

13 Apr 2023

Monthly News from Eurex Repo

Market Briefing

In March 2023, the European Central Bank raised the key interest rates by 0.5 percentage points, despite the recent tensions in the financial markets. This was the sixth interest rate step since the start of the interest rate turnaround in July 2022.

The same month, the collapse of Silicon Valley Bank (SVB) and Signature Bank in the US and the run on Credit Suisse (CS) in Europe raised concerns about a potential banking crisis. However, the financial markets have since stabilized, and two weeks later, the acute phase of financial stress seems to have passed.

Eurex Repo's average term-adjusted volume in March 2023 was EUR 296.5 billion, compared to EUR 160.7 billion in March 2022, representing an increase of 84.5%. The GC Pooling Market saw a significant increase in volume, with EUR 114.9 billion in term-adjusted volume in March 2023 compared to EUR 51.2 billion in March 2022, a growth of 124.5%. The Repo Market also grew, with EUR 181.6 billion in March 2023 compared to EUR 109.5 billion in March 2022, a growth of 65.8%.

Looking at the year-to-year comparison for the first quarter of 2023, Eurex Repo's average term-adjusted volume was EUR 289.0 billion, compared to EUR 185.4 billion in the same period in 2022, representing a 55.9% increase. The GC Pooling Market grew 58.6%, with EUR 102.9 billion in 2023 (Jan-Mar) compared to EUR 64.9 billion in the same period in 2022. The Repo Market also grew by 54.5%, with EUR 186.2 billion in 2023 (Jan-Mar) compared to EUR 120.5 billion in the same period in 2022.

Furthermore, Eurex Repo's average traded volume increased significantly in March 2023, with a growth rate of 110.8% compared to March 2022. The GC Pooling Market has experienced exceptional growth with a rate of 317.1%, while the Repo Market has also seen a growth of 39.7%.

Average daily traded volumes in Bund special repo increased by 76% in March 2023 compared to March 2022. For the period January to March 2023, the average daily traded volumes increased by 62%.

Overall, Eurex Repo saw a significant increase in its volume in March 2023 compared to March 2022, driven by strong growth in both the GC Pooling Market and Repo Market. The year-to-year comparison for the first quarter of 2023 also showed a notable increase in volume across all markets, indicating continued growth in the repo market.

Frank Gast - Managing Director, Member of the Management Board, Eurex Repo

Whitepaper: GC Pooling repo service takes repo funding management efficiencies to a new level

Summary:

- Tightening liquidity conditions in the Eurozone, following a prolonged period of excess liquidity, is driving banks to reevaluate their funding liquidity sources.
- The features of the Eurex's GC Pooling® repo markets offer banks unmatched efficiencies in the management of scarce financial resources, compared to bilateral and tri-party repo markets.
- The power of multilateral netting and the preferential risk-weights afforded to qualifying central counterparties (QCCPs) brings capital management benefits across all the key measures, including RWAs, leverage ratio and GSIB (global systemically important banks) requirements.
- The exemption of QCCPs from regulatory limits together with preferential risk-weights, gives GC Pooling® a significant edge over bilateral and tri-party repo markets when managing under the revised large exposures regime.
- Eurex's application of the evergreen trading terms to the GC Pooling® product, alongside the collateral substitution feature and broad set of eligible securities makes GC Pooling® a highly efficient solution in the management of Net Stable Funding Ratio ("NSFR") and Liquidity Coverage Ratio ("LCR").

[Read more](#)

Euro clearing – a balancing act

The upcoming expiration of the clearing exemption for PSAs is an important regulatory change for the European pension fund community. In this article, Eurex's Christopher Page explores the benefits of early rebalancing of relevant euro swaps exposure and managing liquidity through centrally cleared repo solutions.

[Read more](#)

First published in IPE Magazine April 2023

Industry events

Meet us at the ICMA Annual General Meeting & Conference 2023 in Paris

The international capital markets will gather under one roof at the "55th ICMA Annual General Meeting (AGM) and Conference" which attracts over 1,000 senior capital market representatives and industry leaders from ICMA's global membership alongside public sector officials, regulators, academics and the

press.

