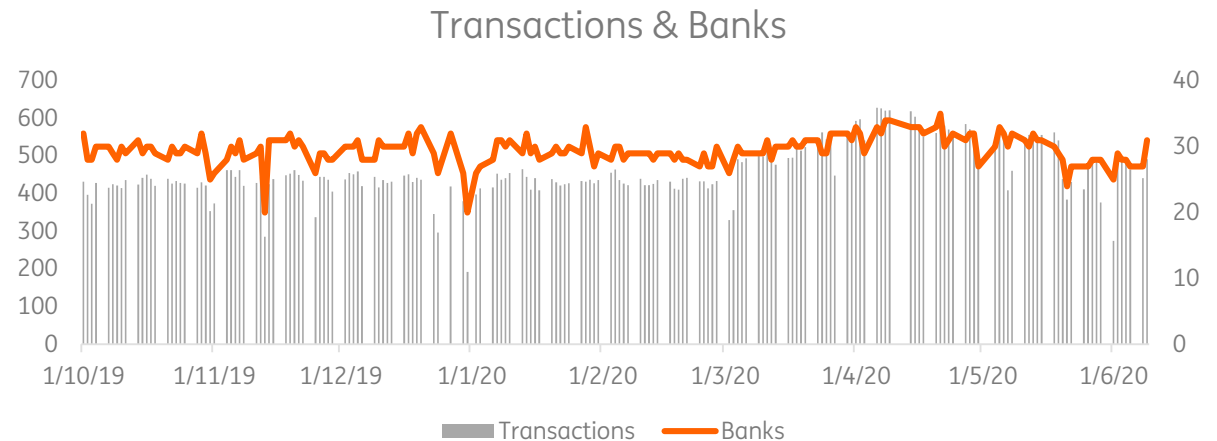
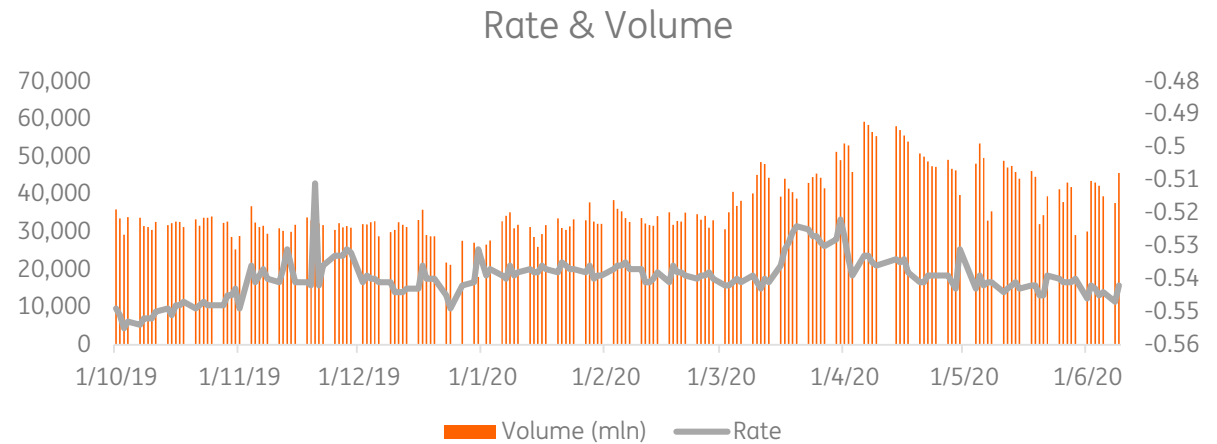


ECB Money Market Contact Group

Development of the €STR benchmark

€STR fixing developments during Covid-19 market turmoil

- Despite recent market turmoil €STR fixings remained relatively stable reflecting its nearly risk free nature.
- Volumes increased during March and April reflecting the increased stress in markets and the open market operations of the ECB.
- Over the last weeks markets seem to have stabilized again.



