Recent developments in the euro money market

Money Market Contact Group
Frankfurt, 19 November 2009
Overall financial market background

1) Stock market development

![Graph showing stock market development from Jun-07 to Sep-09 for EuroStoxx and S&P500 with 1 June 2007 set at 100.]
Overall financial market background

II) Development of implied stock market volatility

![Graph showing the development of VSTOXX and VIX from June 2007 to September 2009](image_url)
Overall financial market background

III) Credit market development

![Credit Market Development Chart](image)
EURIBOR - OIS spreads for different maturities
Forward 3-month EURIBOR - OIS spreads
Number of participating banks in MROs and LTROs

![Graph showing the number of participating banks in MROs and LTROs from March 2004 to September 2009. The graph includes two lines, one for MROs and one for LTROs, with MROs generally showing a higher number of participating banks over time.]
Maturity breakdown of the ECB’s liquidity providing operations
Use of the ECB’s deposit facility
ECB rates and Eonia developments
Relationship between EONIA and use of the deposit facility

![Graph showing the relationship between EONIA - deposit facility rate (bps) and depo usage (EUR bn). The graph includes data before 25 Jun 09 and data after 25 Jun 09.]
Euribor fixings vs MRO rate

1-month Euribor - MRO rate spread (bps)

3-month Euribor - MRO rate spread (bps)

6-month Euribor - MRO rate spread (bps)
Eonia volumes [since Jan 2007]
Covered Bond Purchase Programme

- Evolution of Eurosystem purchases

The latest monthly report on the CBPP can be found on the ECB’s webpage:
Covered Bond Purchase Programme

- Spread development against swaps in selected high grade markets

Source: iBoxx
Covered Bond Purchase Programme

- New issuance volume in the covered bond market

Source: Dealogic
Potential issues for discussion

• *Forward deposit-OIS spreads have stabilised around 25-30 bps. Is this level viewed as a new kind of market equilibrium for the foreseeable future?*

• *What are the expectations for the next 1-year LTRO? And for the liquidity situation at the beginning of 2010?*

• *What is the assessment of the CBPP? And the outlook for the covered bond market more generally?*