

15 Mar 2022

Monthly News from Eurex Repo

Market Briefing

February ranks as another strong month in terms of repo trading volumes. Across all Eurex Repo markets, average daily term adjusted volumes rose by 11,2 % compared to 2021. YoY, the Special Repo market grew by 24,6% in February compared to February 2021. Strong trading in Euro government bonds was primarily responsible for this growth. The high volatility of the bond futures, the widening of bid/offer spreads, the flight-to-quality collateral and the new geopolitical situation led to some tension in the repo market, making finding paper to cover trades via the repo market more challenging and expensive.

Especially in German government bonds, we saw an increase of "specialness" until mid of February (for various reasons, e.g., supply-demand imbalance, larger short base, positioning, etc.), with more than 30 ISINs and more than 90% of traded volume in Bunds were below -1%. Average daily traded volumes in German government bonds increased YoY by 50% and 22% versus January.

While there is no funding crisis, there are liquidity draining market dislocations. Some German government bonds, such as the BKO 0 03/15/24 and the BKO 0 12/15/23, were in high demand and traded up to a negative 7.5%. While there is a hunt for high-quality collateral, Bunds are trading at the biggest premium to swaps in years. The German Finance Agency responded quickly by increasing the supply of particularly hard-to-borrow bonds to avoid a collateral squeeze.

GC Pooling volumes in the first two months of 2022 were at the same level as the previous year.

The positive trend for EU Bonds continued in February, with a 126% increase compared to the monthly average traded volume in 2021. The total volume of EU bonds traded in February (EUR 6,5bn) was almost unchanged compared to January, whereas average daily traded volumes increased in February by 4.2%, mainly driven by higher activity in Special Repo (+8.5%). Overall traded volumes in Supranationals & Agencies (EUR 24.2bn) is the highest we've seen in recent months. Compared to the 2021 average, trading volumes increased by 32%.

Settlement efficiency at Eurex Clearing remained unchanged and on high levels after introducing the CSDR penalty regime. In GC Pooling, 100% of trades were settled, while the settlement success was 97.09% in the repo market.

Frank Gast - Managing Director, Eurex Repo

Leverage ratio and the new normal - SFT issue 297

With the CRR2 Leverage Ratio requirements now live, Frank Odendall, head of securities financing product and business development at Eurex, weighs up whether the European repo-market will trend towards a new orthodoxy.

[Read the full article here.](#)

Podcast: Back to the future with Eurex Clearing

Clearstream published its ninth GFF Podcast, this time on its collaboration with Eurex. Phil Simons, Global Head of FIFF Sales, provided insights on Eurex's activities in derivatives. In addition, Frank Odendall, Head of Securities Financing Repo & Product Development, described the opportunities for buy-side entities when accessing Eurex's centrally cleared repo markets and the expansion of the clearing model to additional client types.

[Tune in here for the GFF podcast episode 9.](#)

Updated Margin Parameter Grid for March 2022

ECAG completed its regular re-calibration of repo margin parameters. Enclosed **document** display repo margin parameters along bond maturity buckets to improve readability. As always, each security carries an individual margin parameter at ECAG. Traders can explore the individual margin parameters in F7 or utilize ECAG's cloud Portfolio Margin Estimator ([cPME](#)) to estimate the margin requirements for individual repo transactions or whole portfolios benefitting from repo portfolio margining.

[More in the Eurex Clearing Margin Parameters For Repo Trade Collateral](#)

Events

Derivatives Forum Frankfurt 2022

The Derivatives Forum Frankfurt 2022 will be the first hybrid edition, with thought leadership insights, industry debates, keynote speeches and networking opportunities both in-person and online.

The Derivatives Forum Frankfurt takes place on 24-25 May 2022.

[Register now](#)

Volume

Daily average outstanding volume in bn EUR reached in February 2022			
GC Pooling: 38.6	Repo: 82.8		All Markets: 121.4
Daily average term adjusted volume in bn EUR reached in February 2022			
GC Pooling: 78.4	Repo: 112.3		All Markets: 190.7
Trades	GC Pooling in EUR	Repo GC in EUR	Repo Special in EUR
Largest	1.2 bn	1.5 bn	0.8 bn
Longest	365 days (250 mn)	172 days (219 mn)	122 days (100 mn)

STOXX® GC Pooling Indices

February 2022	STOXX® GC Pooling EUR ON Index		STOXX® GC Pooling EUR Extended ON Index	
Rate (in %)	High -0.549	Low -0.62	High -0.517	Low -0.559
Vol (in bn EUR)	High 1.7	Low 0.3	High 4.0	Low 1.1
	STOXX® GC Pooling EUR Deferred Funding Rate			
Rate (in %)	High -0.546		Low -0.581	
Vol (in bn EUR)	High 6.7		Low 3.9	

