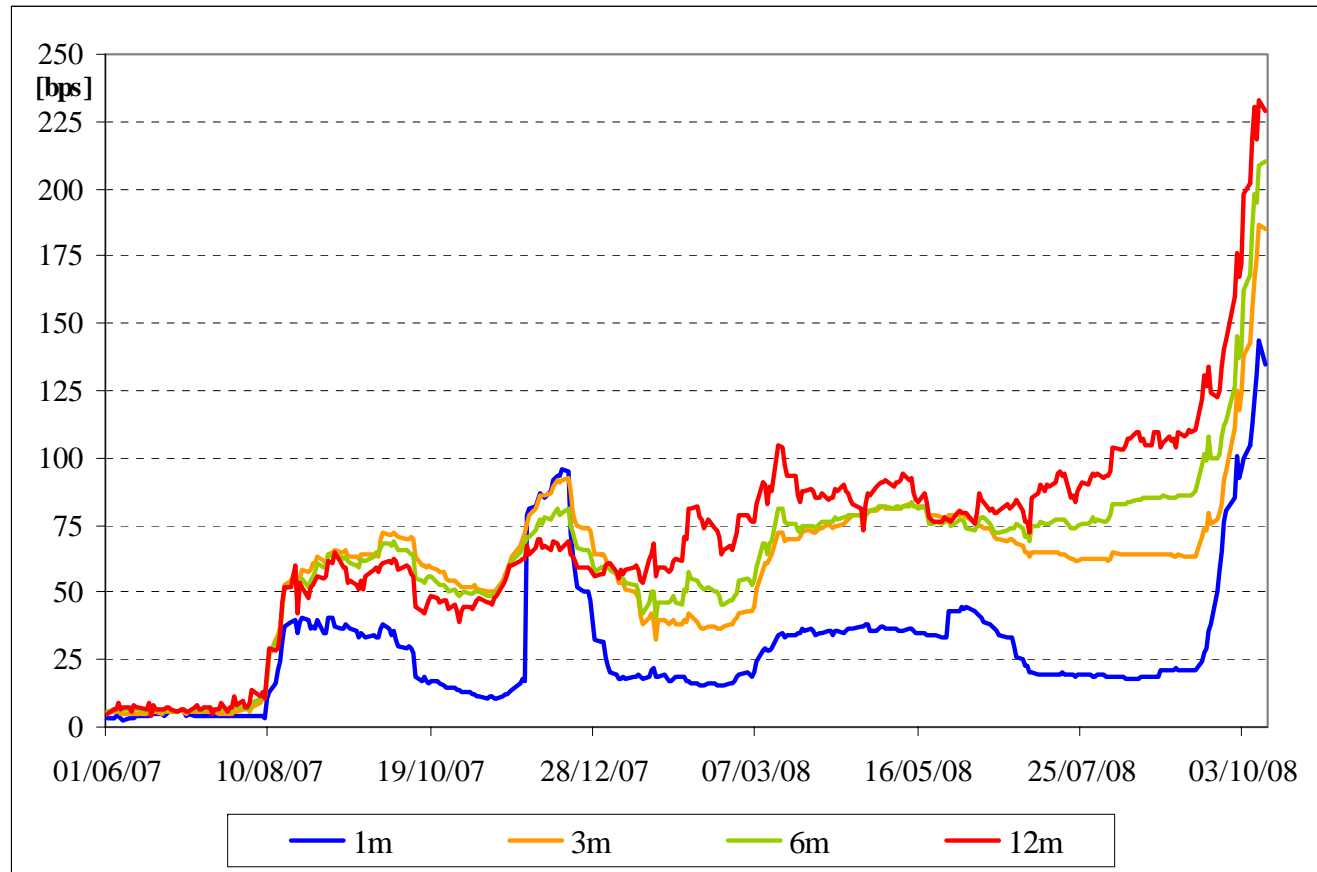


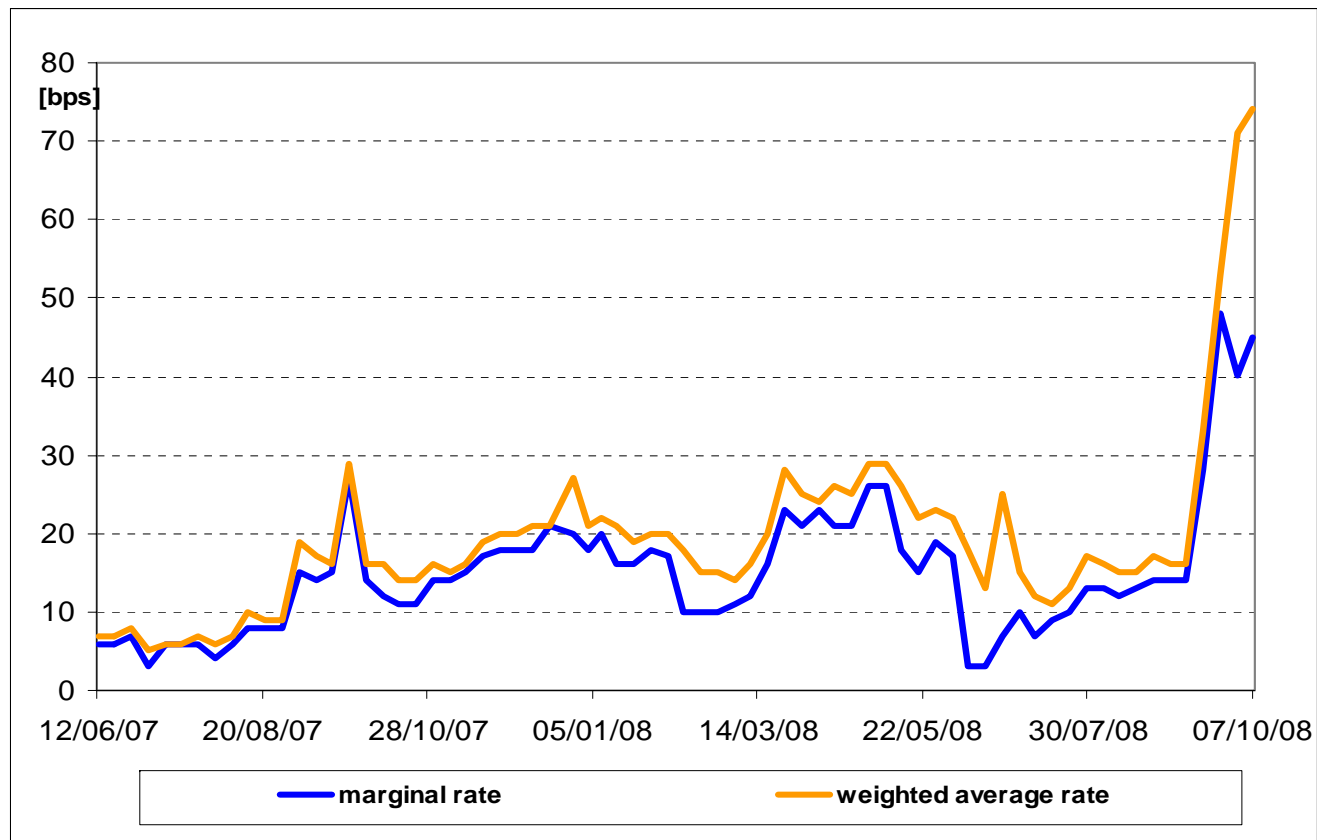
# Recent developments in the euro money market

