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# **ECB Money Markets Survey Analysis 2008**

September 11th, 2008

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**Jean-Michel MEYER**

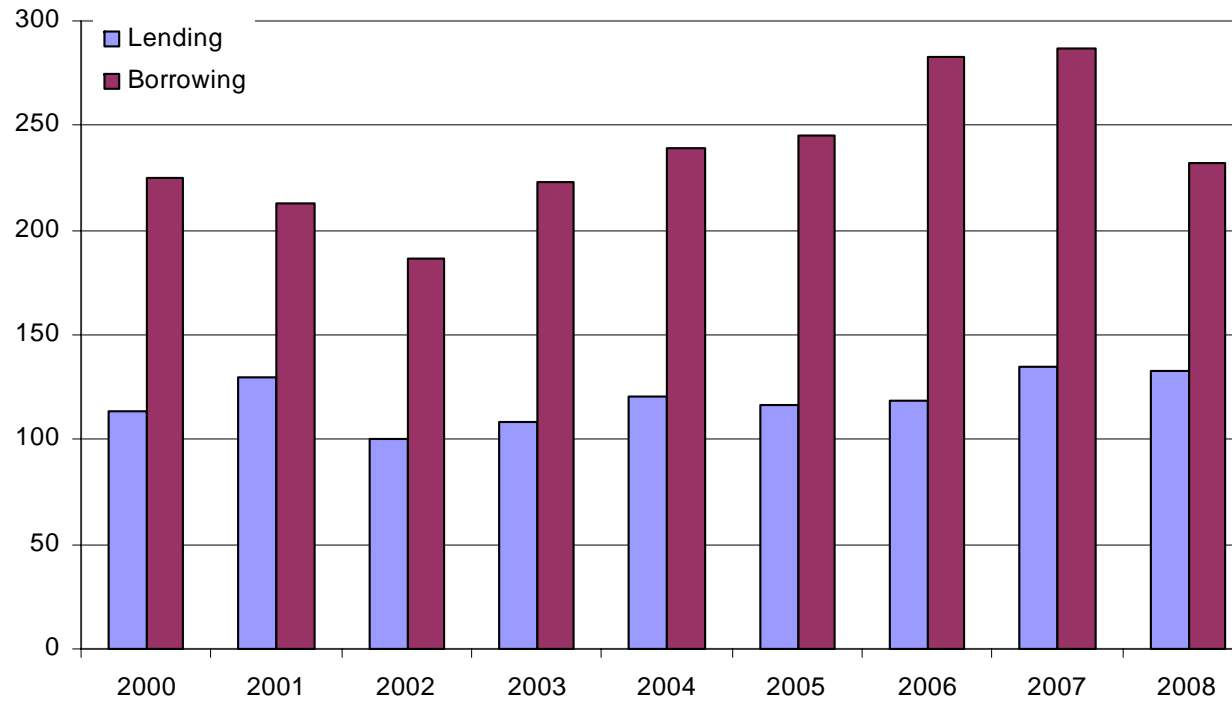
**(HSBC)**

**Frédéric MOUCHEL**

**(J.P.Morgan)**

# Unsecured Market, Turnover Analysis

100 = 2002 Lending level

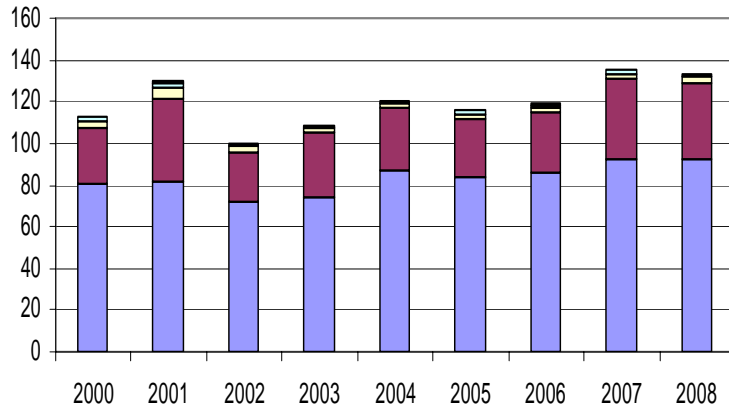


- **2008/2007:**
  - Lending stable (-2%)
  - Borrowing down 19%
  - Borrowing Lending ratio down from 2.13 to 1.74

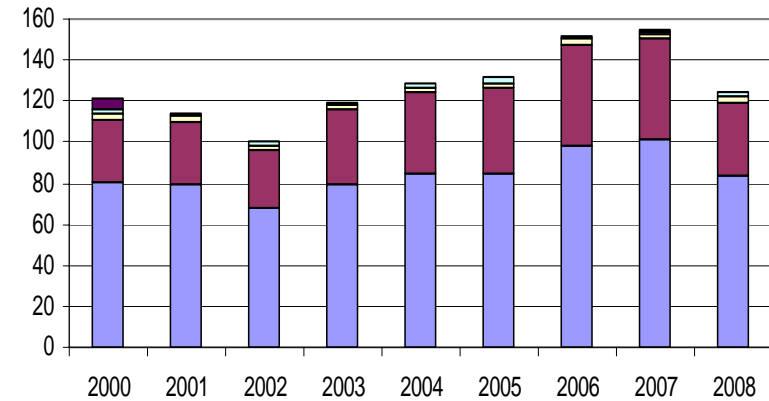
# Unsecured Market, Maturity Analysis

100 = 2002 Lending level

Unsecured lending transaction volumes



Unsecured borrowing transaction volumes



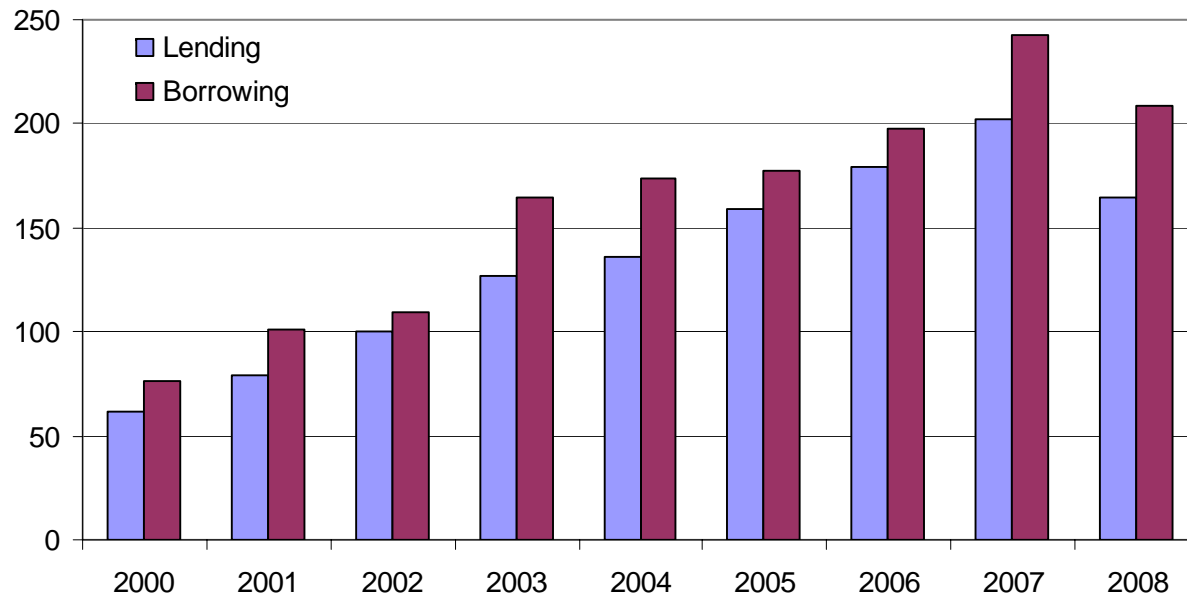
■ Overnight     
 ■ Tom/Next to 1 Month     
 ■ 1 Month to 3 Months  
■ 3 Months to 1 Year     
 ■ More than 1 Year

■ Overnight     
 ■ Tom/Next to 1 Month     
 ■ 1 Month to 3 Months  
■ 3 Months to 1 Year     
 ■ More than 1 Year

- **2008/2007:**
  - Lending:
    - Not material but 3m to 1y down 21% and over 1y down 59%
    - O/N to 1 month represent 97% of lending
  - Borrowing:
    - O/N to 1Month down 21% (96% of borrowings)
    - 1month to 1year up 32% (4% of borrowings)

# Repo Market, Turnover Analysis

100 = 2002 Lending level

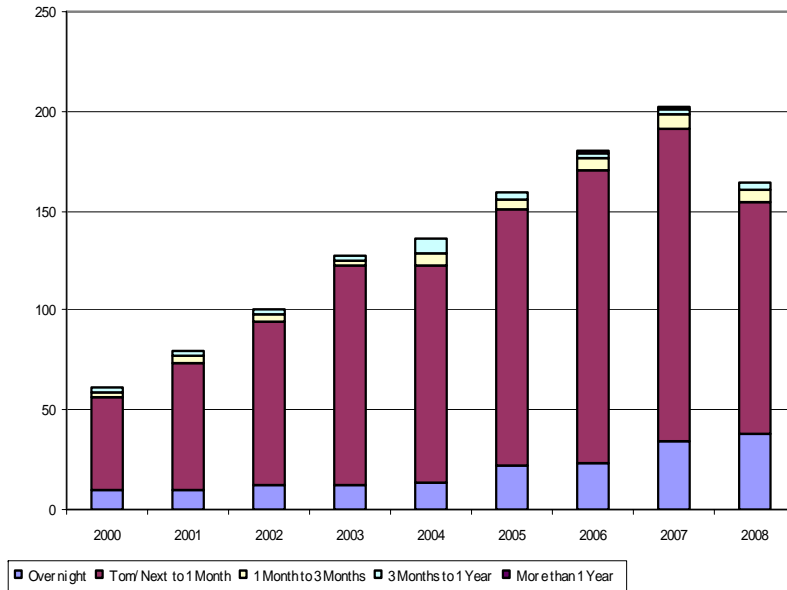


- **2008/2007:**
  - **Lending down 18%**
  - **Borrowing down 14%**
  - **Total very close to 2006 level**

