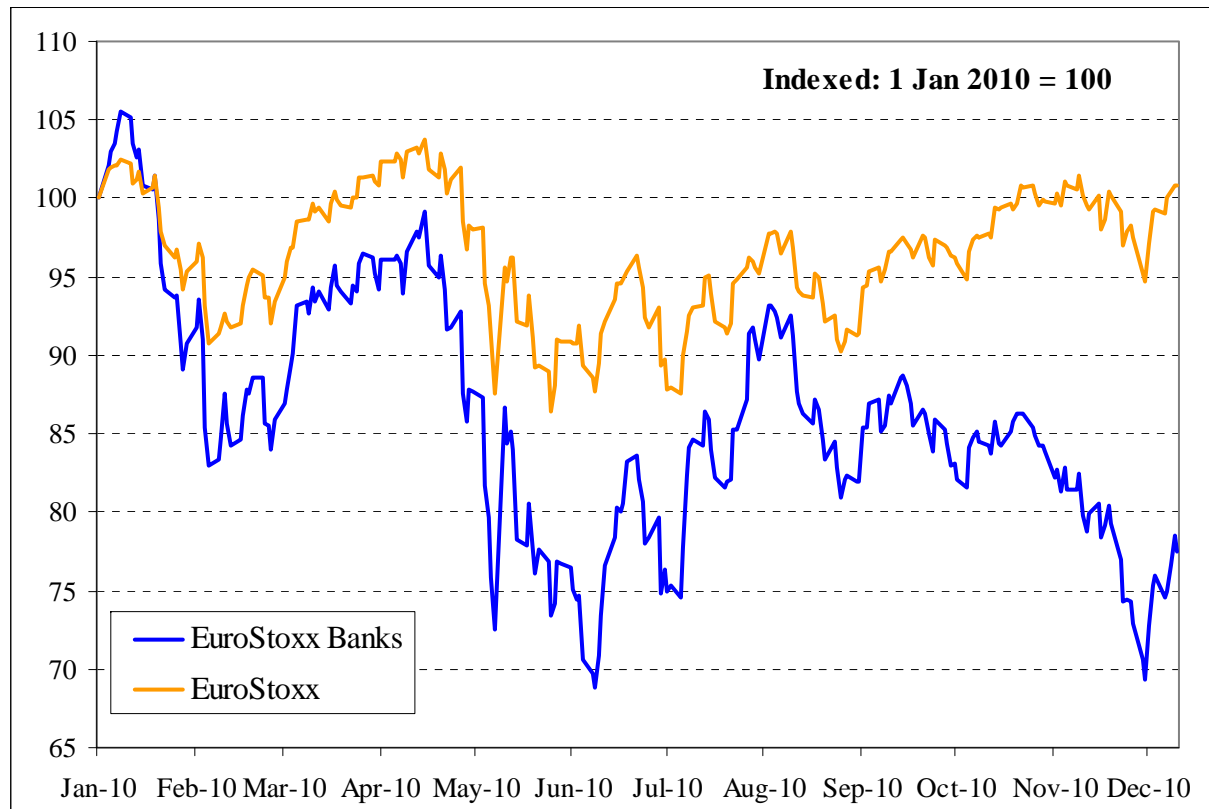


Recent developments in the euro money market

Money Market Contact Group
Frankfurt, 15 December 2010

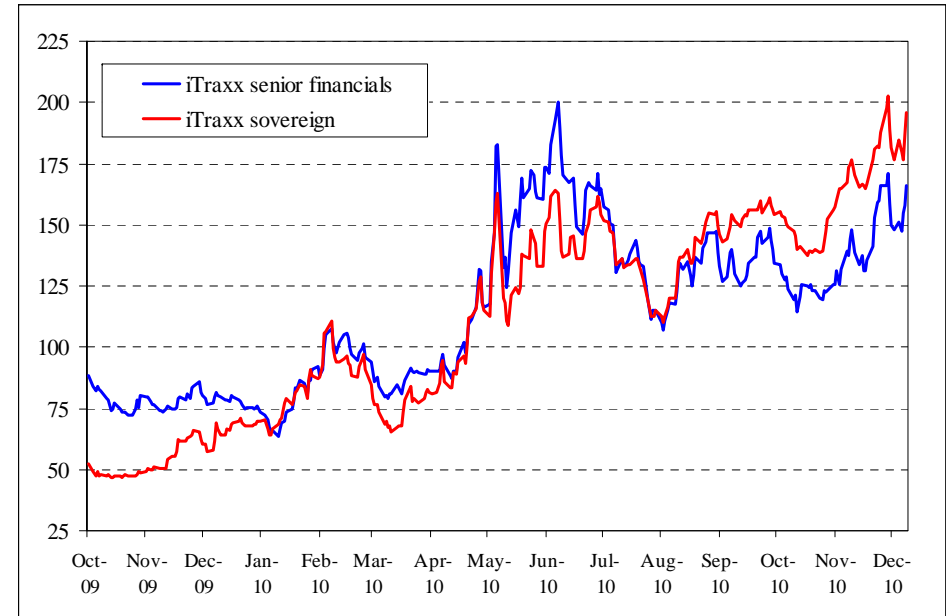
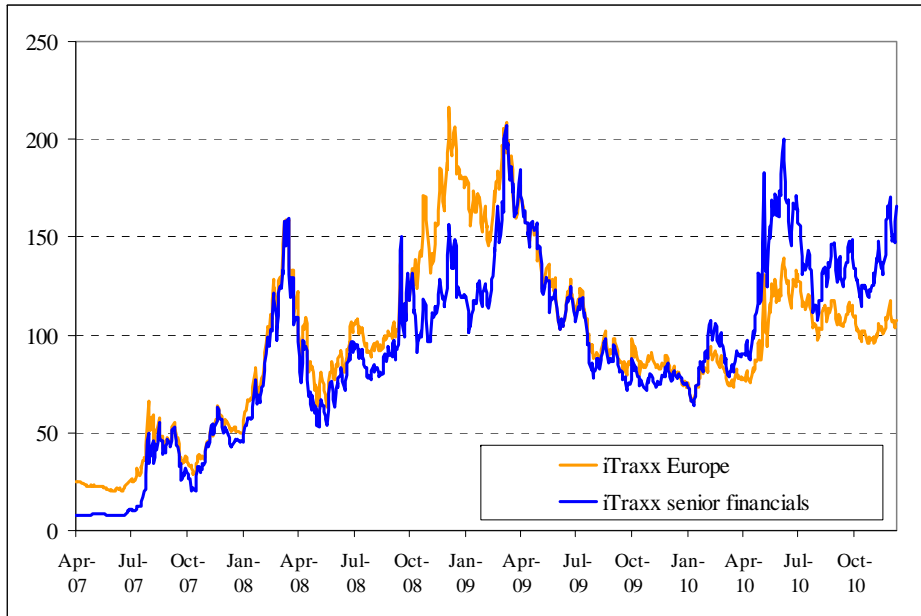
Overall financial market background

