EUROPEAN CENTRAL BANK

EUROSYSTEM

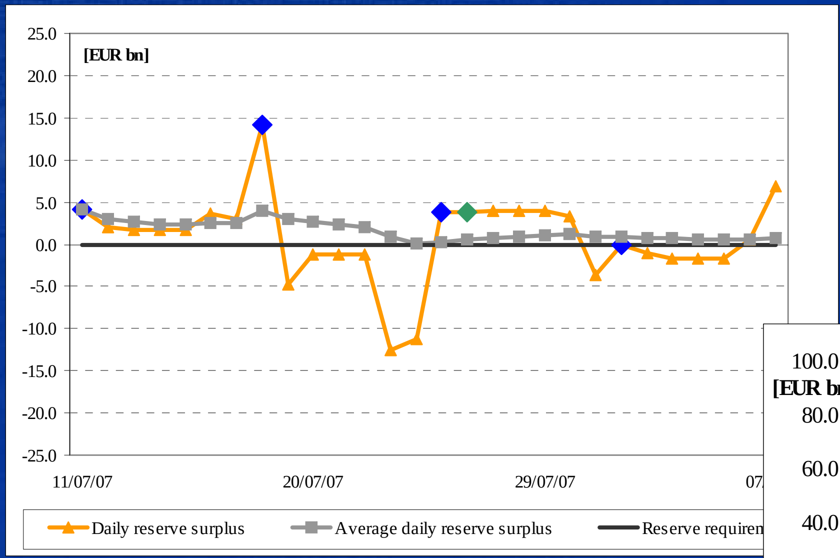
Recent Money Market Developments

Money Market Contact Group

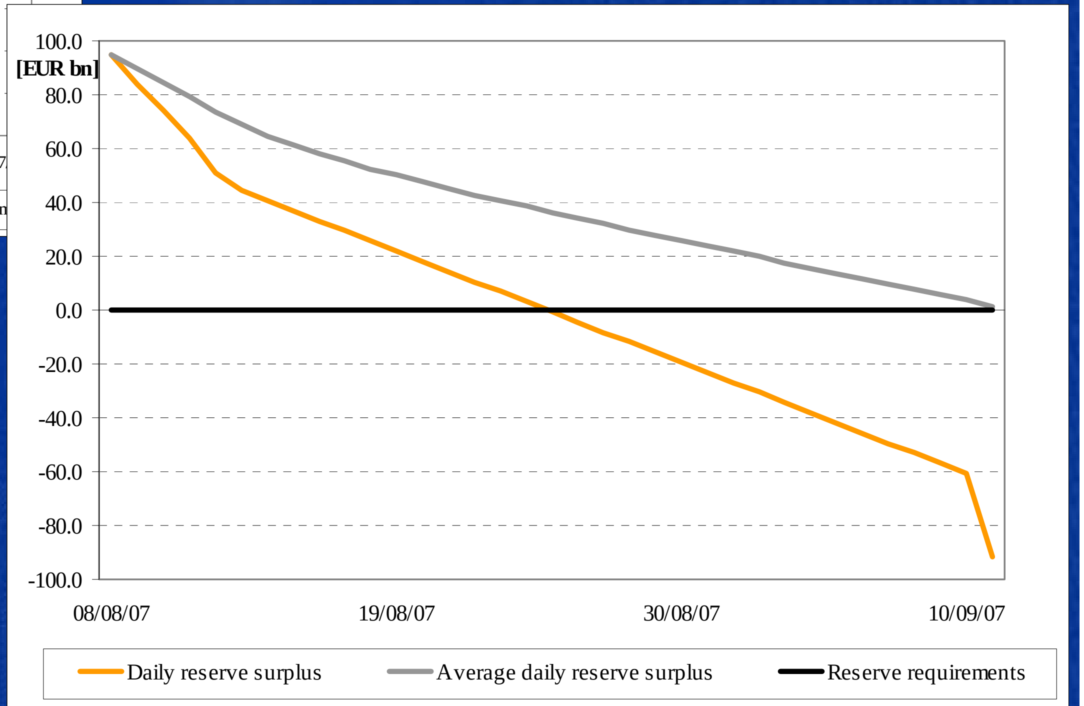
Frankfurt am Main, 4 December 2007