**Money Market Contact Group**  
**Frankfurt, 18 February 2009**

# EURIBOR - OIS spreads for different maturities



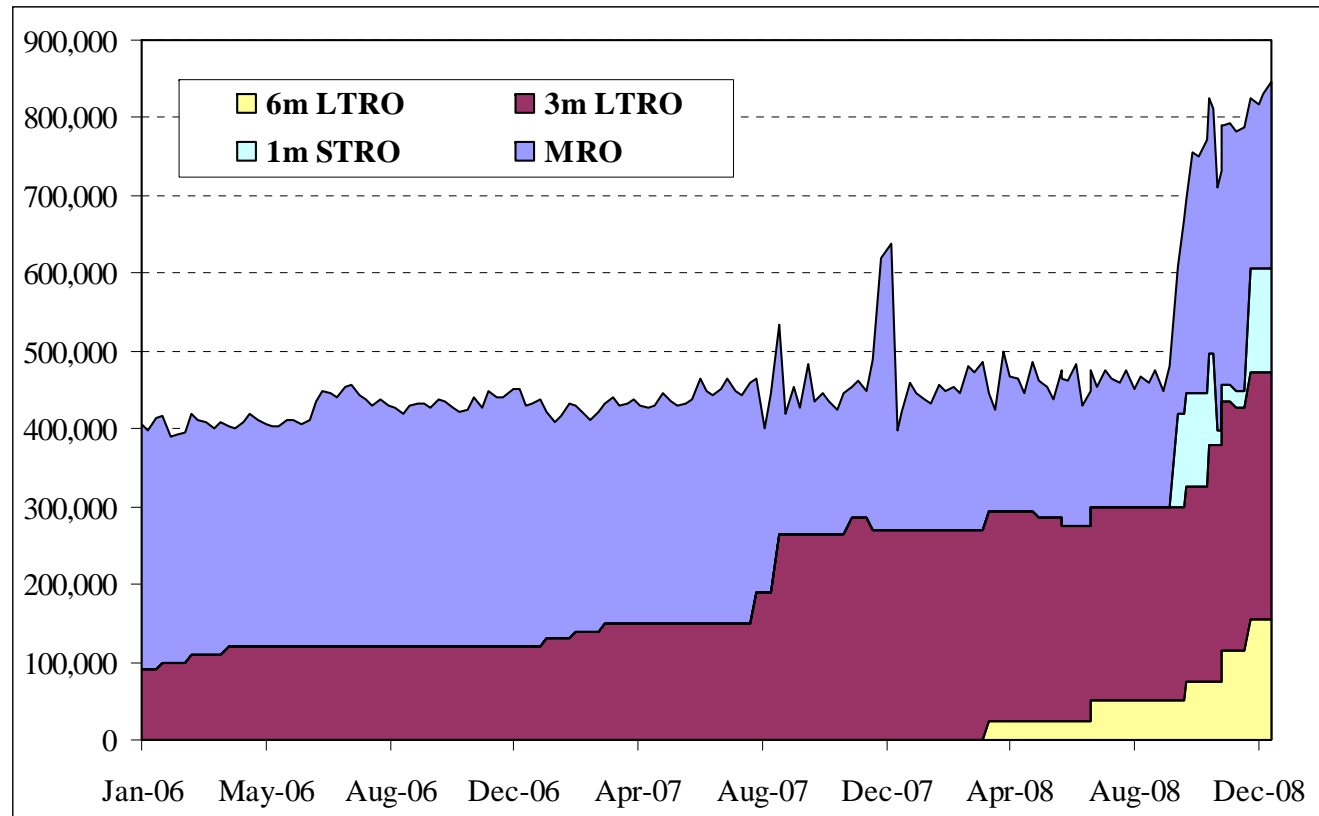
# Development of spread between MRO rates and the minimum bid rate



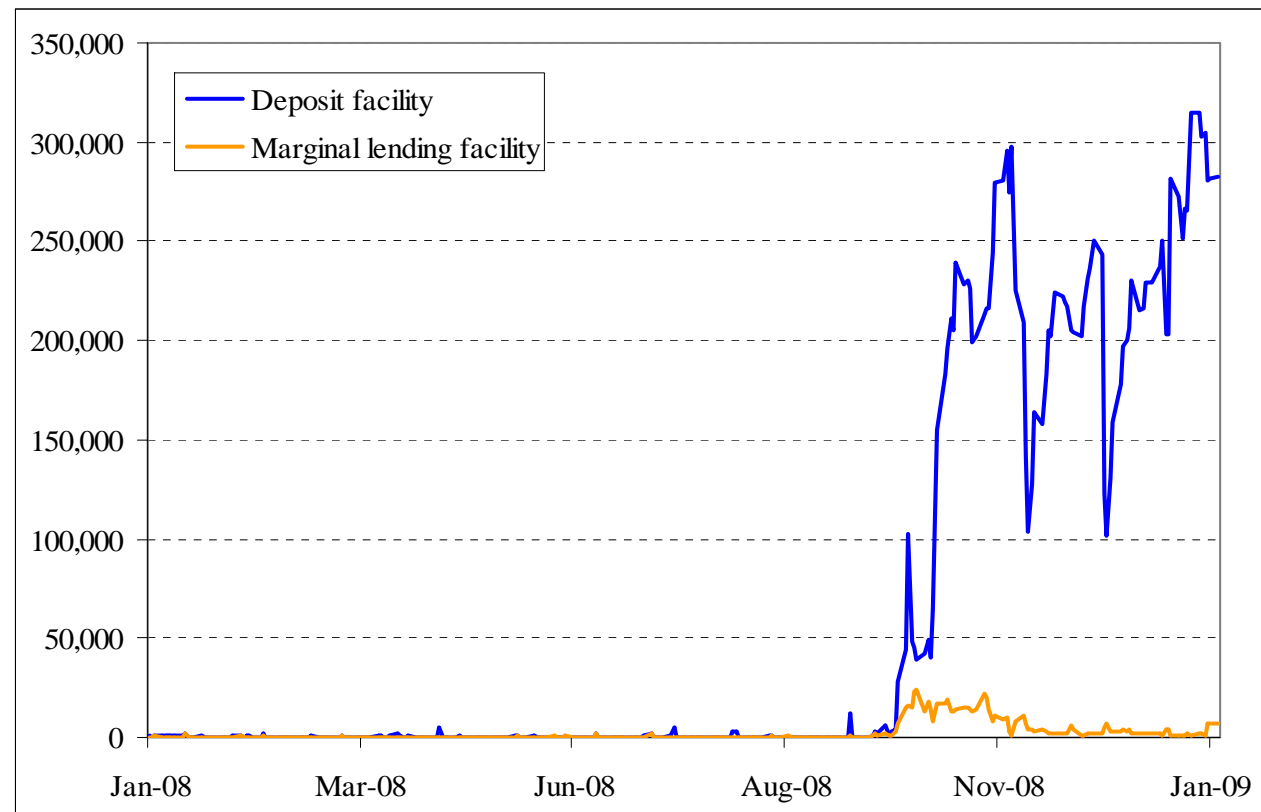
# ECB reaction

- **8 Oct:** Fixed rate/full allotment MROs +  
Narrowing of the corridor of the standing facilities
- **15 Oct:** Fixed rate/full allotment LTROs +  
Temporary widening of the eligible collateral pool