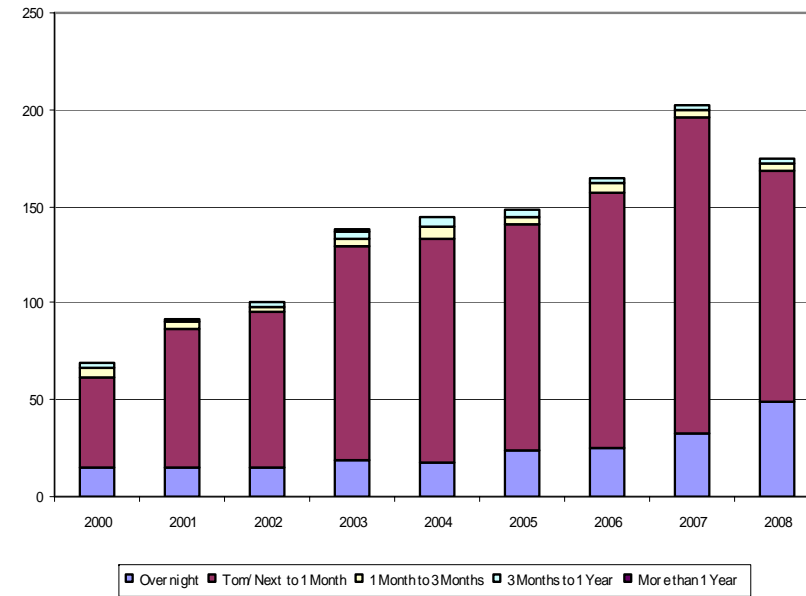
# Repo Market, Maturity Analysis

100 = 2002 Lending level

Secured Lending

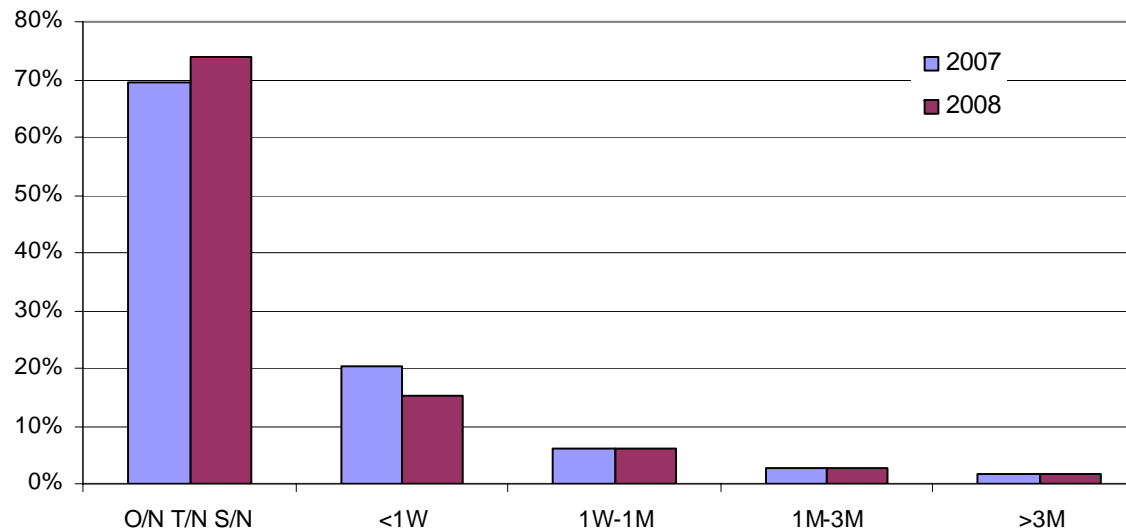


Secured Borrowing



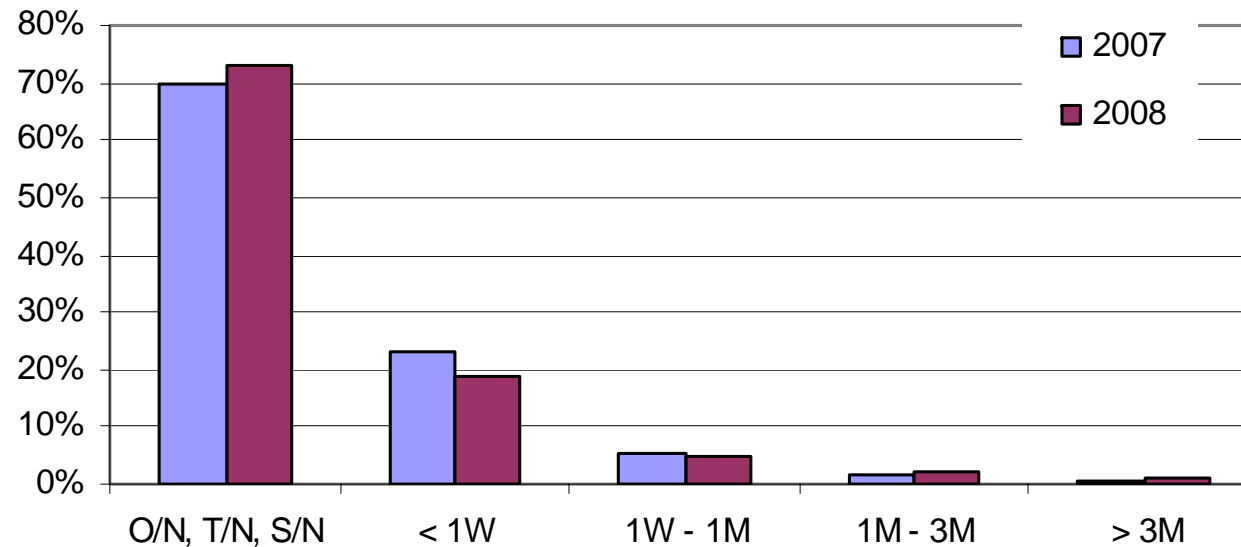
- **2008/2007:**
  - Overall volumes down respectively 18% in Lending and 14% in borrowing
  - But O/N activity up respectively 14% and 51% representing now 25% of total volumes up from 16% in 2007 and 15% in 2006
  - O/N to 1month volumes represent 94% of lending and 96% of borrowing (very stable over years)

# Repo Market, Maturity Breakdown



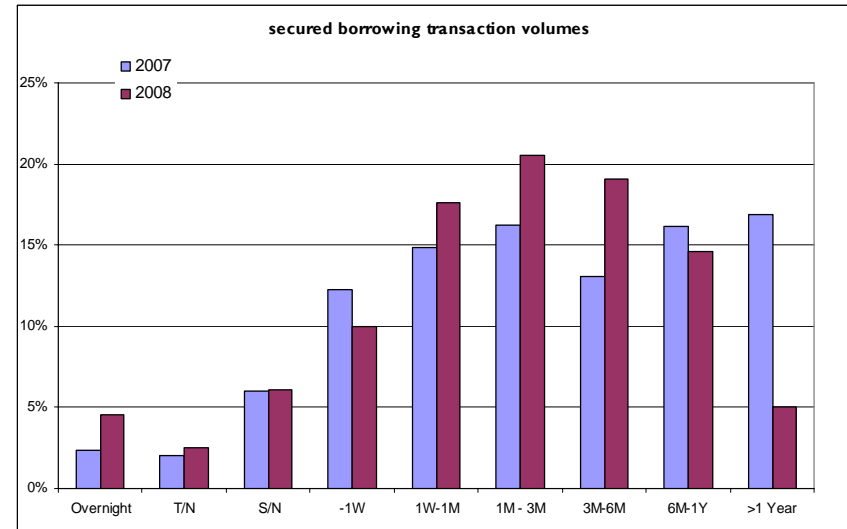
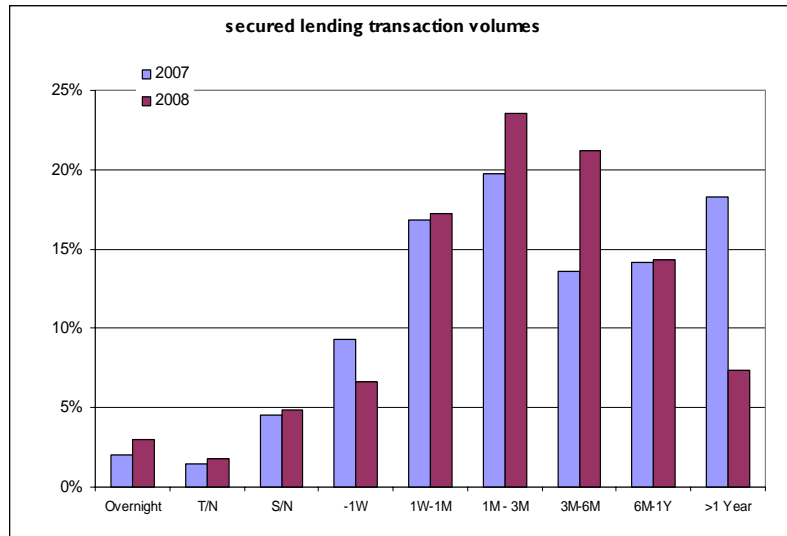
- **2008/2007:**
  - **Transactions are shortening with 1 business trade up 5% to 74%**
  - **Other trades within a week down 5% to 15%**
  - **Unchanged share for transactions beyond 1 month**

# Repo Market, Triparty Maturity Breakdown



- **2008/2007:**
  - **Similar pattern with total secured market trade population**
  - **Transactions are shortening with 1 business trade up 3% to 73%**
  - **Other trades within a week down 4% to 19%**
  - **Marginal share increase for transactions beyond 1 month**

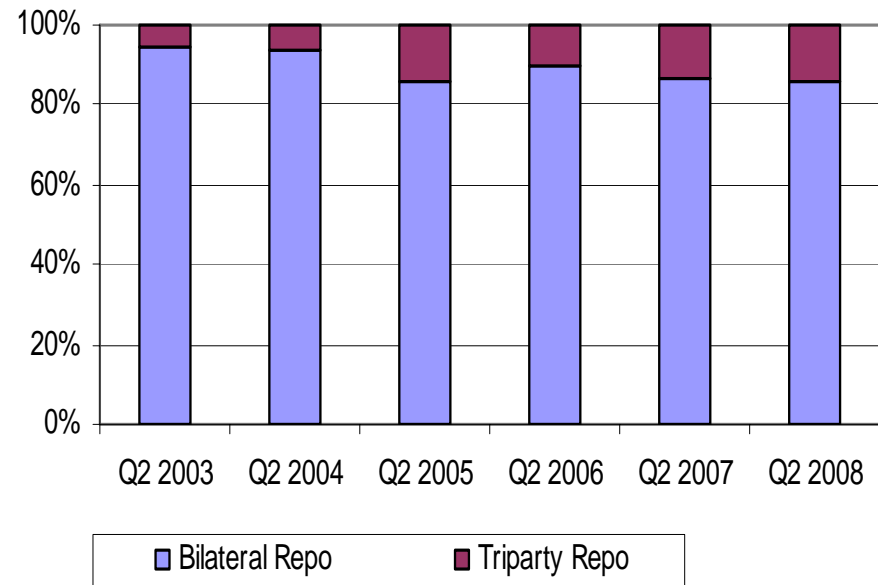
# Repo Market, Maturity Weighted transaction volumes



- **2008/2007:**
  - Lending:
    - **Material decrease (-11%) in over 1 year share**
    - **Offset in 1m to 6 m buckets**
    - **Overall numbers down 12%**
  - Borrowing:
    - **Overall numbers down 26%**
    - **Material decrease as well (-12%) in over 1 year share**
    - **O/N up from 2% to 5%**

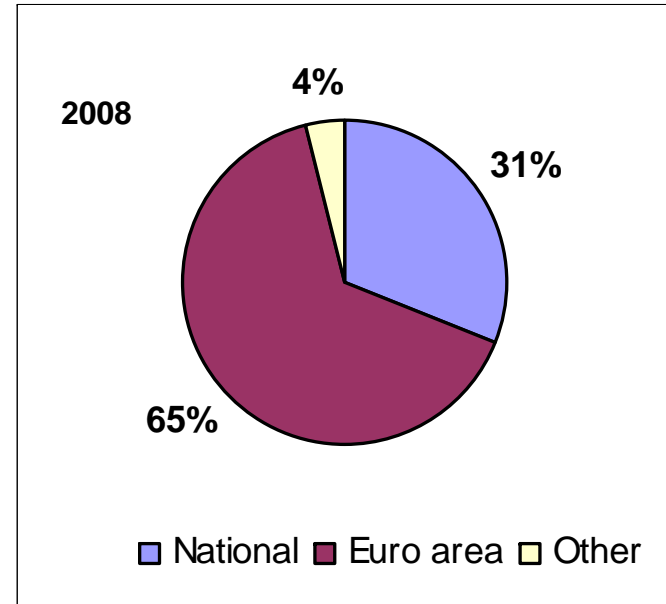
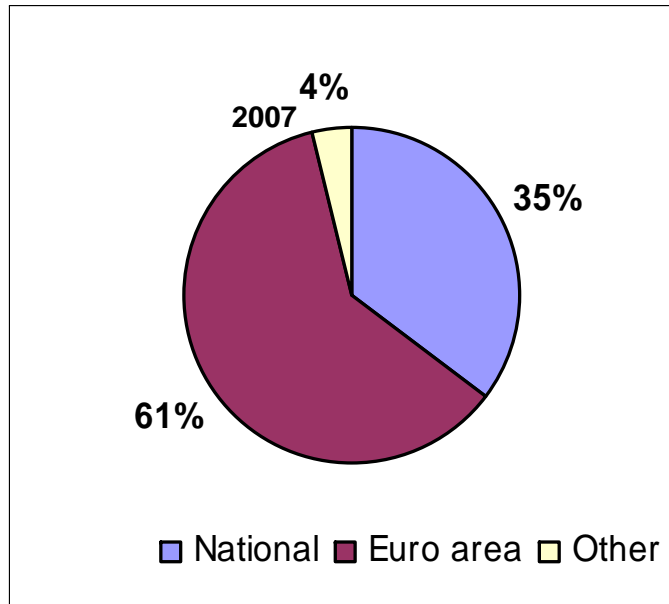


