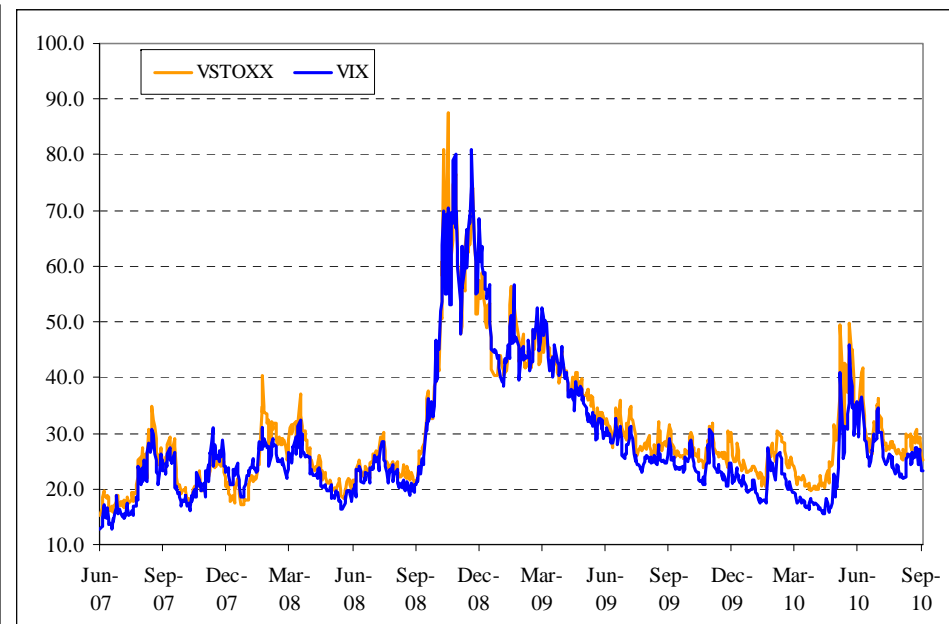


Recent developments in the euro money market

Money Market Contact Group
Frankfurt, 8 September 2010

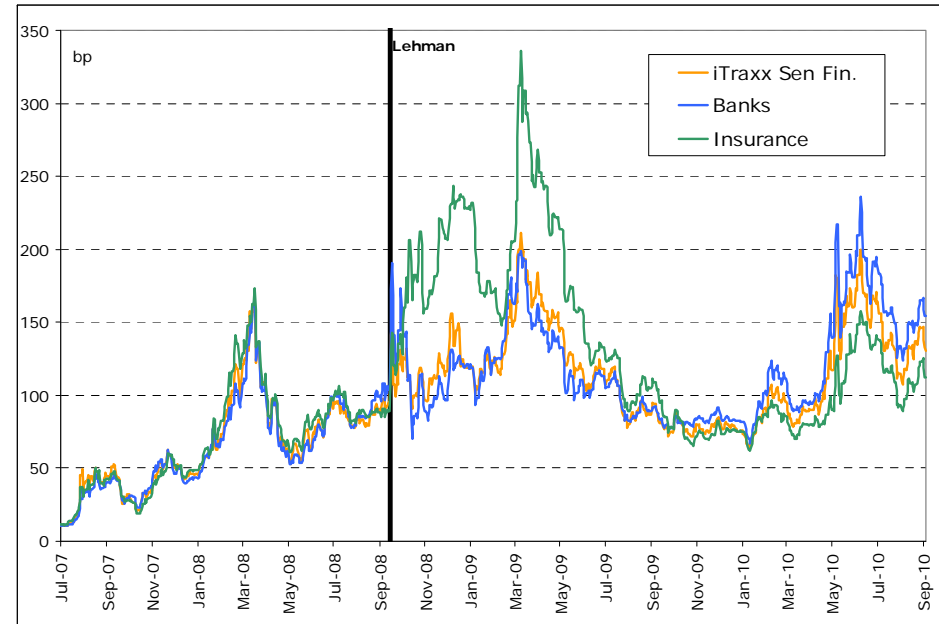
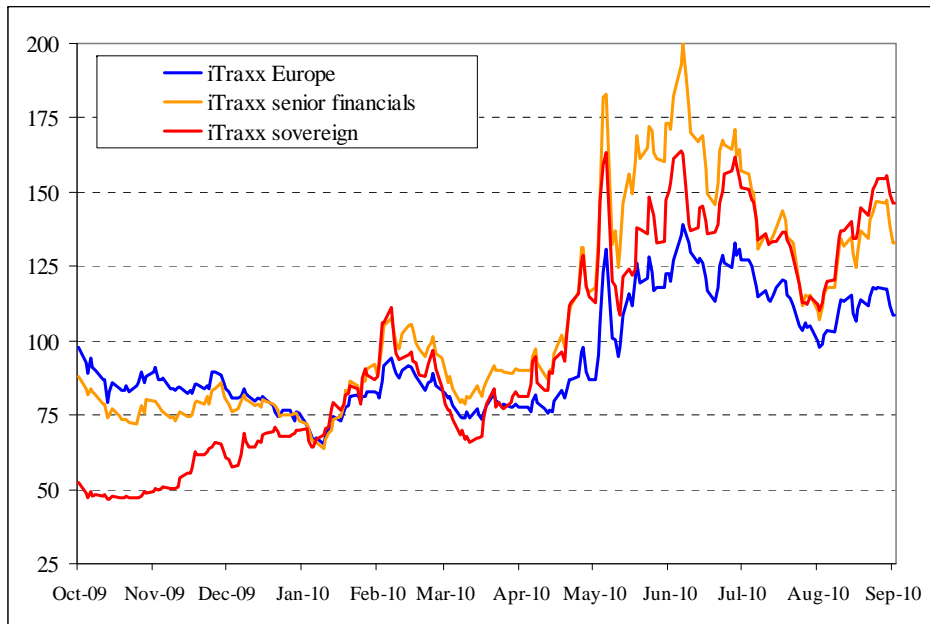
Overall financial market background