# Maturity breakdown of the ECB's liquidity providing operations

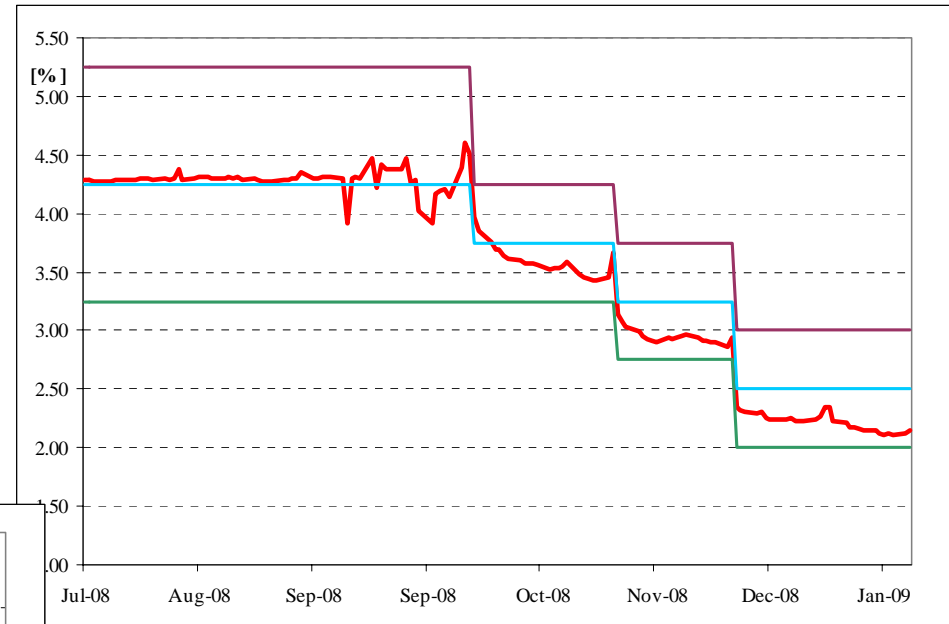
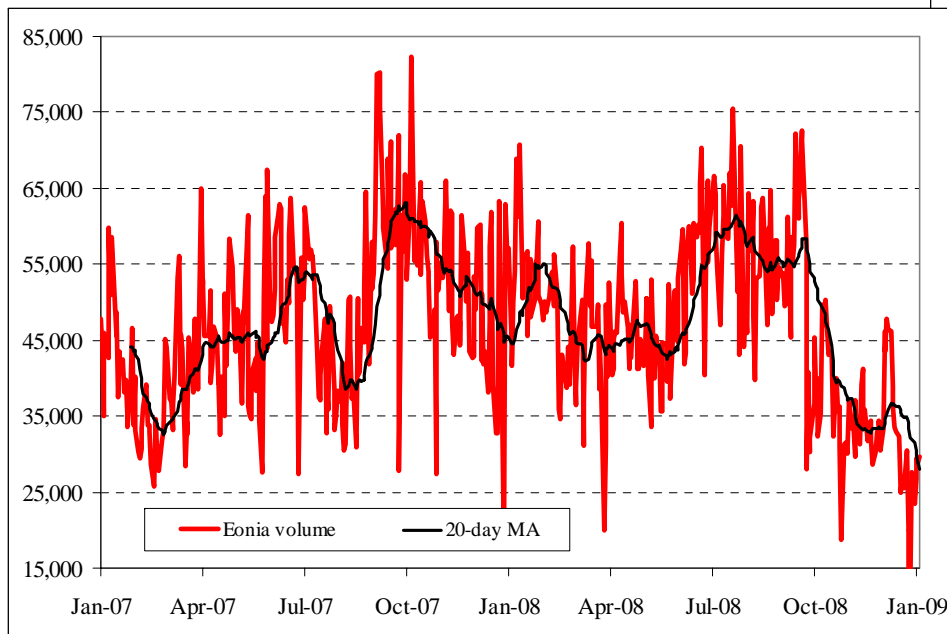


# Use of the ECB's standing facilities



# Eonia developments

[Rates since Jul 2008 / volumes since Jan 2007]