# Repo Market, Bilateral versus Triparty



- **2008/2007:**
  - **Share of Triparty continues to rise reaching 15% (13% in 07, 11% in 06)**

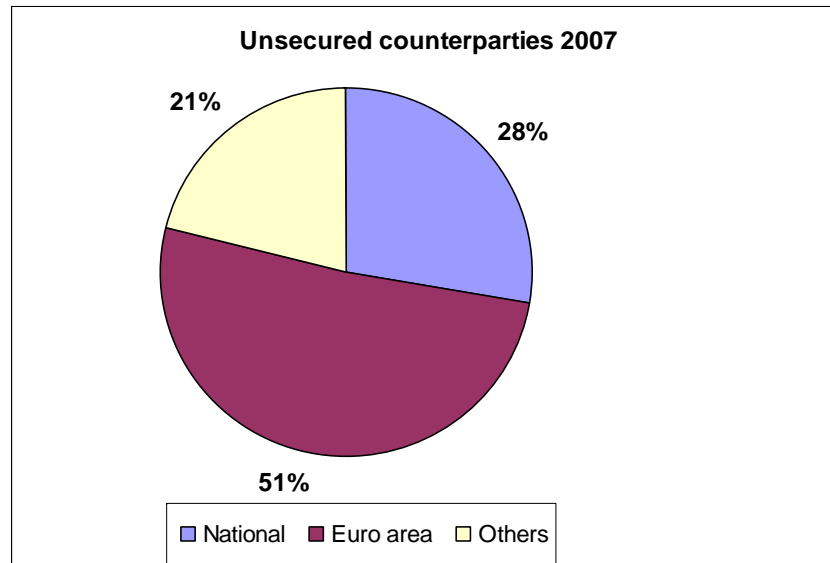
# Bilateral Repo market, Counterparty Geographical Analysis



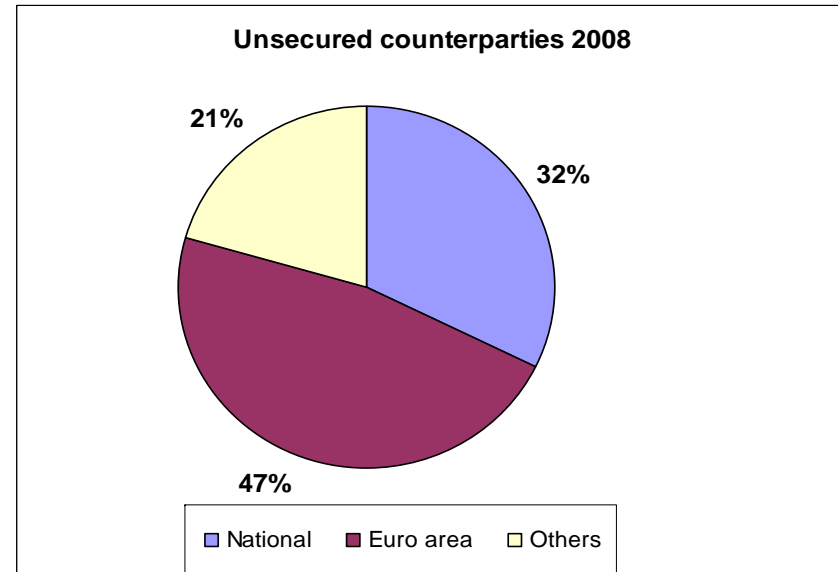
- **2008/2007:**
  - **Business with Euro Zone Counterparties suffered less than domestic business share growing from 61% to 65%.**
  - **Activity with other domestic counterparts went down 28%.**

# Unsecured market, Counterparty Geographical Analysis

2007

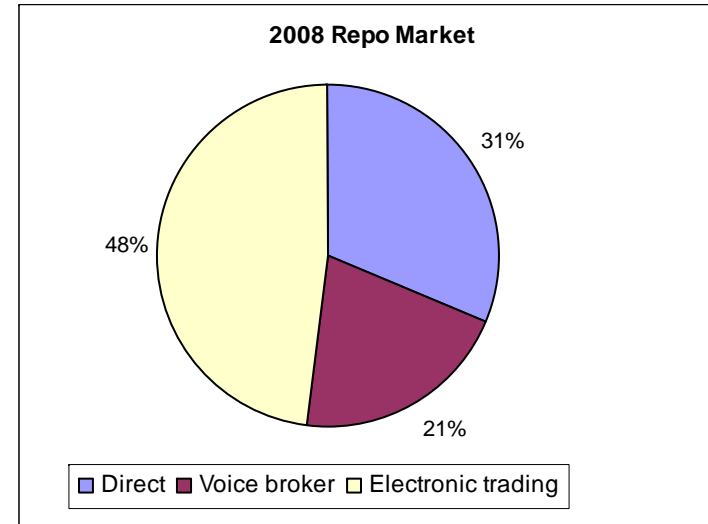
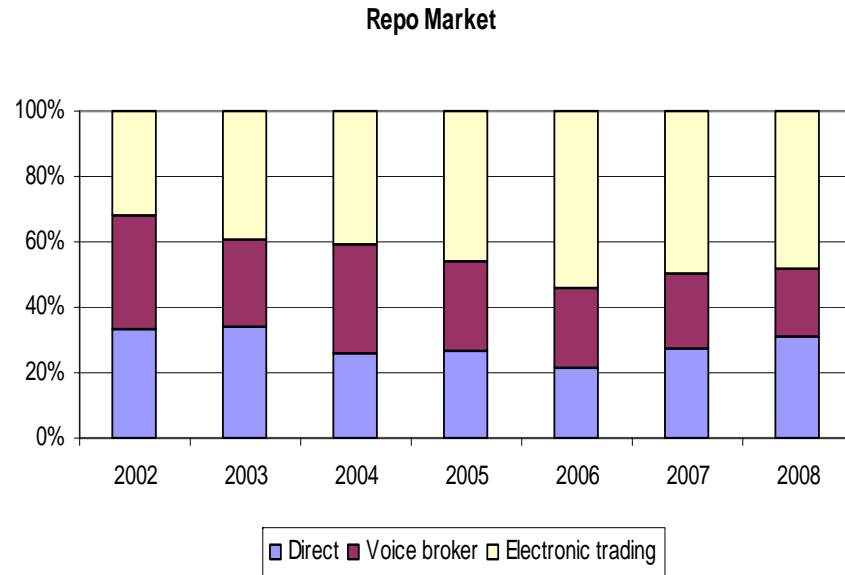


2008



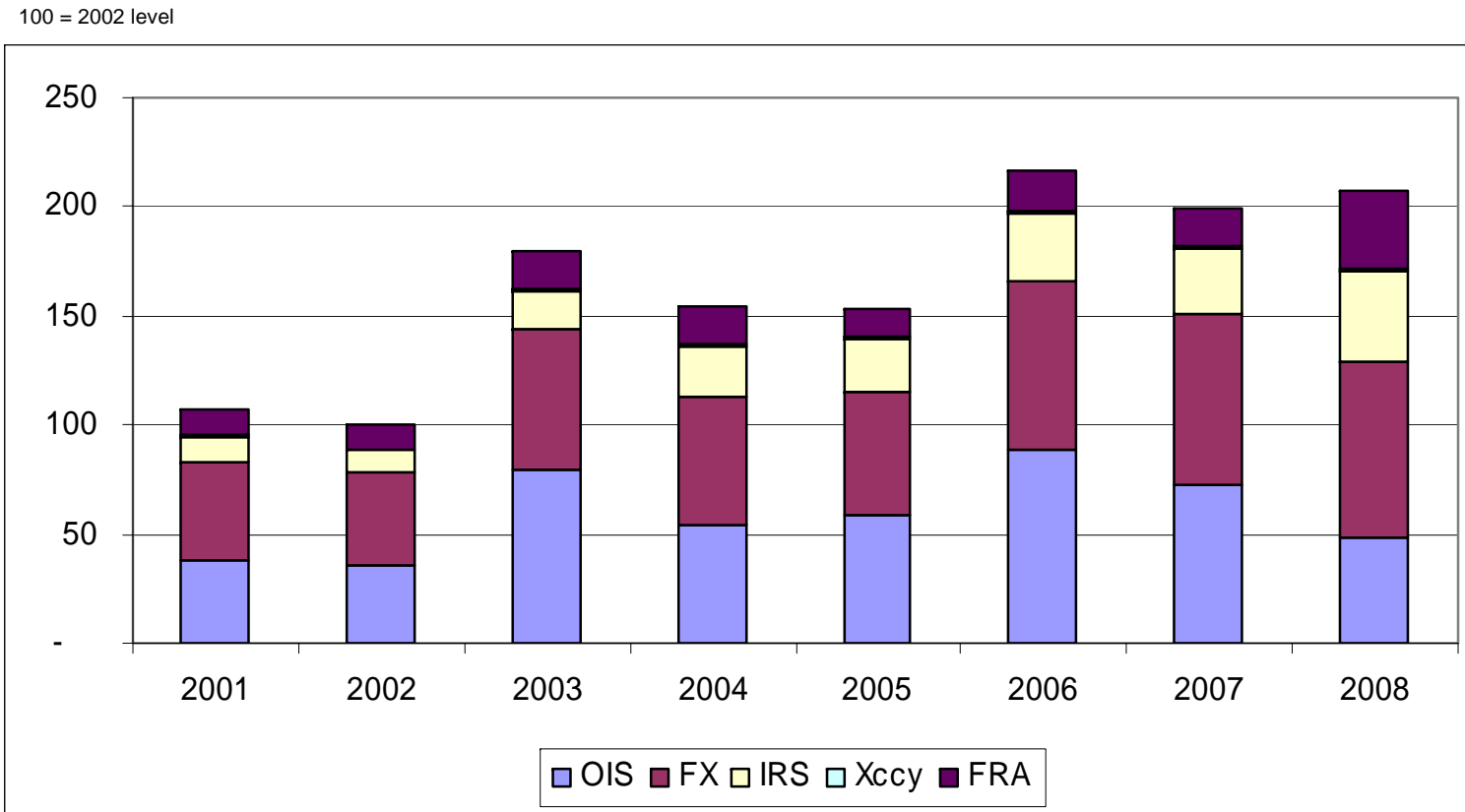
- 2008/2007:
  - Opposite phenomenon to secured markets as share of business done with domestic counterparts grew from 28% to 32%.
  - Share of business done with Non-Euro Zone counterparts is stable at 21%.

