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PRESS RELEASE

ECB PUBLISHES THE RESULTS OF THE EURO MONEY MARKET SURVEY 2012

Today the European Central Bank (ECB) is publishing the results of the “Euro Money Market Survey 2012”, which highlights the main developments in the euro money market in the second quarter of 2012, comparing them with the second quarter of 2011.

The results of this year's survey, which are derived from a constant panel of 105 banks (unless otherwise indicated; see the notes below), show the following.

- Aggregate turnover in the euro money market (i.e. lending and borrowing combined) contracted by 14%, after a strong increase last year.
- In the unsecured market, the cash borrowing of the banks on the panel decreased by 38%, while their lending decreased by 31%. Total activity remained concentrated in maturities of one month or less. Overnight transactions accounted for 66% of total borrowing activity, compared with 73% in 2011. 83% of lending transactions were overnight transactions, a year-on-year increase of 4 percentage points.
- The secured market remained the largest segment, although turnover declined by 15%, mainly on account of a 26% decrease in activity for the overnight maturity; turnover for maturities of between “tomorrow/next” and one month declined by 11%.
- 55% of secured market transactions were cleared by central counterparties, compared with a revised figure of 51% in the second quarter of 2011.
- Activity in the derivative segments covered by the survey decreased by 9%. In percentage terms, the most significant reductions in activity were observed in overnight index swaps (where turnover decreased by 50%) and other interest rate swaps (where turnover decreased by 16%). In contrast, turnover for foreign exchange swaps increased again, rising by 12%, while turnover for forward rate agreements rose by 4%.

- The unsecured market remained the least concentrated segment, while other interest rate swaps became the most concentrated.
- Turnover in the outright secondary market for short-term paper was 9% lower than in the previous year, although turnover for short-term paper issued by credit institutions increased by 12%.
- The percentage of direct trading decreased in most segments, with the exception of the unsecured segment and outright transactions. Electronic trading increased in most money market segments, but declined in cross-currency swaps and outright transactions.
- The qualitative part of the survey shows that efficiency in the unsecured market was deemed to have worsened markedly in comparison with 2011. Liquidity conditions were also perceived to have deteriorated. As regards the secured segment, the number of respondents giving a positive assessment of the market's efficiency increased, although liquidity conditions were perceived as being worse than in 2011. For most other market segments, the perception of efficiency was more positive in 2012, whereas it was generally felt that liquidity conditions had deteriorated.

Notes

This survey has been conducted on an annual basis since 1999 and always compares data for the second quarter of the current year with data for the second quarter of the previous year. It is conducted by experts from the European System of Central Banks, i.e. the ECB and the national central banks of the European Union. The survey uses a constant panel of 105 banks wherever longer-term comparisons are made, but also includes data provided by the full panel of banks, which has grown over time, in order to obtain a more complete picture of the market. The full panel currently comprises 172 banks.

The "Euro Money Market Survey 2012" can be downloaded from the ECB's website, together with a summarised version of the survey data (CSV file). The full dataset is available in the ECB's Statistical Data Warehouse.

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