



EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

11 July 2016

Results of the June 2016 survey on credit terms and conditions in euro-denominated securities financing and over-the-counter derivatives markets (SESFOD)

- Overall credit terms and conditions offered to all counterparty types tightened slightly, reflecting less favourable price and non-price credit terms across the entire spectrum of securities financing and OTC derivatives markets
- In the provision of finance that is collateralised by euro-denominated securities banks offered more favourable financing rates
- Market liquidity for the underlying collateral deteriorated on balance but not for the securities financing market itself

Credit terms offered in both the provision of finance that is collateralised by euro-denominated securities and over-the-counter (OTC) derivatives markets became somewhat less favourable for all counterparty types over the three-month reference period ending in May 2016. Credit terms are expected to tighten further over the coming three-month reference period between June and August 2016.

Regarding the provision of finance that is collateralised by euro-denominated securities, survey respondents indicated less favourable non-price terms such as the maximum amount and the maximum maturity of funding against many types of collateral. However, respondents reported more favourable price terms such as financing rates/spreads for many types of collateral, in particular when government bonds had been used as collateral, except for high-yield corporate bonds and convertible securities.

Market liquidity for the underlying collateral (as opposed to the securities financing market itself) deteriorated further on balance for almost all types of euro-denominated collateral covered in the survey,

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following the deterioration in liquidity and market functioning that had been reported in the previous four securities financing and OTC derivatives markets (SESFOD) surveys.

The SESFOD survey is conducted four times a year and covers changes in credit terms and conditions over the three-month reference periods ending in February, May, August and November. The June 2016 survey collected qualitative information on changes between March 2016 and May 2016. The results are based on responses from a panel of 27 large banks, comprising 14 euro area banks and 13 banks with head offices outside the euro area.

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