# Repo Market, Trading structure

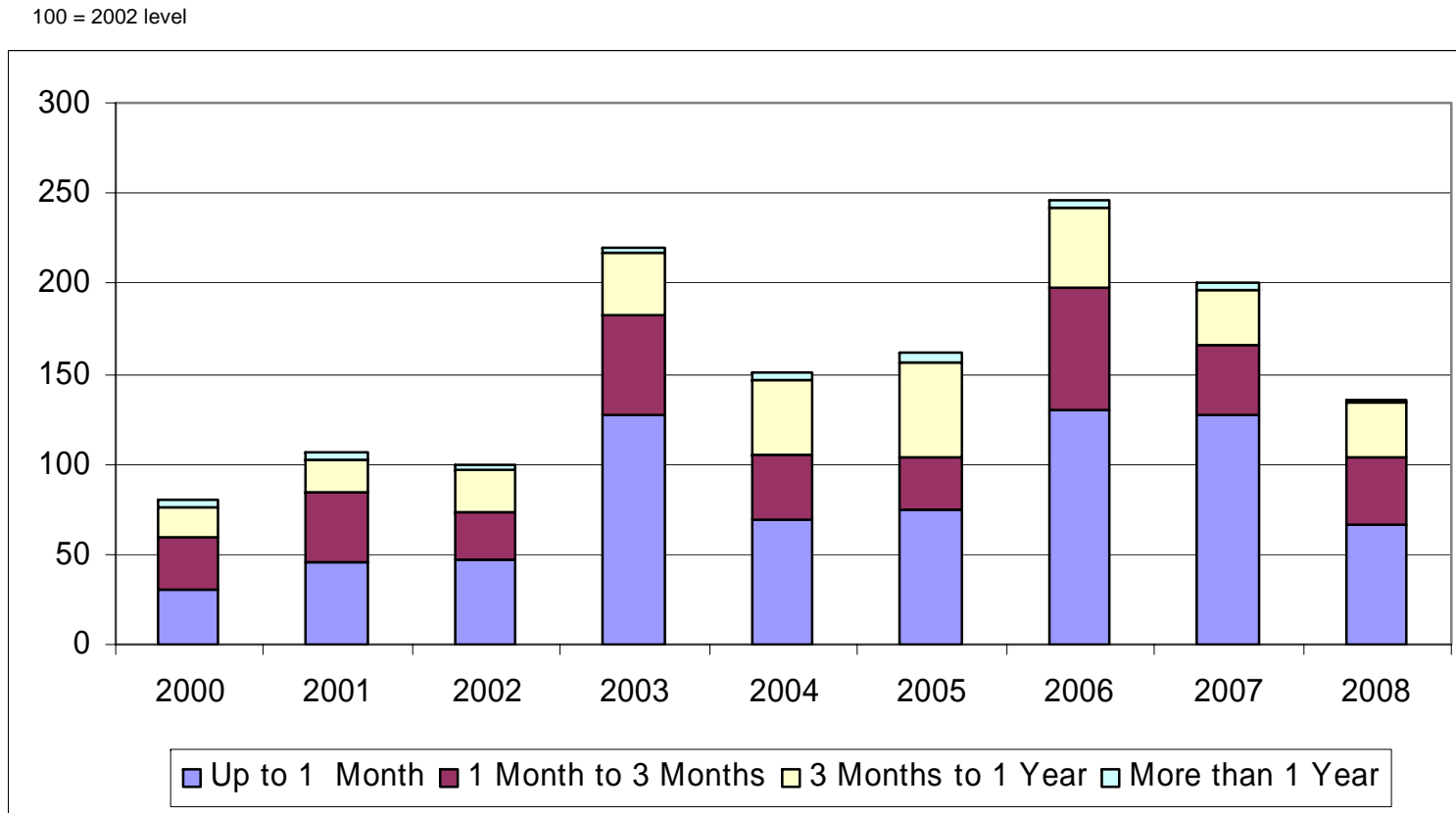


- **Repo Market:**
  - **Electronic Trading down for the second year running (48% from 50% in 2007)**
  - **Direct Trading up to 31% from 27% in 2007**
  - **Voice Broker continues to slowly trend down at 21% (from 23% in 2007)**

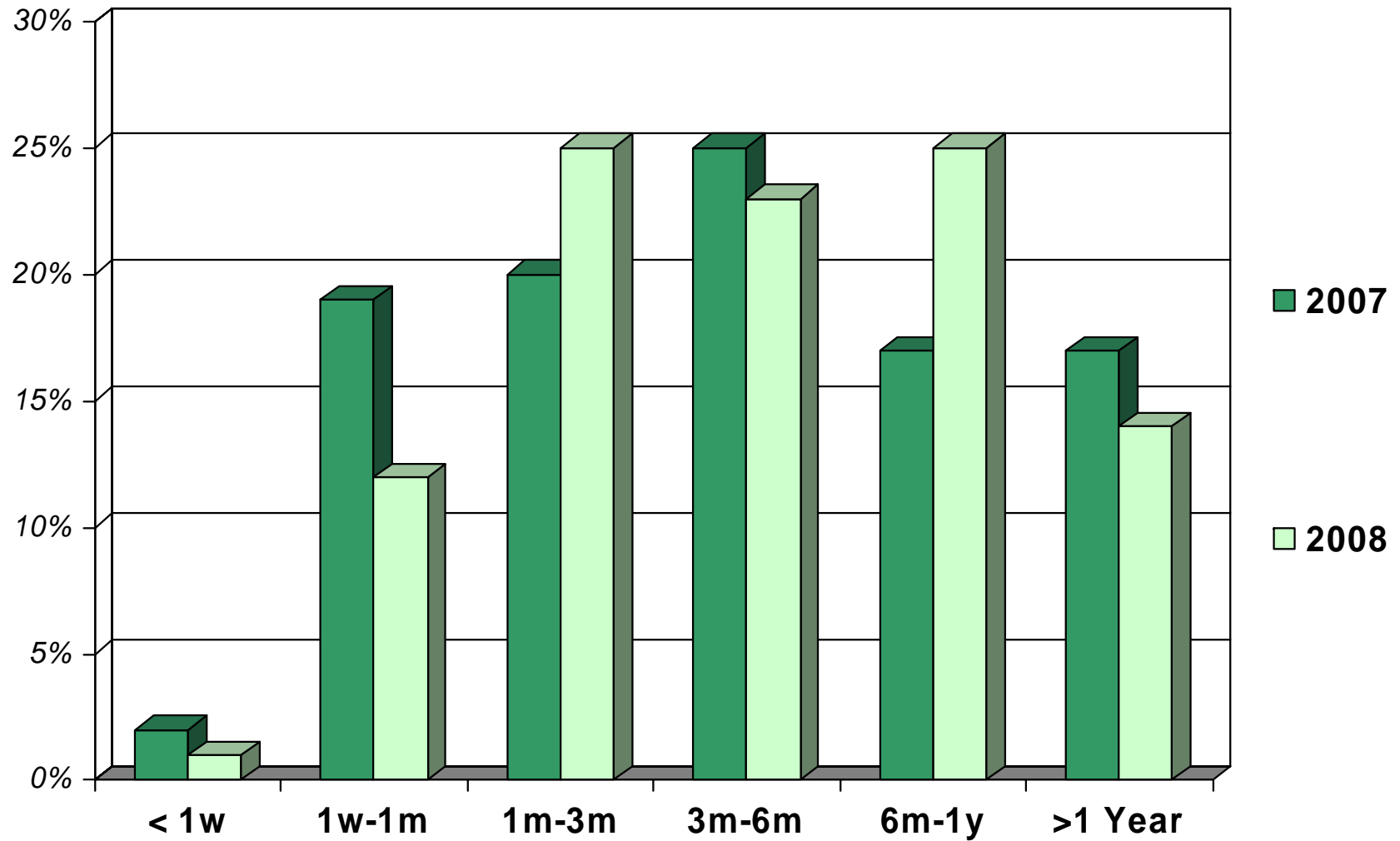
# OTC derivatives turnover breakdown by maturity