I) Stock market prices and implied volatilities

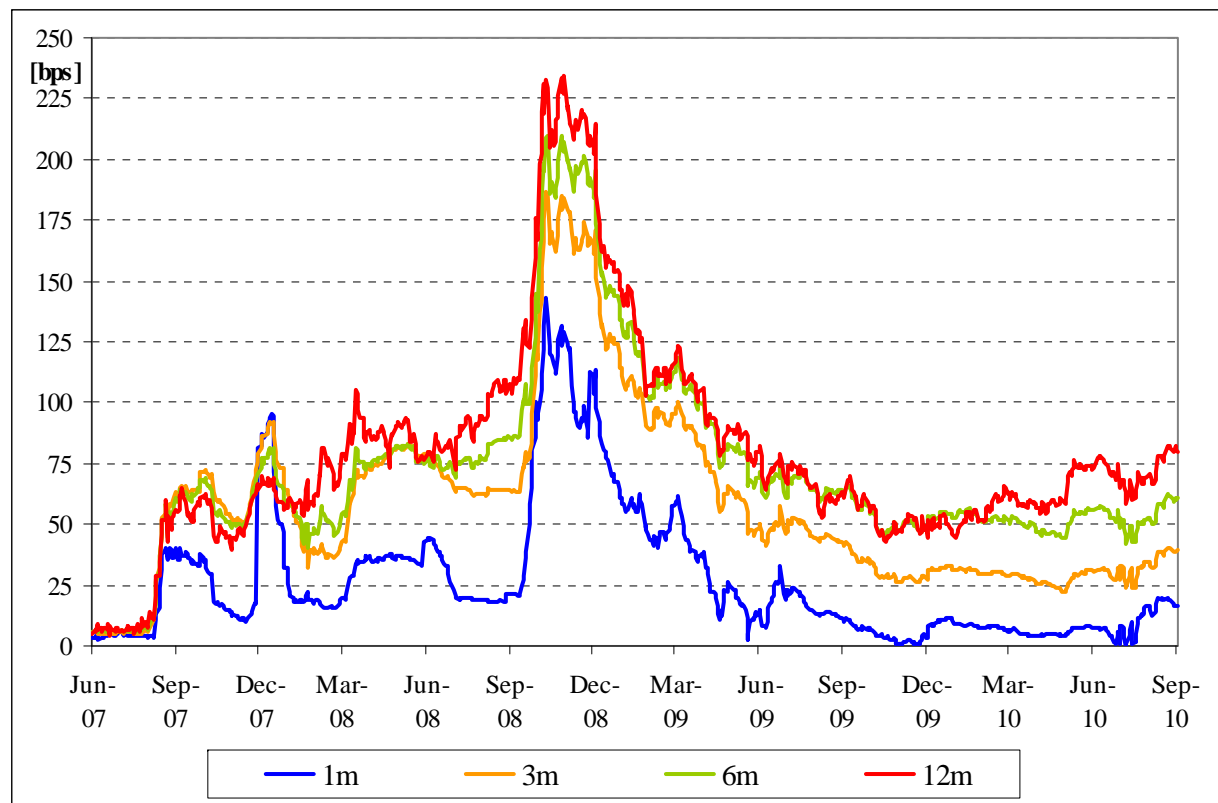


Overall financial market background