I) Stock markets move higher, but banks underperform

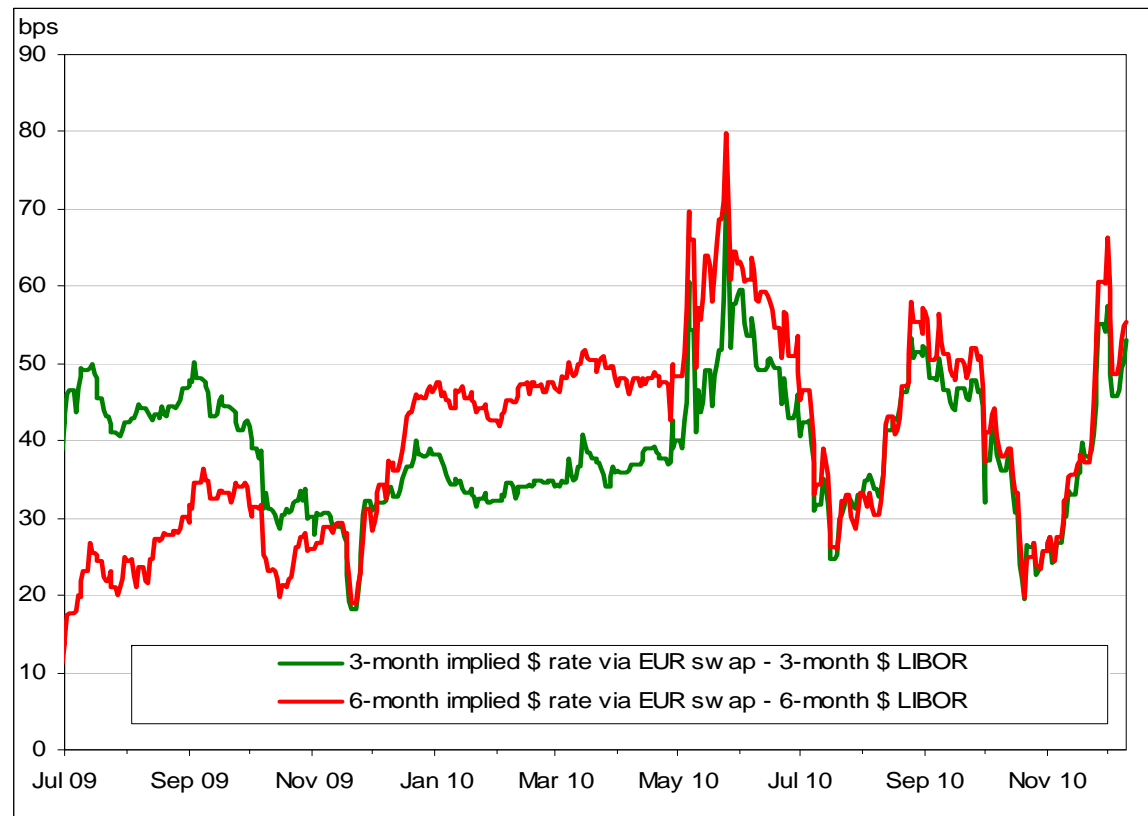


Overall financial market background

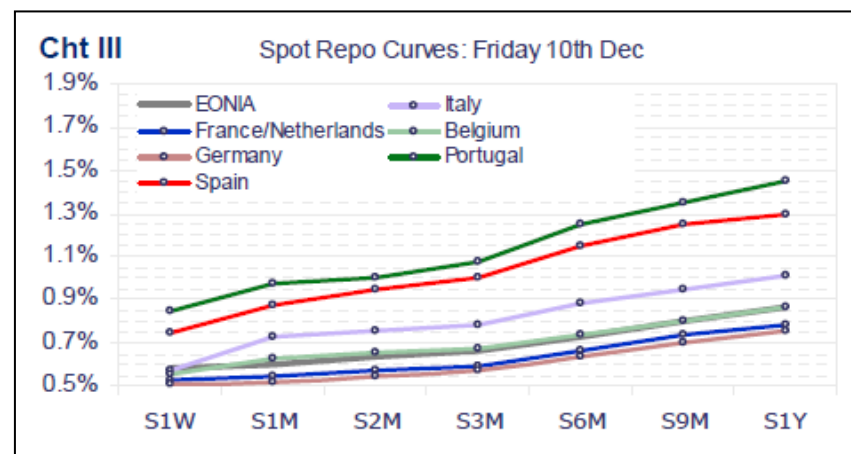
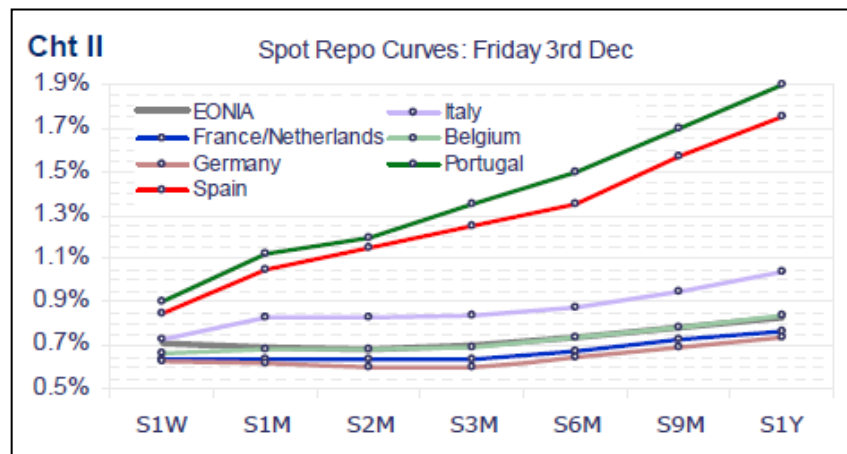
II) Similar underperformance of financials in the credit market



FX swap premia (implied USD borrowing costs - USD LIBOR)



