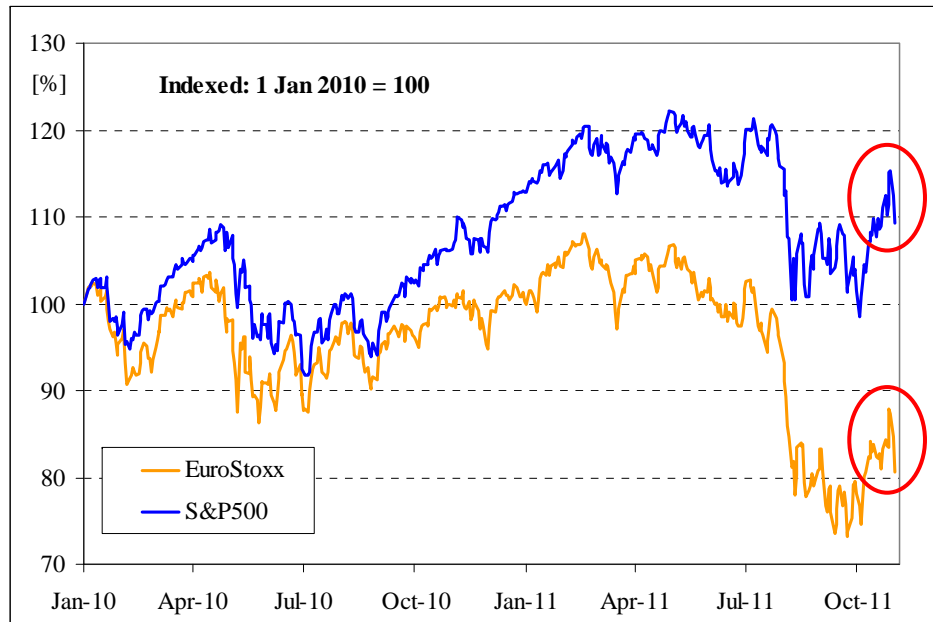


# Recent key financial market developments

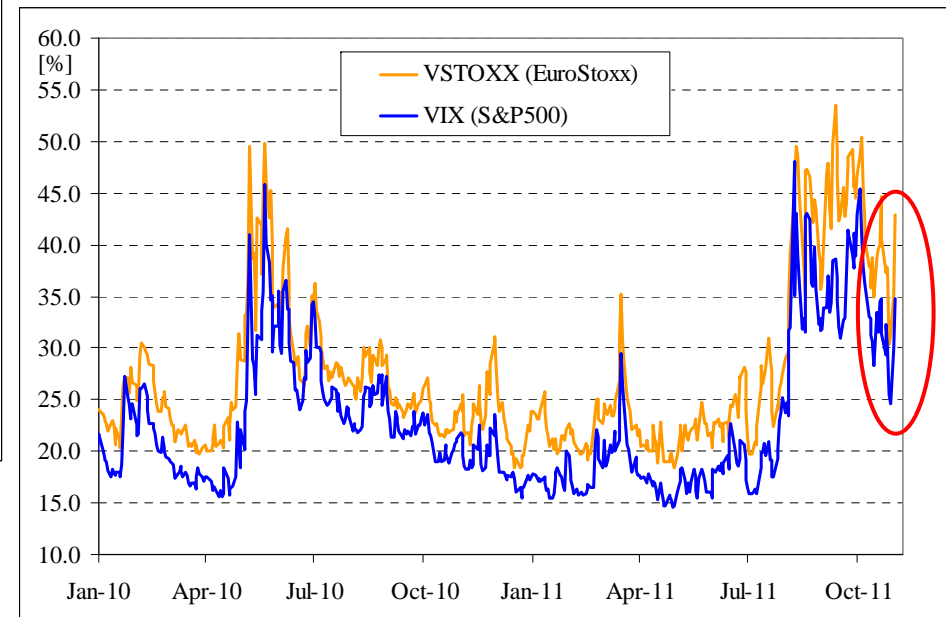
**Operations Managers Group**  
**Frankfurt, 15 November 2011**