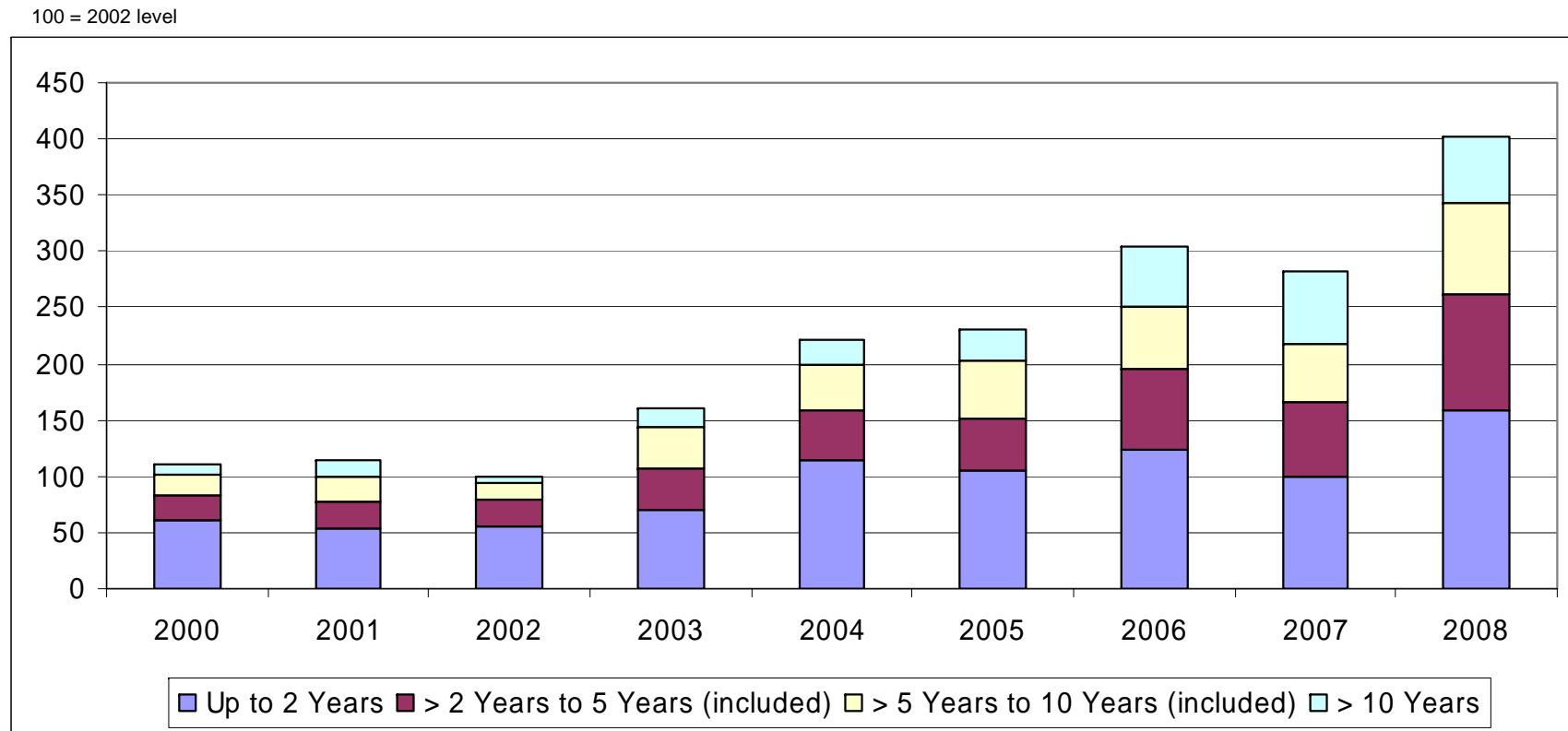
# OIS, turnover breakdown by maturity



## OIS turnover, Maturity Weighted

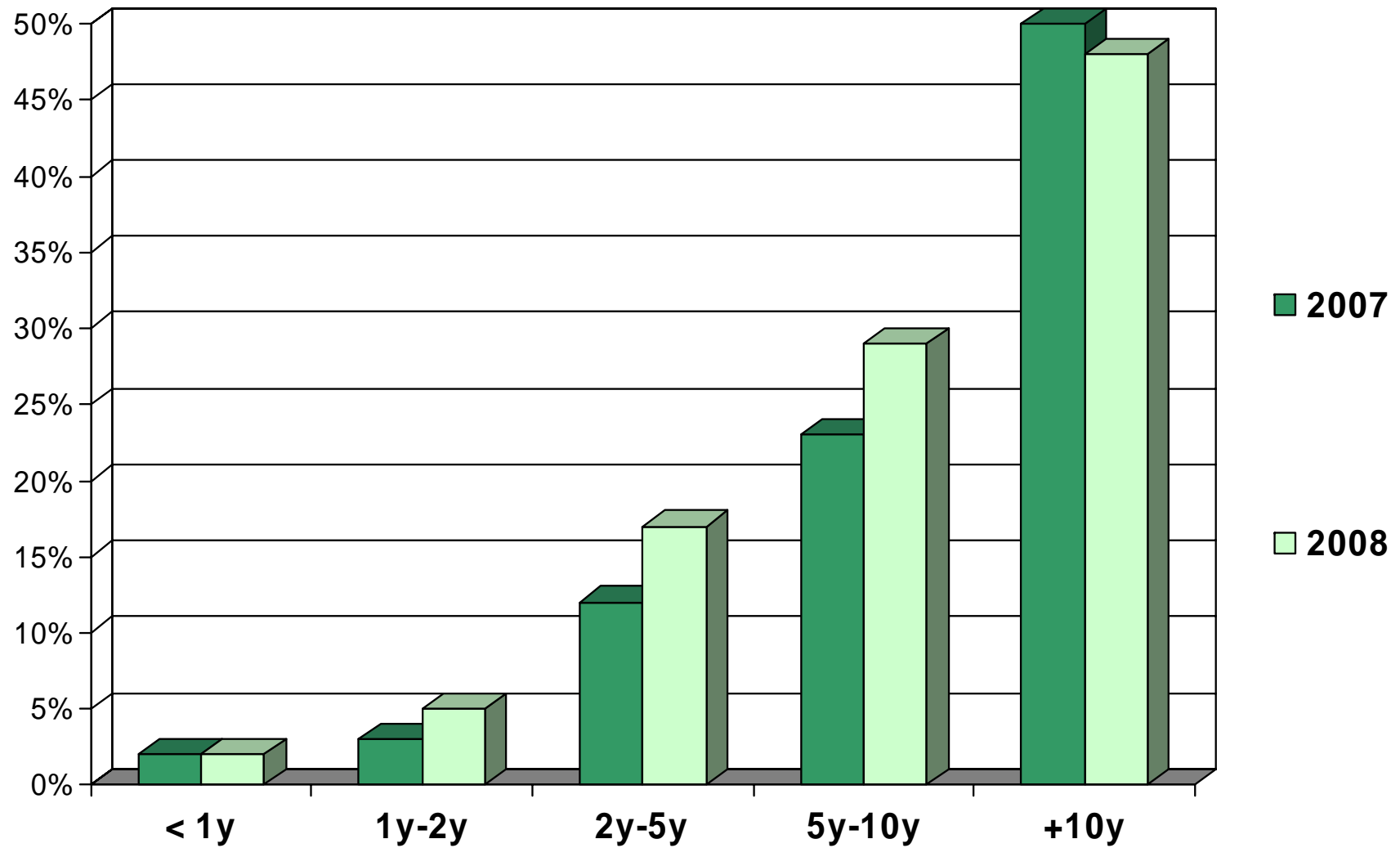


# IRS, turnover breakdown by maturity



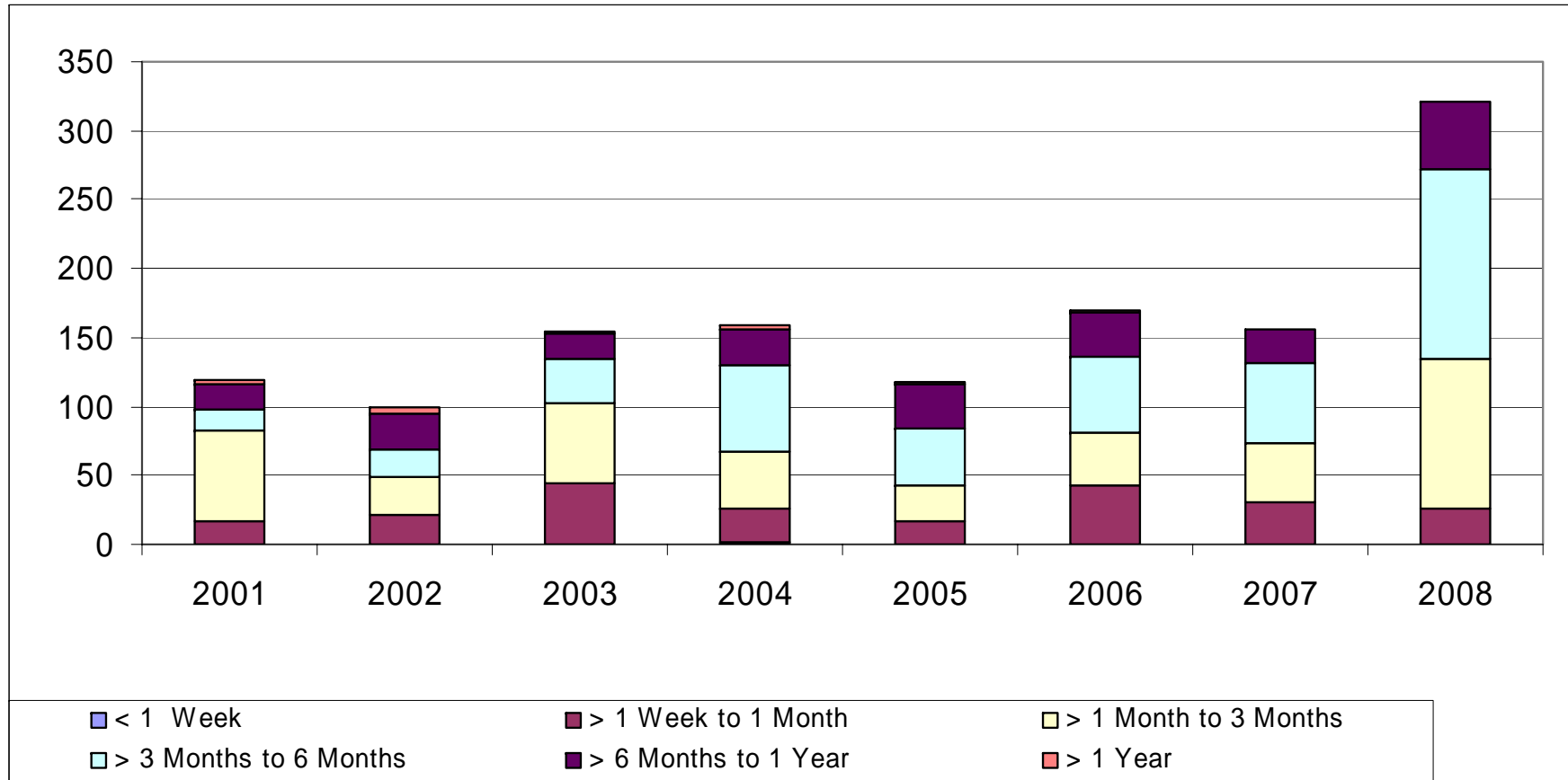


## IRS turnover, Maturity Weighted

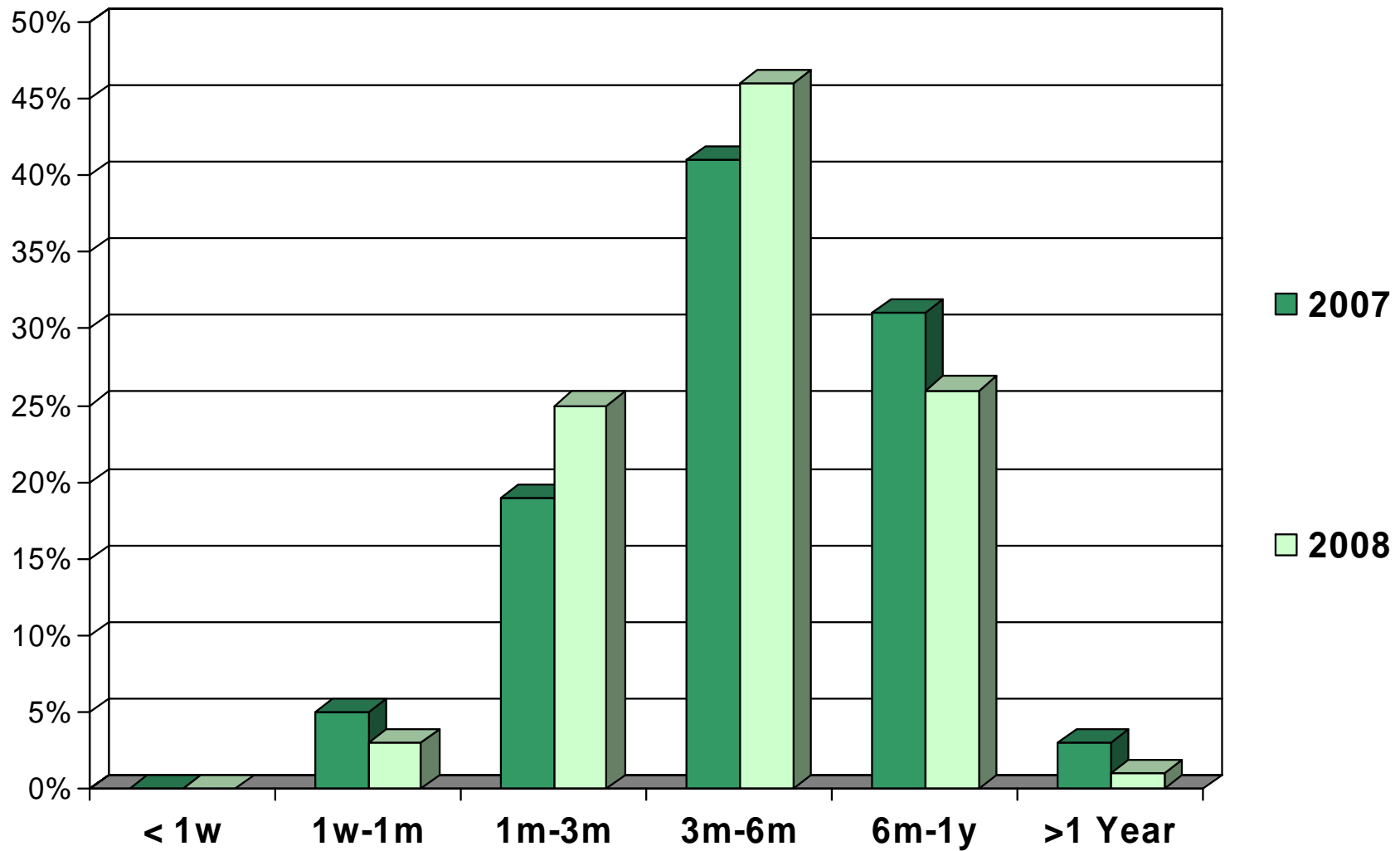