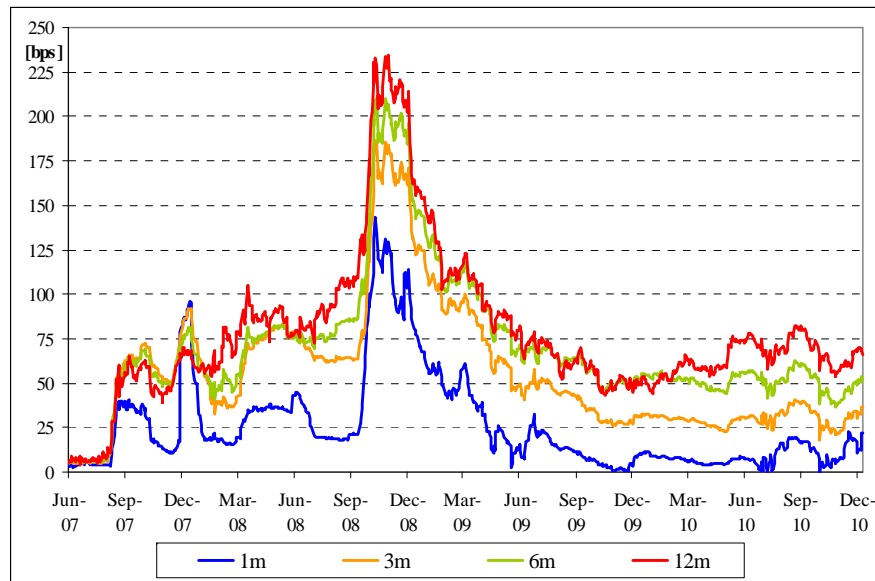
Selected repo curves



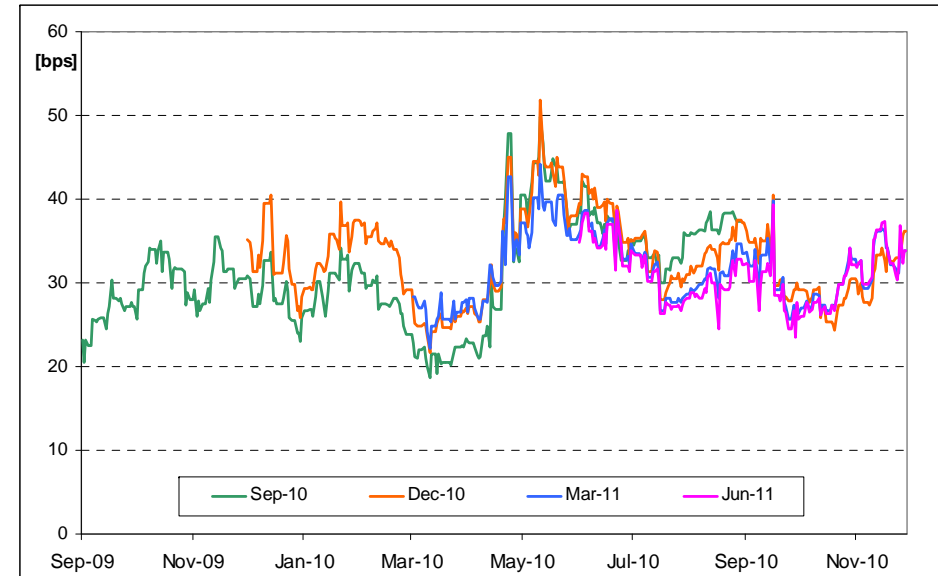
Source: ICAP