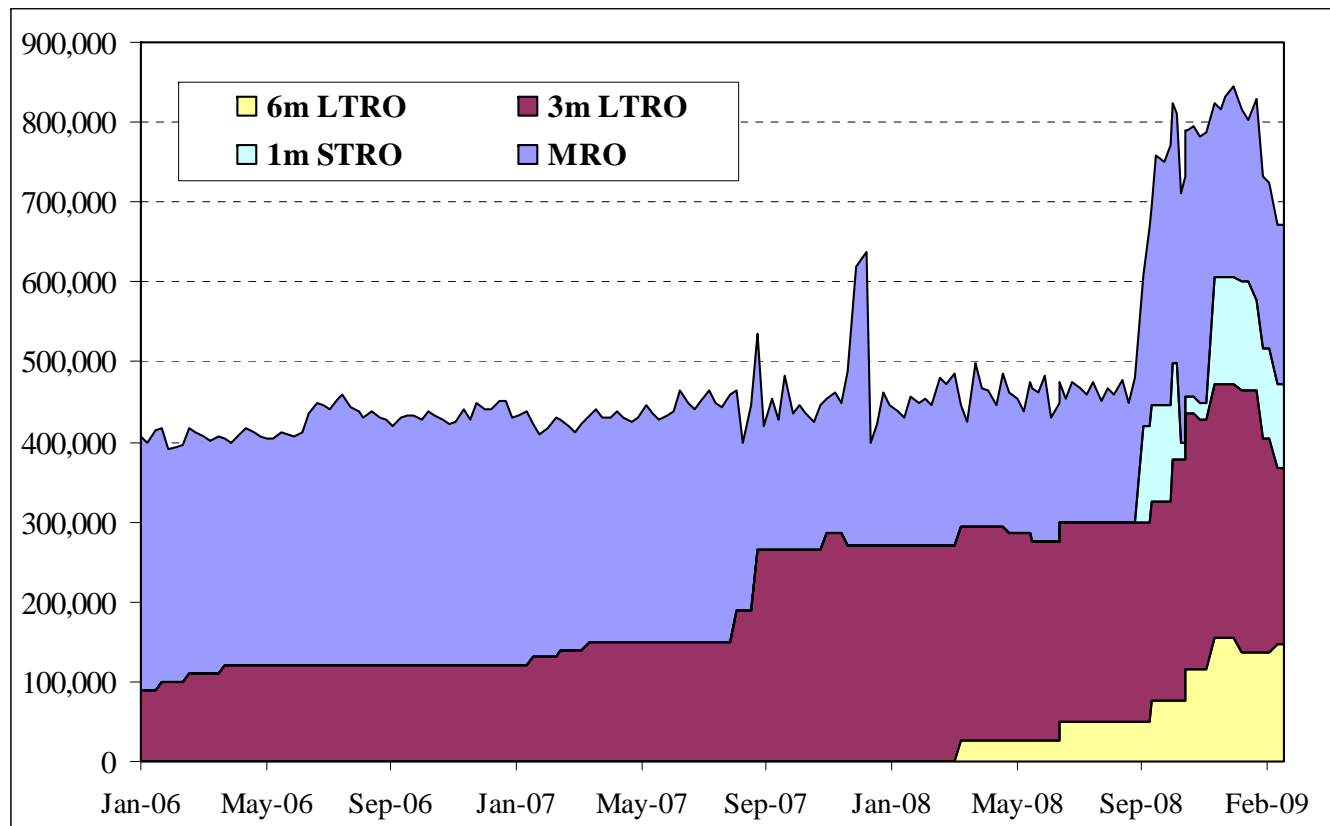


# Re-widening of the corridor

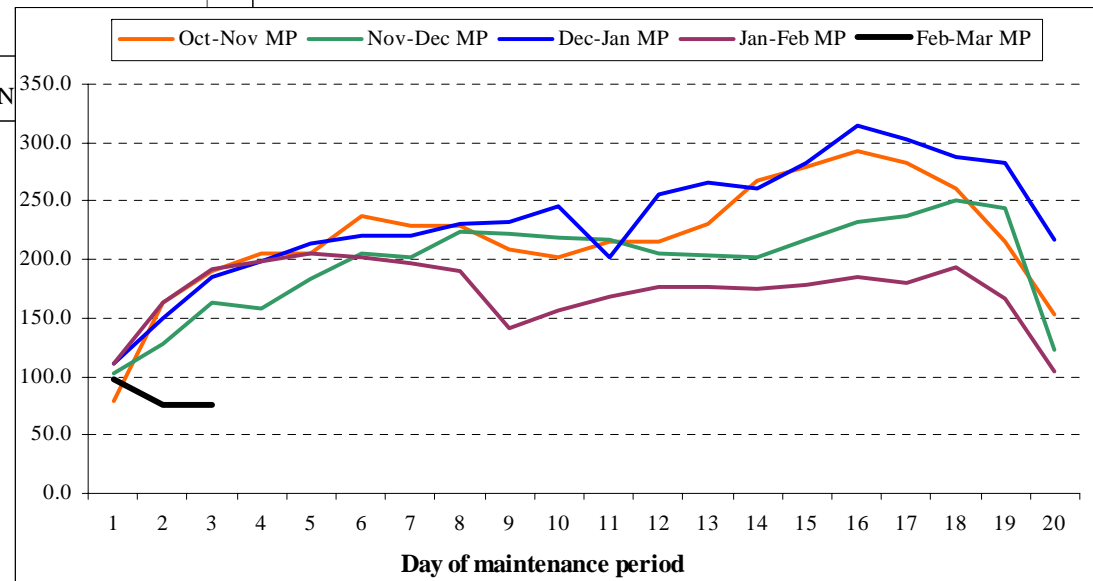
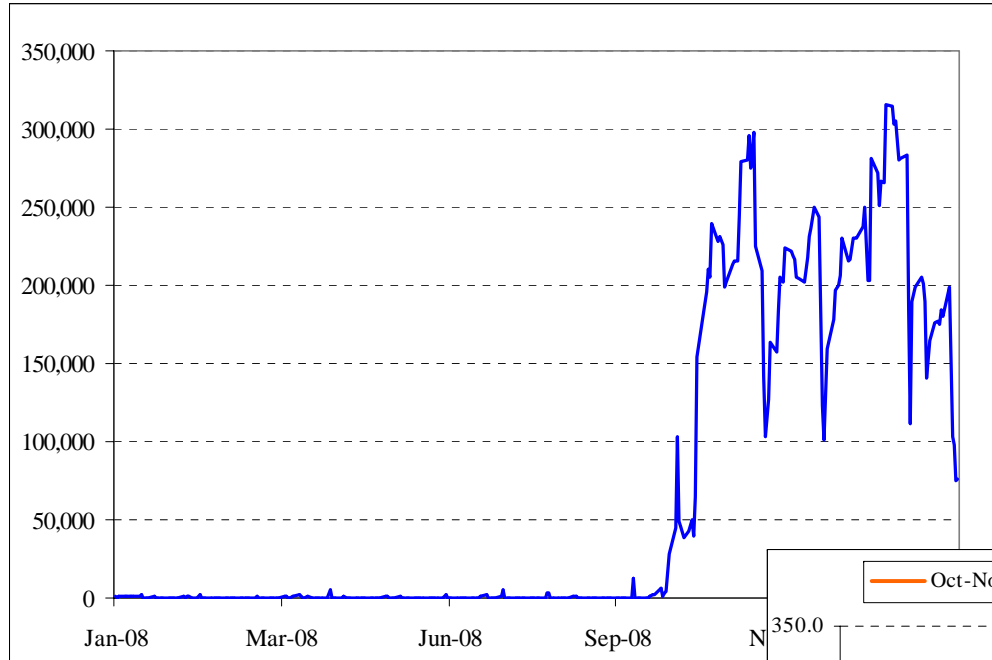
- **18 Dec:** Announcement of re-widening of the interest rate corridor to +/- 100 bps as of 21 Jan 2009
- **Aim:** Provide stronger incentive for increasing interbank market activity



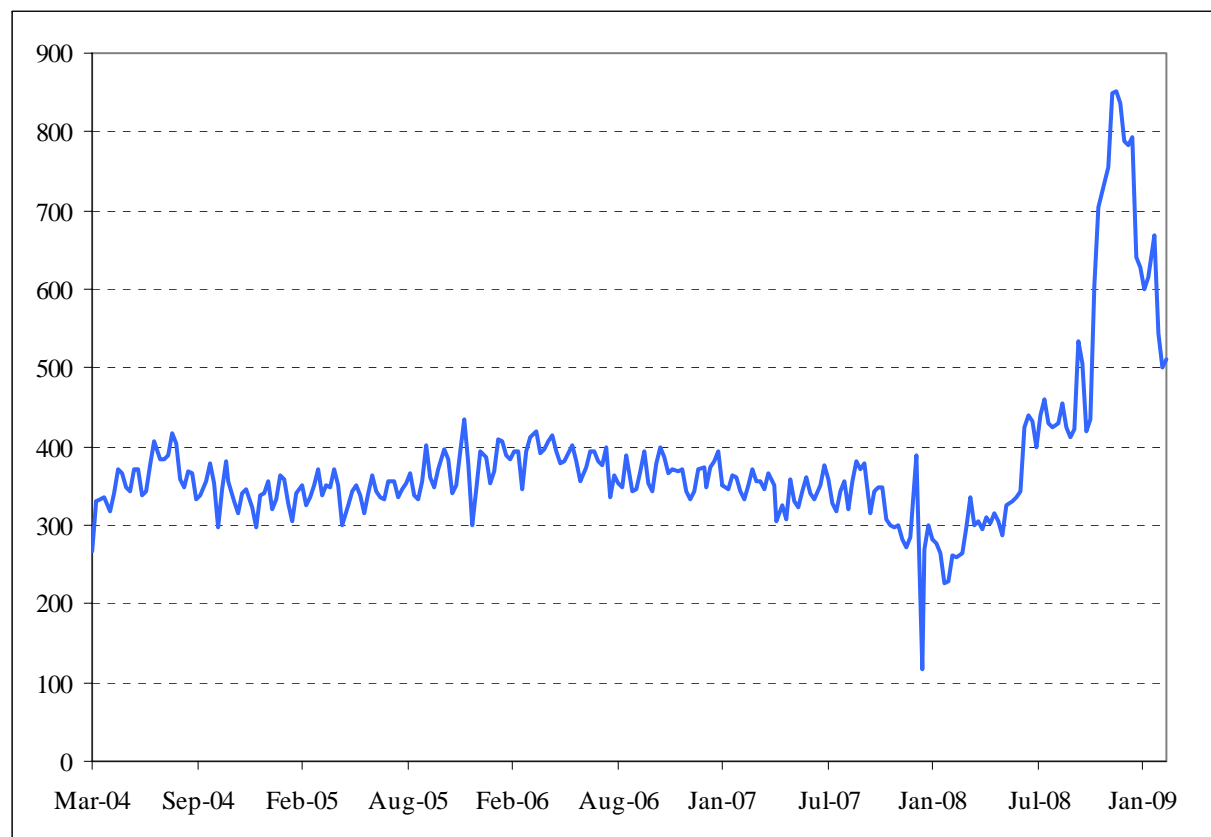
# Maturity breakdown of the ECB's liquidity providing operations