The modified time pattern

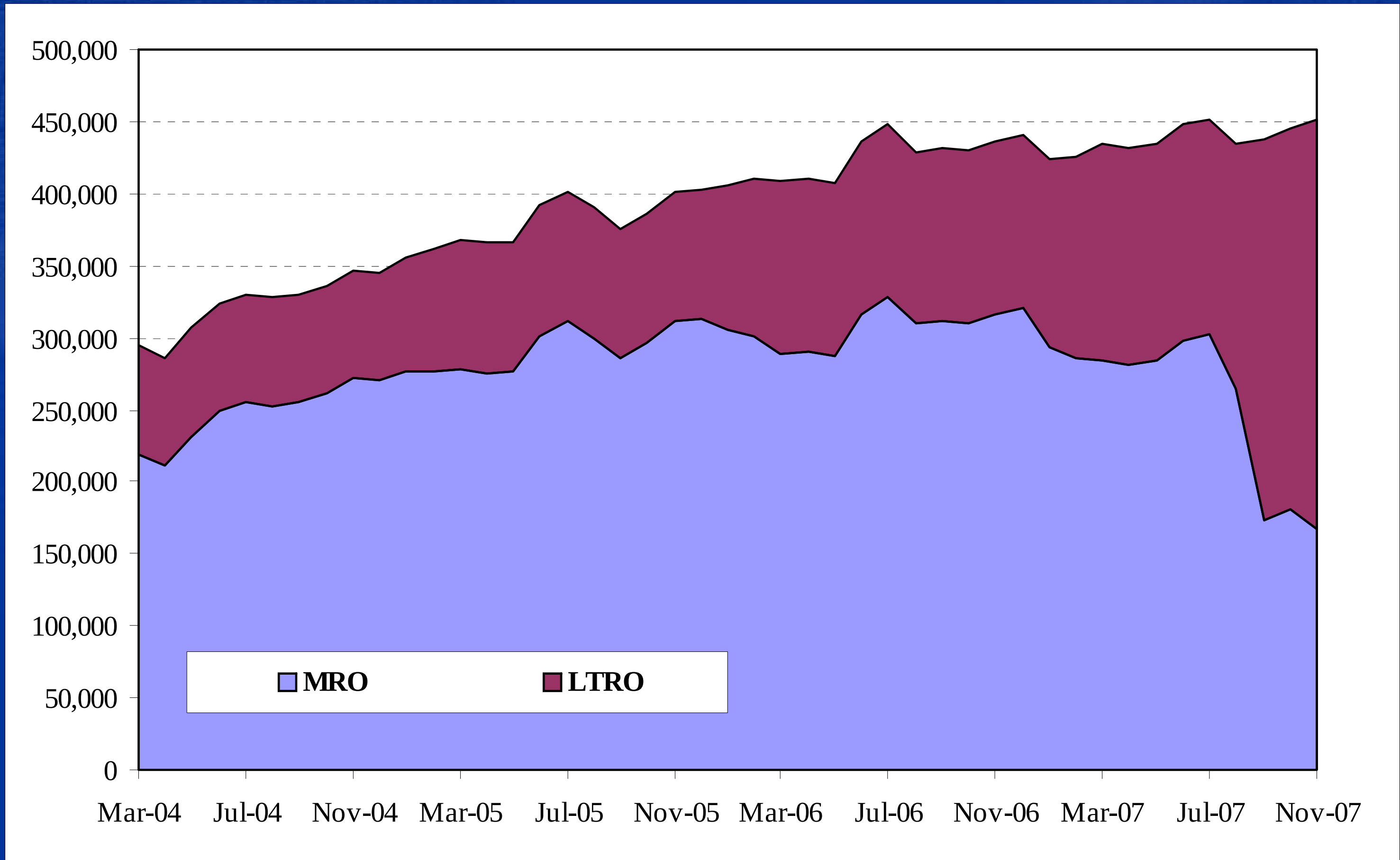
"Usual" reserves fulfilment path



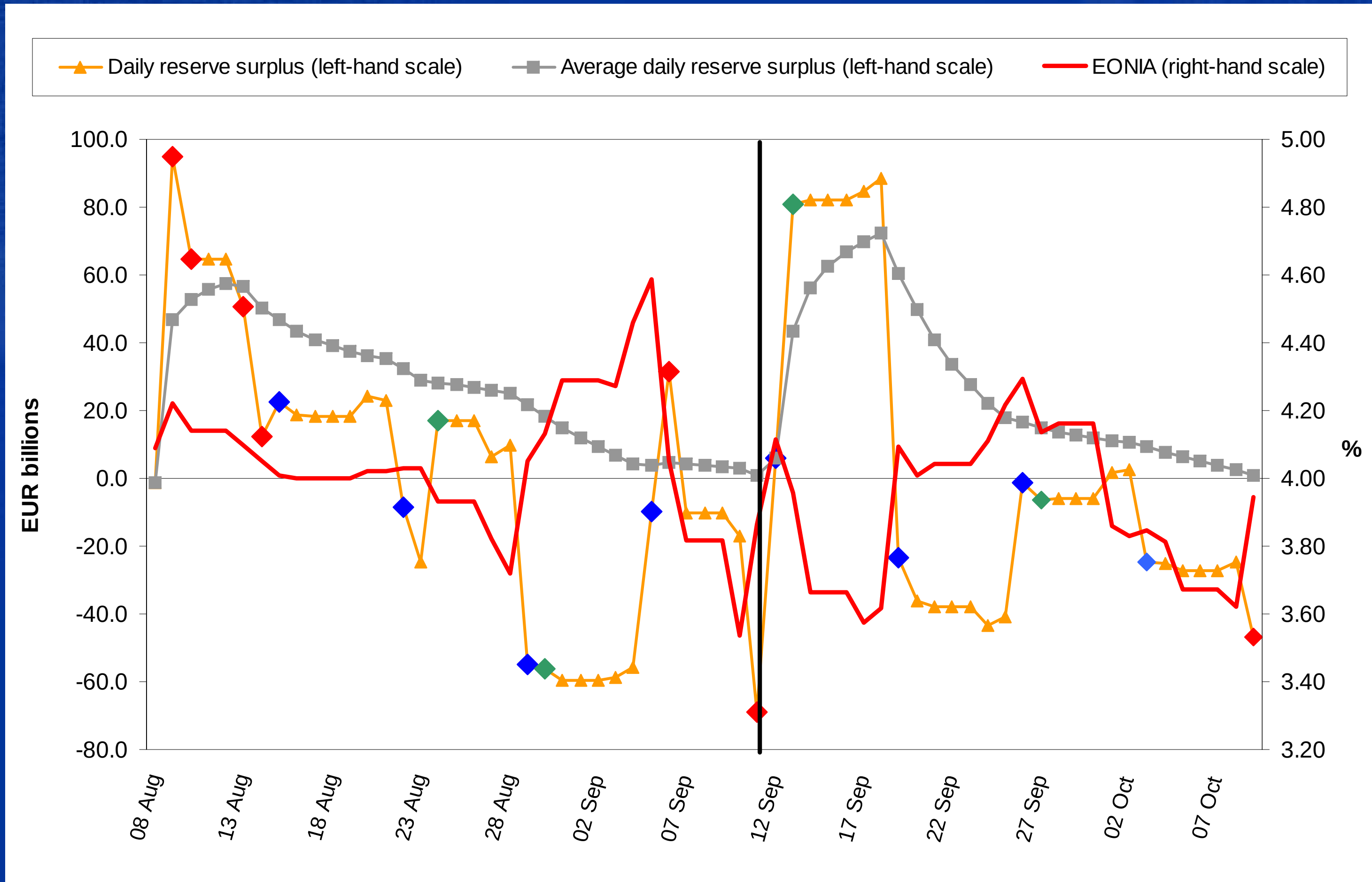
Current (stylized) reserves fulfilment path