The programme features high-level, influential speakers and delegates, who will provide insights on the current state and prospects for capital markets, with a special focus on financial stability, sustainability, regulatory change and FinTech developments. Secure your place and join your peers at this industry leading event.

Oiling the wheels – are global repo and collateral markets still up to the task?, Thursday May 25, 16:05
An expert panel of repo market practitioners will explore the state of the repo market in Europe and beyond, its evolving role in the face of monetary policy transition, and ongoing concerns around collateral scarcity and liquidity.

Moderator: Nicola Danese, Managing Director, Head of European Fixed Income, Tradeweb Europe Limited

Panellists:

- **Frank Gast, Managing Director, Member of the Management Board, Eurex Repo**
- Cassie Jones, Managing Director, Head of Financing Solutions Client Management, State Street
- Michel Seeman, Global Head of Securities Financing, BBVA

[Register now](#)

Watch the recording: Finadium Rates & Repo Europe 2023 in London

The first annual Rates & Repo Europe took place at London Stock Exchange Group on 29 March 2023. This live event was for cash investors, dealers, market intermediaries, technology firms and other service providers. Engage with peer professionals and service providers in a changing markets, regulatory and technology environment. Upgrade your understanding of the rates and repo space at this unique industry event for European market participants.

Frank Odendall, Head of Funding & Financing Product & Business Development

Panel: Client Clearing in 2023

- How is the market adapting to sponsored repo in Europe?
- Would a European version for mandatory clearing of government repo offer any value?
- As new balance sheet regulations come into force, can client clearing offer banks balance sheet relief?

FINADIUM

EUREX



Join Eurex and Frank Odendall to discuss

Client Clearing in 2023

Wednesday, 29 March 2023
at London Stock Exchange Group



Frank Odendall

Head of Securities Financing Product
& Business Development
Eurex

Rates and Repo Europe

[Watch now](#)

Eurex Get-Together (EGT)

Join our upcoming evening events in:

- Hamburg, April 27
- Düsseldorf, June 15
- Munich, June 29
- Frankfurt, July 13
- Vienna, October 12

In case you are interested to attend, please send an email to Repo.Sales@eurex.com.

Volumes

Daily average outstanding volume in bn EUR reached in March 2023			
GC Pooling: 66.8	Repo: 135.1		All Markets: 201.9
Daily average term adjusted volume in bn EUR reached in March 2023			
GC Pooling: 114.9	Repo: 181.6		All Markets: 296.5
Trades	GC Pooling in EUR	Repo GC in EUR	Repo Special in EUR
Largest	2.5 bn	1.1 bn	1.0 bn
Longest	368 days (100 mn)	49 days (107 mn)	275 days (22 mn)

STOXX® GC Pooling Indices

March 2023	STOXX® GC Pooling EUR ON Index		STOXX® GC Pooling EUR Extended ON Index	
Rate (in %)	High 2.927	Low 2.413	High 2.958	Low 2.455
Vol (in bn EUR)	High 9.1	Low 0.5	High 6.2	Low 1.1
	STOXX® GC Pooling EUR Deferred Funding Rate			
Rate (in %)	High 2.937		Low 2.432	
Vol (in bn EUR)	High 27.5		Low 6.6	

For more STOXX GC Pooling indices please see www.gontigo.com and for the vendor codes please click [here](#).