EURIBOR - OIS spreads

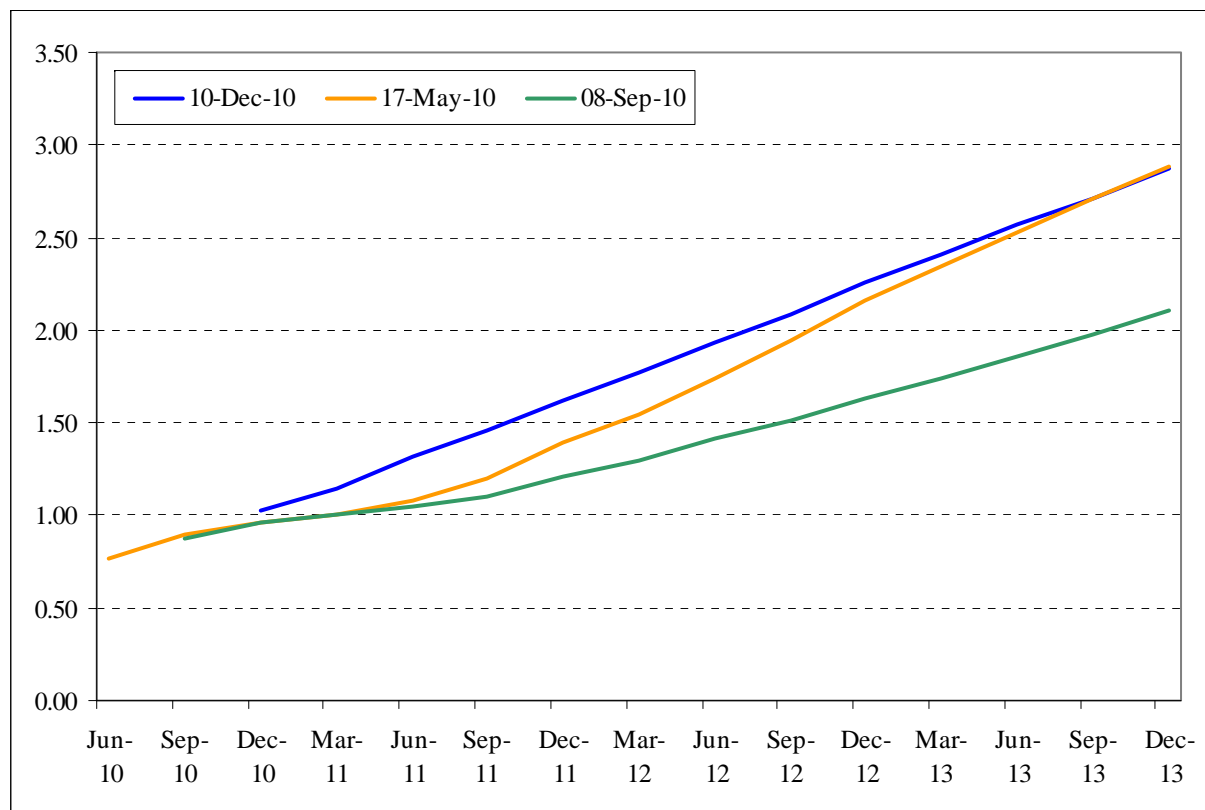
Cash spreads little changed,



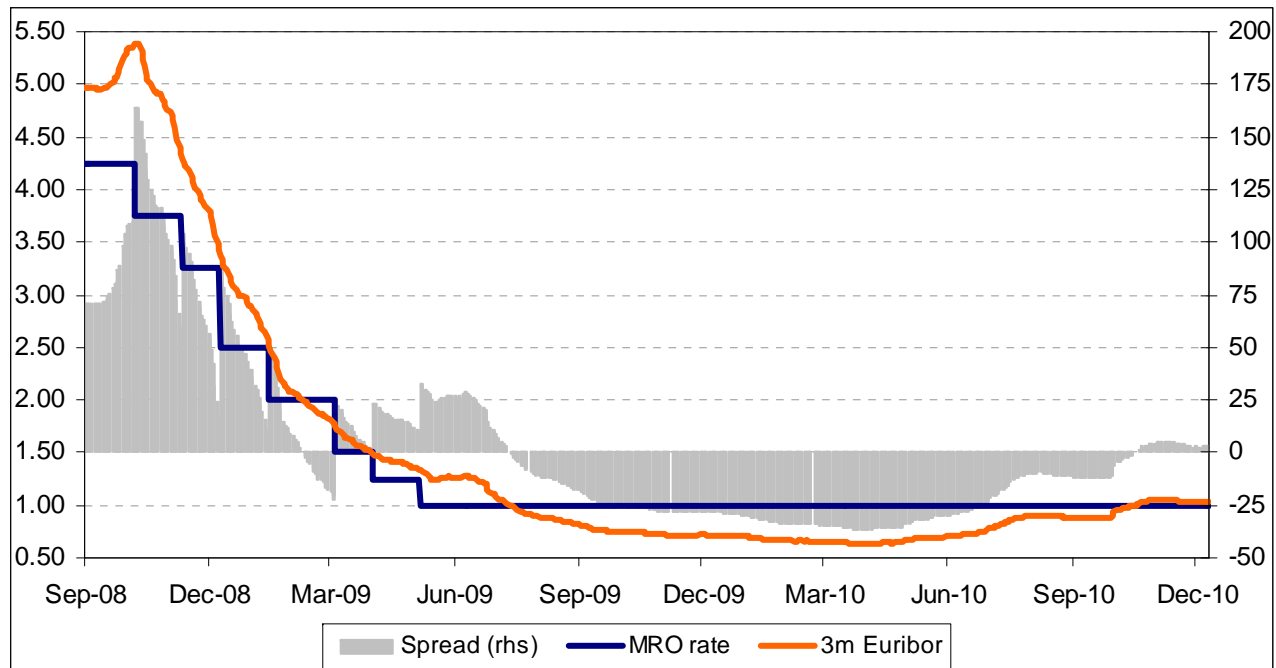