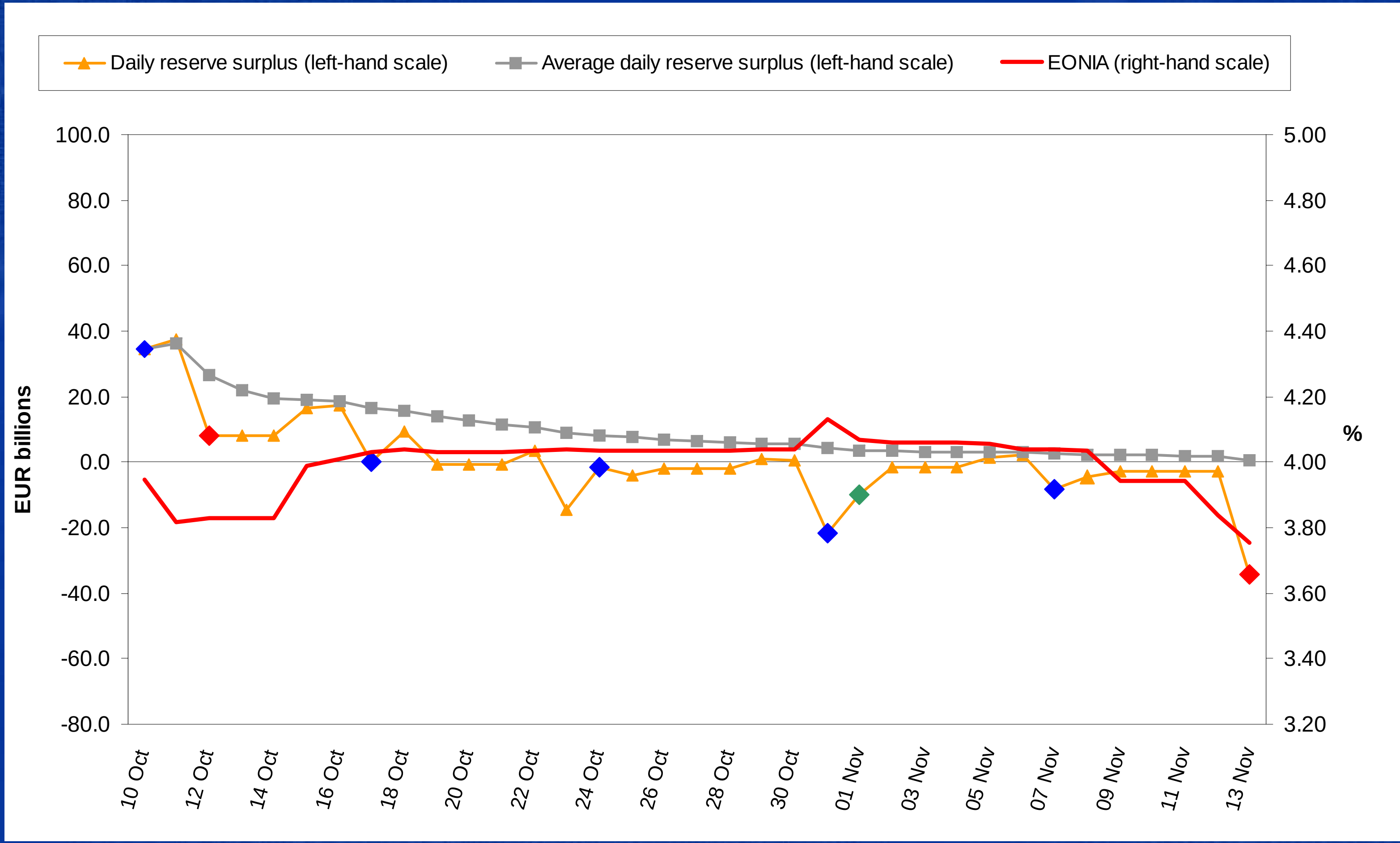
The modified maturity pattern



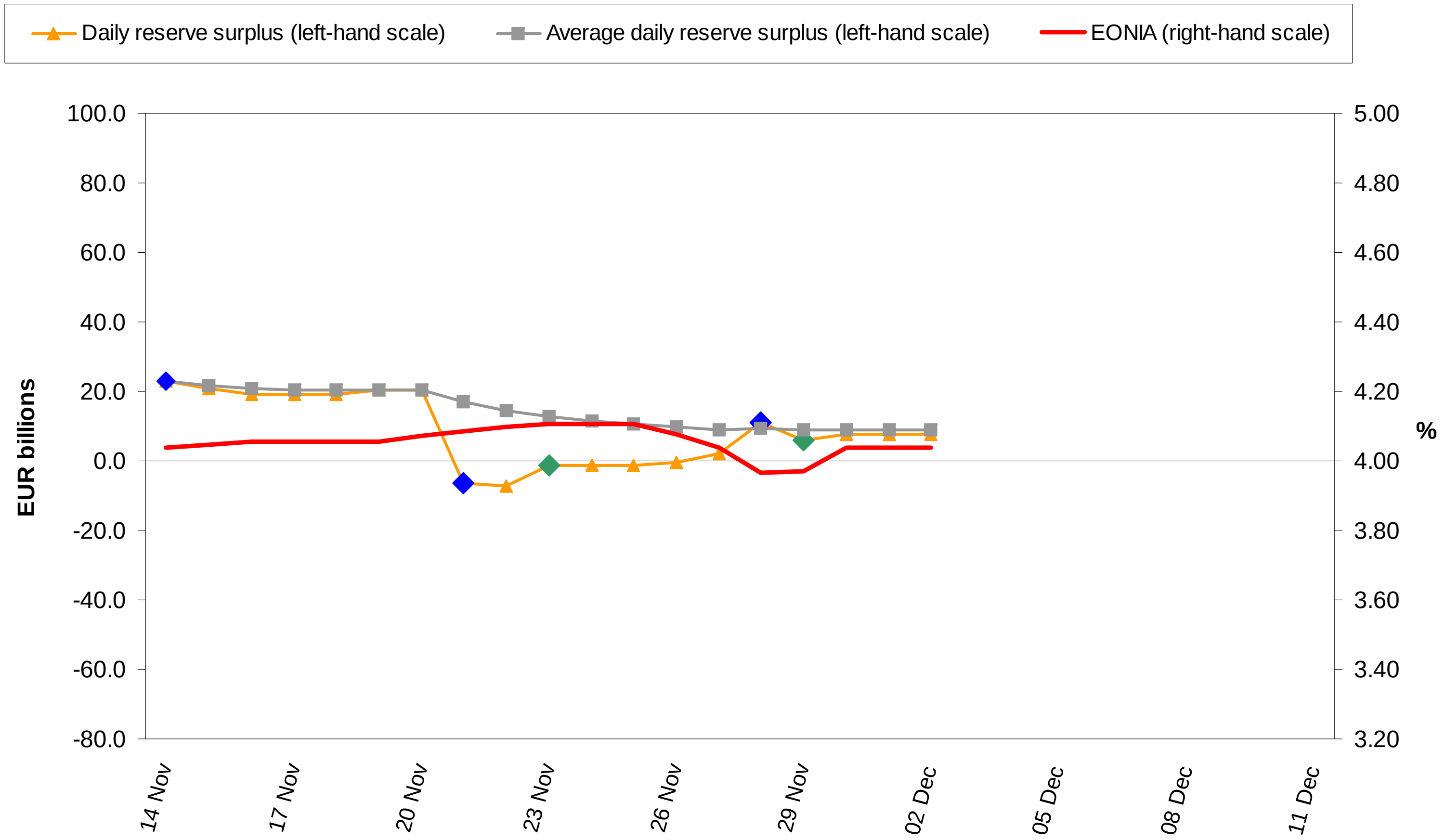
Daily and average reserve surplus and the Eonia rate in the first two turmoil mainenance periods