# Use of the ECB's deposit facility

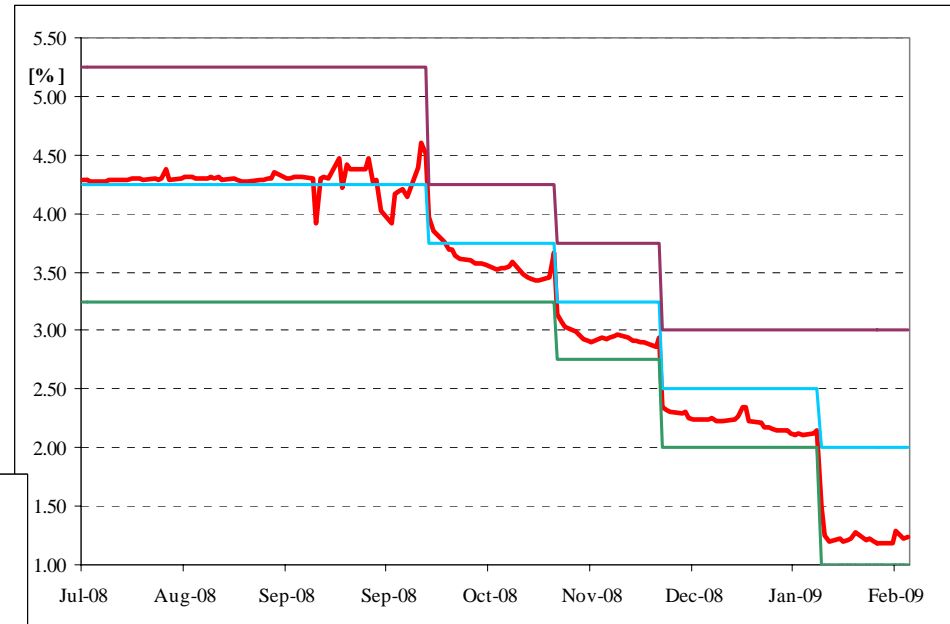
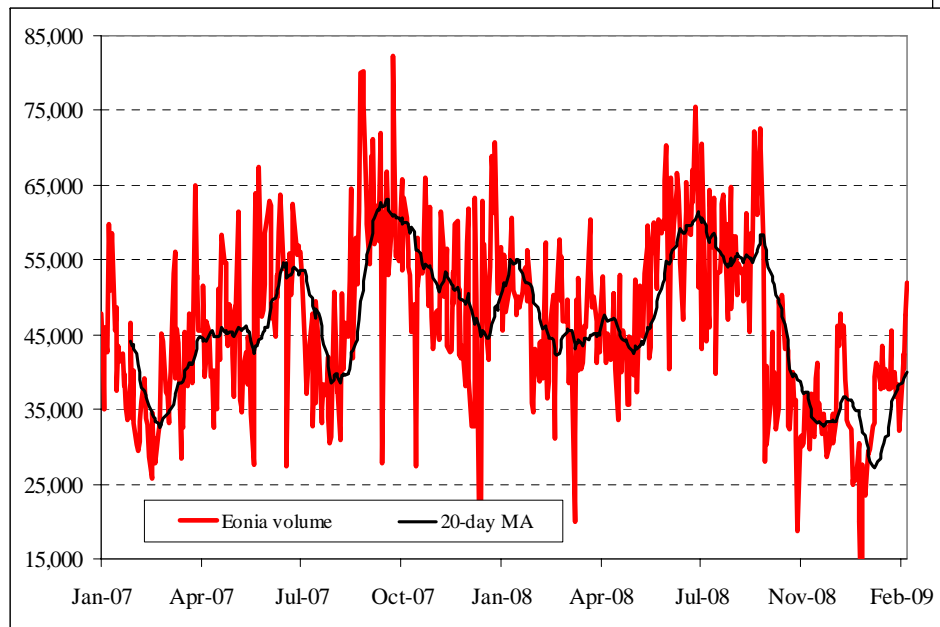


# Number of participating banks in MROs



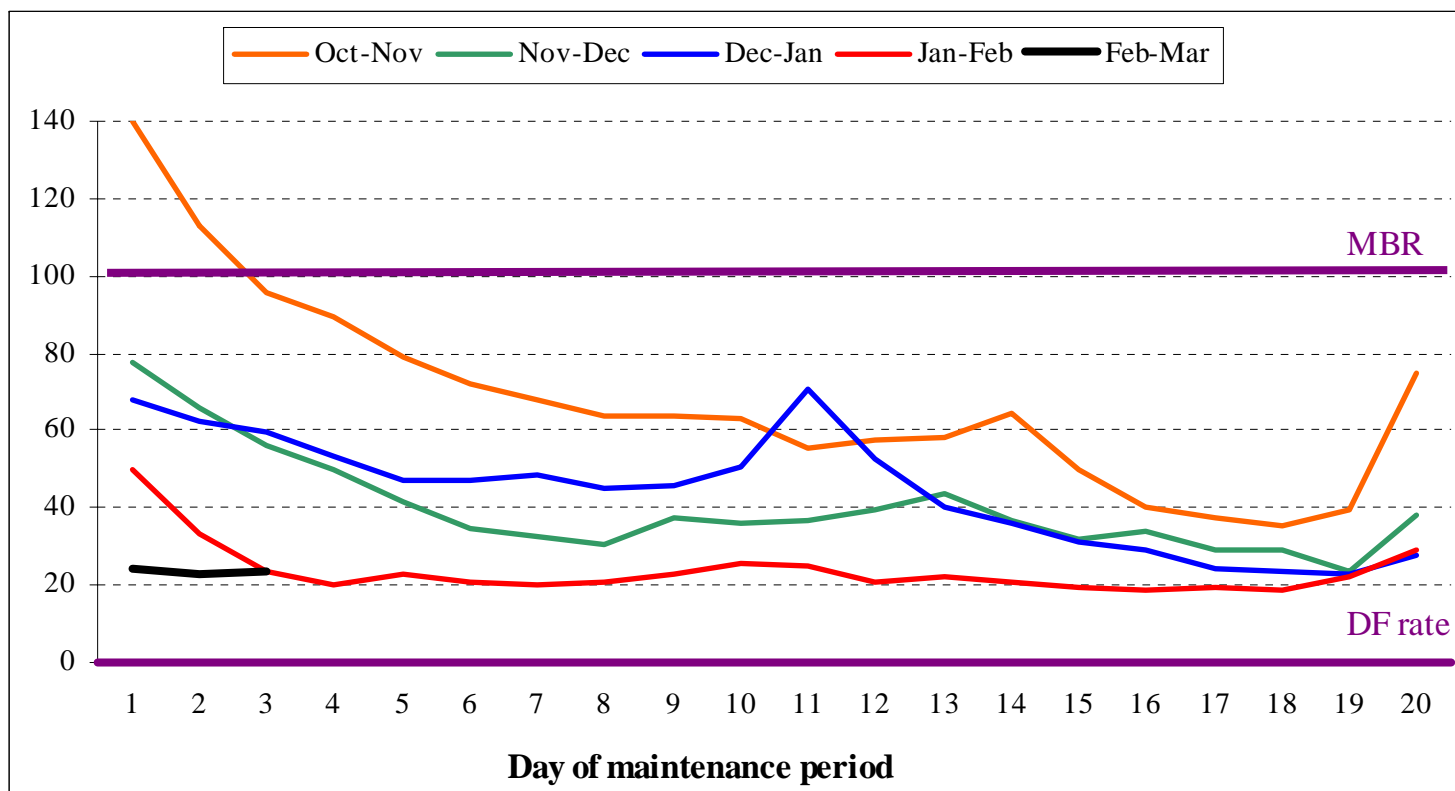
# Eonia developments

[Rates since Jul 2008 / volumes since Jan 2007]

