



EUROPEAN CENTRAL BANK

EUROSYSTEM

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Item 5.1

Euro short-term rate (€STR)

Dialogue with the banking industry on ESCB statistics
Frankfurt am Main, 15 March 2019

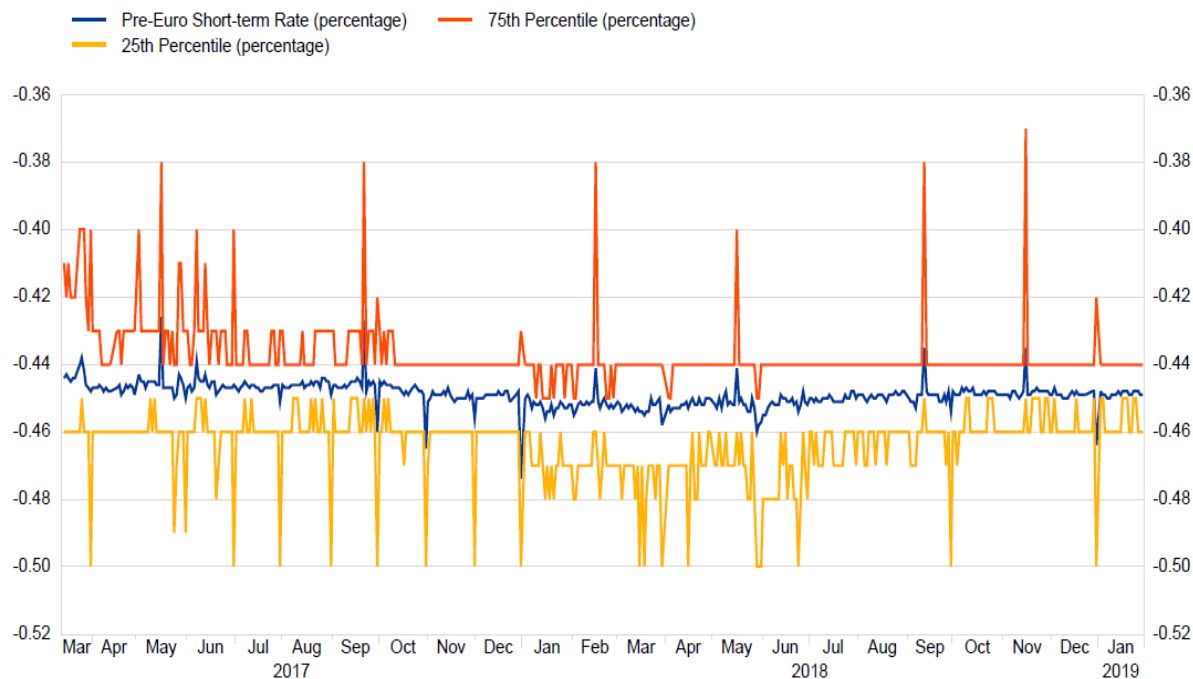
Overview

- 1 Developments in respect of the euro short-term rate
- 2 Euro short-term rate business process
- 3 Next steps for the euro short-term rate

1. Developments in respect of the euro short-term rate (1/2)

- **Methodology completed and published** on 28 June 2018
- **Underlying interest** = rate which reflects the wholesale euro unsecured overnight borrowing costs of euro banks
- **Data** collected under MMSR Regulation, calculated each TARGET2 day as a volume-weighted trimmed mean

Daily rate and percentiles



Pre-€STR =

- time-lagged historical time series
- using same methodology as the euro short-term rate
- includes all revisions
- for information purposes only