# FRA, turnover breakdown by maturity

100 = 2002 level

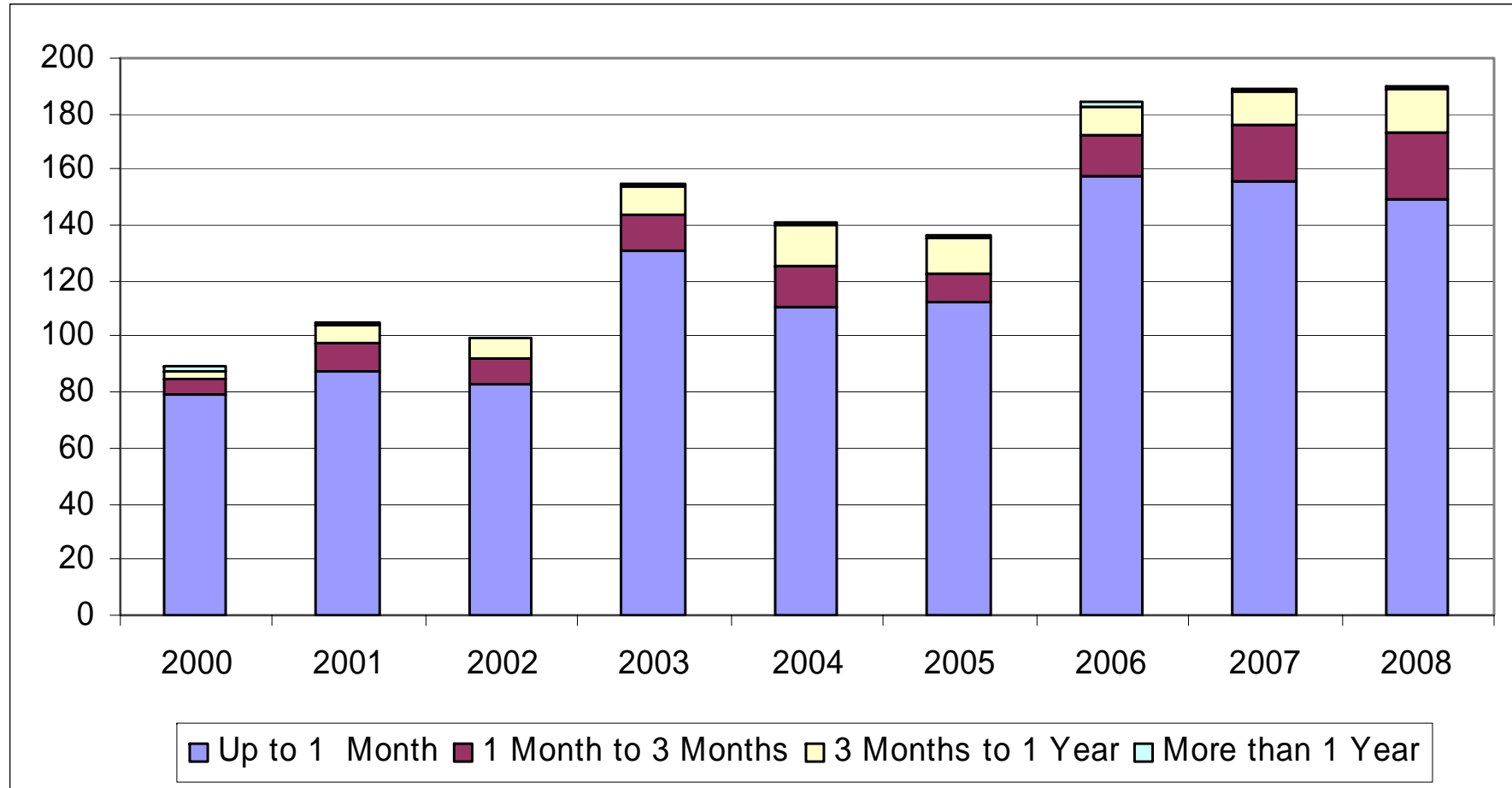


## FRA turnover, Maturity Weighted

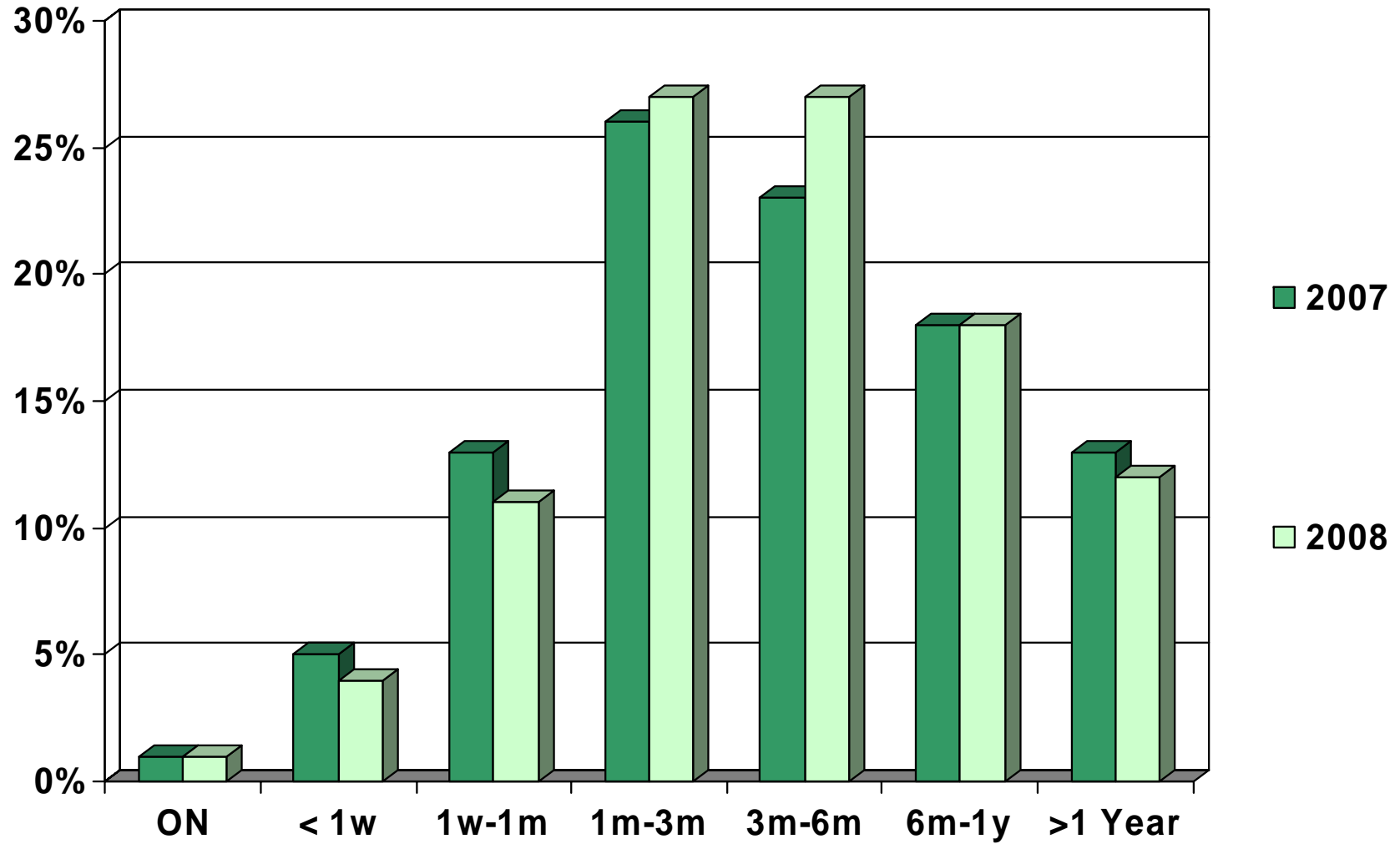


# FX Swaps, turnover breakdown by maturity

100 = 2002 level

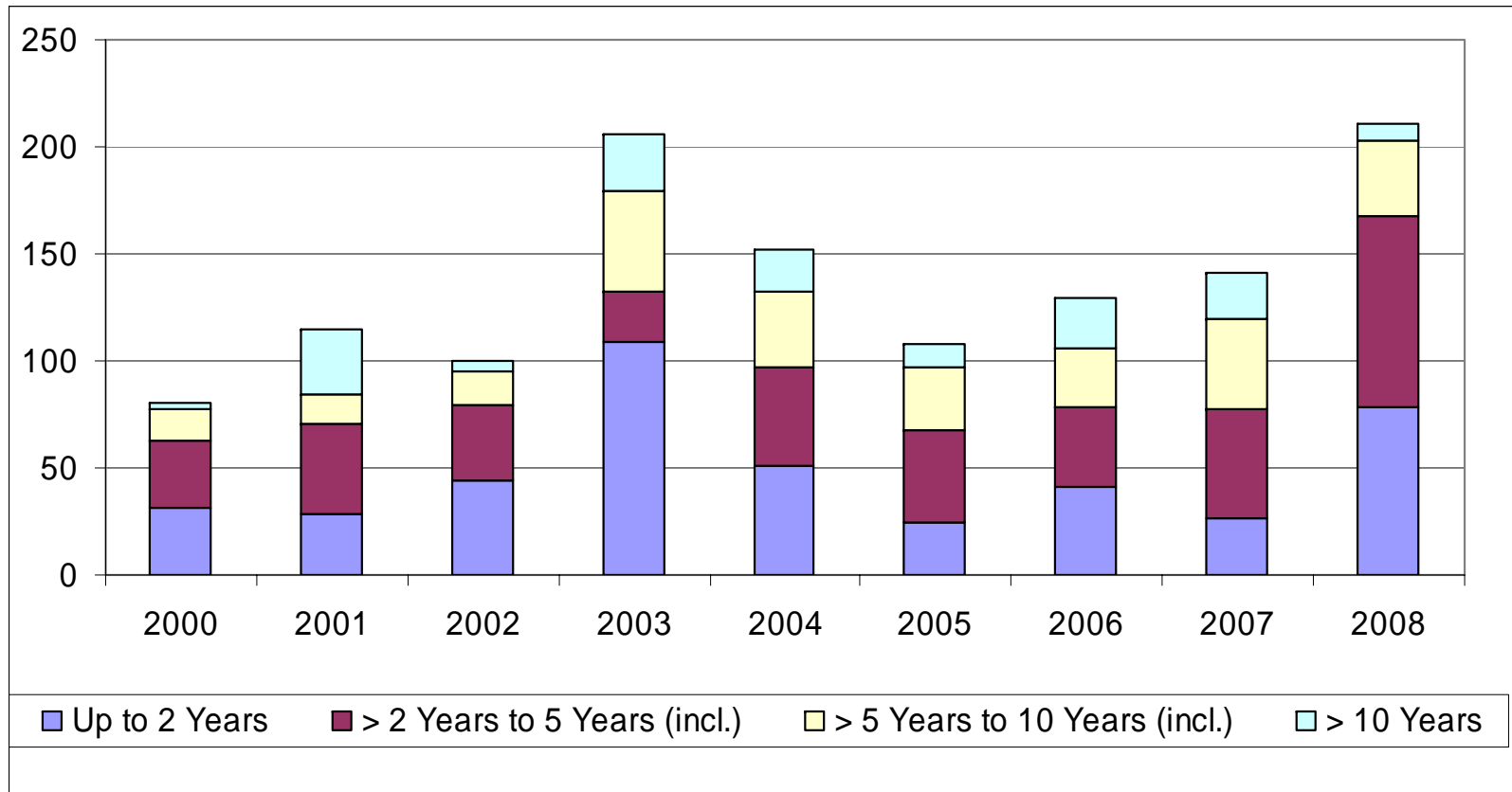