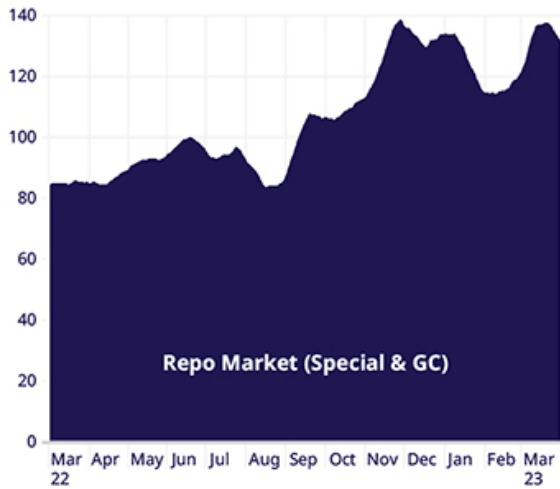
Participants

Repo Market: 148	GC Pooling Market: 135	HQLAx: 4	Select Invest: 4	Select Finance: 5
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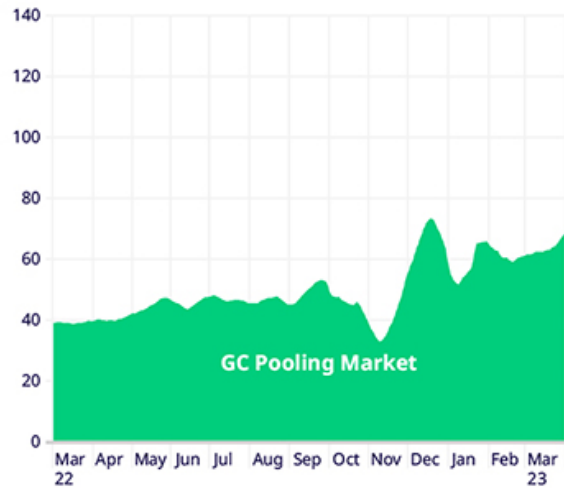
Please find here the current [Participant List Repo and GC Pooling](#) with a summary by markets.

Volume

Outstanding volumes 2022/2023 (in bn EUR)

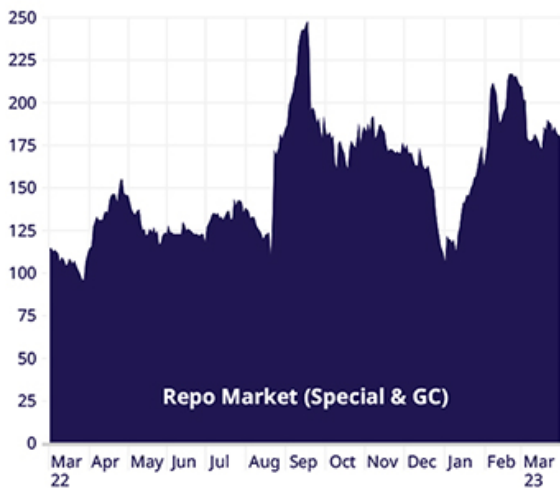


20 day moving average / single counted

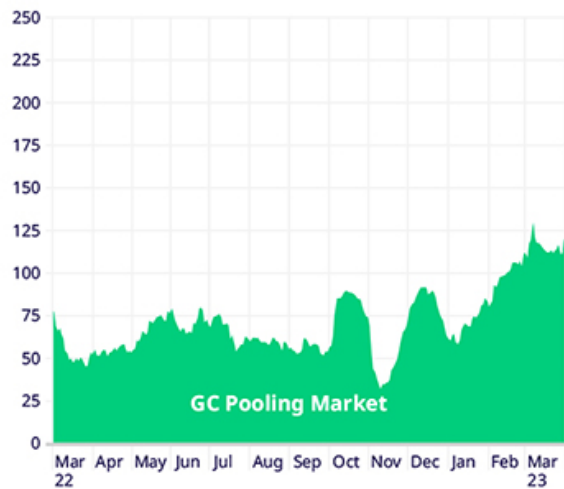


20 day moving average / single counted

Term adjusted volumes 2022/2023 (in bn EUR)



20 day moving average / single counted



20 day moving average / single counted

Training

GC Pooling and Repo Market

Regular Repo and GC Pooling system trainings are offered and can be provided on request. The trainings include basic knowledge about repo trading and the practical use of the system. For more information please contact repo.trading@eurex.com.

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More news from Eurex Repo

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Eurex Repo GmbH

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Gesellschaft mit beschränkter Haftung with registered
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Commercial register/Handelsregister:

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