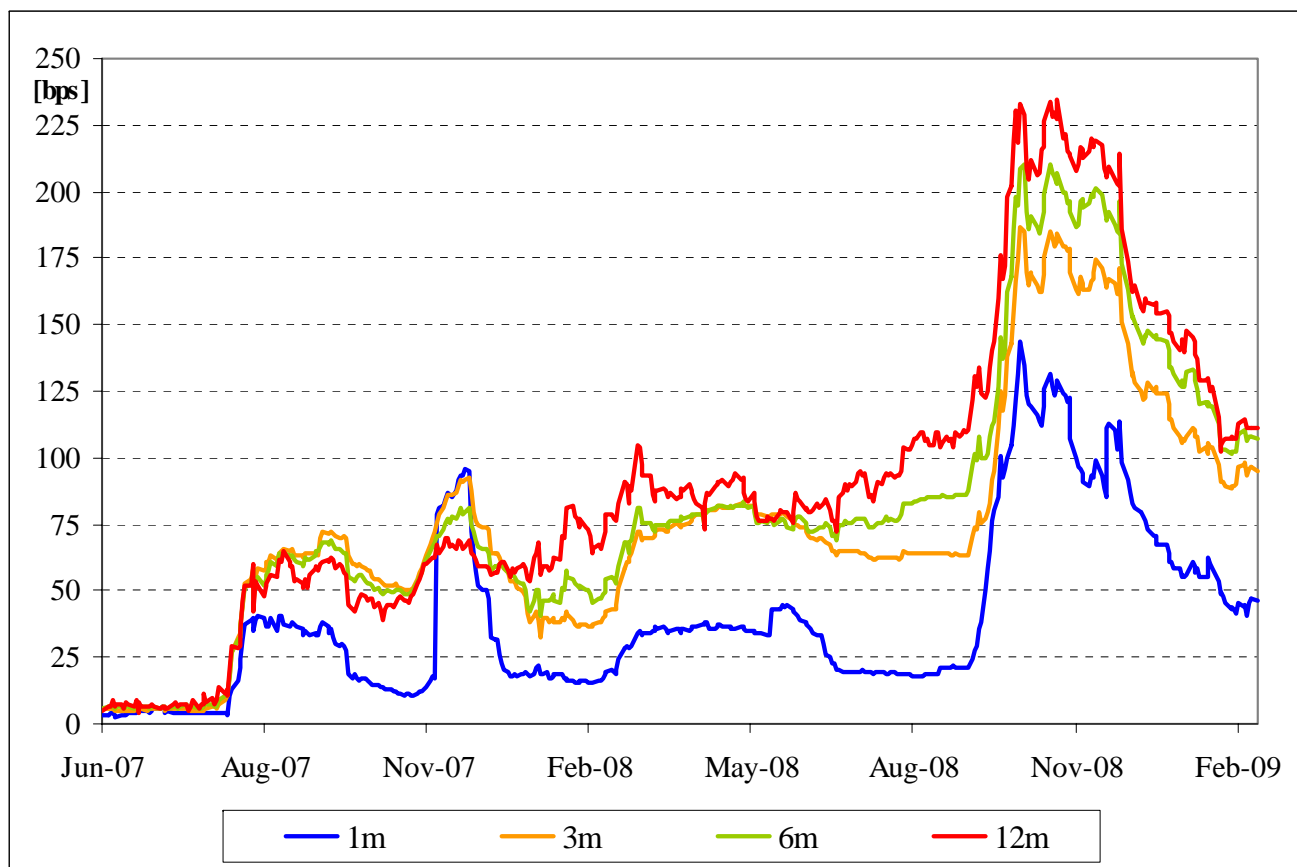


# Eonia in relative terms

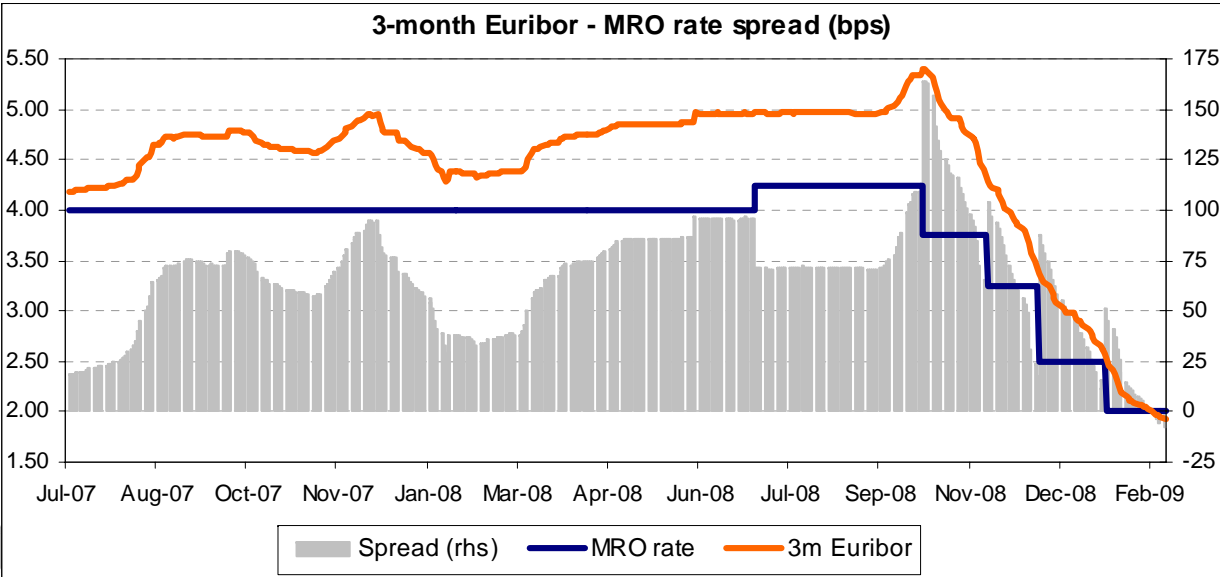
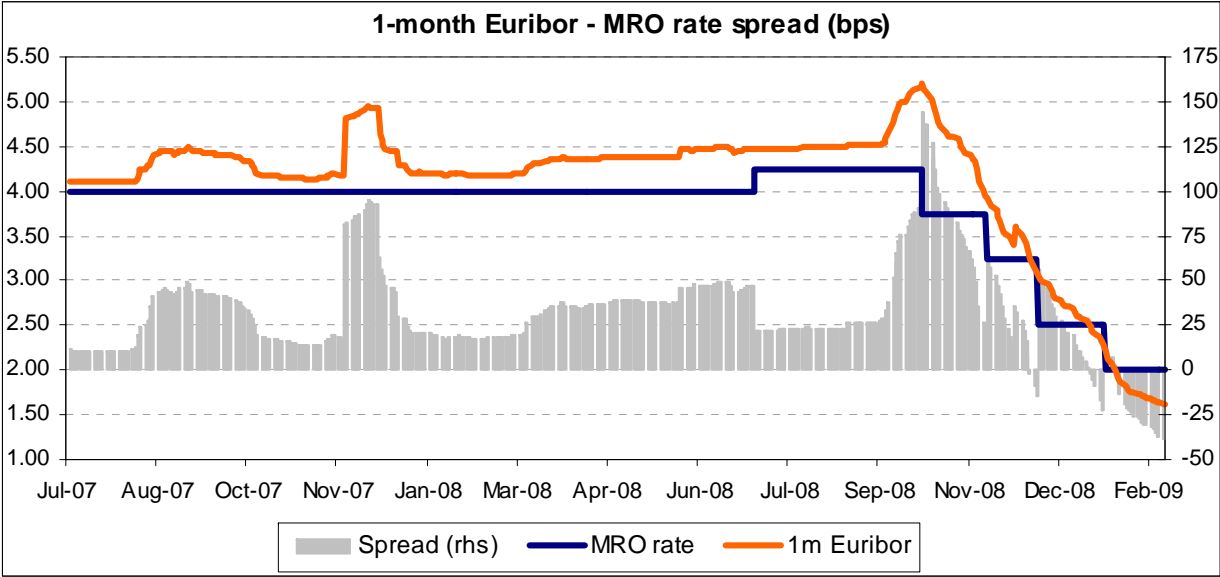
[Difference between MBR and DF rate normalised to 100 bps]



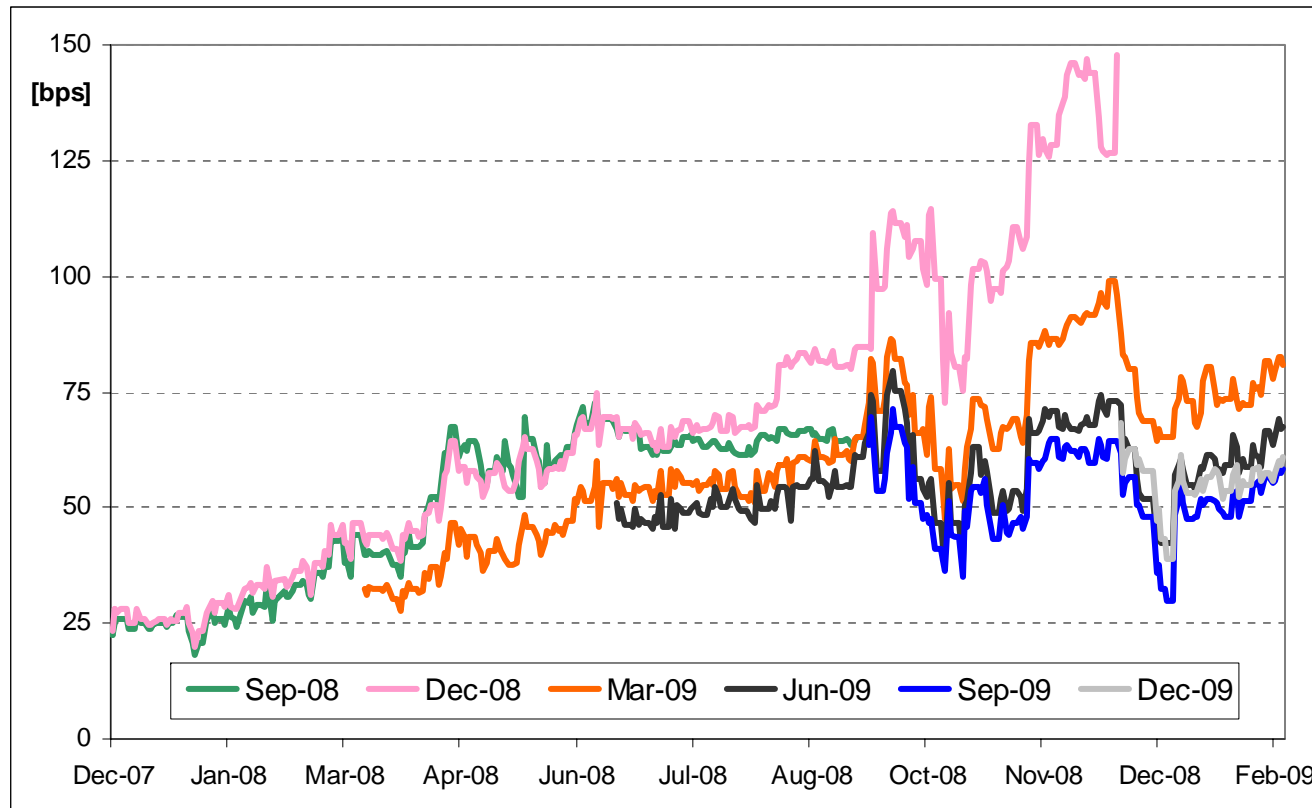
# EURIBOR - OIS spreads for different maturities