# Equity market developments: sharp correction over summer followed by a mild recovery

*Major Stock Indices – recovery called into question?*



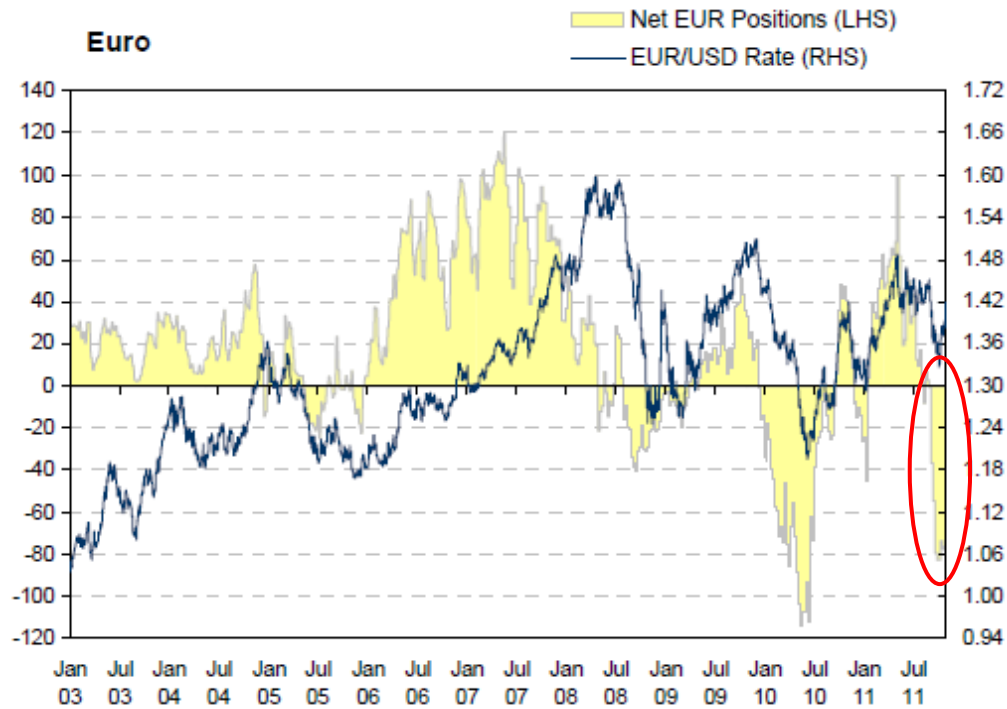
*Implied volatilities remain elevated*



Source: Bloomberg

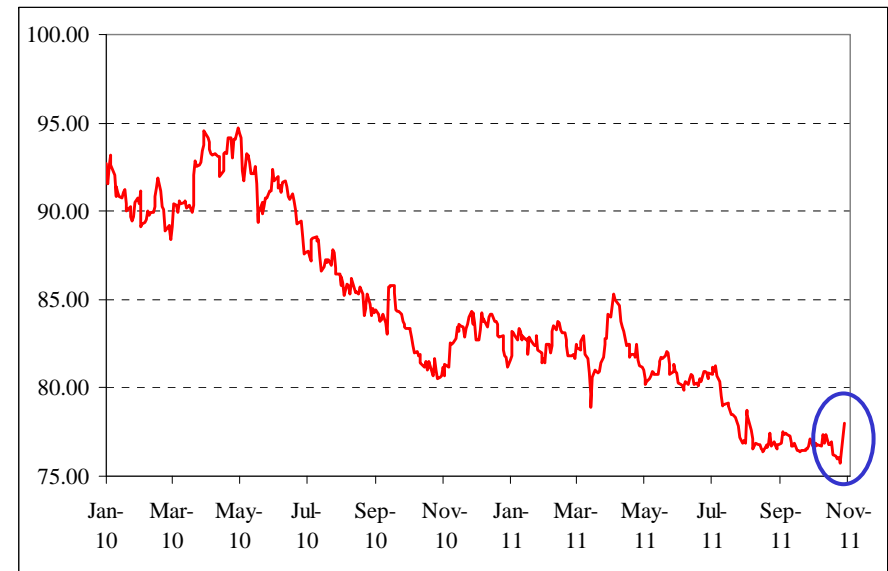
