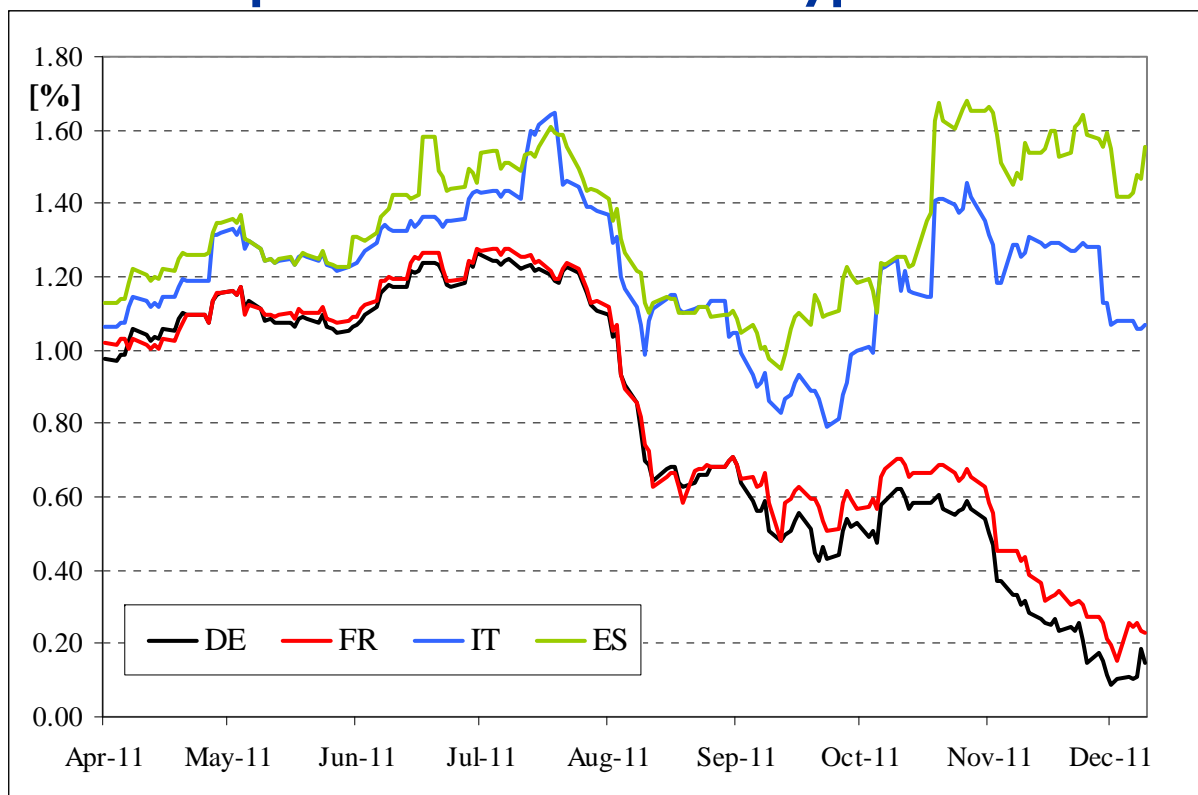


also in the forward spreads

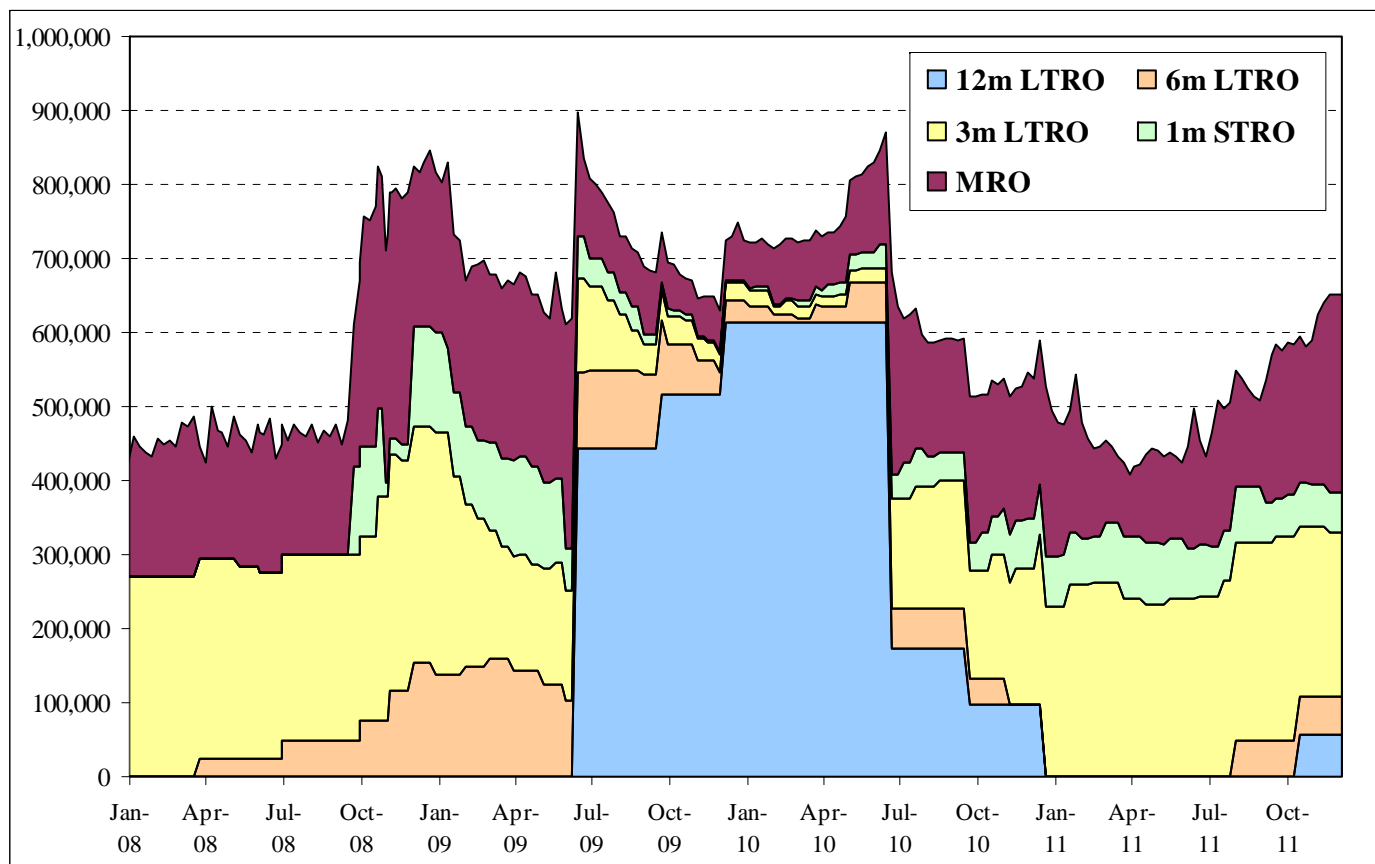


Repo market segmentation