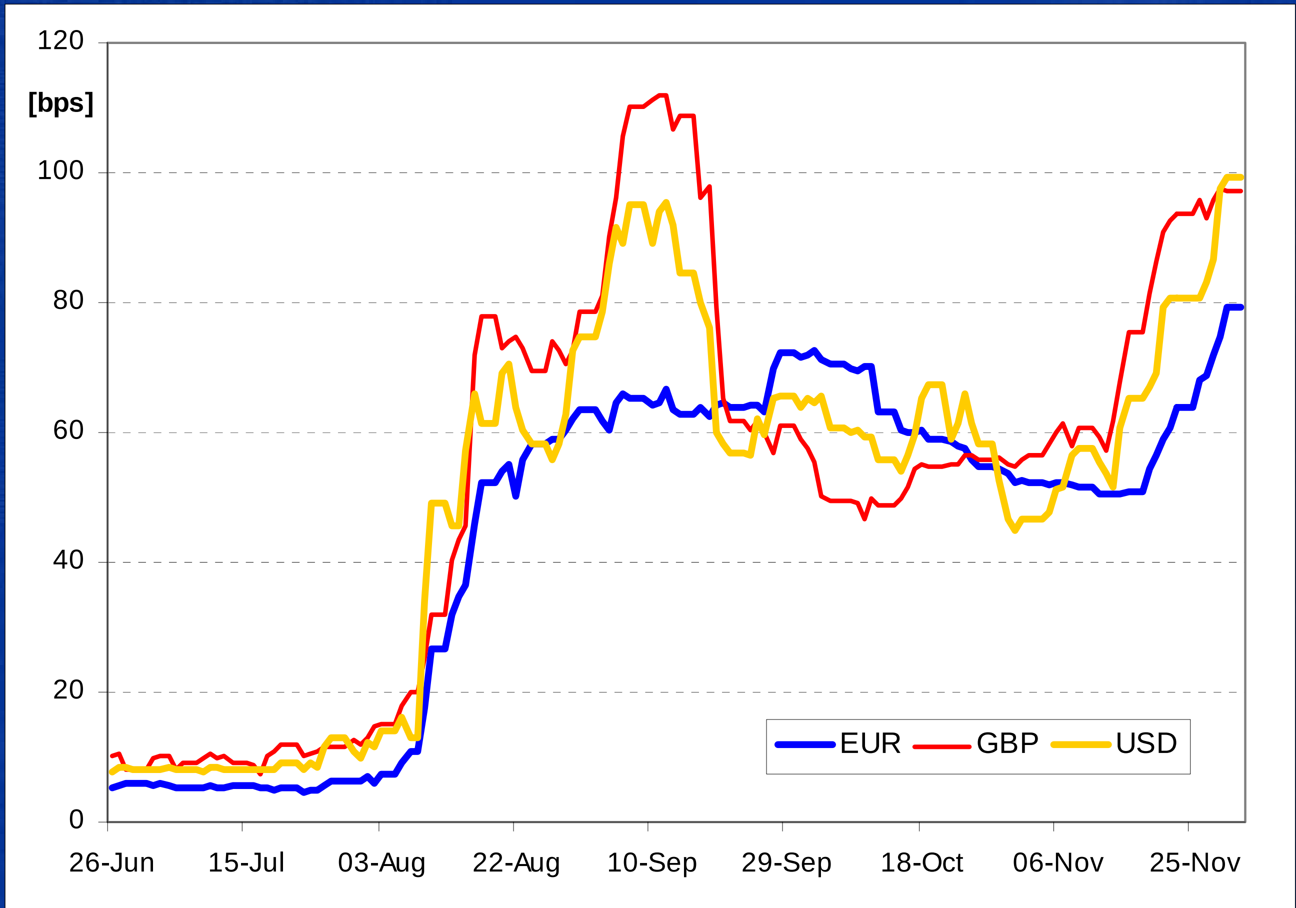
The daily and average reserve surplus and the Eonia rate in the October/November reserve period