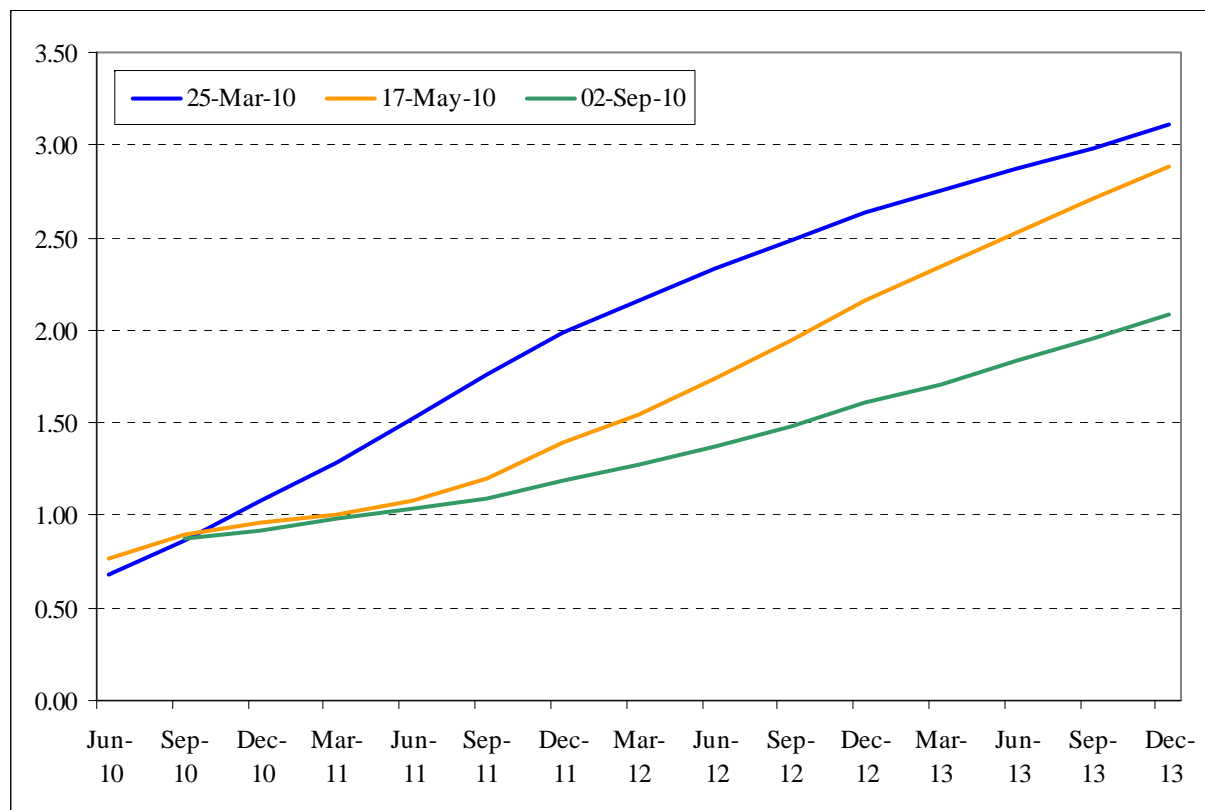
II) Credit market development



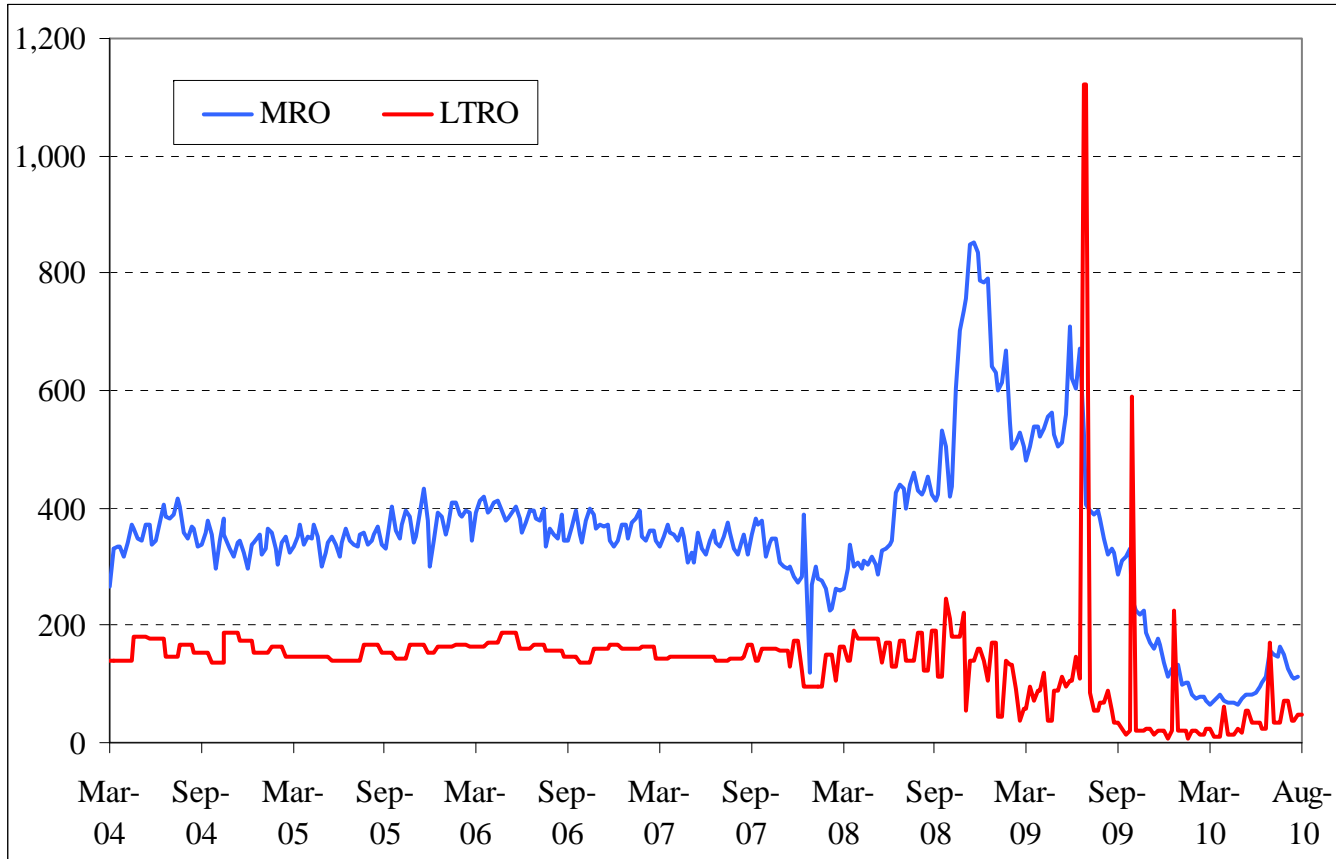