while forward spreads rise somewhat



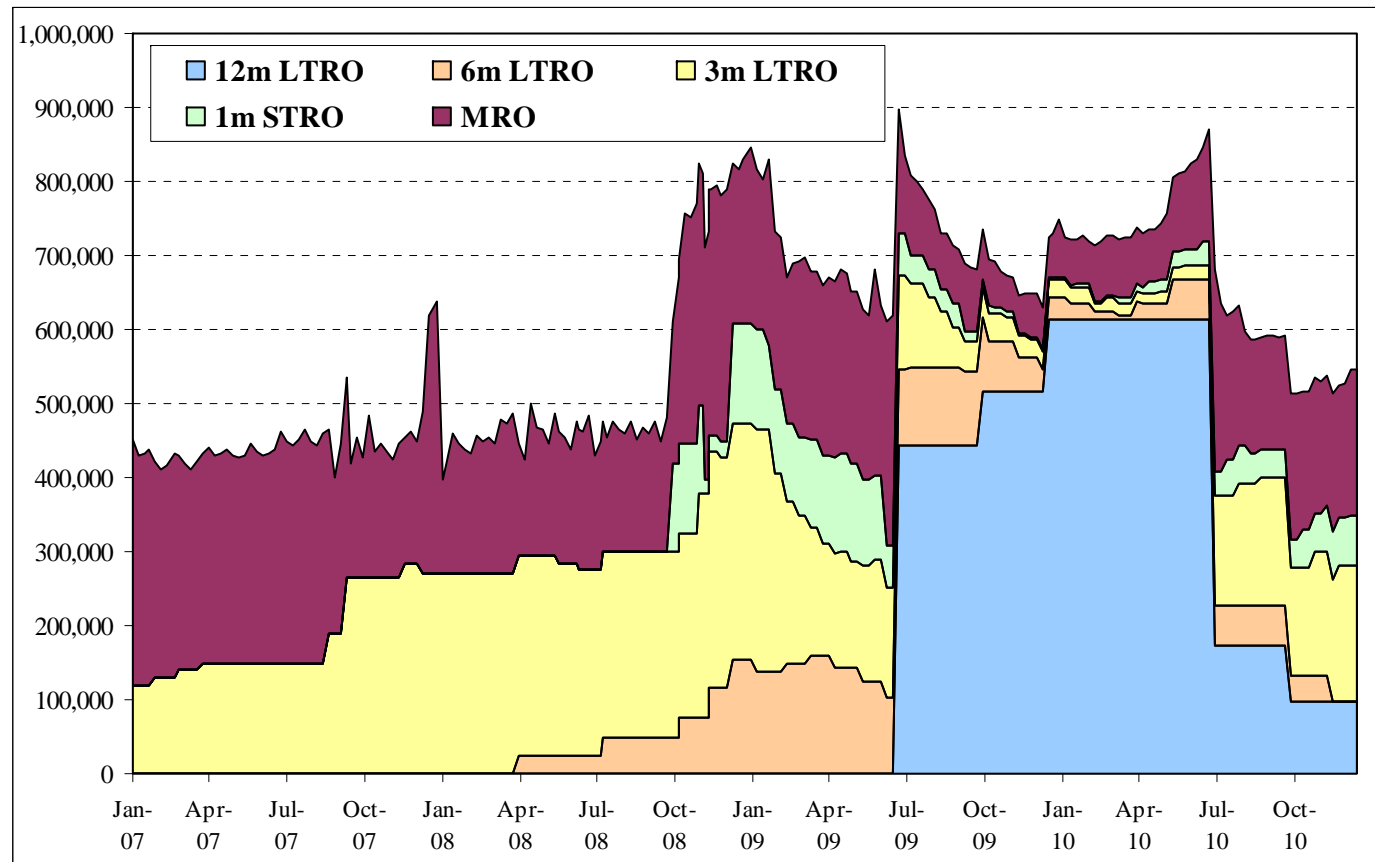
Development of the Euribor futures curve