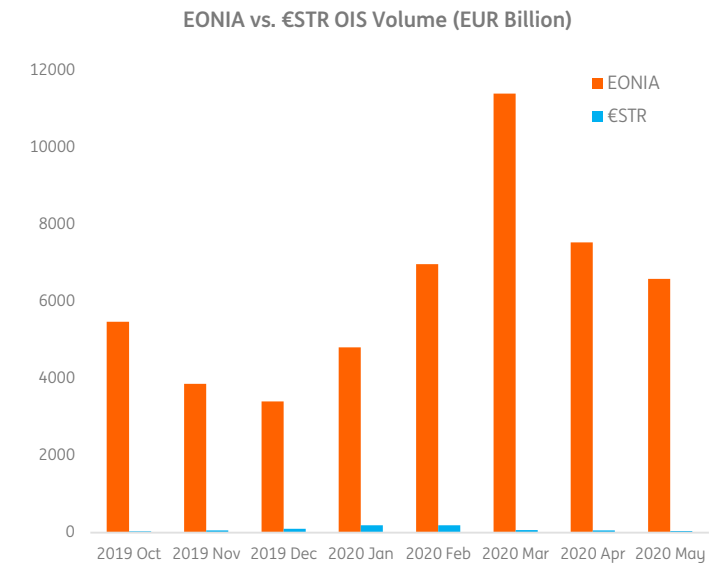
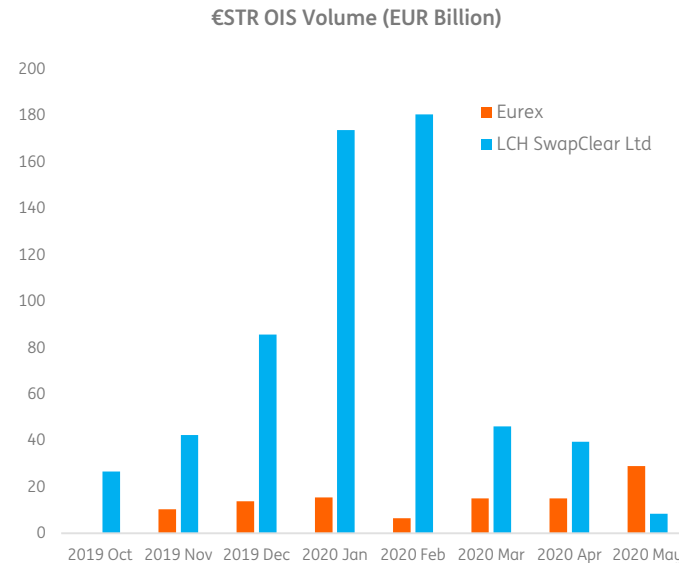
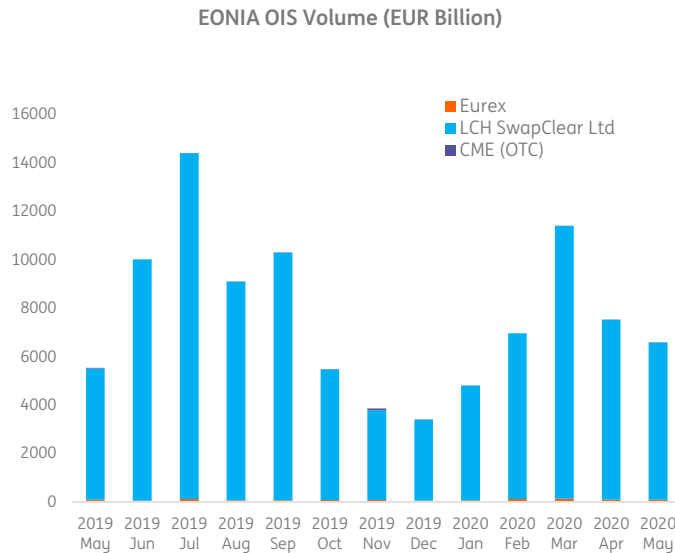
Swap markets €STR – LCH Monthly volumes

- Where in the February update prepared by Intesa San Paolo the €STR volumes in <1Y buckets were still increasing, this trend has reversed over the last months.
- This seems be related to the market turmoil related to Covid 19 where market participants have been turning to the most liquid instruments which is still EONIA in this case.

Monthly Registration Volume (USD BN)

Month	Tenor Bucket	€STR	SARON	SOFR	SORA
May 2020	<1 Yr	6.64	69.57	179.27	0.15
	1-2 Yrs	0.14	1.33	34.67	0.28
	2+ Yrs	2.68	7.11	43.79	
	Total	9.45	78.01	257.73	0.43
Apr 2020	<1 Yr	33.16	89.01	127.59	
	1-2 Yrs	3.40	1.96	39.04	
	2+ Yrs	6.30	6.25	40.72	
	Total	42.87	97.22	207.36	
Mar 2020	<1 Yr	32.46	103.01	85.99	
	1-2 Yrs	5.50	6.96	52.73	
	2+ Yrs	12.61	6.18	87.75	
	Total	50.57	116.14	226.46	
Feb 2020	<1 Yr	188.21	124.25	165.02	
	1-2 Yrs	1.67	0.72	35.50	
	2+ Yrs	8.22	5.09	97.15	
	Total	198.10	130.06	297.67	
Jan 2020	<1 Yr	179.98	78.32	95.79	
	1-2 Yrs	2.97	4.12	64.72	
	2+ Yrs	8.81	8.34	48.56	
	Total	191.76	90.78	209.06	
Dec 2019	<1 Yr	93.20	45.49	134.84	
	1-2 Yrs		0.70	36.54	
	2+ Yrs	3.05	4.41	20.63	
	Total	96.25	50.60	192.01	
Nov 2019	<1 Yr	43.63	65.20	202.50	
	1-2 Yrs	1.92	2.92	26.91	
	2+ Yrs	1.09	3.54	14.63	
	Total	46.64	71.65	244.04	
Oct 2019	<1 Yr	27.11	83.90	140.66	
	1-2 Yrs	2.08	3.71	31.47	
	2+ Yrs	0.48	1.01	43.79	
	Total	29.66	88.62	215.92	

Swap markets €STR vs. EONIA cleared transactions



- Graphs above show that market participants have been indeed looking for the most liquid instrument (i.e. EONIA and not yet €STR) since the market turmoil stemming from Covid-19.
- The CCP's EONIA/€STR discounting switch is expected to trigger the transfer to €STR swaps.
- In the middle of April LCH, EUREX and CME announced a 5 week delay to 27 July for the move from EONIA to €STR discounting for cleared trades due to concerns over operational risks created by COVID-19.