Some take-aways on GC repo yields:
- Repo Funds Rate (CME Group Publication) showing GC Gov. spreads with Spain/Italy GC tightened vs. i.e. Bunds/ Austria GC since March 2021
- Majority of other European GC steady or close around -0.60%
- Some spikes seen as of preparations for TLTRO III participation possible

Central Bank activities:
- Eurosystem active in lending and repo activities due to QE's APP/PEPP.
- Deutsche Bundesbank active since April'15 within Eurosystem Lending / Repo activities
- Deutsche Finanzagentur/ German Federal Agency active in commercial repo market bilaterally and via i.e.Eurexrepo/CCP offering active market liquidity in i.e.: Bunds
- Italy MEF active on MTS platfform since May 24th

Some take-aways of CB-activities:
- Aiming at supporting market depth and market relief i.e.case of bond squeezes, short coverings, pressure on spreads
- Welcomed by markets
- Easing volatilites and lifting constraints on shorts (i.e.: Future CTD's)
• Germany major participant in last TLTRO III/.7 Tranche
• Overall total ECB borrowings lead by participants from France, though with less participation in TLTRO III/.7 Tranche
• TLTRO III's take-ups up to Tranche No.6 majority was from four countries
• Some short-lived scarcity impacts seen in HQLA collateral in Q.1’2021
• Some impact on temporary repo spreads in various market segments
• Repo markets having excellent liquidity and marketability at all times.
Spread between 3 Month German Government GC and 3 month €STR Swap rates widened in peak to up to 12bp in last 12 month

End of Year - Effect 2020/2021 at ≈ 5 BP

Was this driven by liquidity spreads or by „specialness“ of the underlying Bonds or maybe by scarcity of HQLA offerings overall?

Source: DZ BANK AG
Volumes in Euro GC Pooling trades reached its highs shortly before the start of the last TLTRO III/.7 distribution.

Spreads between 3 Month EuroGC Pooling and 3 Month German GC narrowed during that period => but just temporarily since afterwards spreads widened again.

3 month German GC sub 10 years and GC Pooling ECB Basket spreads vs 3 m €STR Swap Rates 2021

[Graph showing the spread in BP/Vol Mrd Euro weekly for different periods from 2021-02-21 to 2021-10-21, with indicators for Vol 3 m GC Pooling ECB, 3 m Bund GC, 3 m GC Pooling ECB.]

Source: STOXX Ltd., DZ Bank
Over the last year overall outstanding volume of lent securities by the Eurosystem doubled.

There was a strong usage of the lending programmes, in specific against cash collateral over the year end 2020/2021.

In 2021, the usage against securities as collateral remains high.

In addition, first months in 2021, volume against cash as collateral increased.