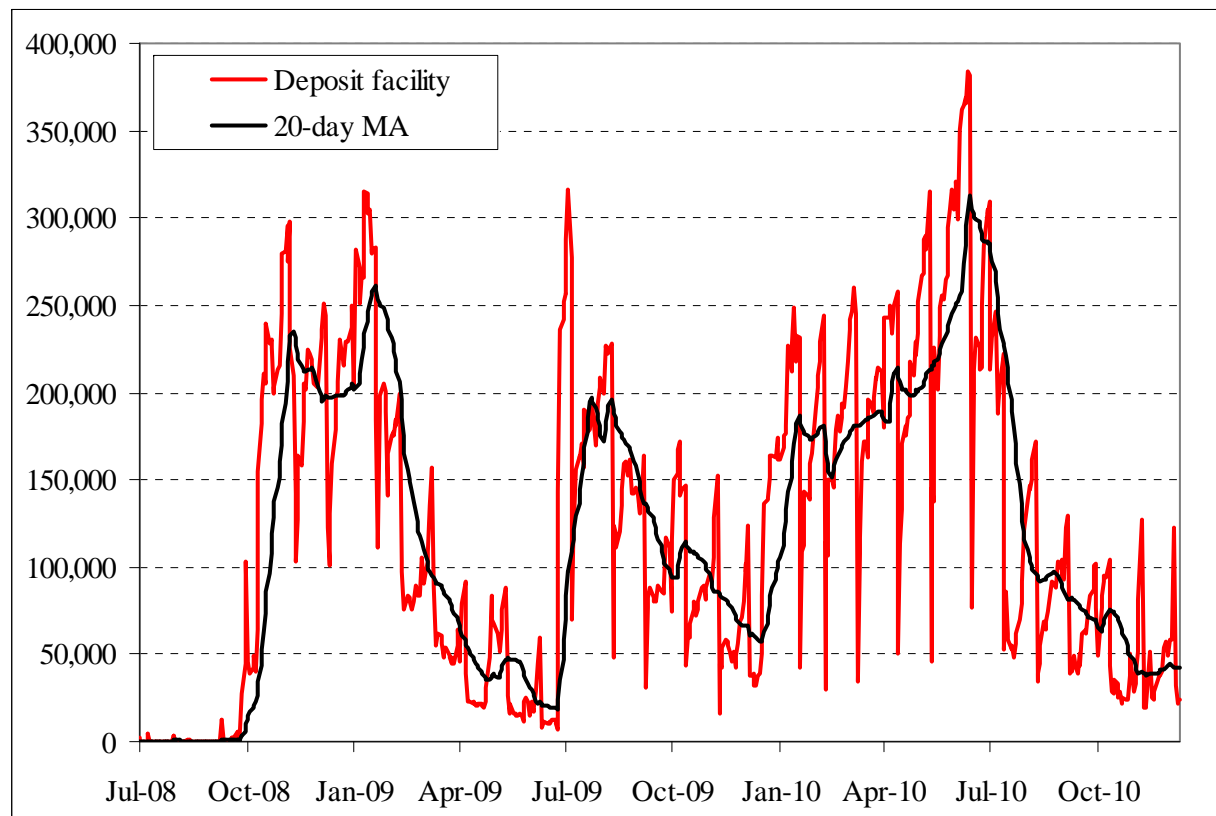
3-month Euribor – MRO rate spread (bps)