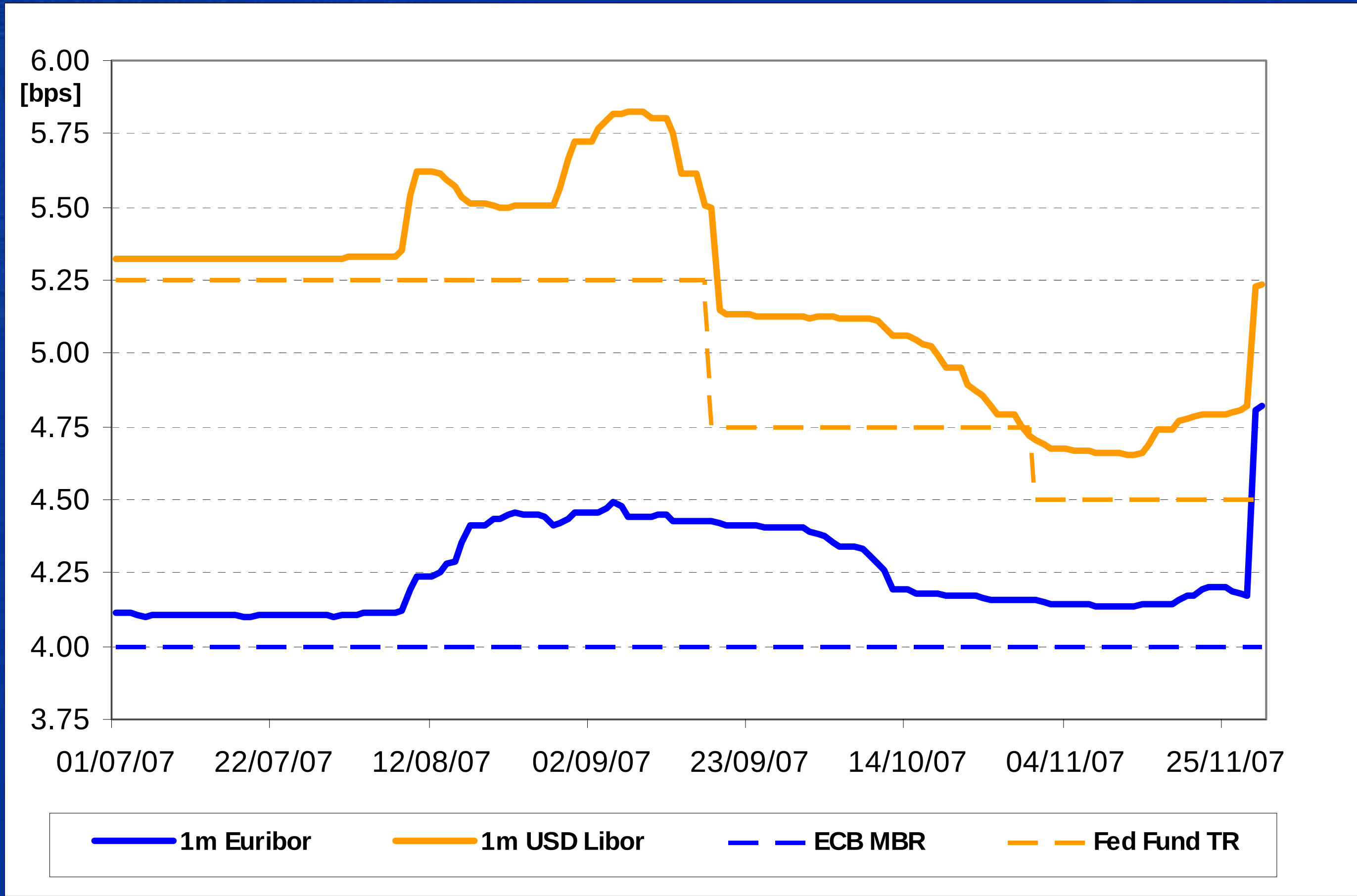
The daily and average reserve surplus and the Eonia rate in the November/December reserve period



