Recent Key Financial Market Developments

Ivan Fréchard (FXCG secretary)

Frankfurt, 15 February 2011
Stock markets have been trading upwards since October
Perceived uncertainty remained at moderate levels recently.
Credit concerns concentrated on financials, lead by peripheral sovereign spreads...
euro area sovereign spreads (over Germany, 10 yr)
The downward trend in EURIBOR halted and reversed
ECB rates and EONIA developments
Maturity breakdown of the ECB’s liquidity providing operations
SMP: evolution of Eurosystem purchases (1-W intended absorbing FTOs)
Recent ECB decisions

• Fixed-rate full allotment for EUR liquidity providing operations at least until April 2011*.
• Some refinements to the framework for the implementation of monetary policy (e.g. collateral)**.
• Estonia joined the euro area***

(*) For more details see 2 December 2010 press release
(***) see 1 January 2011 press release
Summary

• Tensions persisted in relation to sovereign debt since the last OMG meeting in October 2010, with some stabilisation in January

• Areas of focus/concern: government debt, central banks’ exit strategies, international cooperation and regulation
Key Financial Market Developments

Thank you for your attention