



EUROPEAN CENTRAL BANK

EUROSYSTEM

Evolving money market structure

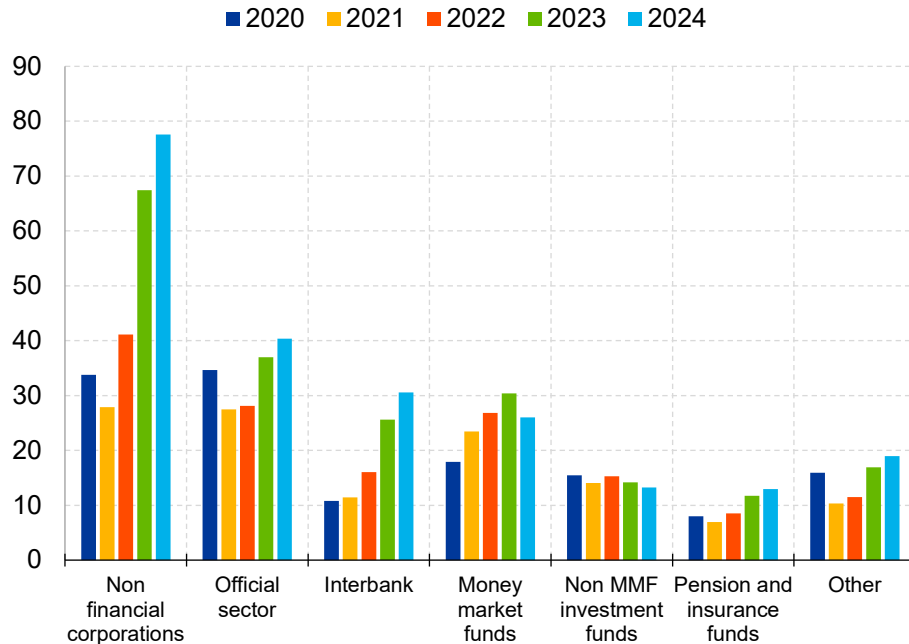


MMCG 12 June 2024

Pamina Karl
DGM MML

Unsecured borrowing volumes

(Daily averages in EUR billion)



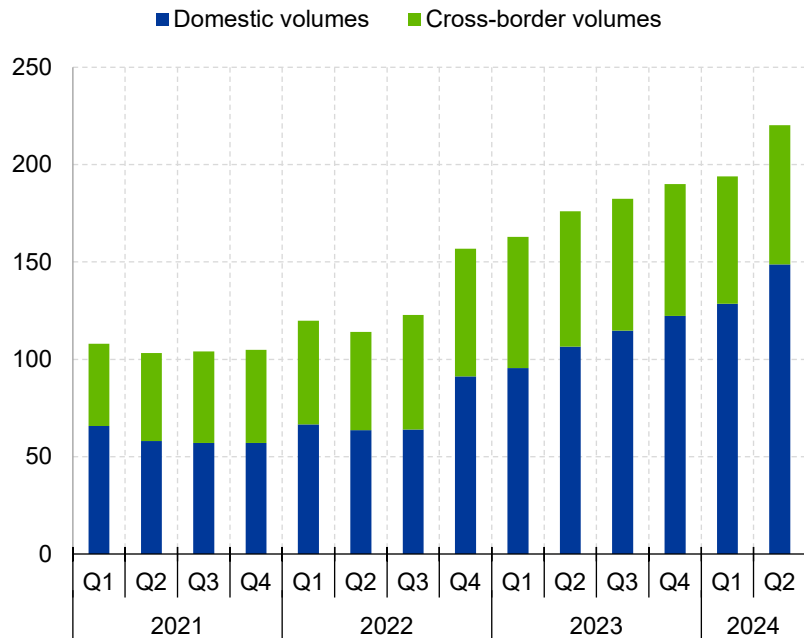
- Unsecured market dominated by non-financial corporations
- Official sector deposits increased in the unsecured market
- Interbank market is growing but remains small
- MMF reduced their deposits in the unsecured segment (substitution with repo?)

Sources: MMSR, ECB calculations. Note: Charts display daily average borrowing volumes in the respective years. Borrowing refers to borrowing from the perspective of the MMSR reporting bank. Last observation: 5 June 2024.