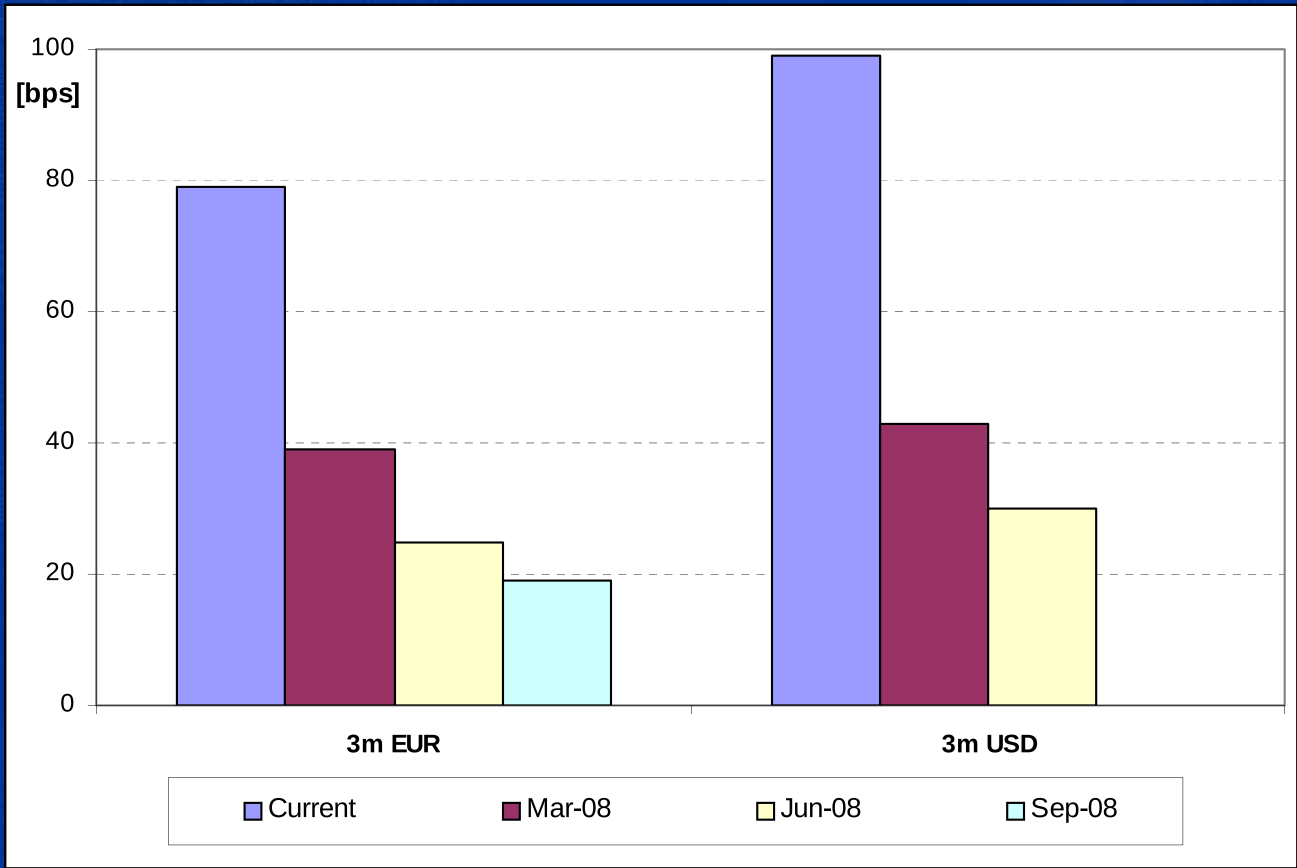
Development of 3-month deposit-OIS spreads