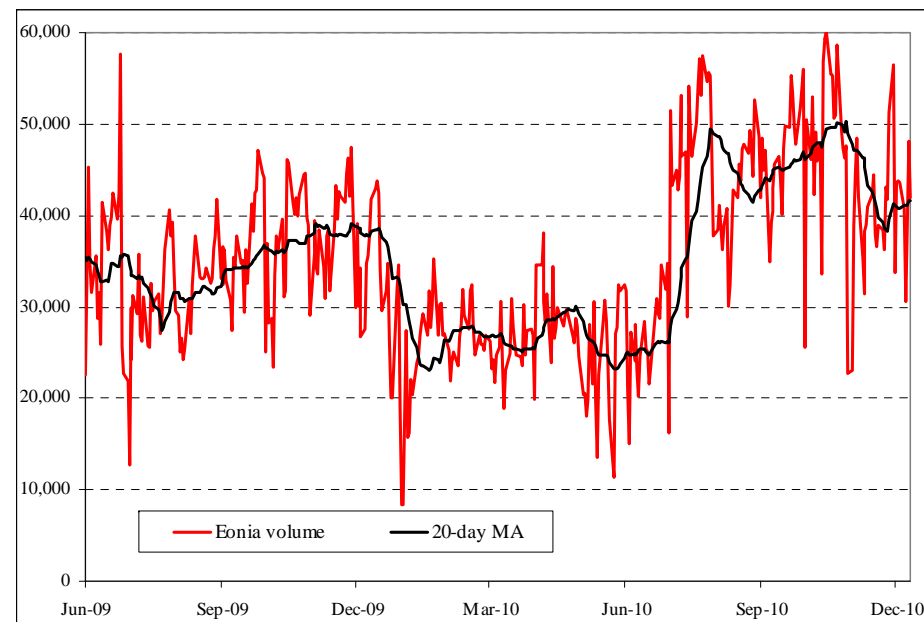
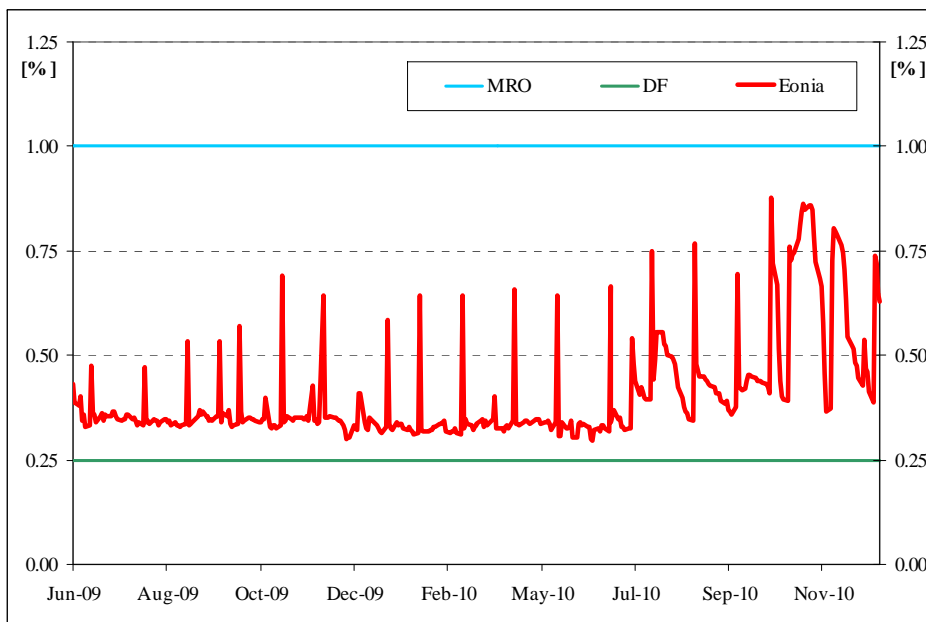
Maturity breakdown of the ECB's liquidity providing operations