EURIBOR - OIS spreads for different maturities



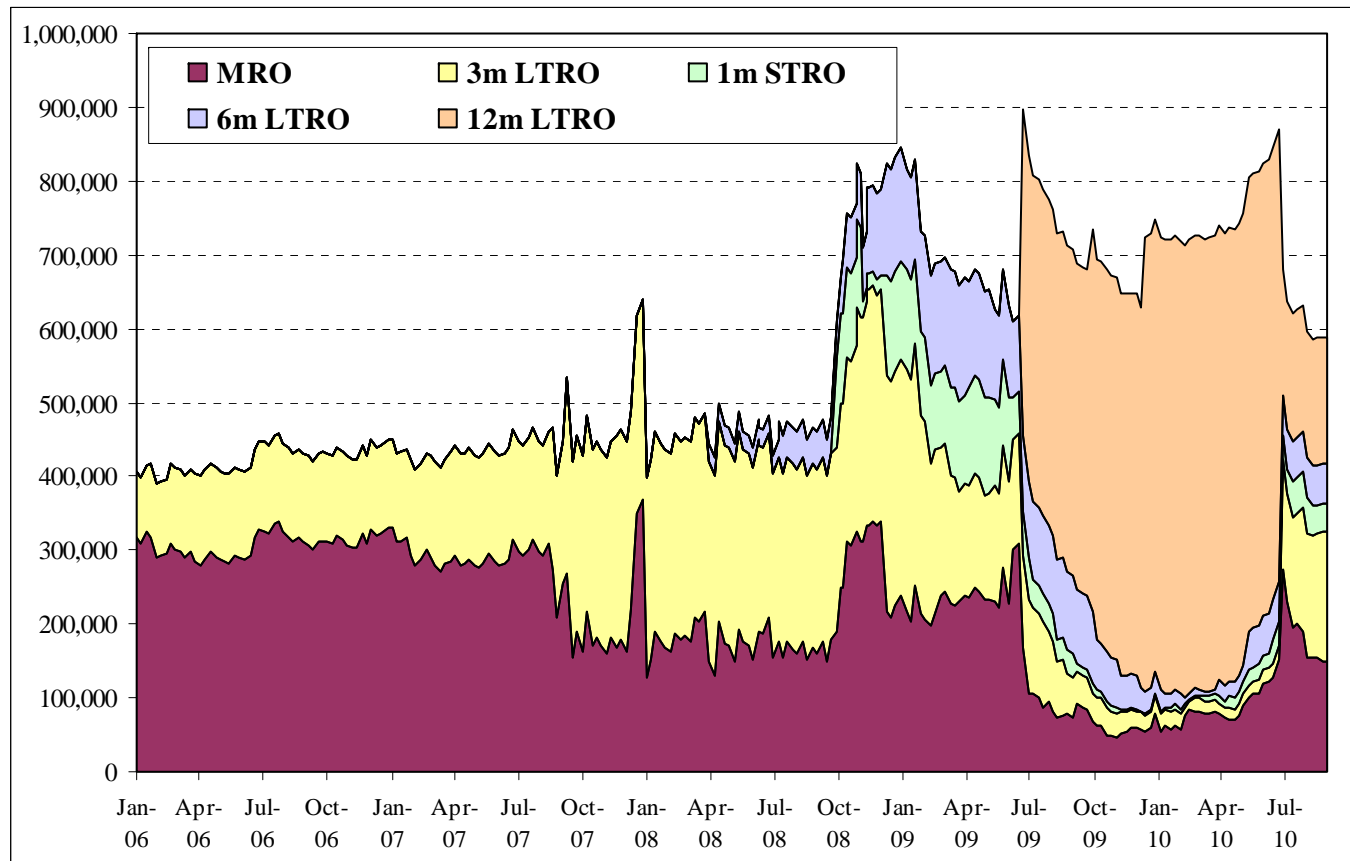
Development of the Euribor futures curve