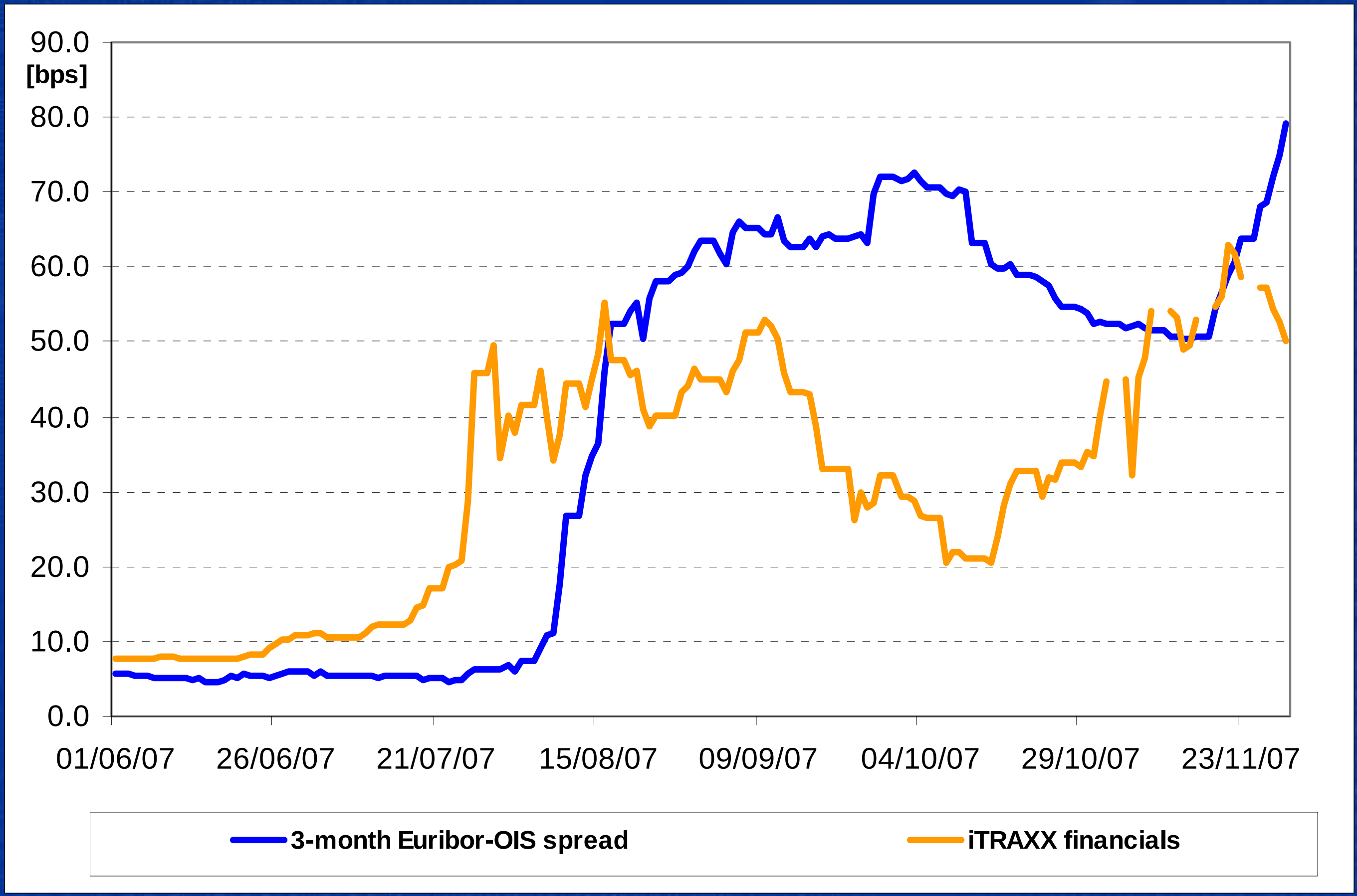
1m Euribor and 1m USD Libor vs. policy rates