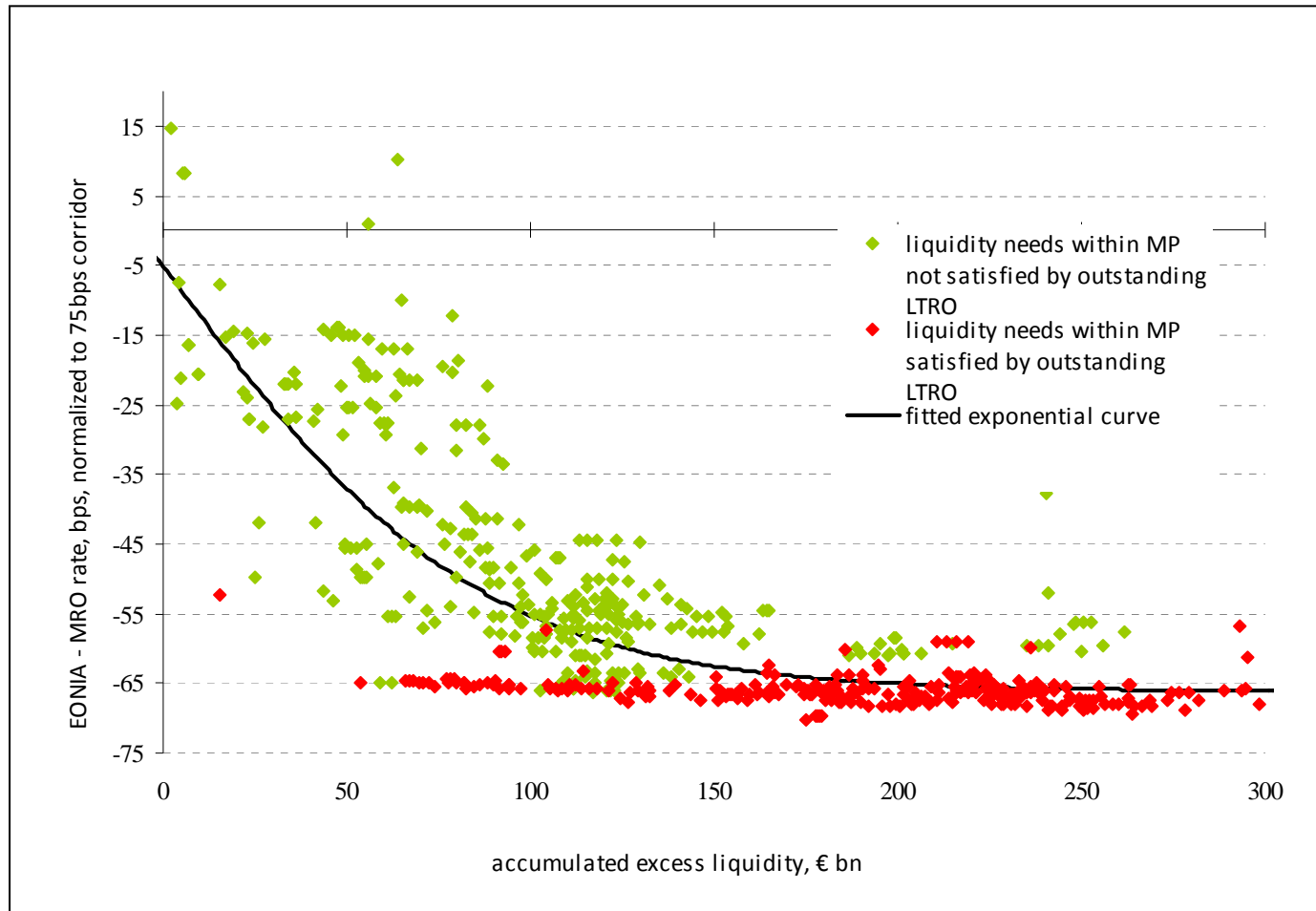
Use of the ECB's deposit facility



ECB rates and Eonia developments

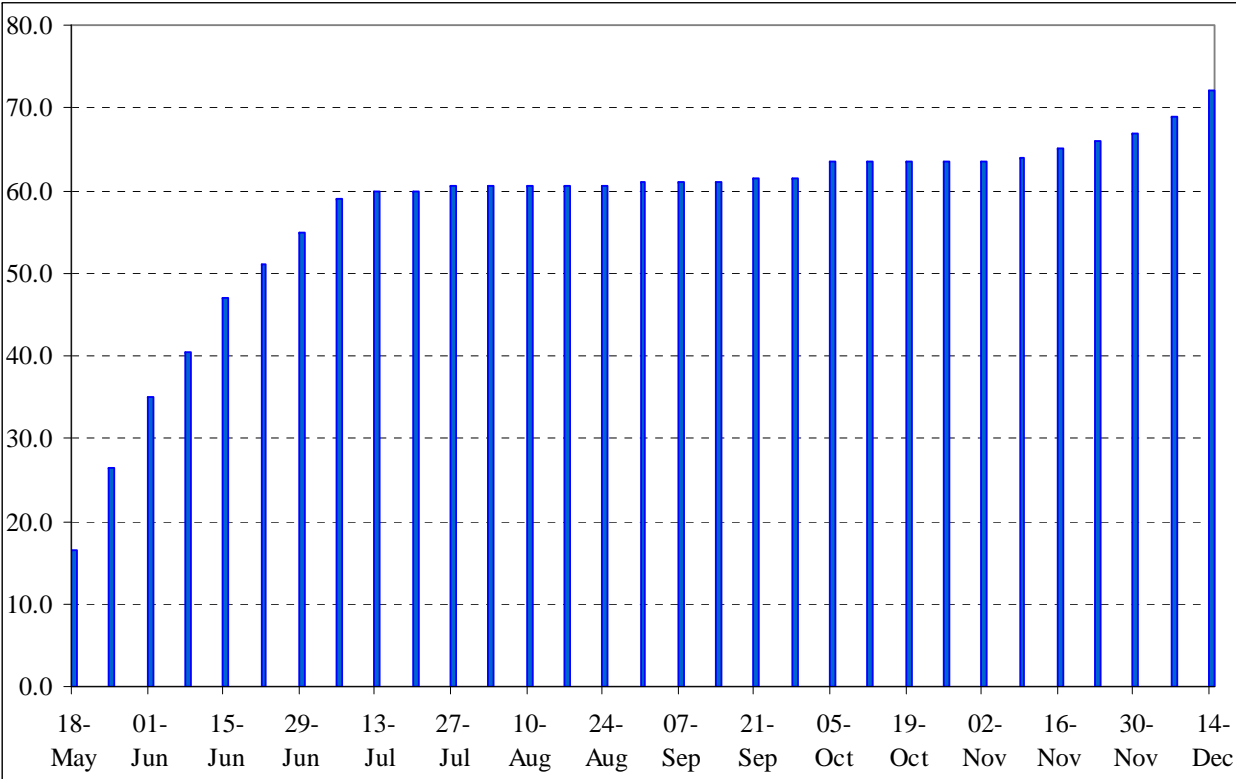


Relation between Eonia spread and excess liquidity



Securities Markets Programme

- Evolution of settled Eurosystem purchases



ECB announcements

9 October 2010

Update of the General Documentation to include, among others:

- *clearer and more stringent rules for assets backing ABSs*
- *enhancement of the formulations regarding discretionary measures*
- *consistent treatment of collateralisation non-compliance cases*
- *the new graduated haircut schedule (as of 1 Jan 2011)*

2 December 2010

- *Fixed rate / full allotment for MROs, MPOs and 3m LTROs in Q1/2011 (with LTROs indexed to MRO rate)*

Potential issues for discussion

- *What is the assessment of the overall functioning of the euro money market in the current challenging environment?*
- *What are the expectations for the roll-over amount from the maturity of the last 12-month LTRO in late December?*
- *What is the outlook for the development of very short term rates at the beginning of the new year?*
- *How do members assess the current funding conditions for USD liquidity?*