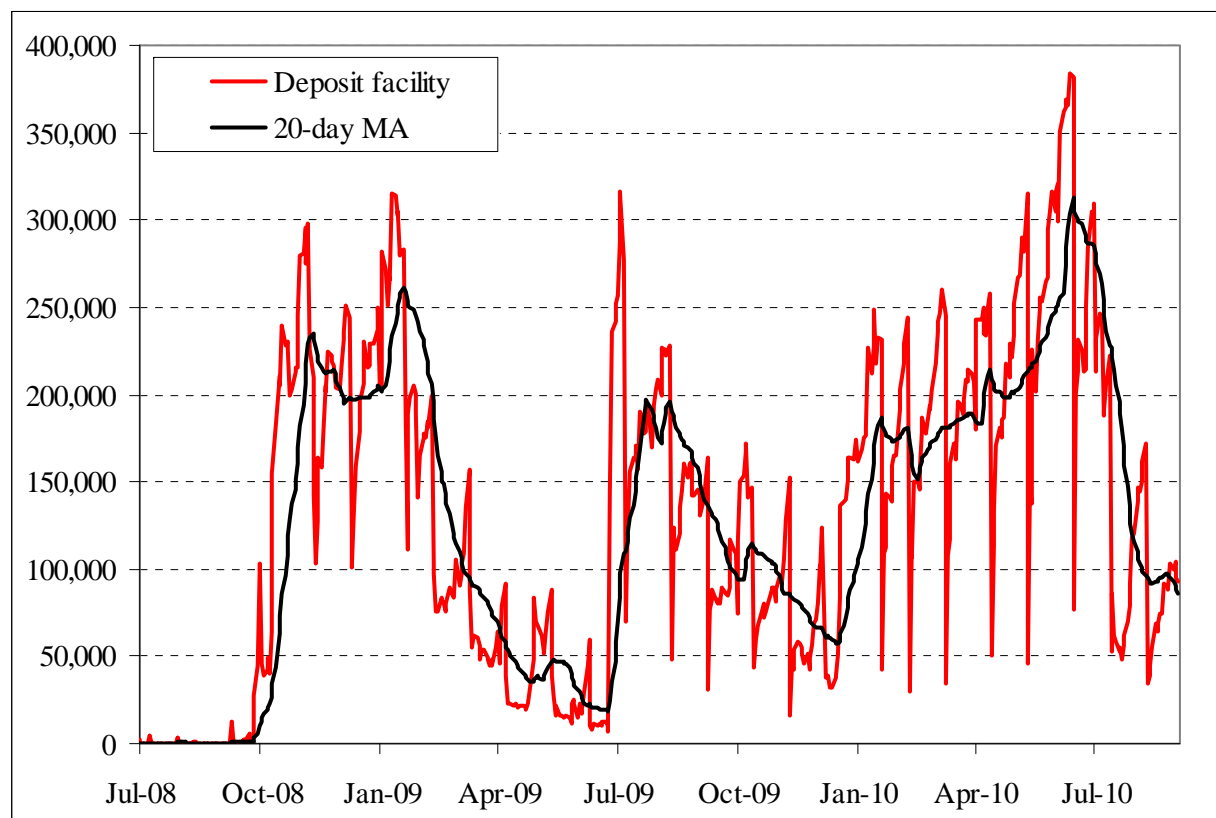
Number of participating banks in MROs and LTROs