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

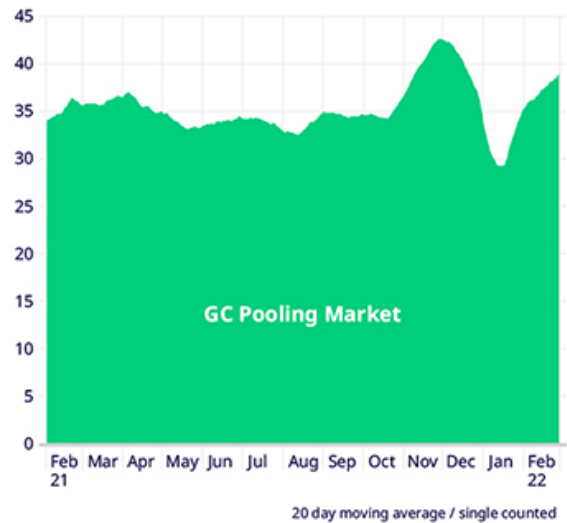
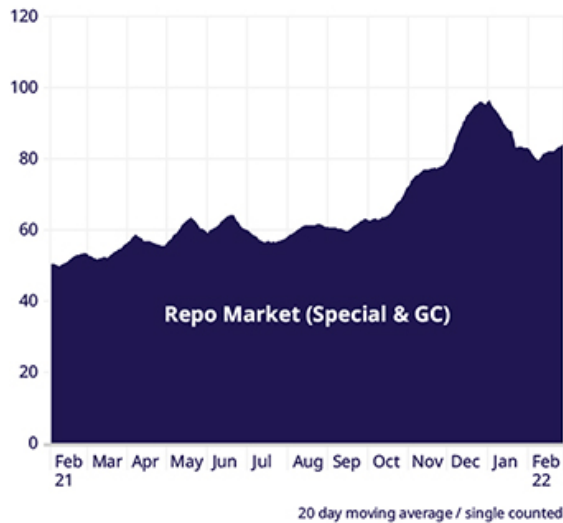
Participants

Repo Market: 149	GC Pooling Market: 139	HQLAx: 4	Select Invest: 4	Select Finance: 5
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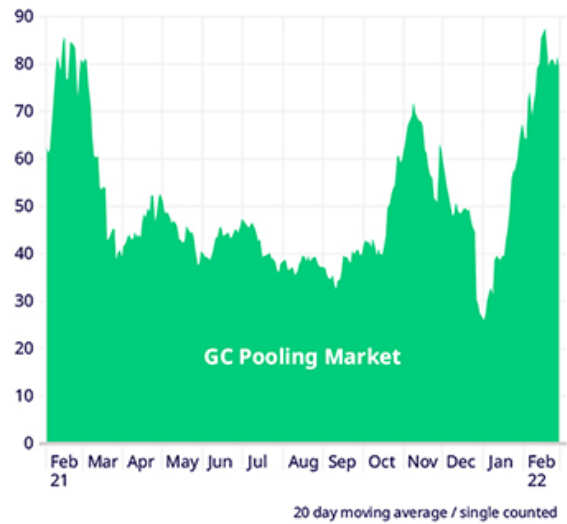
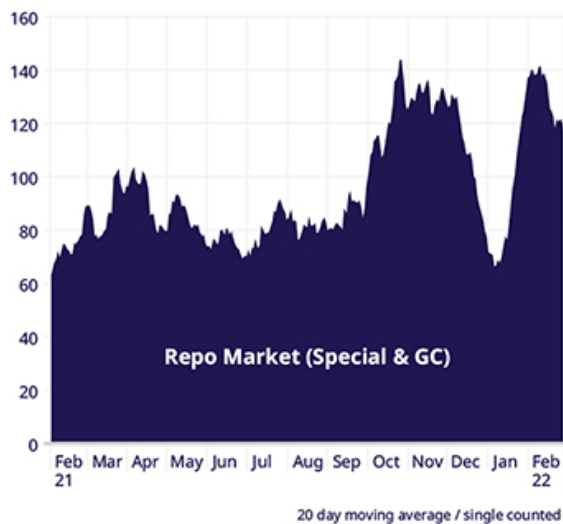
Please find here the current [Participant List Repo and GC Pooling](#) with a summary by markets

Volumes 2020/2021

Outstanding volumes 2021/2022 (in bn EUR)



Term adjusted volumes 2021/2022 (in bn EUR)



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.

Systems & Services

Functional Info: Eurex Repo F7 simulation update v3.7 – Mandatory API / FIX Gateway upgrade

The launch of the upgrade to version 3.7 in Eurex Repo F7 production is planned on Monday, April 11th 2022 (simulation on February 24th).

[read the functional information here](#)

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More news from Eurex Repo

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