Domestic vs cross-border in the unsecured segment

Borrowing volumes in the unsecured money market, domestic vs cross-border

(Daily averages in EUR billion)



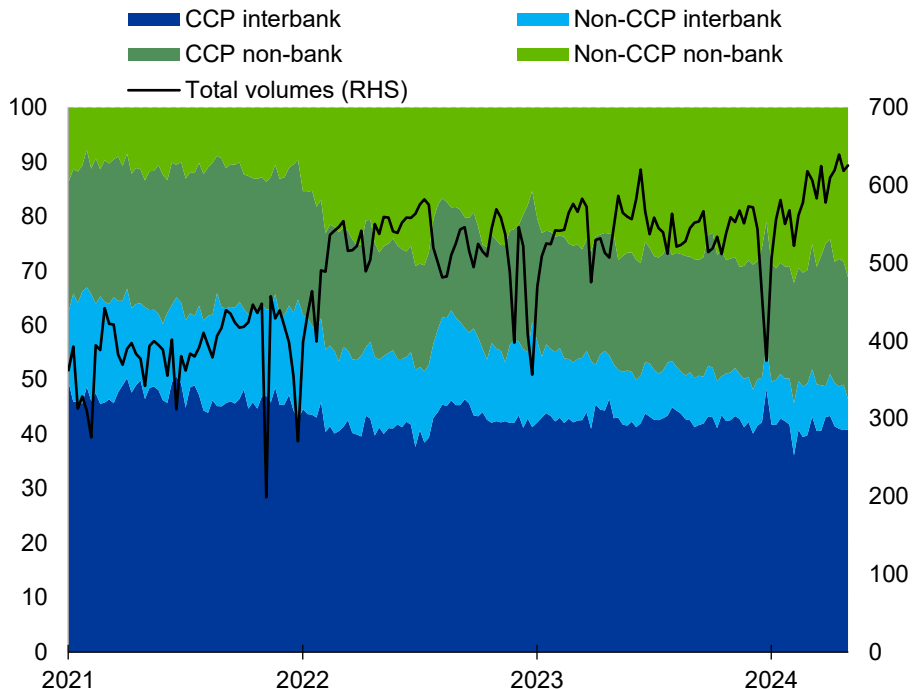
- Increase in unsecured money market volumes but mainly domestic transactions
- Unsecured interbank market remains small and dominated by German actors

Sources: ECB, MMSR, ECB calculations. Notes: Chart displays daily average unsecured volumes per quarter based on MMSR reporting agents borrowing cash from euro area banks, non-banks or CCPs. Volumes lent by institutions outside the euro area are not shown. Last observation: 10 June 2024.

Cleared vs non-cleared repo: interbank and non-banks

Cleared and non-cleared repo volumes

(LHS: percentages; RHS: EUR bn)



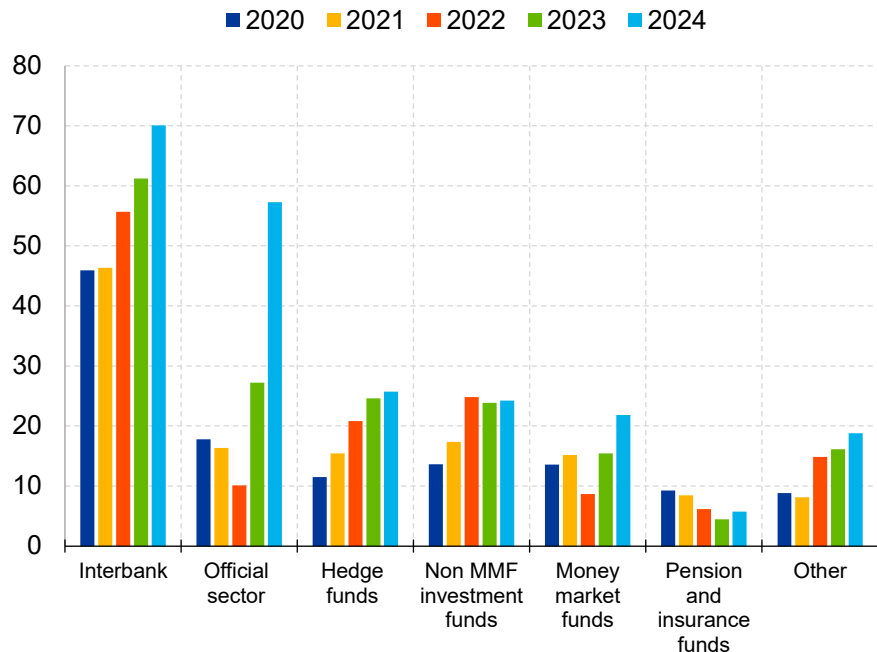
- Euro area repo market is overall growing
- Share of non-banks in repo markets is increasing, especially in bilateral transactions

