ECB Money Market Contact Group
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Recent Developments in Italian Money Markets

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Italy – changes in the structure of the liability side of resident banks

Source: Intesa Sanpaolo research, from Bank of Italy data.
Customer deposits / trends
On a declining path after the pick in 2013

Trend in household deposits (yoy % changes)
in the periphery …

... and in major core countries

Source: ECB
Rates divergence “sticky” at still high levels

The Eurozone crisis has resulted in a wide spread between rates on new loans, following the increased sovereign risk premiums of peripheral countries. This causes a competitive disadvantage for borrowers in the periphery.

Lending rate gap between core Eurozone countries and periphery

Floating rate (*) on new loans of up to 1M to non-financial corporations, (%) (**)

Fixed rate (*) on new loans, >5Y, to non-financial corporations, (%) (**)

Note: (*) Initial period of rate fixation up to 1 year. 
(**) Weighted average with stock of loans to non-financial corporations at end-2012. Source: Intesa Sanpaolo Research, on ECB data
Target 2 Balances (1)

Note: Euro crisis monitor website
## Target2 balances (2)

### Target2-Balances [mio €]

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<tbody>
<tr>
<td>Belgium</td>
<td>-12,167</td>
<td>-14,868</td>
<td>-14,692</td>
<td>-11,693</td>
<td>-10,163</td>
<td>-10,419</td>
<td>-15,495</td>
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<td>Germany</td>
<td>575,477</td>
<td>576,469</td>
<td>573,628</td>
<td>570,368</td>
<td>561,497</td>
<td>544,488</td>
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<td>France</td>
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<td>-37,800</td>
<td>-52,700</td>
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<td>-48,200</td>
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<tr>
<td>Italy</td>
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<td>-233,176</td>
<td>-210,894</td>
<td>-215,477</td>
<td>229,128</td>
<td>199,411</td>
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<td>Cyprus</td>
<td>-7,206</td>
<td>-7,272</td>
<td>-7,404</td>
<td>-7,482</td>
<td>-7,525</td>
<td>-7,609</td>
<td>-7,343</td>
<td>-7,132</td>
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<tr>
<td>Luxembourg</td>
<td>103,402</td>
<td>100,568</td>
<td>105,208</td>
<td>102,746</td>
<td>104,343</td>
<td>103,406</td>
<td>103,793</td>
<td>105,523</td>
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<td>Finland</td>
<td>23,795</td>
<td>20,938</td>
<td>26,682</td>
<td>19,669</td>
<td>16,316</td>
<td>18,193</td>
<td>26,362</td>
<td>19,131</td>
<td>15,048</td>
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</table>
Italian T/N repo market

Comparison repo MTS Ita / TN Ita gc - fixing Eurepo TN

- END OF JUNE
- New LCX rule
- Italian tax payment (48 bln)
- Italian tax payment (50 bln)
- Drop of excess liquidity under 325 bln

total volume MTS Repo Yearly average volume TN ITA Eurepo TN
Amount outstanding by country, EUR mln

Intesa Sanpaolo London - Risk Management Unit elaboration of European Central Bank data, all data in EUR mln. Source Spread BTP/BUND Sy: Bloomberg
STEP Paper (2)

Amount outstanding - Italian issuers, EUR mln
E-Mid Unsecured Market – Average Daily Volumes

Source: e-MID SIM S.p.A.
New MIC Market – Average Daily Volumes

Source: e-MID SIM S.p.A.