## FX Swaps, Maturity Weighted

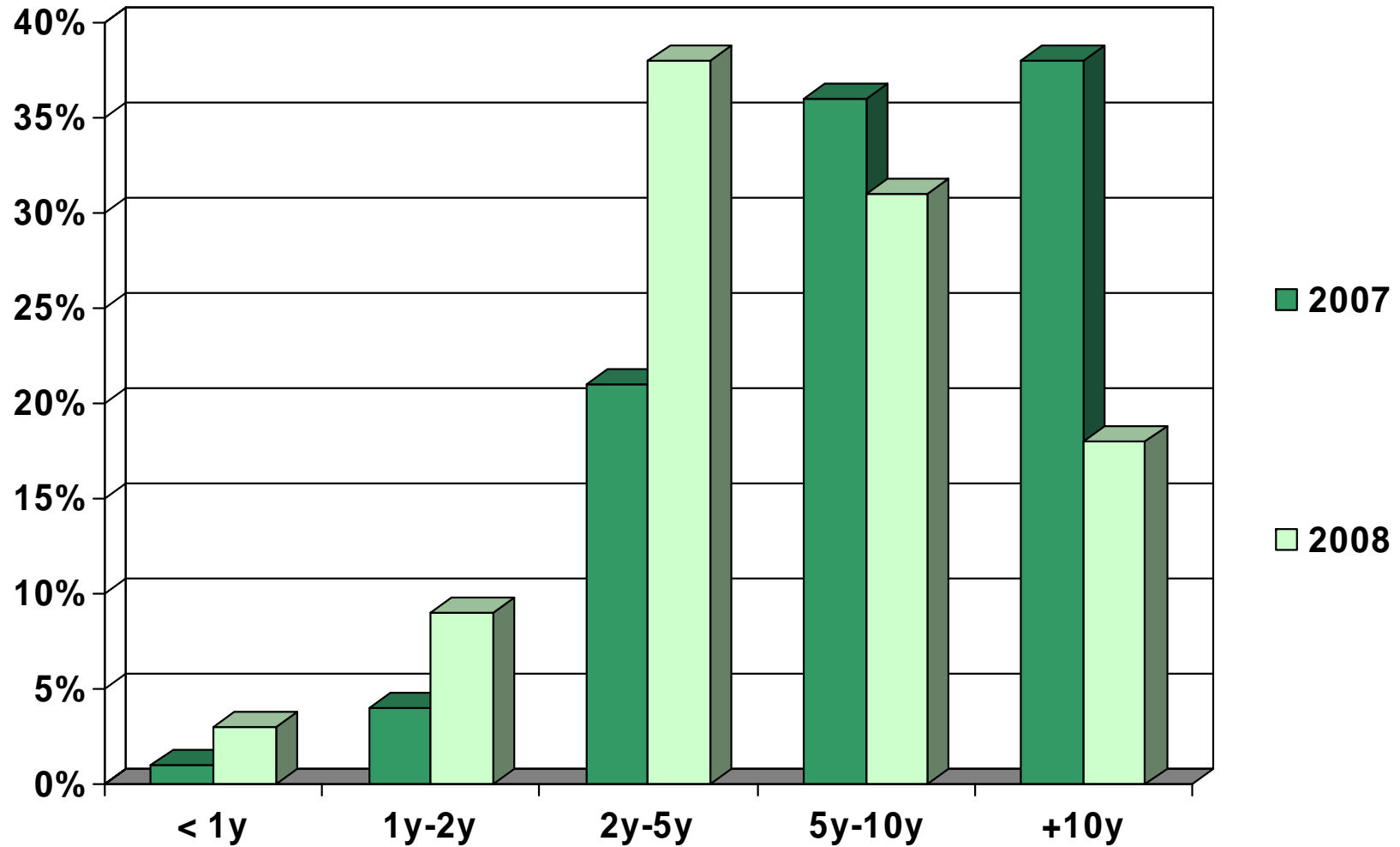


# Xccy Swaps, turnover breakdown by maturity

100 = 2002 level

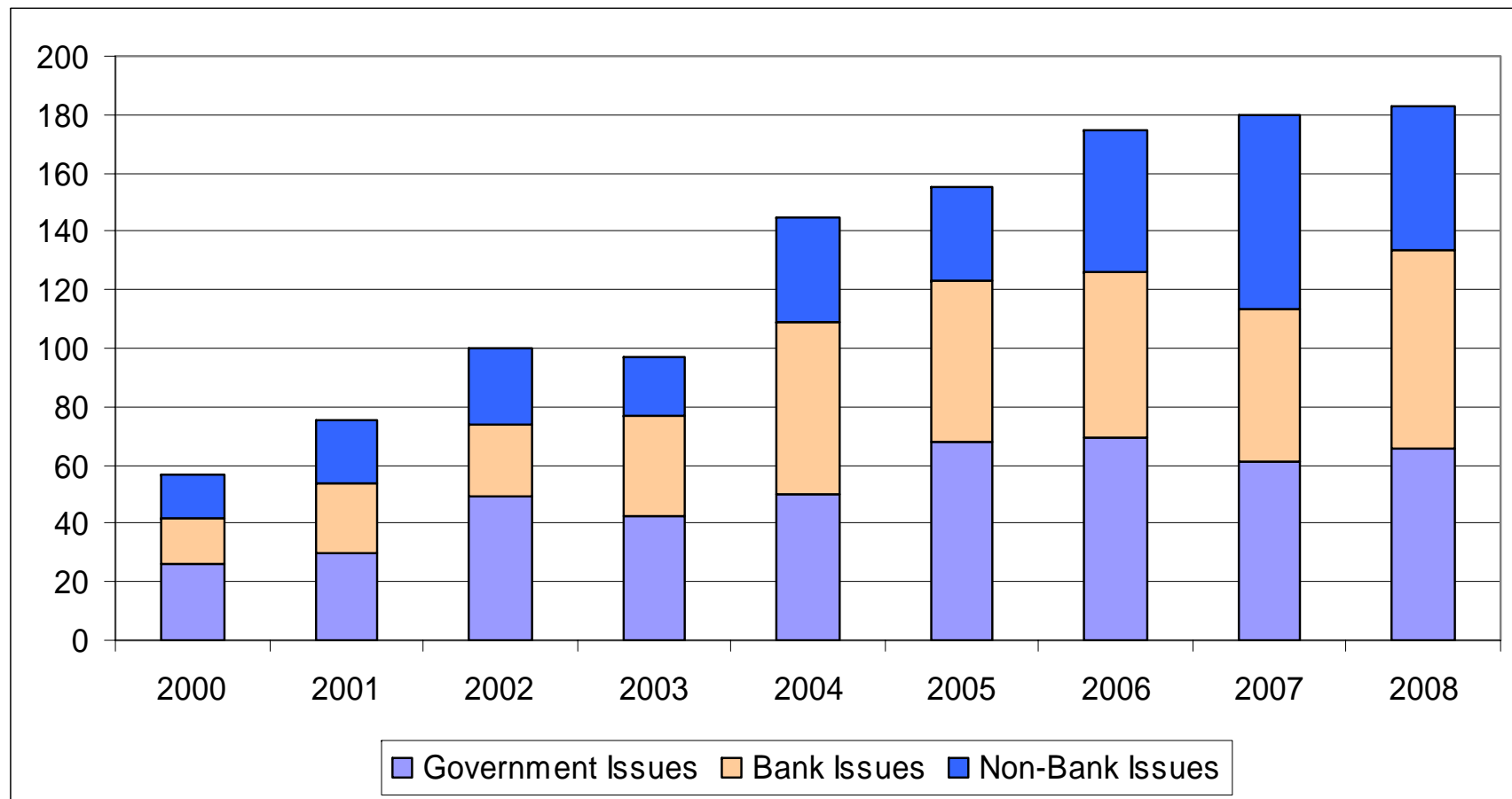


## Xccy Swaps, Maturity Weighted



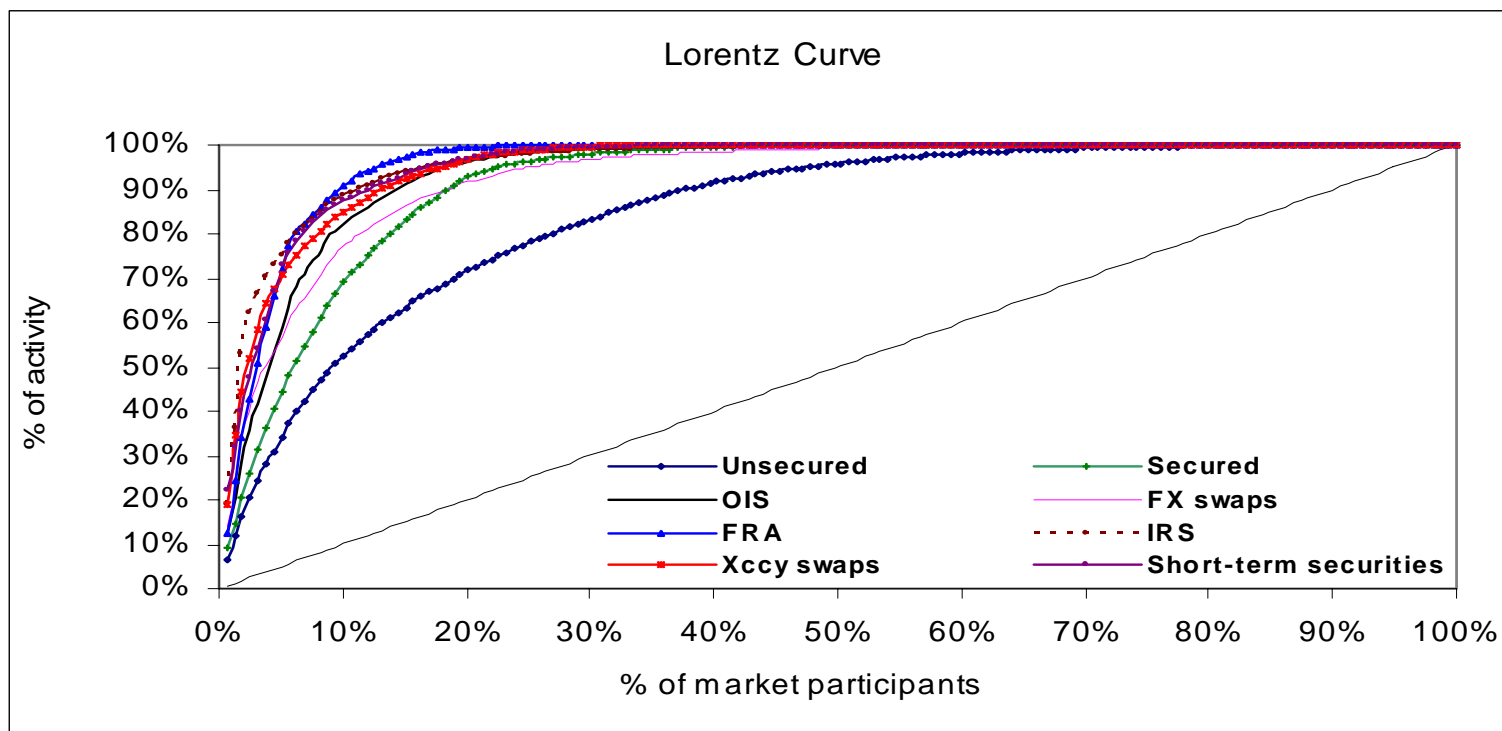
# Short Term Securities, distribution analysis