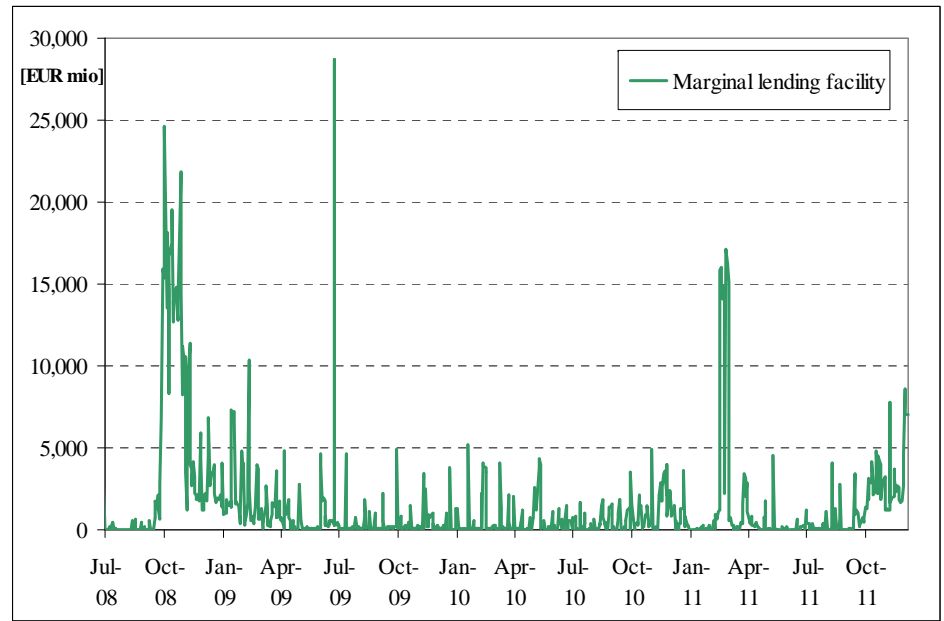
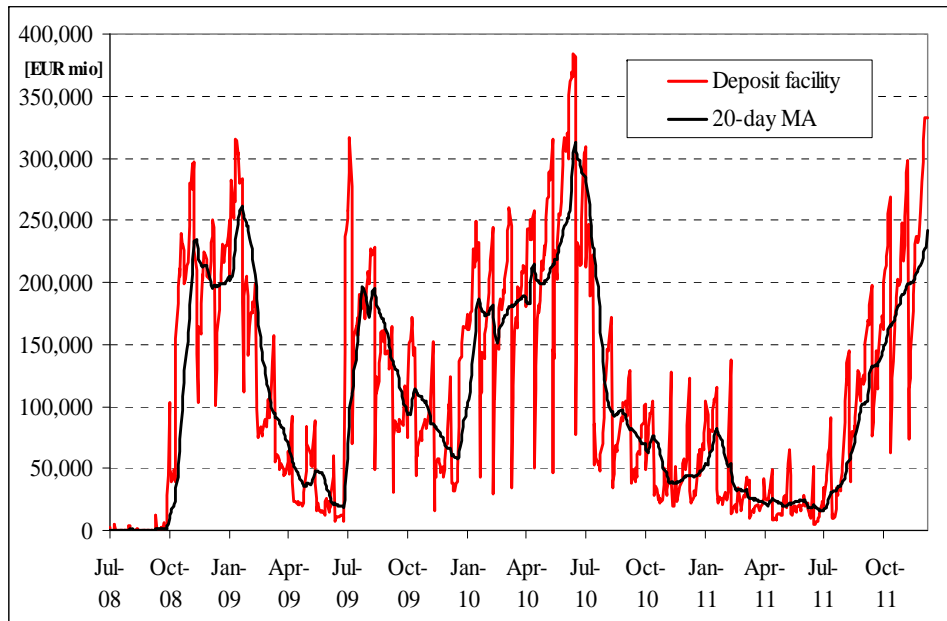
3-month repo rates for different types of collateral