# FX market developments

## EUR/USD and IMM positioning



Source: CFTC; Bloomberg

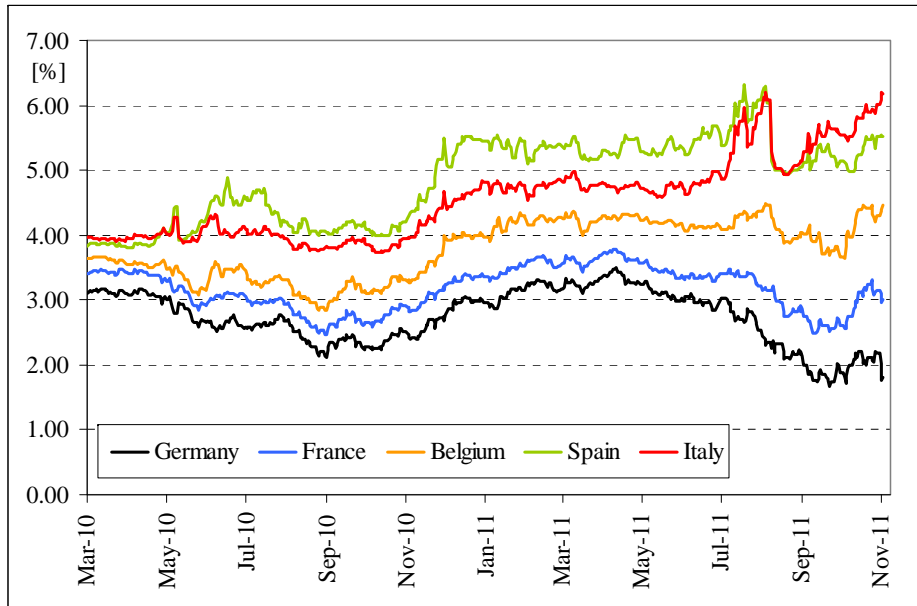
## USD/JPY exchange rate



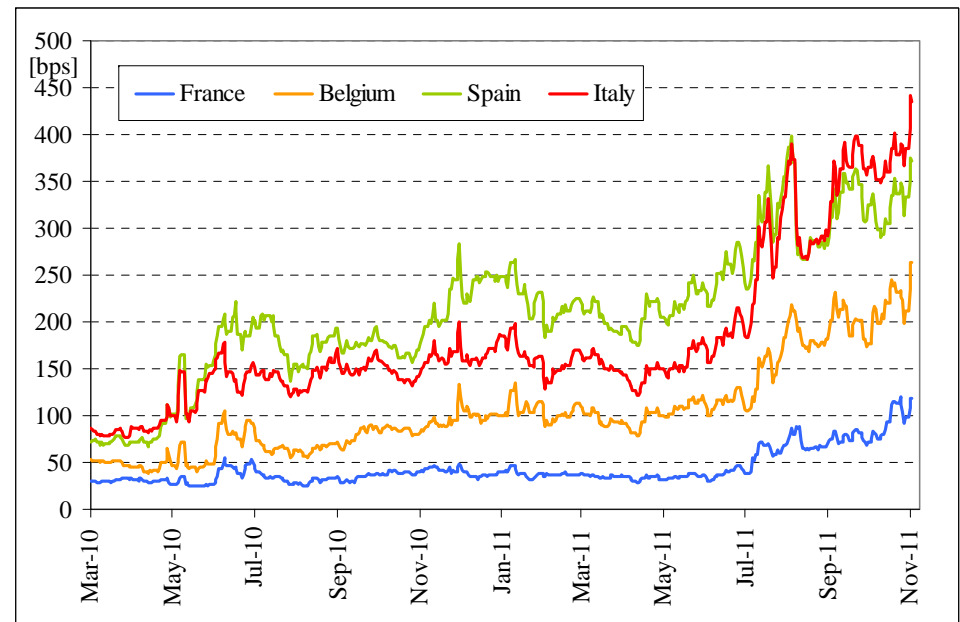
Source: Bloomberg

# Selected 10-year gov't bond yields and spreads

Government bond yields – divergence



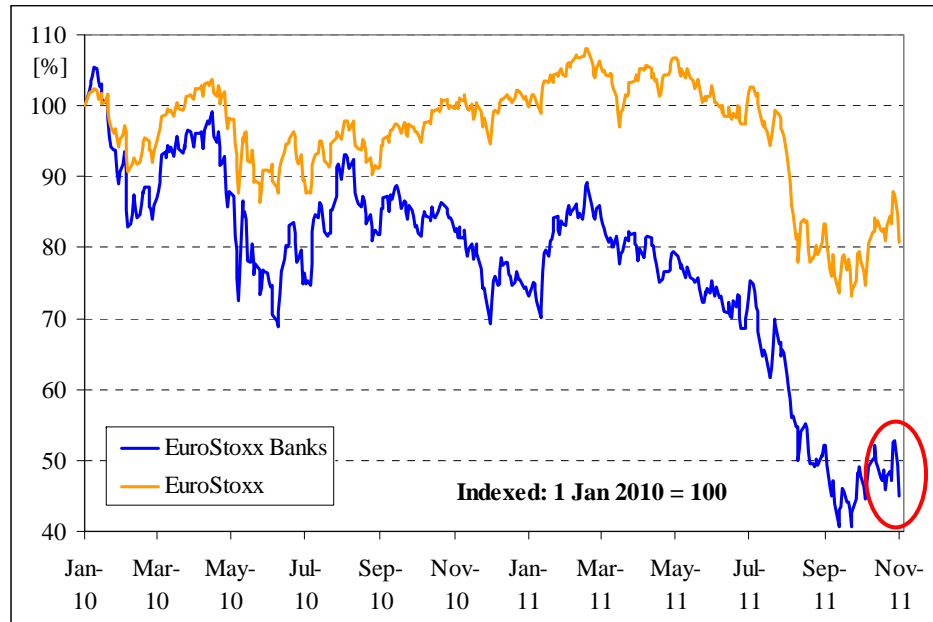