# Euribor fixings vs MRO rate

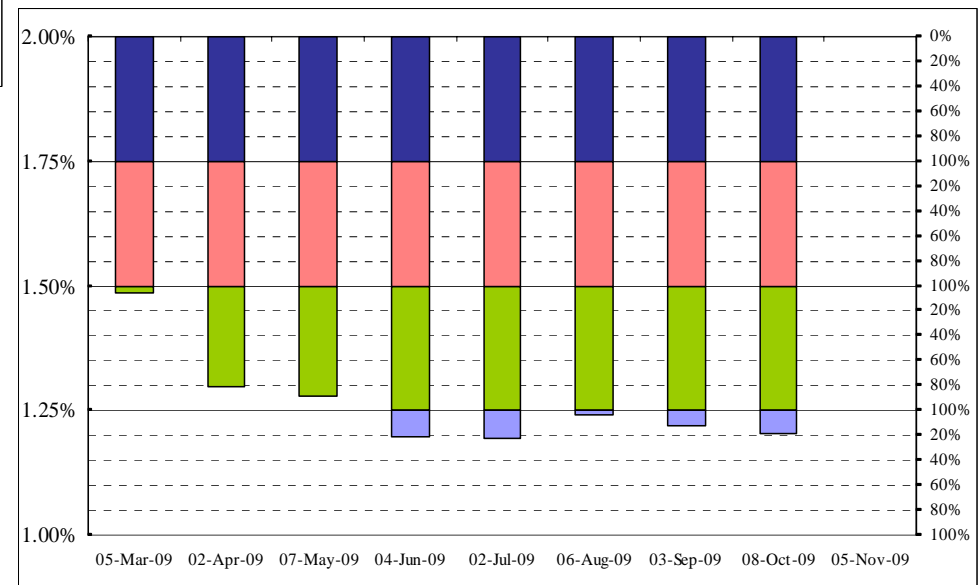
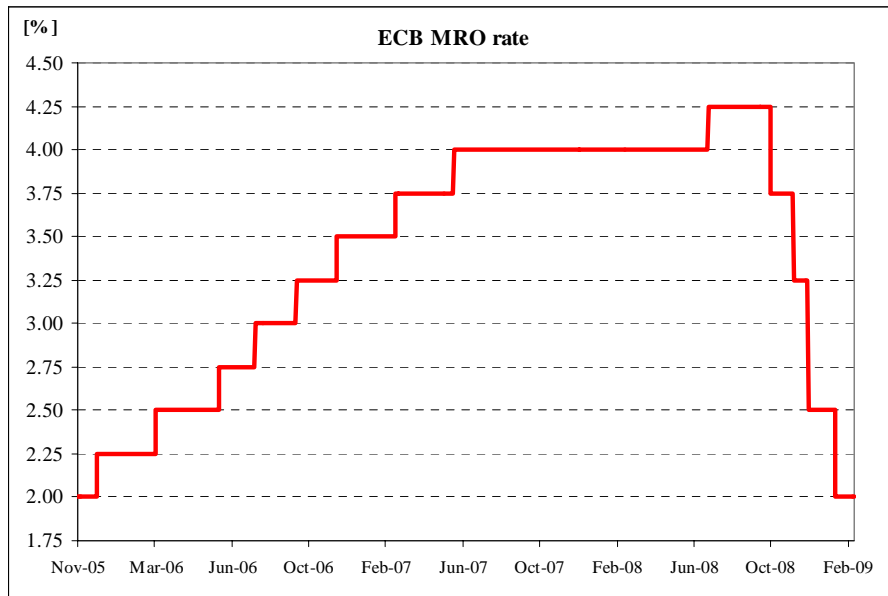


# Forward 3-month EURIBOR - OIS spreads

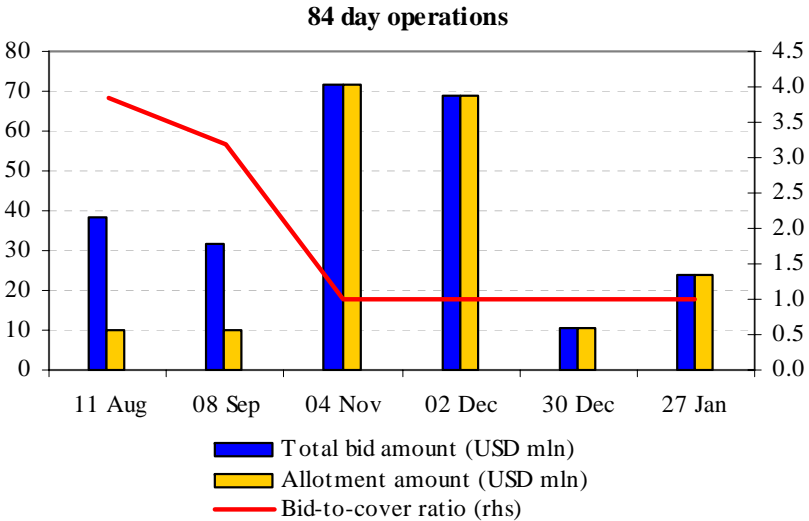
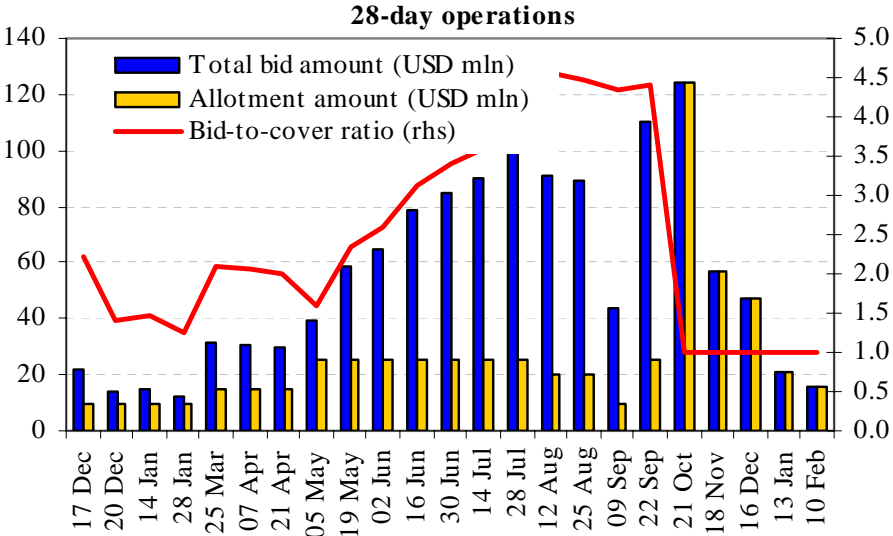
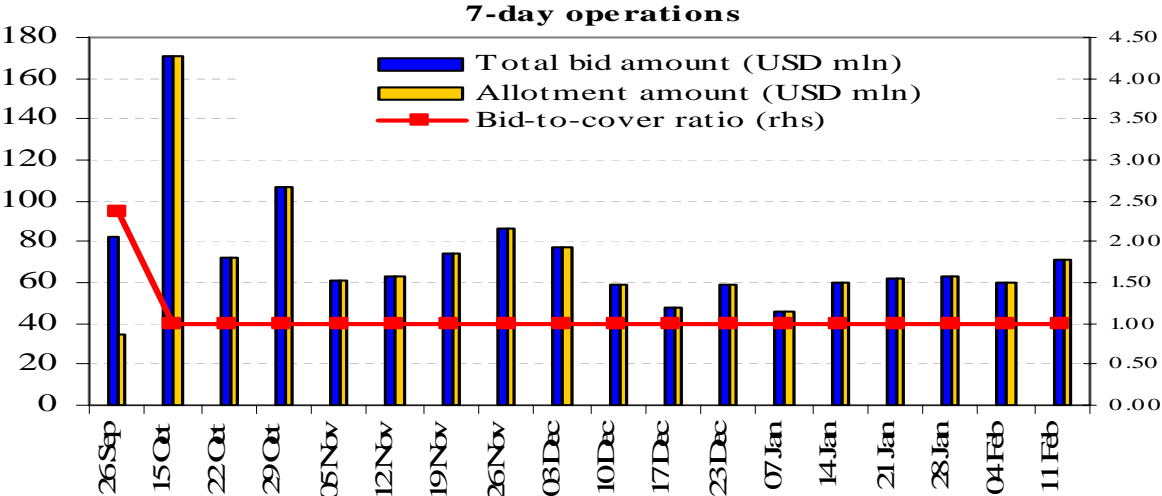




