DIRECTORATE GENERAL MARKET OPERATIONS

ECB - PUBLIC

12 January 2016

Bond Market Contact Group

Frankfurt, Tuesday 19 January 2016 (13:00-17:00 CET, Sonnemannstrasse 20, room C2.06)

F I N A L   A G E N D A

1) Electronic trading and growth of automated trading strategies

Frank Engels and Zoeb Sachee will review the recent trends in electronic trading, including strategies impacting bond market liquidity and pricing capabilities from market makers. The analysis will try to answer the following questions: (i) do they enhance liquidity or e volatility; and (ii) should regulation seek to curb their activity. Martin Scheck will complement the analysis with the recent ETF mapping study published by ICMA.

2) Bond market outlook, issuance outlook and other topics of relevance

Franck Motte will review the main bond market developments over the last quarter and its outlook. The presentation will also include sovereign funding challenges for 2016 and private sector bond issuance. A discussion will follow.

3) QE impact, forward guidance and market-based inflation expectations

Christoph Rieger and Michael Krautzberger will analyse the transmission of the asset purchases and evaluate the impact of forward guidance on euro area bond markets. Besides the macroeconomic impact, the analysis will include: (i) the side-effects or costs of the asset-purchase programmes, (ii) impacts on market depth and liquidity and on market-based indicators of inflation expectations, also based on the US experience; and (iii) the effects and the role of the (lower) foreign reserves of Emerging Markets for international bond markets and monetary policy.

Thomas Werner (ECB) will provide an overview of the analysis of inflation expectations and ECB's modelling of the inflation premium path.

4) Other items

> 4.1 Laurent Clamagirand will update the group on the impact of the recent regulation on repo market activity from the perspective of a non-bank participant.
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> 4.2 EMMI Repo Survey Consultation
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> *4.3* Planning of the next meeting on 19th April 2016.