Yield spreads – new highs for some



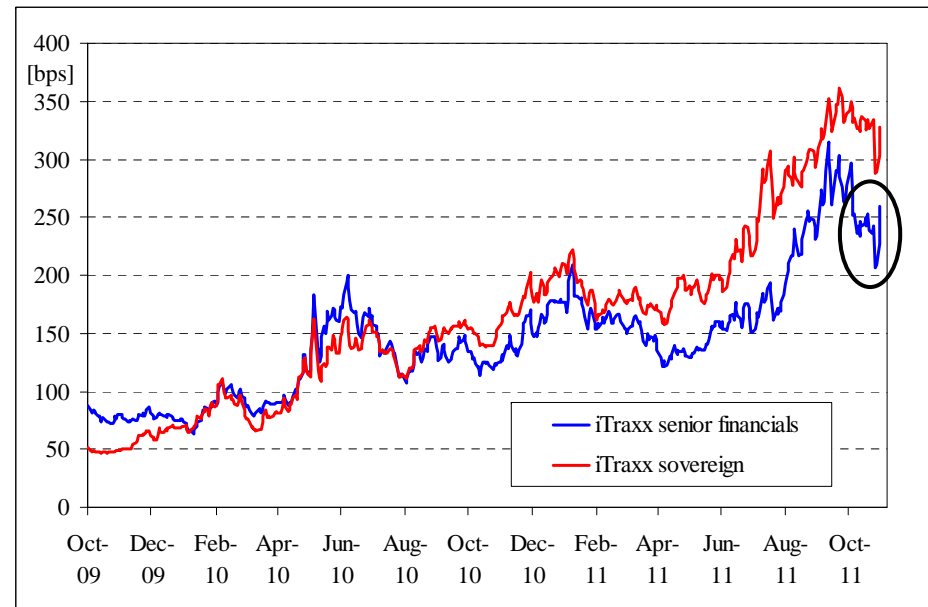
Source: Bloomberg

# Deterioration in the broader sentiment towards bank risk

*EuroStoxx Banks sub-index vs. overall index*



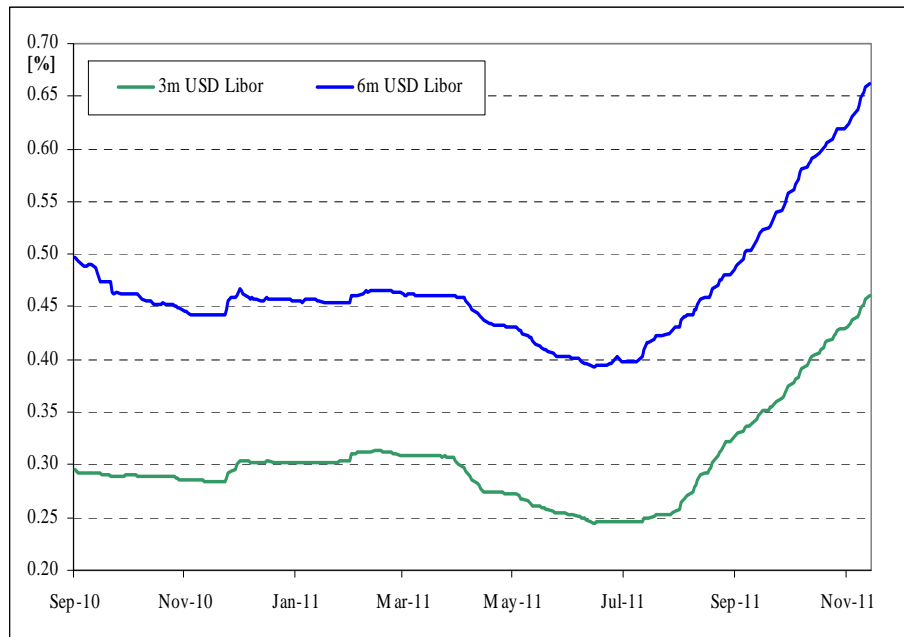
*iTraxx Senior Financials vs. iTraxx Sovereign*