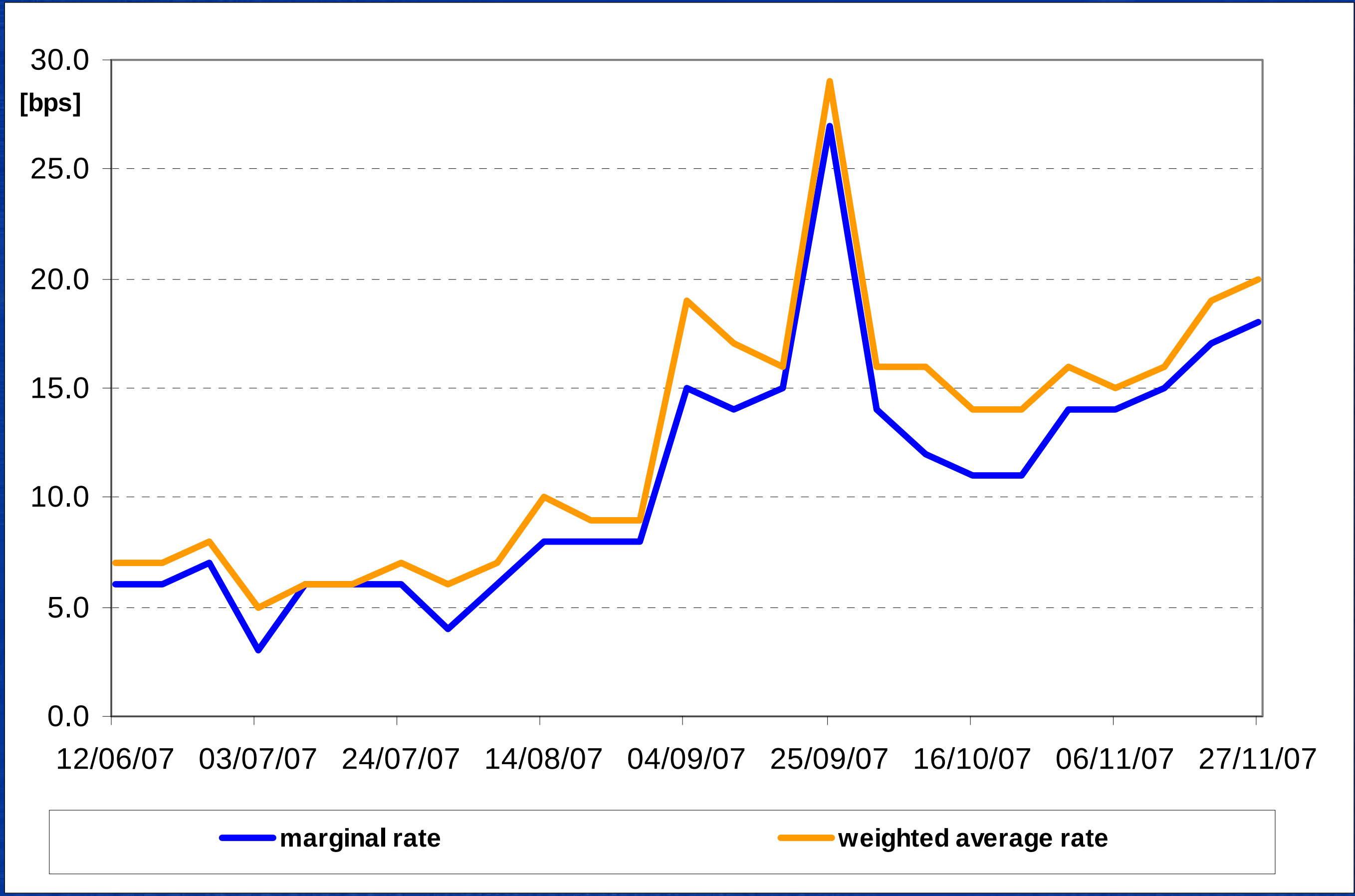
Forward 3-month deposit-OIS spreads



3-month Euribor-OIS spread vs. iTRAXX financials



Development of spread between MRO rates and the minimum bid rate



ECB operations (overview)

Date	Operation	Maturity	*Total bid amount*	*Allotment*	*Marginal*	*Weighed*	*Benchmark*	*Deviation from BM*
09-Aug	**Fine tuning**	O/N	95	95	4.00%	4.00%	x	
10-Aug	**Fine tuning**	O/N	110	61	4.05%	4.08%	x	
13-Aug	**Fine tuning**	O/N	84.4	47.6	4.06%	4.07%	x	
14-Aug	**Fine tuning**	O/N	45.9	7.7	4.07%	4.07%	x	
14-Aug	**Main Refinancing**	1-week	427	310	4.08%	4.10%	236.5	73.5
21-Aug	**Main Refinancing**	1-week	439.7	275	4.08%	4.09%	229	46
23-Aug	**Longer-term Refinancing**	3-month	125.8	40	4.49%	4.61%	x	(40)
28-Aug	**Main Refinancing**	1-week	352.7	210	4.08%	4.09%	195.5	14.5
29-Aug	**Longer-term Refinancing**	3-month	119.8	50	4.56%	4.62%	x	
04-Sep	**Main Refinancing**	1-week	426.3	256	4.15%	4.19%	251	5
06-Sep	**Fine tuning**	O/N	90.9	42.2	4.06%	4.13%	x	
11-Sep	**Fine tuning**	O/N	-66.4	-60	4.00%	4.00%	x	
11-Sep	**Main Refinancing**	1-week	406.1	269	4.14%	4.17%	259	10
12-Sep	**Longer-term Refinancing**	3-month	139.0	75	4.35%	4.52%	x	(75)
18-Sep	**Main Refinancing**	1-week	356.3	155	4.15%	4.16%	119	36
25-Sep	**Main Refinancing**	1-week	369.0	190	4.27%	4.29%	157	33
26-Sep	**Longer-term Refinancing**	3-month	85.4	50	4.50%	4.63%	x	
02-Oct	**Main Refinancing**	1-week	298.7	163	4.14%	4.16%	155.5	7.5
09-Oct	**Fine tuning**	O/N	-40.2	-24.5	4.00%	4.00%	x	
09-Oct	**Main Refinancing**	1-week	322.7	218	4.12%	4.16%	178	40
12-Oct	**Fine tuning**	O/N	-40.1	-30	4.00%	4.00%	x	
16-Oct	**Main Refinancing**	1-week	283.4	171	4.11%	4.14%	153	18
23-Oct	**Main Refinancing**	1-week	304.1	182	4.11%	4.14%	167.5	14.5
30-Oct	**Main Refinancing**	1-week	287.2	170	4.14%	4.16%	160.5	9.5
31-Oct	**Longer-term Refinancing**	3-month	87.6	50	4.45%	4.53%	x	
06-Nov	**Main Refinancing**	1-week	275.6	160	4.14%	4.15%	156.5	3.5
13-Nov	**Fine tuning**	O/N	-27.8	-27.8	4.00%	4.00%	x	
13-Nov	**Main Refinancing**	1-week	280.5	182	4.15%	4.16%	162	20
20-Nov	**Main Refinancing**	1-week	277.1	169	4.17%	4.19%	150.5	18.5
22-Nov	**Longer-term Refinancing**	3-month	148.0	60	4.55%	4.61%	x	(60)
27-Nov	**Main Refinancing**	1-week	258	178	4.18%	4.20%	148	30
28-Nov	**Longer-term Refinancing**	3-month	132.4	50	4.65%	4.70%	x	

Issues for discussion

- Why did the spreads between term deposits and OISs rise again? Is it still about the fallout from the US sub-prime market or is there something else?
- Why do the MRO rates continue to increase? What is the relationship between the tender rates and the Eonia?
- What is the outlook for 2008? Will the situation improve once the turn of the year is behind us?