100 = 2002 level



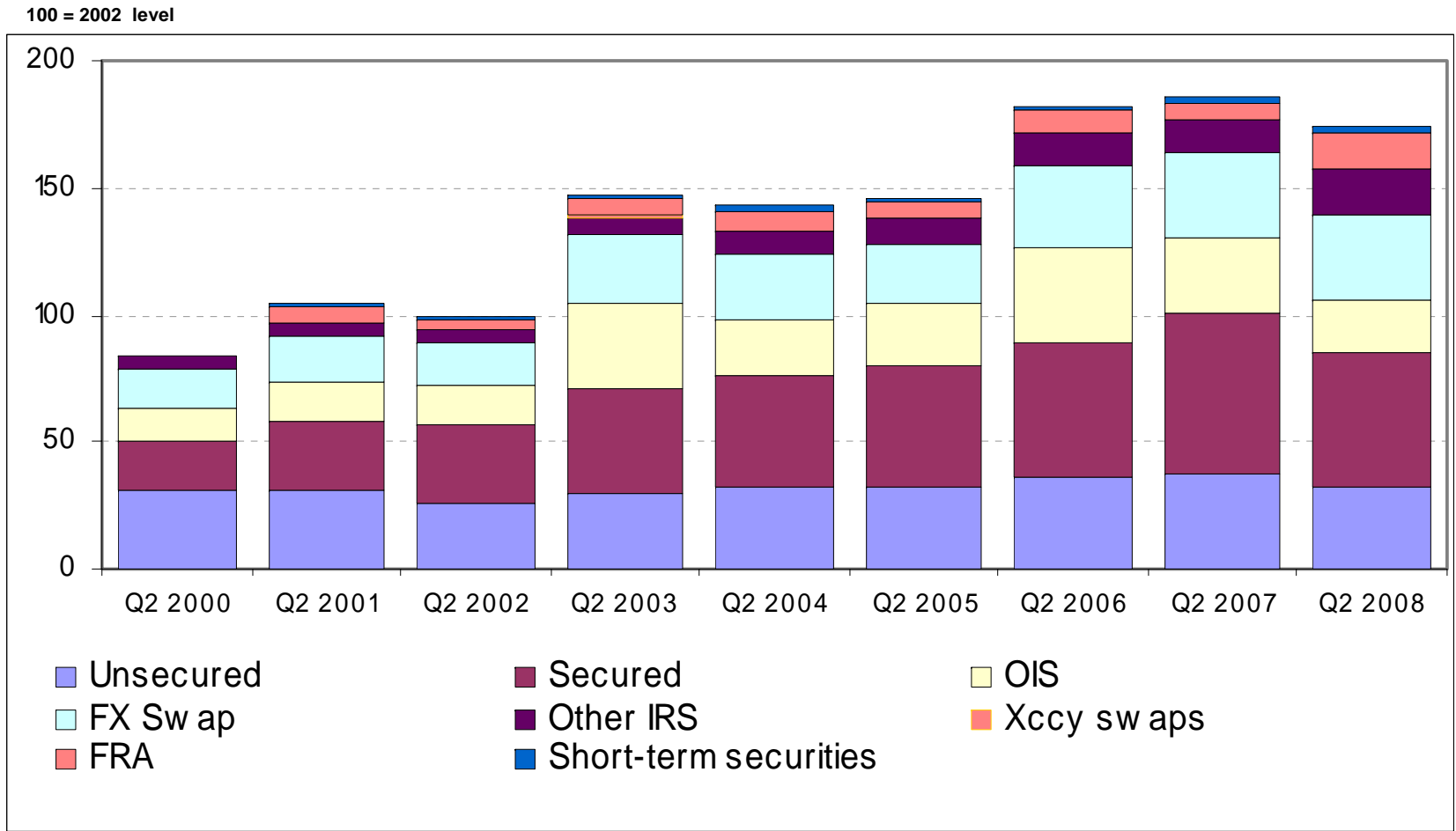


# Concentration of Money Market Derivatives Products

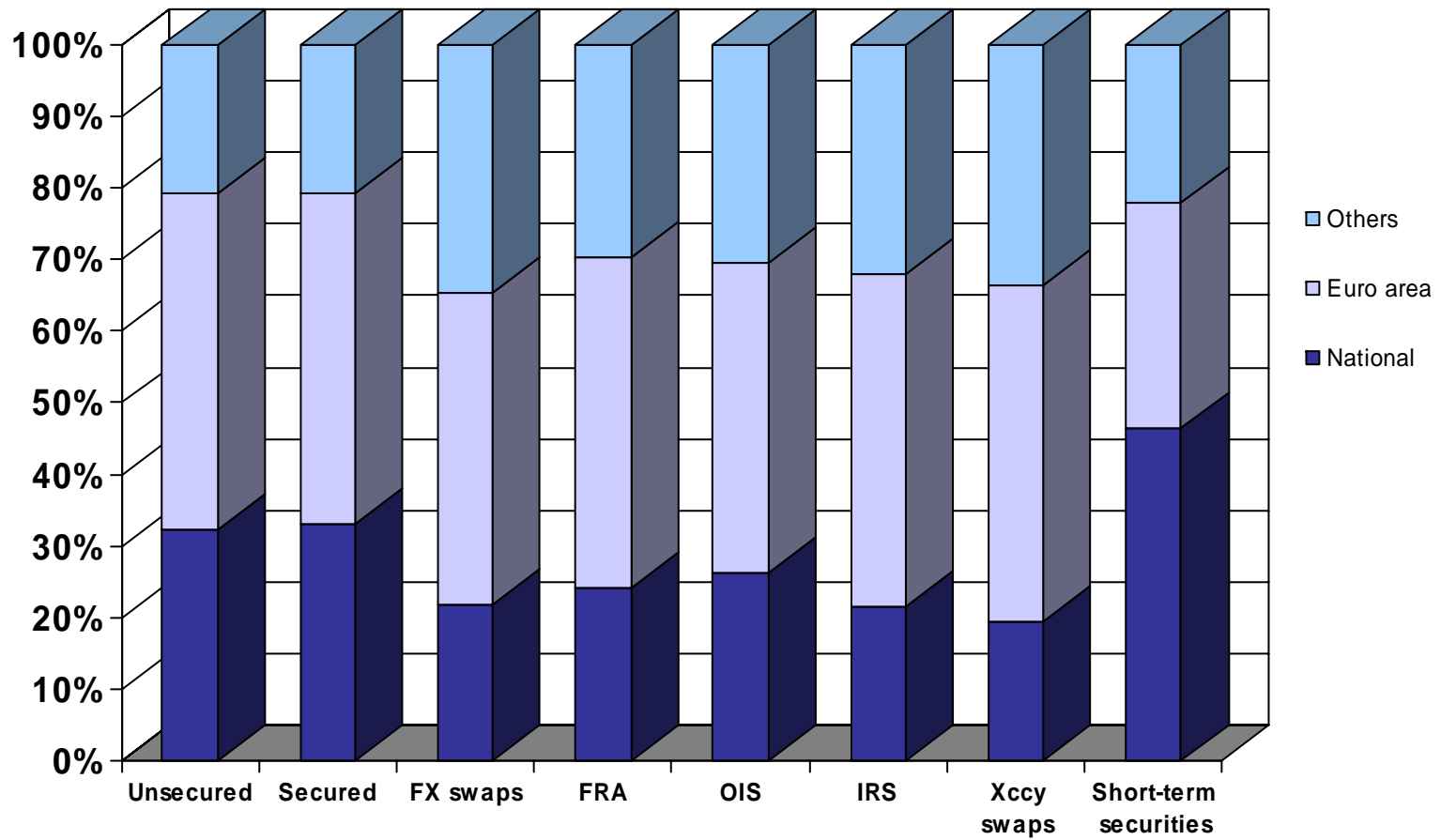


Market shares of 20% players	2006	2008
<b>OIS</b>	95%	97%
<b>FRAs</b>	99%	92%
<b>IRS</b>	94%	99%
<b>CCIRS</b>	97%	97%

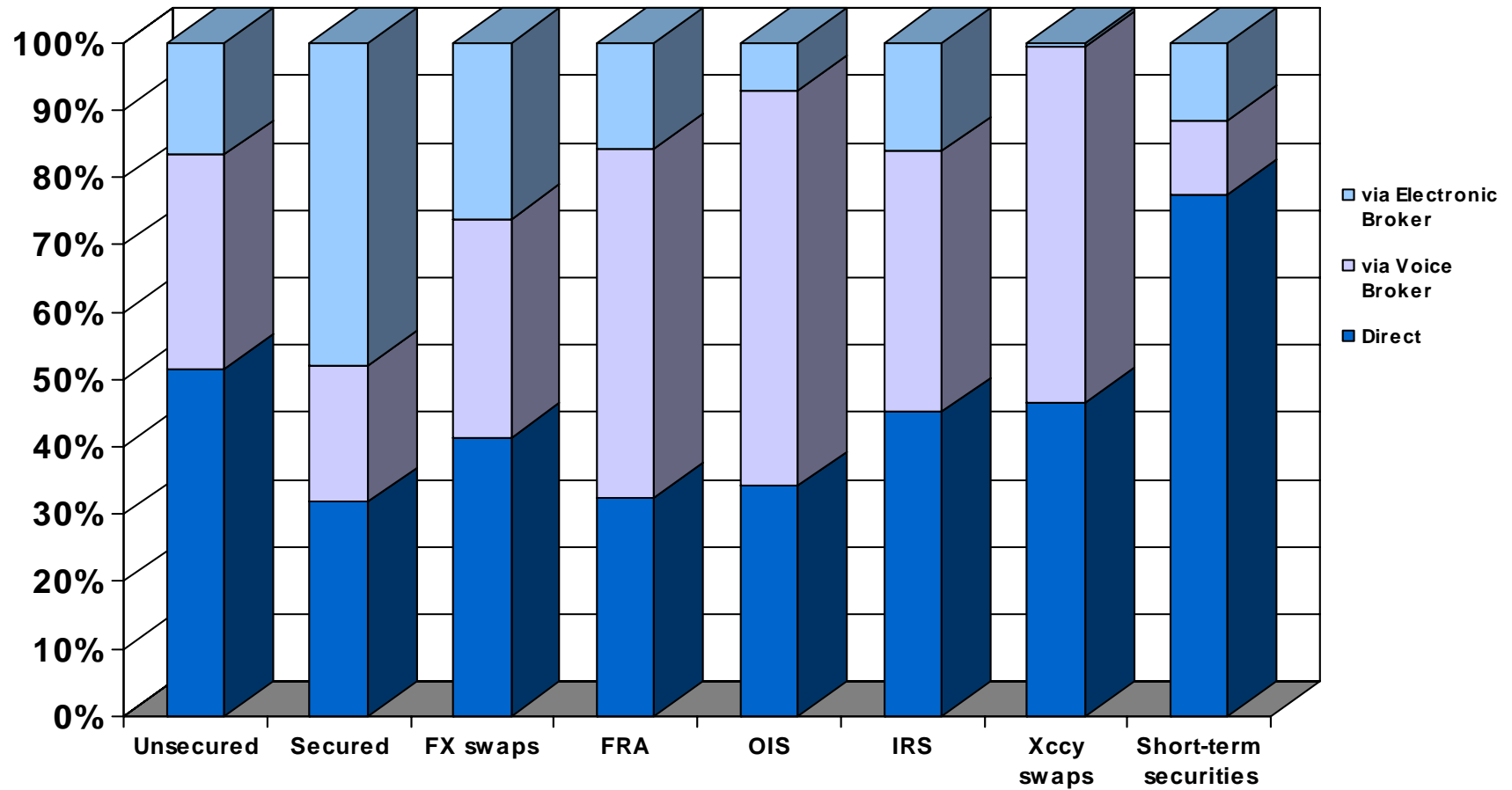
# Total turnover all products



# Counterparty split by product

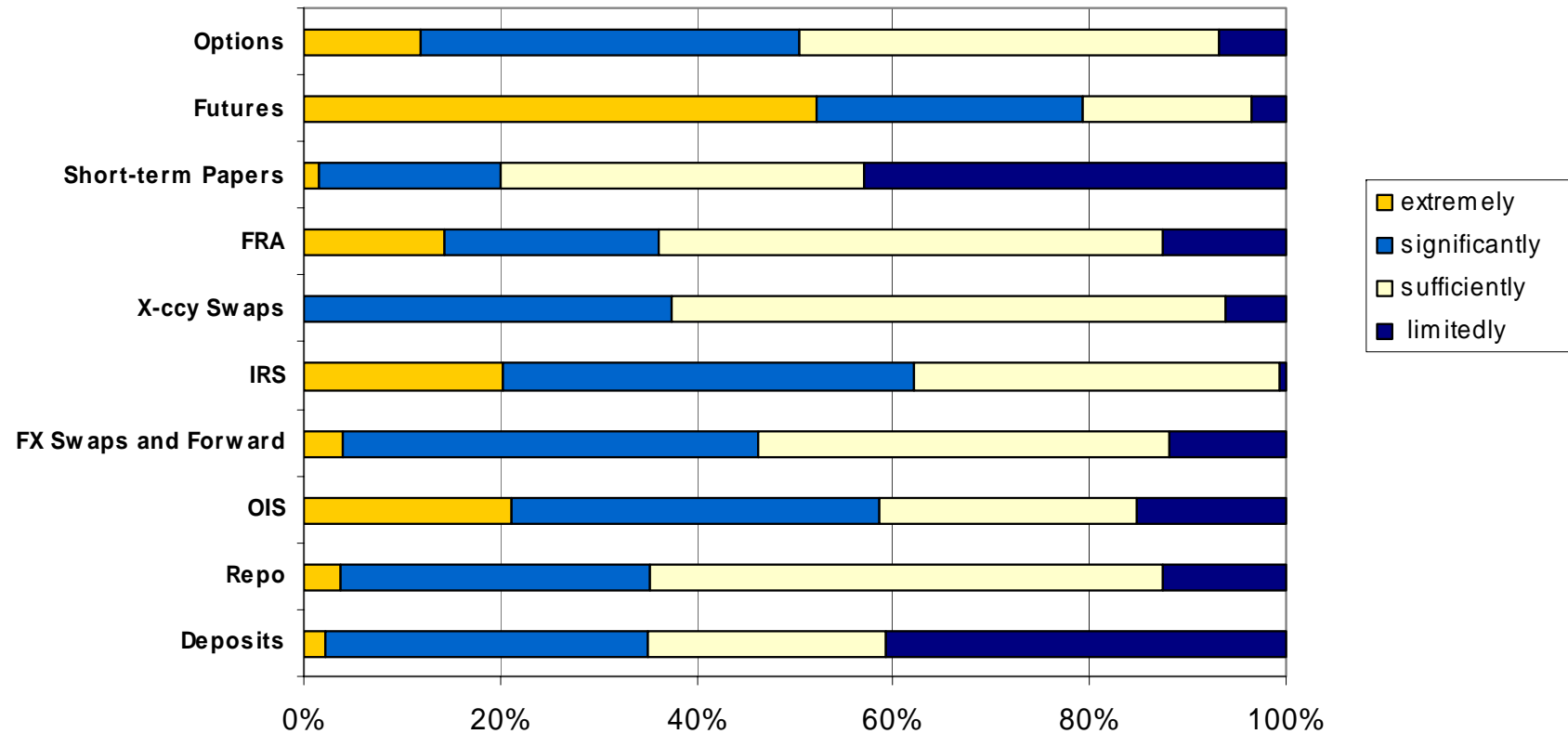


# Method of trade execution



# QUALITATIVE INFORMATION ON THE EURO MONEY MARKET

## 1. Is the EURO market (for the different segments) in your opinion efficient?



# QUALITATIVE INFORMATION ON THE EURO MONEY MARKET

## 2. Has the market liquidity in EURO changed with respect to last year?

