



## EUROPEAN CENTRAL BANK

MONEY MARKET CONTACT GROUP

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### **Summary of the main findings of the comparison between the ICMA European Repo Survey and the ECB Euro Money Market Study**

In the meeting of the MMCG on 16 February 2006 Danielle Sindzingre (Société Générale) and Johan Evenepoel (Dexia Bank) presented a comparative analysis of the latest ICMA European Repo Survey and the latest ECB Euro Money Market Study (see attached presentation). The main findings of this analysis are summarised below.

- Because of the distinct methodologies, the results of the two surveys differ in some aspects. Identical trends can nevertheless be identified.
- The concentration analysis of both surveys establishes that over 50% of the total volumes are claimed by the Top 10 participants, whereas 75% of total volumes are claimed by the Top 20 banks.
- The ICMA data shows that EUR transactions represent 70% of total volumes, the same number as in 2004. The aggregate figures provided by Euroclear Bank and Clearstream Banking offer a similar picture: here EUR transactions remained unchanged at 61%.
- The repo market as a whole continued to grow at a rapid pace according to both ECB and ICMA data. Increases were in both cases nearly identical compared to last year: +16% for ICMA and +13% for the ECB Survey
- In line with previous years, the majority of repo transactions have a maturity of 1-Month or less.
  - When comparing the ECB data, stable numbers for volumes up to 1-Month at approximately 87% can be noted. The trend from previous years of increasing volumes in 1-Day transactions, is further confirmed in 2005.

- According to the ICMA data, the 1-Month volumes remain at 65%. In this survey a further increase of the volumes in the 3-Months tenor can be noted. Volumes in longer maturities give also evidence of growth.
- In previous surveys, ICMA clearly indicated a continuous reduction of the voice-broker market share, in 2005 this number however stabilises at 25%. We note a drop by 5% in the ECB numbers for 2005, with voice brokers also attaining 25% in this year.
- The ICMA survey indicates a drop in the volumes of ATS transactions from 24% to 21% and this after a 6% increase in the previous year. The total number for ATS transactions in the ECB survey remained stable at around 42%. This high reading can be explained by the ECB survey-methodology, which is based on volumes: as stated before, the majority of the repo transactions have a very short maturity, and such short-term trades are typically executed via ATS platforms.
- The ECB survey indicates a substantial increase of the share of triparty repos: from 7.3% to 10.3%. The ICMA data reveals an identical number in 2005 (10.4%), unchanged from 2004.
- The ICMA survey and the aggregated figures of Clearstream Banking and Euroclear Bank offer more details in regard to the underlying collateral.
  - In 2004 ICMA had noted a sharp drop in collateral issued in the euro area. In 2005, this percentage however stabilised at 68%. The aggregated figures of Clearstream Banking and Euroclear Bank even indicate an increase of the euro area collateral by 2.5% to 58%.
  - In the ICMA-survey, the share of non-government bonds in the total collateral pool becomes more import; whereas in 2002 91% of the total collateral used in repo transactions consisted of government bonds, this share was reduced to 86% in 2005. The aggregated figures of Clearstream Banking and Euroclear Bank also show a decrease (from 30% to 28%).