Sources: SFTDS, ECB calculations. Note: The chart shows the share of repo transaction volumes using German, French, Italian and Spanish government bond collateral for the following four categories: centrally cleared interbank repo transactions (dark blue area); non-centrally cleared interbank repo transactions (light blue area); centrally cleared transactions involving a non-bank financial institution (dark green area); non-centrally cleared transactions involving a non-bank financial institution (light green area). The black line corresponds to the weekly volumes of repo transactions against German, French, Spanish and Italian government bond collateral. Chart is based on provisional data work with SFTDS. Last observation: 30 April 2024.

Counterparty sectors in bilateral repo market

Bilateral repo borrowing volumes

(Daily averages in EUR billion)



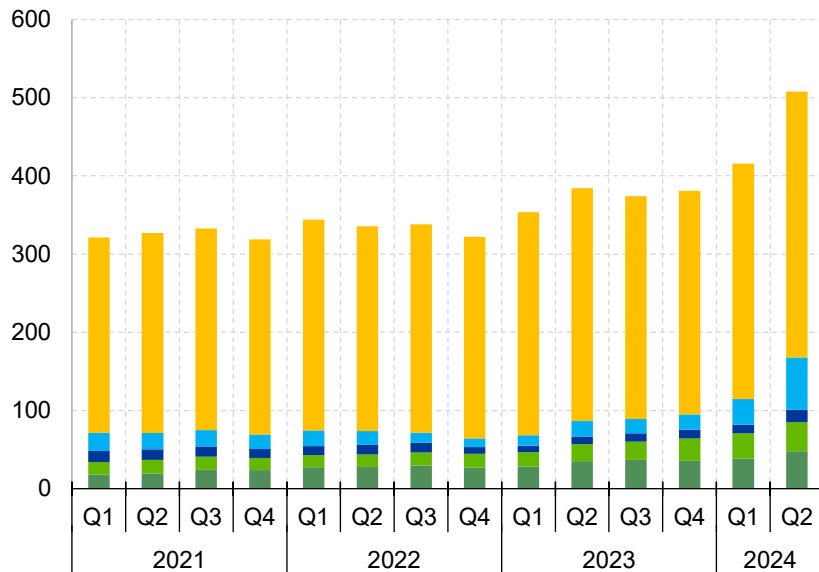
- Banks remain the main player in the euro area repo market in the bilateral space
- Sharp increase of official sector activity (Debt Management Offices)
- Other non-bank market participants, like hedge funds, money market funds and other investment funds, increased trading volumes but remain limited

Sources: MMSR, ECB calculations. Note: Charts display daily average bilateral borrowing volumes in the respective years. Borrowing refers to borrowing cash vs collateral from the perspective of the MMSR reporting bank. Last observation: 5 June 2024.

Borrowing volumes in the secured money market, domestic vs cross-border

(Daily averages in EUR billion)

■ Cross-border interbank ■ Cross-border non-bank ■ Domestic interbank
■ Domestic non-bank ■ CCP



- Increase in repo volumes, also cross-border transactions
- New repo market players and better connectivity across market participants
- But cross-border connectivity via CCPs remains limited to big banks

Sources: ECB, MMSR, ECB calculations. Notes: Chart displays daily average secured (repo) volumes per quarter based on MMSR reporting agents borrowing cash from euro area banks or from CCPs against any type of collateral. The bilateral volumes are further split between the domicile of the trade counterparties highlighting the cross-country distribution. Transactions with centrally cleared counterparties (CCPs) do not allow to identify the location of the ultimate counterparty or its sector. Volumes lent by institutions outside the euro area are not shown. Last observation: 10 June 2024.