

## 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%.



#### Aggregate euro money market turnover

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



Based on constant panel data (105 banks)

### **Euro Money Market: Trading structure**

• 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)

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#### **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.



Note: The panel comprised 85 credit institutions in 2000 and 2001 and 105 credit institutions thereafter.

Chart I Average daily turnover in unsecured cash lending and borrowing

#### **Euro Money Market: Unsecured market**

• The decline in the unsecured market was more severe in the **longer maturities** (by 44% from 3-month to I-year).



Note: The panel comprised 85 credit institutions in 2000 and 2001 and 105 credit institutions thereafter.

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### **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.



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#### **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%.

Chart 12 Average daily turnover in secured cash lending and borrowing (index: cash lending volume in 2002 = 100)



#### **Euro Money Market: Secured market**

• The **overnight activity** continued increasing this year, although at a slower pace than in the past year, reaching 27% of the trades.



Note: The panel comprised 105 credit institutions.

#### **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.



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.



#### Euro Money Market: IRS segment

• **IRS activity** declined by 15% after the significant increase last year.

#### Chart 30 Average daily turnover in the other IRS segment (index: other IRS volume in 2002 = 100)



#### Euro Money Market: FX Swap segment

• Activity in the **FX swap market** declined marginally by around 1% this year.



# Euro Money Market: Market liquidity assessment

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



Has the market liquidity in the euro money market changed

worsened slightly not changed improved slightly improved significantly

Based on constant panel data (105 banks)