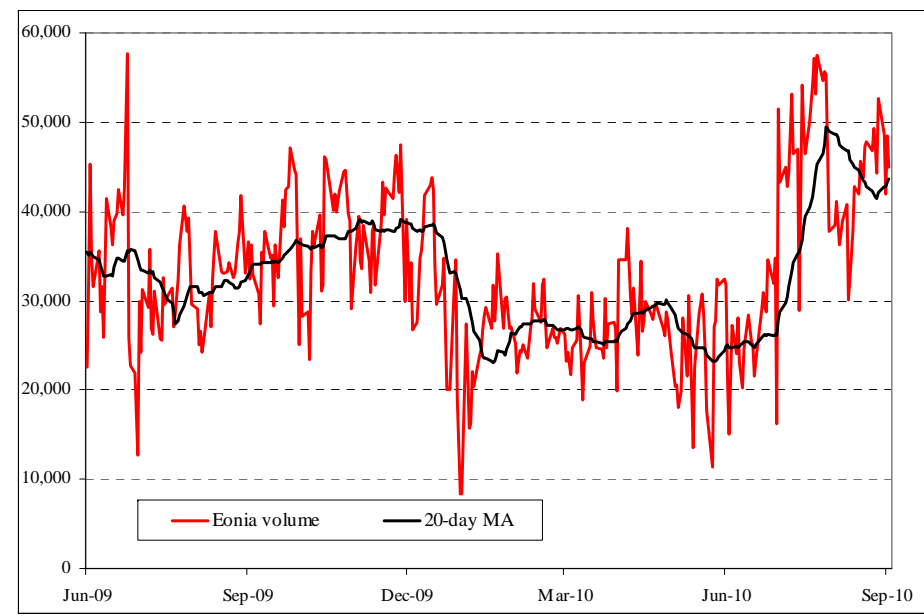
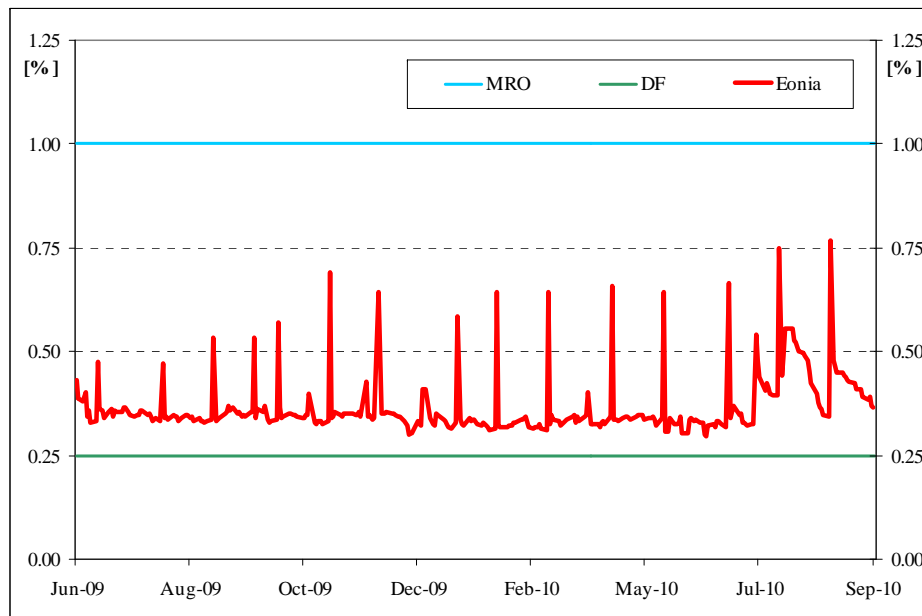
Maturity breakdown of the ECB's liquidity providing operations



