



EUROPEAN CENTRAL BANK

EUROSYSTEM

DG MARKET OPERATIONS

13 February 2023

ECB Money Market Contact Group

Thursday, 2 March 2023, 13:30-17:30 CET

AGENDA

- A. Welcome address by Executive Board member Isabel Schnabel.**
- B. Review of recent developments in euro money markets since the last meeting.** Particular emphasis will be put on:
- Market reaction to the ECB Governing Council meetings on 15 December, 2 February and expectations for the 16 March ECB meeting;
 - Pass-through of interest rate hikes since the last MMCG meeting on 5 December. Market expectations on the forthcoming monetary policy measures and the terminal policy rate;
 - Reaction to the announcement of the NMPD remuneration as of 1 May 2023.
 - Update on collateral scarcity, banks' intermediation capacity and the impact on money markets and transmission of monetary policy;
- C. Specific items to be discussed:**
- **Developments in the ECB framework for steering short-term interest rates:**
The ECB announced in December 2022 that it will review its operational framework for steering short-term interest rates in the course of 2023. In view of structural changes in money markets, the demand for liquidity and the ECB toolbox as well as possible forthcoming changes and challenges, MMCG members will discuss which changes in its framework, if any, the ECB could consider in order to steer short-term interest rates. The MMCG will also reflect on potential lessons that can be learnt from the period of negative interest rates.
 - **Banks' funding strategies in the context of monetary policy normalisation:**
MMCG members will discuss banks' funding strategies in view of TLTRO repayments and a reduction in the Eurosystem's asset holdings. They will inter alia focus on the issuance activity in euro money markets since the start of the year and the role of regulatory requirements (liquidity ratios, MREL) in that context. The MMCG will also provide an outlook for 2023.