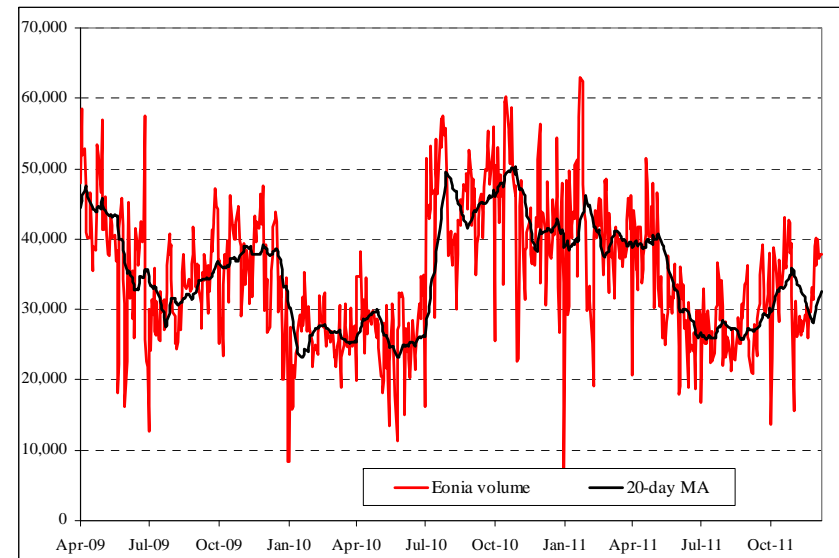
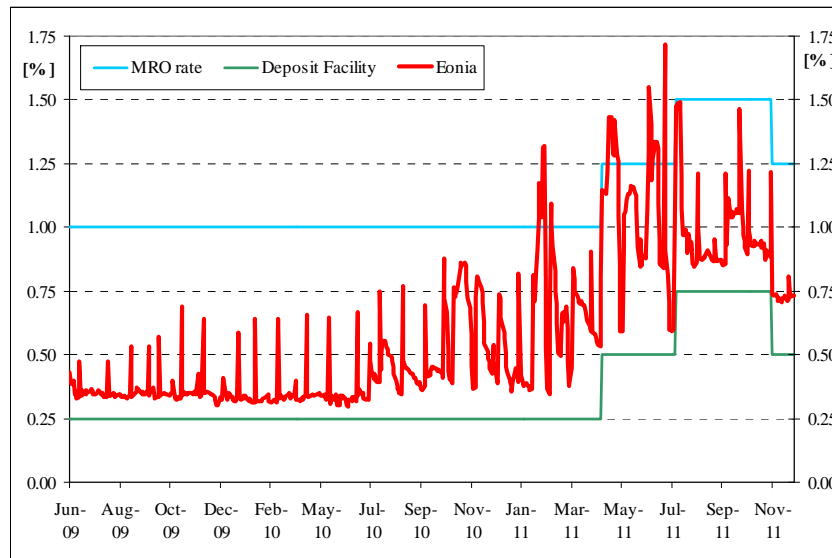
Maturity breakdown of the ECB's liquidity provision → 1-year operations reintroduced