Use of the ECB's deposit facility

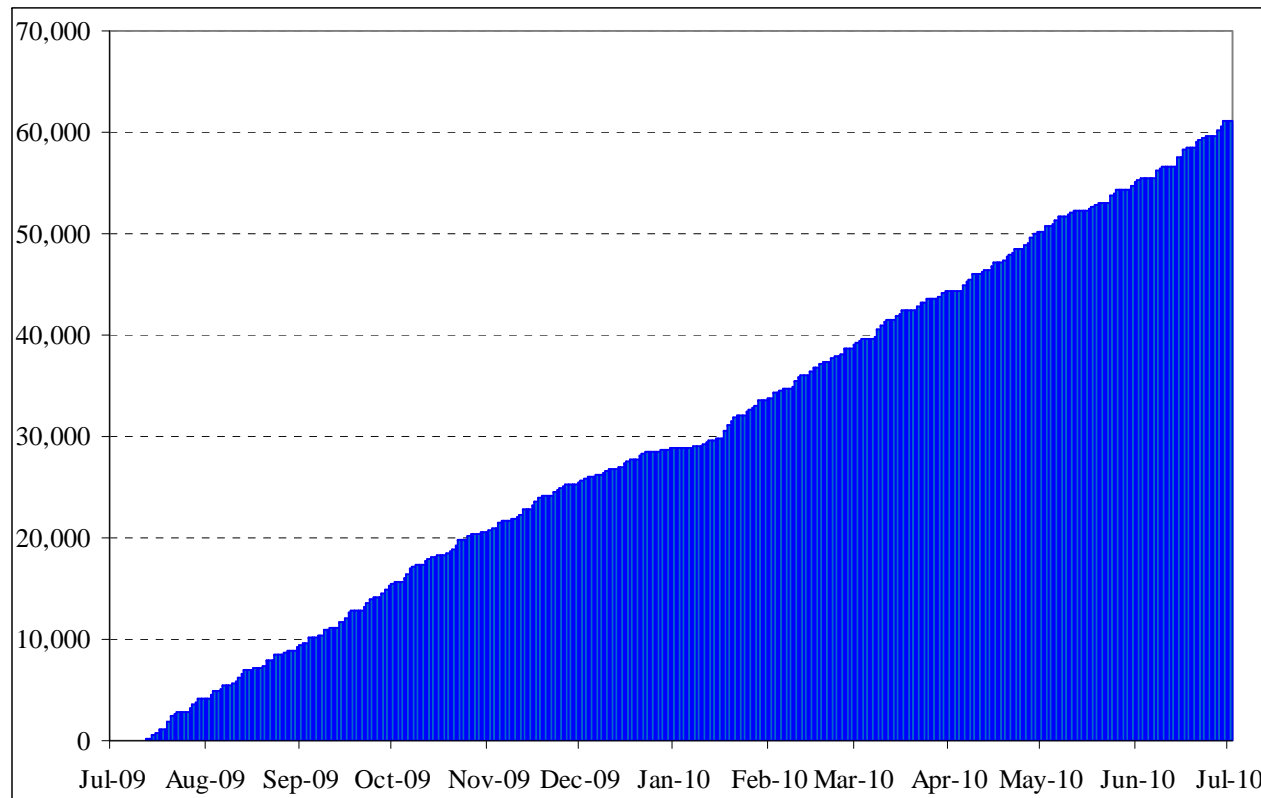


ECB rates and Eonia developments



Covered Bond Purchase Programme

- **Evolution of Eurosystem purchases**

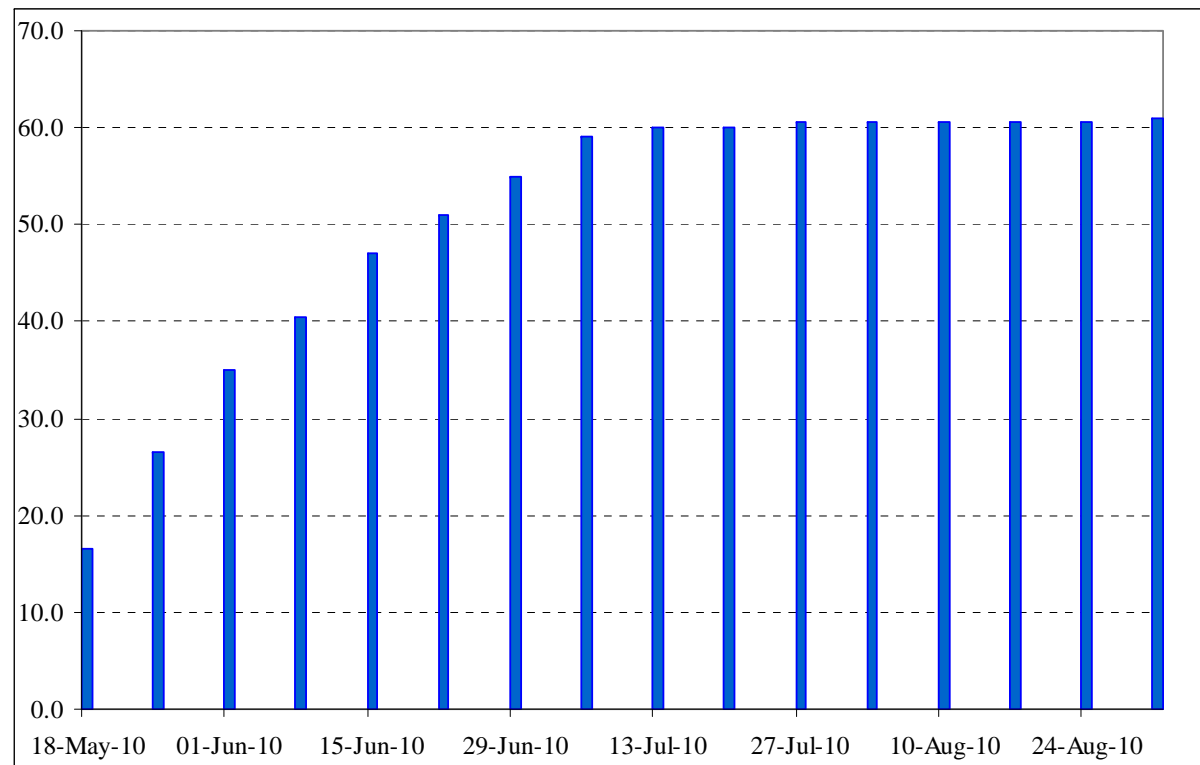


The last monthly report on the CBPP can be found on the ECB's webpage:

