Overall financial market background

1) Bank stocks continue to underperform

Indexed: 1 Jan 2010 = 100
Overall financial market background

II) Similar underperformance of financials in the credit market – continued high correlation with perceived sovereign risk
FX swap premia

USD funding pressures seem to ease somewhat – not least because of a change in FDIC rules
EURIBOR - OIS spreads

Some re-widening after new long-term lows had been reached April
Development of the Euribor futures curve

[Graph showing the development of Euribor futures curve with dates and interest rates]
Maturity breakdown of the ECB’s liquidity providing operations
Number of bidders in MROs [since the introduction of FRFA]
Number of bidders vs. average Eonia rate in the week preceding the respective MRO
Use of the ECB’s deposit facility
ECB rates and Eonia developments
Relation between EONIA spread and excess liquidity

- 21 Jan - 24 Jun 2009
- 25 Jun 2009 - 30 Jun 2010
- 1 Jul - 23 Dec 2010
- 24 Dec 2010 to now

EONIA - MRO rate, bps, normalised to 75 bps corridor

accumulated excess liquidity € bn
Eonia end-of-month spikes
I-week liquidity absorbing FTOs
Update on availability and use of collateral

- Evolution of eligible collateral by asset type
Update on availability and use of collateral

- Collateral put forward and outstanding credit
Update on availability and use of collateral

- Collateral put forward by asset class

![Diagram showing the use of collateral by asset class](chart.png)
ECB developments and announcements

31 March 2011
Suspension of the rating threshold for marketable debt instruments issued or guaranteed by the Irish government.

7 April 2011
Rate hike by 25 bps for all three policy rate. This implies that the rate corridor remains unchanged at +/- 75 bps.

29 April 2011
Following the general decision to establish loan-by-loan information requirements for ABSs, the ECB intends to introduce these requirements for CMBSs and SME transactions within the next 18 months.

20 May 2011
Publication of tender and MP calendars for 2012 and 2013
Potential issues for discussion

• How do members assess the continued high volatility of very short term interest rates and their impact on market liquidity?

• Are there any comments on the Governing Council’s decision to keep the width of the interest rate corridor unchanged?

• What are the main factors determining banks’ interest in the 1-week liquidity absorbing fine-tuning operations?

• What are members’ expectations for the tender procedures in the ECB’s liquidity providing operations in Q3/2011?

• Are there any comments on the 2010 developments in the use of collateral?