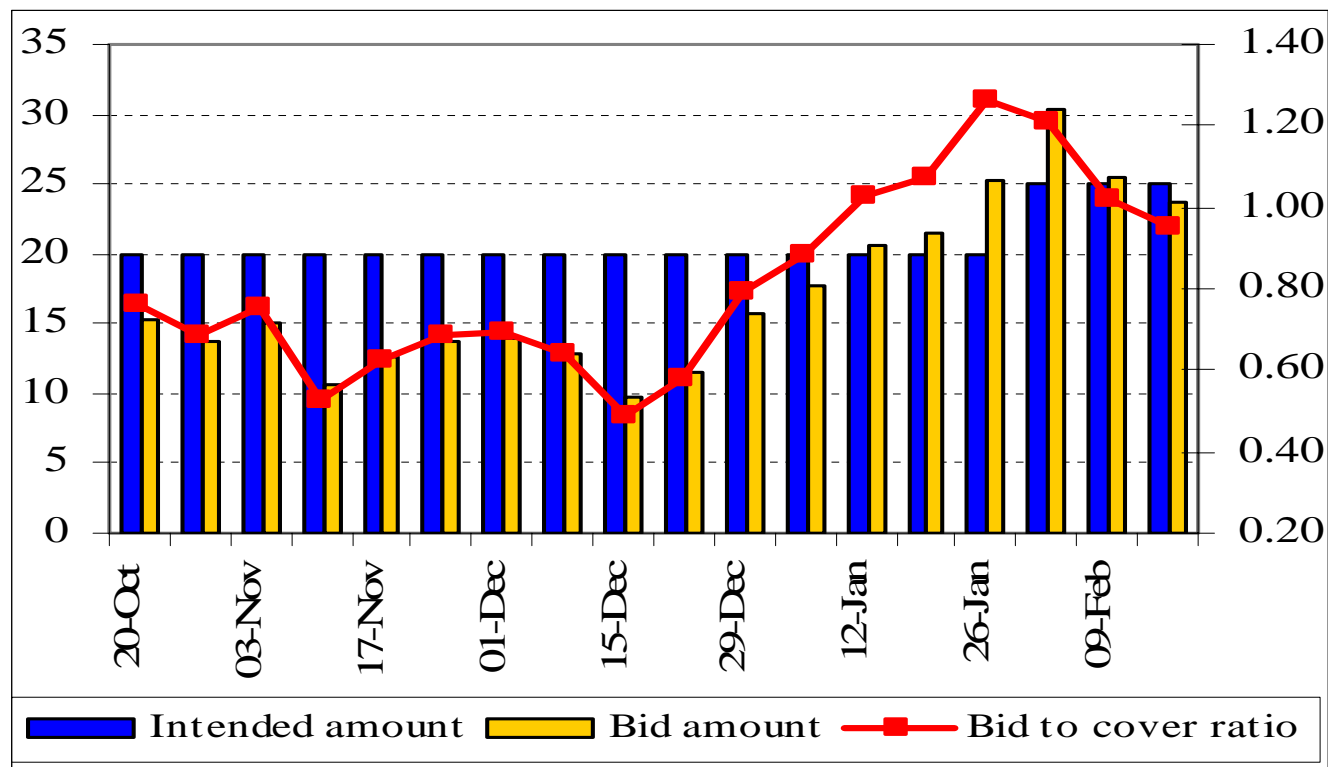
# Development of ECB monetary policy stance and current interest rate expectations



# Results of the Eurosystem's USD providing operations



# Results of the Eurosystem's 1-week CHF providing operations



# Consolidated balance sheet of the Eurosystem

Consolidated balance sheet of the Eurosystem, 29 June 2007 (in billion of EUR)			
Assets		Liabilities	
<hr/>		<hr/>	
<b><u>Autonomous liquidity factors</u></b>		<b><u>Autonomous liquidity factors</u></b>	
Net foreign assets (A.1+A.2+A.3 -L.6-L.7-L.8)	294	Banknotes in circulation (L.1)	633
Domestic assets portfolio (A.7+A.8)	131	Government deposits (L.5.1)	70
		Other autonomous factors (net)	4
			<hr/> 707
 <b><u>Monetary Policy Instruments</u></b>		 <b><u>Monetary Policy Instruments</u></b>	
Main refinancing operation (A.5.1)	313	Current accounts - Res. Requ. (L.2.1)	182
<i>Longer term ref. Operation (A.5.2)</i>	150	Absorbing Operations (L.2- L.2.1-L.2.2)	0
Marginal lending facility (A.5.5)	1	Deposit facility (L.2.2)	1
	<hr/> 890		<hr/> 890

# Eurosysteem balance sheet during the turmoil

Consolidated balance sheet of the Eurosystem, 10 February 2009 (in billion of EUR)			
Assets		Liabilities	
US refinancing operations	142	Claim US federal reserve	142
<u>Autonomous liquidity factors</u>		<u>Autonomous liquidity factors</u>	
Net foreign assets (A.1+A.2+A.3 -L.6-L.7-L.8)	295	Banknotes in circulation (L.1)	740
Domestic assets portfolio (A.7+A.8)	320	Government deposits (L.5.1)	82
		Other autonomous factors (net)	151
			974
<u>Monetary Policy Instruments</u>		<u>Monetary Policy Instruments</u>	
Main refinancing operation (A.5.1)	208	Current accounts - Res. Requ. (L.2.1)	147
Longer term ref. Operation (A.5.2)	529	Absorbing Operations (L.2- L.2.1-L.2.2)	130
Marginal lending facility (A.5.5)	4	Deposit facility (L.2.2)	104
	1497		1497

## Potential issues for discussion

- *The re-widening of the interest rate corridor has reduced the ECB's intermediary function.*

*Is this expected to continue?*

*Will this facilitate a more normal market functioning?*

*Does this have an impact on term lending activity?*

- *Is the upcoming end of quarter a reason for concern?*
- *What is the role of the fixed rate / full allotment strategy in the current environment?*