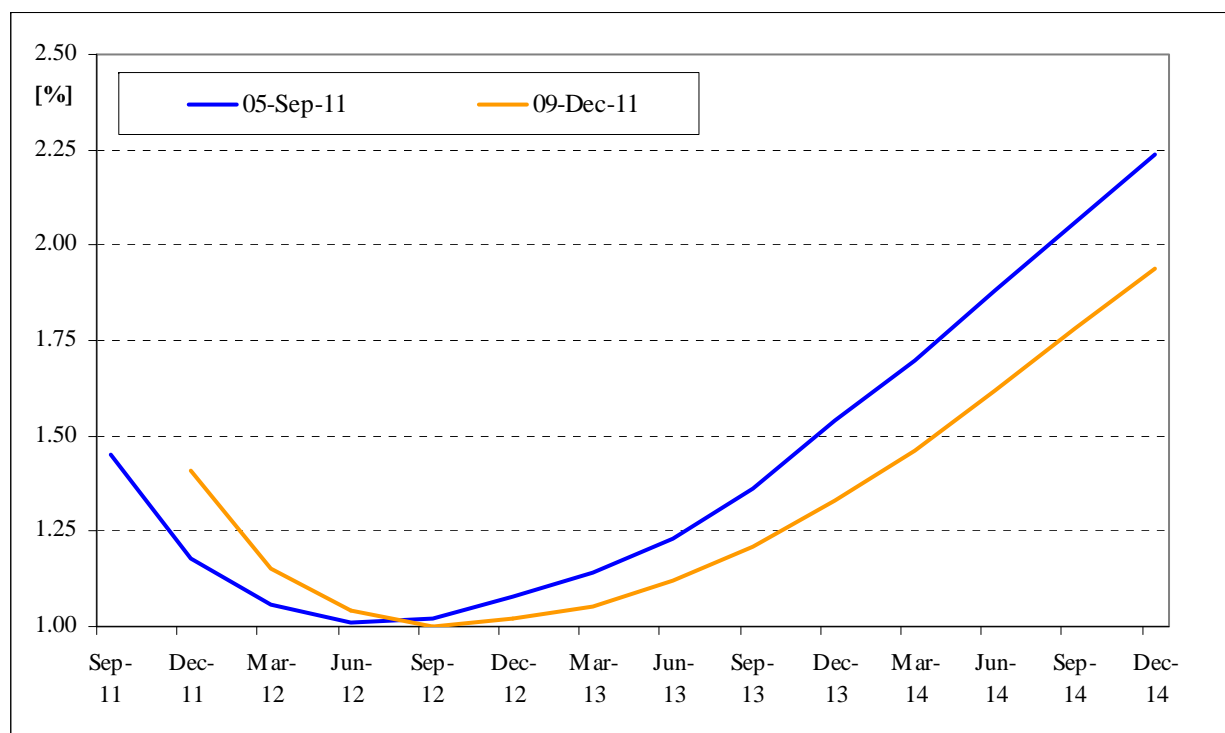
Use of the ECB's standing facilities



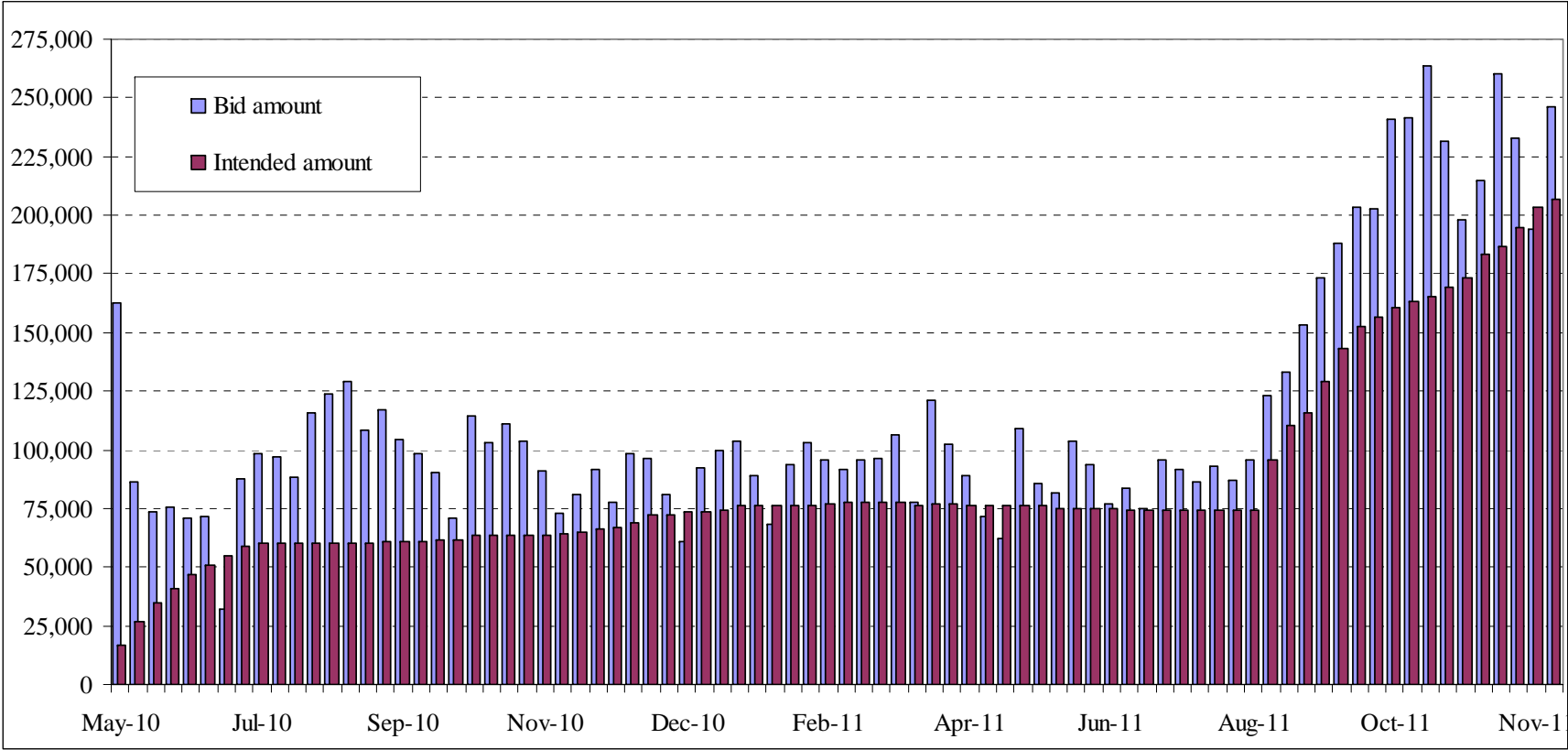
ECB rates and Eonia developments



Development of the Euribor futures curve



I-week liquidity absorbing FTOs



ECB developments and announcements

15 September 2011

Announcement of three 84-day USD operations.

6 October 2011

Fixed rate / full allotment procedures until mid-2012

Announcement of two 1-year operations

Announcement of CBPP2 (EUR 40 bn from Nov.11 to Dec.12)

3 November 2011

Rate cut by 25 bps to 1.25% for the MRO rate – corridor width unchanged at +/-75 bps.

30 November 2011

Lowering of the pricing on USD liquidity swaps by 50 bps

84-day USD operations until further notice

Reduction of the initial margin of 3m USD operations to 12%

Network of reciprocal swap lines also in CAD, CHF, GBP and JPY

ECB developments and announcements II

8 December 2011

Rate cut by 25 bps to 1.00% for the MRO rate – corridor width unchanged at +/-75 bps.

Announcement of two 3-year operations – full allotment – at the average MRO rate – early repayment options after 1 year

Reduction of the minimum reserves ratio to 1% - as of MP starting on 18 January 2012

Measures to increase collateral availability – i) lower rating threshold for certain ABSs – ii) acceptance of additional credit claims by NCBs

Abolishment of the end-of-MP FTOs - as of MP starting on 14 December 2011

Potential issues for discussion

- *Members are invited to provide feedback on the recent decisions of the Governing Council and their possible impact on the money market.*
- *In particular, what are members' forecasts for the likely demand in the 3-year operations?*
- *More generally, how do members assess banks' current funding conditions – also in USD and other currencies?*
- *Are there any particular concerns as regards the turn of the year? And what is the outlook for the beginning of 2012?*