Press Release on 14 March 2019

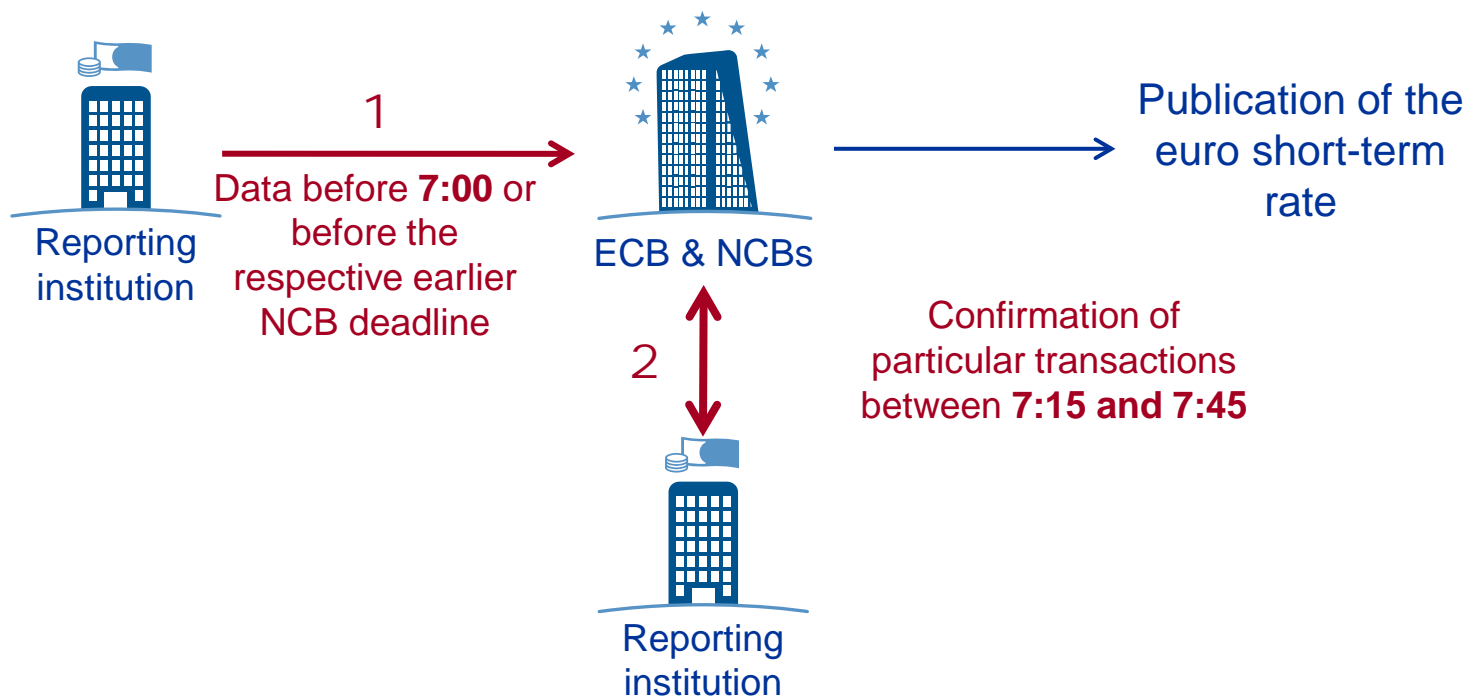
- The ECB will **start publishing** the euro short-term rate as of **2 October 2019**, reflecting the trading activity of 1 October 2019
- The ECB will provide the computation of a **one-off spread** between the euro short-term rate and EONIA
 - spread to be calculated according to the methodology publicly recommended by the Working Group on Euro Risk-Free Rates
 - based on the **pre-euro short-term rate** and **EONIA** data as publicly available

Pre-euro short-term rate

- The pre-euro short-term rate series will continue to be published until 30 September 2019, maintaining the current lag of around three weeks

Business process in shadow production

- ECB aims at a robust, reliable and timely rate even in times of unforeseen stress or disruption
 - It needs the **cooperation of the banks** to achieve both: **high quality** and **timely publication**
- Cooperation critical **in 2 moments** of the daily business process



Business process in shadow production

- **Shadow production** started in January 2019, without publication of the rate
- Objective: test under live conditions all procedures and systems
- Reporting agents are part of the testing of the processes and operations, to confirm transactions on a case by cases basis
- **Good collaboration** with RAs so far – thank you for your support!!

Transactions questioned over transactions reported	Responsiveness over questioned transactions	Transactions confirmed wrong over questioned transactions
4.30%	89.77%	8.22%

- **Initial results to be taken with care** – learning process
- **Timeliness** of **reporting** and **responsiveness** on data checking to be further worked on during the shadow production

Next MMSR Banking Industry meeting with RAs on 10 April 2019

- Review the experience during the shadow production
- Adjust procedures as needed
- Continue with shadow production

Time of publication

- Time of daily publication will be officially announced by the ECB once sufficient experience with the shadow production has been gained