The euro money market survey 2009

Money Market Contact Group

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Aggregate euro money market turnover

- The 2009 Survey continued revealing a decline in the turnover (by 5% in Q2 2009 from Q2 2008).
- Largest declines were recorded in the unsecured (-25%), OIS and other IRS with declines of around 15%.
- Activity in the FRA segment (+26%) continued increasing. The repo market turnover also showed an increase of 5%.

Chart 67 Aggregated average daily turnover of the euro money market (index: aggregated average daily turnover volume in 2002 = 100)

Note: The panel comprised 85 credit institutions in 2000 and 2001 and 105 credit institutions thereafter.
Aggregate euro money market turnover

- The **secured**, **FX swap** and **unsecured** segments remained the largest in terms of turnover also in Q2 2009.

2008

- Secured: 31%
- Unsecured: 19%
- FX swaps: 20%
- OIS: 12%
- Cross-currency swaps: 0%
- Other IRS: 10%

2009

- Secured: 33%
- Unsecured: 15%
- FX swaps: 20%
- OIS: 11%
- Cross-currency swaps: 1%
- Other IRS: 9%

Based on constant panel data (105 banks)
The share of direct and voice broker trading rose in most euro money market segments.

Trading structure of the different market segments in 2008 and 2009

Based on constant panel data (105 banks)
Euro Money Market: Counterparty structure

Geographical counterparty structure of the different market segments in 2008 and 2009

Based on constant panel data (105 banks)
Euro Money Market: Unsecured market

- The decline in the unsecured market can be perceived both in the lending (-20%) and the borrowing (-28%) sides of the survey.

Chart 1 Average daily turnover in unsecured cash lending and borrowing
(index: cash lending volume in 2002 = 100)

Note: The panel comprised 85 credit institutions in 2000 and 2001 and 105 credit institutions thereafter.
The decline in the unsecured market was more severe in the longer maturities (by 44% from 3-month to 1-year).
Euro Money Market: Unsecured market

- Qualitative assessment showed that efficiency in this segment was very limited, worse than in 2008.
- Liquidity also worsened significantly this year, although to a lesser extent than in 2008.

Chart 8 Is the unsecured segment in your opinion efficient? (percentages of total)

Chart 9 Has the market liquidity in the unsecured market changed with respect to last year? (percentages of total)

Note: The panel comprised 105 credit institutions.
Euro Money Market: Secured market

- Activity in the **secured market** increased by 5%.
- Whereas the **cash lending side** (reverse repo) declined by 3%, the **cash borrowing side** (repo) increased by 10%.
The **overnight activity** continued increasing this year, although at a slower pace than in the past year, reaching 27% of the trades.
Euro Money Market: Secured market

- For the first time, the survey compiled data on the activity in the secured market **cleared via central counterparties** that accounted for 39% in 2009.

**Chart 20 Total repo market breakdown (percentages of total)**

Note: The panel comprised 105 credit institutions.
Euro Money Market: Derivatives market

- The activity in the derivatives market was affected with a decline of 2.4%.
Euro Money Market: FRA segment

- **FRA turnover** increased by 26%, possibly reflecting a larger use of FRAs as hedging instrument.
- Significant in the 3- to 6-months maturities (+42%).
Euro Money Market: OIS segment

- The **OIS segment** continued declining since 2006, possibly reflecting the lower use of the OIS for hedging purposes.

![Chart 28: Average daily turnover in the OIS segment](image)

Note: The panel comprised 85 credit institutions in 2000 and 2001 and 105 credit institutions thereafter.
Euro Money Market: IRS segment

- IRS activity declined by 15% after the significant increase last year.
Activity in the **FX swap market** declined marginally by around 1% this year.

**Chart 34 Average daily turnover in the FX swap segment**

(index: FX swap volume in 2002 = 100)

Note: The panel comprised 85 credit institutions in 2000 and 2001 and 105 credit institutions thereafter.
Euro Money Market: Market liquidity assessment

- Some signs of **stabilisation** in Q2 2009?

**Has the market liquidity in the euro money market changed with respect to last year?**

Based on constant panel data (105 banks)