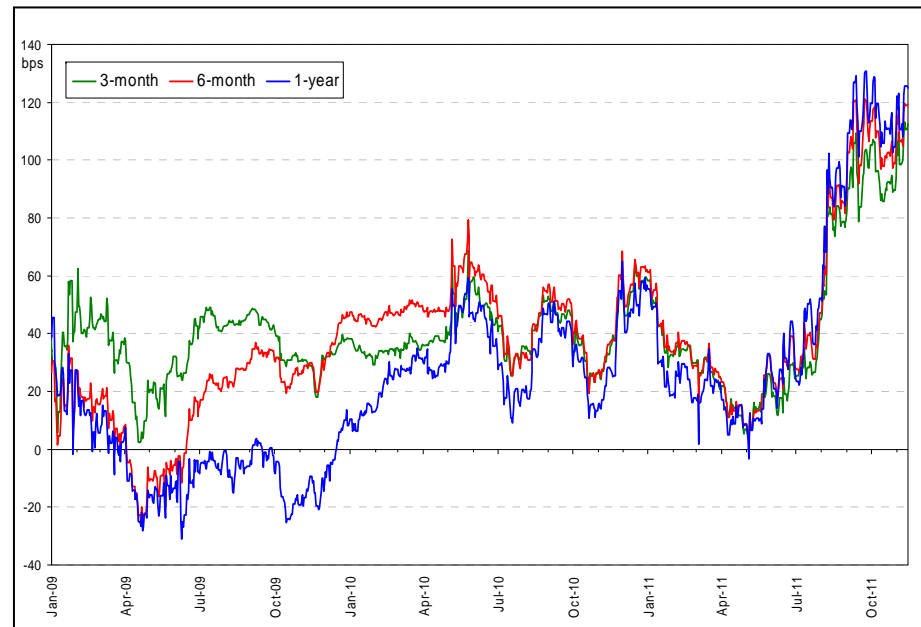
Source: Bloomberg

# USD funding situation

## USD Libor fixings creep higher

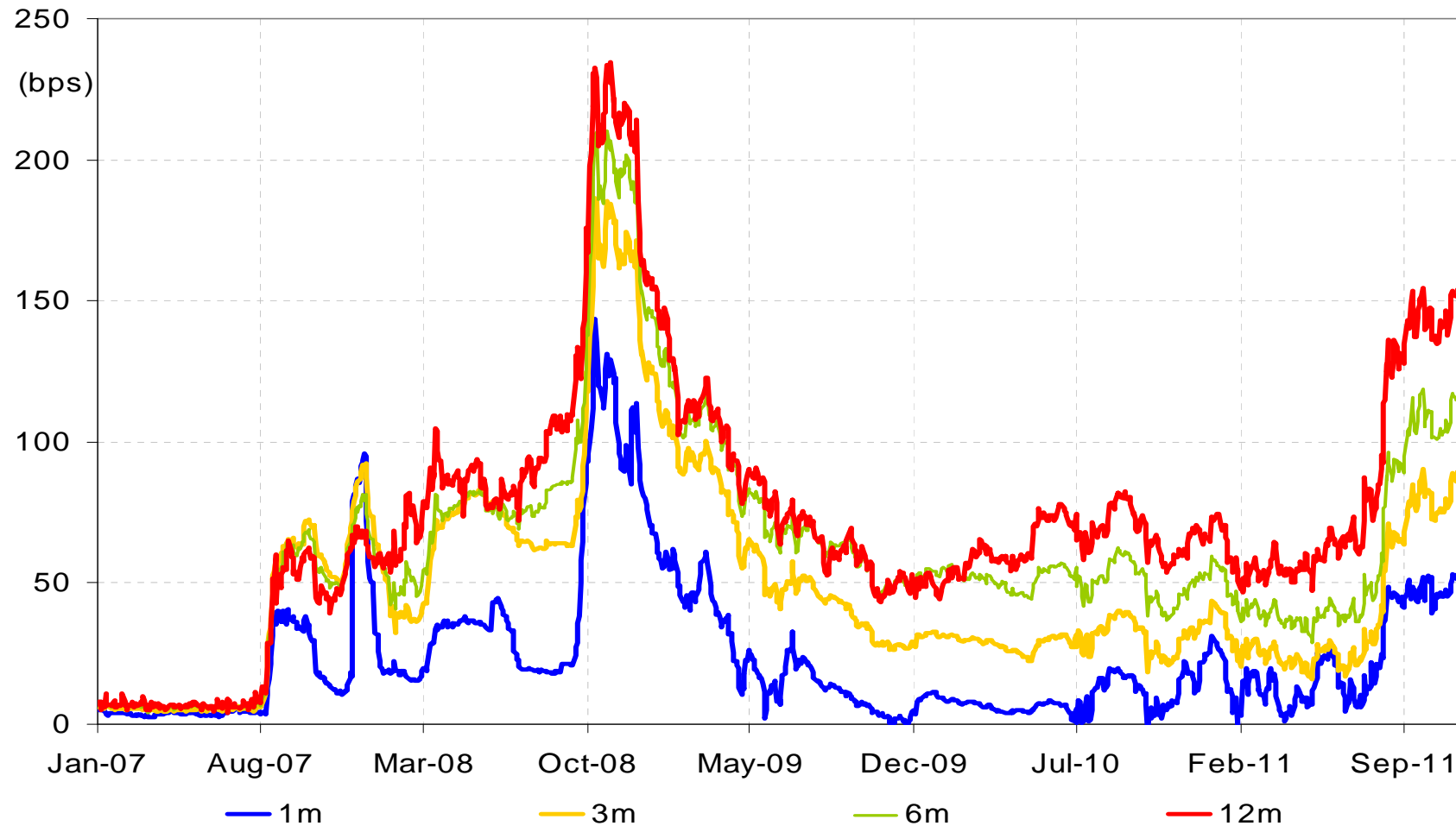


## EUR/USD FX swap premia surge

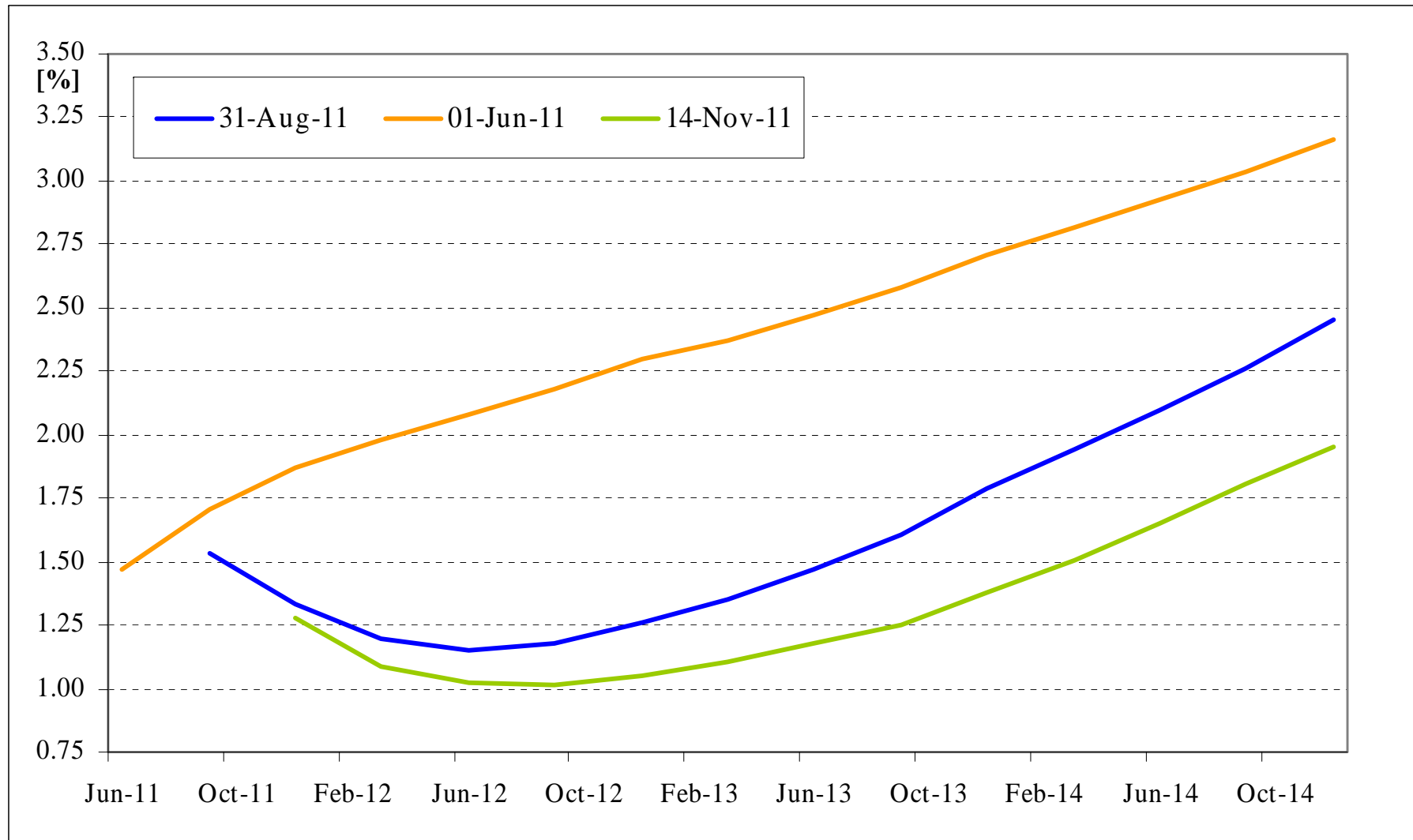


# EURIBOR - OIS spreads

Spiking higher on the back of significantly lower OIS rates

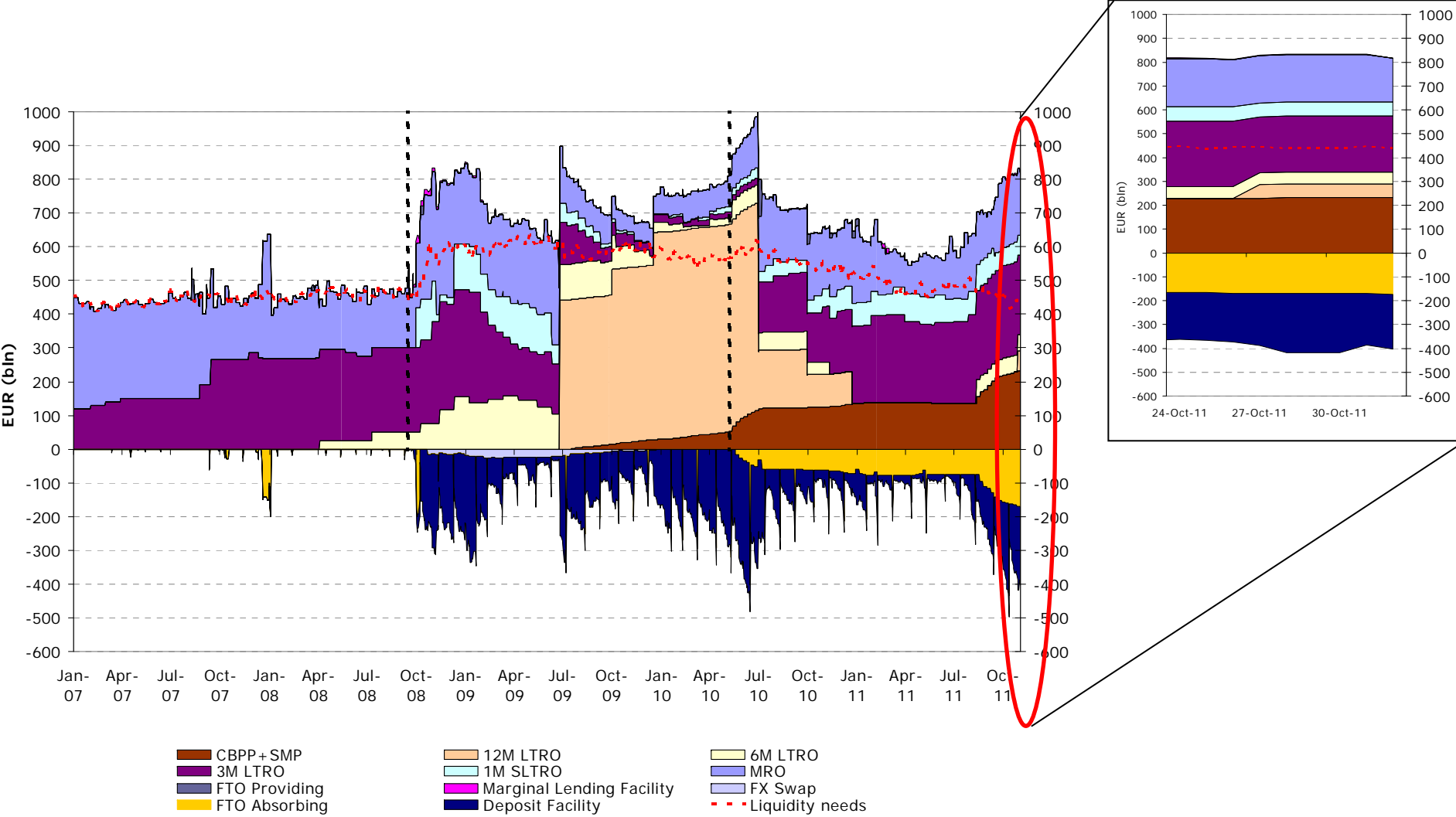


# Development of the Euribor futures curve





# Excess liquidity developments



Source: ECB

# ECB developments and announcements

[29 June 2011](#)

*Extension of the swap line with the Fed until 1 Aug 2012 – continuation of the 1-week USD providing operations.*

[7 July 2011](#)

*Rate hike by 25 bps for all three policy rate bringing the MRO rate to 1.50%. Suspension of the minimum credit rating threshold for marketable debt instruments issued or guaranteed by the Portuguese government.*

[4 August 2011](#)

*Announcement of another 6-month operation and commitment of fixed rate full allotment procedures beyond year-end.*

[7 August 2011](#)

*Statement on the active implementation of the SMP.*

[15 September 2011](#)

*Announcement of three –month operations in USD (in addition to one-week operations).*

[6 October 2011](#)

*Fixed-rate full allotment for EUR liquidity providing operations at least until July 2012*

*Announcement of two liquidity providing operations of approx. 12 months*

*Announcement of EUR 40 bn new covered bond purchase programme.*

[3 November 2011](#)

*Rate cut by 25 bps to 1.25% for the MRO and announcement of the details of the new covered bond purchase programme.*

# Summary

- Tensions increased in relation to the euro area sovereign debt crisis
- Areas of focus/concern: government debt, economic growth, bank recapitalisation
- G20