<http://www.ecb.europa.eu/pub/pdf/other/monthlyreporteurosystemcoveredbondpurchaseprogramme201007en.pdf>

Securities Markets Programme

- Evolution of Eurosystem purchases



I-week sterilization operations

<i>Date</i>	<i>Intended amount</i>	<i>Bid amount</i>	<i>Number of banks</i>	<i>Allotment amount</i>	<i>Weighted average rate</i>	<i>Marginal rate</i>	<i>Bid/cover ratio</i>	<i>Weekly purchased amount under SMP</i>	<i>Accumulated amount purchased under SMP</i>
18 May	16.5 bn	162.7 bn	223	16.5 bn	0.28%	0.29%	9.9	16.5 bn	16.5 bn
25 May	26.5 bn	86.0 bn	93	26.5 bn	0.27%	0.28%	3.2	10.0 bn	26.5 bn
1 June	35.0 bn	73.6 bn	68	35.0 bn	0.28%	0.28%	2.1	8.5 bn	35.0 bn
8 June	40.5 bn	75.6 bn	64	40.5 bn	0.31%	0.35%	1.9	5.5 bn	40.5 bn
15 June	47.0 bn	71.1 bn	66	47.0 bn	0.28%	0.30%	1.5	6.5 bn	47.0 bn
22 June	51.0 bn	71.6 bn	67	51.0 bn	0.31%	0.40%	1.4	4.0 bn	51.0 bn
29 June	55.0 bn	31.9 bn	45	31.9 bn	0.54%	1.00%	0.6	4.0 bn	55.0 bn
06 July	59.0 bn	87.4 bn	88	59.0 bn	0.56%	0.75%	1.5	4.0 bn	59.0 bn
13 July	60.0 bn	98.3 bn	85	60.0 bn	0.56%	0.65%	1.6	1.0 bn	60.0 bn
20 July	60.0 bn	97.2 bn	88	60.0 bn	0.56%	0.64%	1.6	0.3 bn	60.0 bn
27 July	60.5 bn	88.6 bn	86	60.5 bn	0.55%	0.60%	1.5	0.2 bn	60.5 bn
3 August	60.5 bn	115.7 bn	93	60.5 bn	0.45%	0.50%	1.9	0.1 bn	60.5 bn
10 August	60.5 bn	123.5 bn	94	60.5 bn	0.43%	0.47%	2.0	0.0 bn	60.5 bn
17 August	60.5 bn	129.0 bn	89	60.5 bn	0.39%	0.40%	2.1	0.0 bn	60.5 bn
24 August	60.5 bn	108.4 bn	82	60.5 bn	0.35%	0.37%	1.8	0.3 bn	60.5 bn
31 August	61.0 bn	117.4 bn	71	61.0 bn	0.33%	0.35%	1.9	0.1 bn	61.0 bn

Review of risk control measures in the collateral framework

28 July 2010

- The new schedule graduates haircuts according to differences in maturities, liquidity categories and the credit quality of assets.
- It is based on an updated assessment of risk characteristics of eligible assets and the actual use of eligible assets by counterparties.
- The new haircuts will not imply an undue decrease in the collateral available to counterparties.
- The definition of liquidity categories for marketable assets and the application of additional valuation mark-downs for theoretically valued assets were fine-tuned.
- The new haircut schedule will enter into force on 1 January 2011.
- Recalled that the Eurosystem has the possibility to limit or exclude the use of certain assets as collateral also at the level of individual counterparties.

Other ECB announcements since mid-May

10 June 2010

- *Fixed rate / full allotment for MROs, MPOs and 3m LTROs in Q3/2010*

30 June 2010

- *Completion of the Covered Bond Purchase Programme*

2 September 2010

- *Fixed rate / full allotment for MROs, MPOs and 3m LTROs in Q4/2010 (but LTROs indexed to MRO rate)*

Potential issues for discussion

- *What is the assessment of the market functioning following the maturity of the first 1-year LTRO?*
- *What are the expectations for the demand in the 3-month LTRO in late September?*
- *What is the outlook for the development of very short term rates for the remainder of the year?*
- *What is the expected impact of the new haircut schedule in the collateral framework?*