

14 Jun 2022

Monthly News from Eurex Repo

Market Briefing

Looking back on May, we saw a continuation of the positive trend in increasing term and average traded volumes for GC Pooling. In anticipation of one of the most pivotal meetings of the European Central Bank, where policymakers are set to pave the way for its first rate increase since 2011, we have seen an increase of more than 40% YoY of term-adjusted volume. The common currency has come under pressure due to concerns over Euro-area growth and a resurgent dollar as the Federal Reserve embarks on a rapid rate-hiking cycle. With this in mind, we have seen 12M GC Pooling trades around flat at the beginning of the month and up to +22bp towards the end of May.

In our Repo Market (Special & GC Repo), we have seen an increase in average traded volumes of about 64% YoY compared to the same period last year (Jan-May). This has been particularly driven by increased trading activities in Bunds by 80%. Meanwhile, in the SSA segment, the 37% increase in Special Repo was a key driver in EU bond trading volumes remaining high in May with a small increase of 6% YoY. While we noticed lower volumes in GC trading activities for May, this was likely due to the high number of longer dated GC trades in the previous month. Compared to last year, we recorded a strong increase in term-adjusted volume (80%) for GC in Jan-May 2022, primarily driven by increased trading activity in Spanish GC Baskets.

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

News

A well-founded pension fund uptake in central clearing

Commentary by Eurex's Frank Odendall and Ricky Maloney, first published in [IPE Magazine](#) June 2022.

Pension funds play an important role in the financial industry and the lives of European pensioners. Regulatory changes such as the mandatory clearing of over-the-counter financial instruments (OTC IRS) and the increase in capital requirements for banks pose major challenges for European pension funds.

[Read more](#)

Is the Bilateral Repo Market Working for the Buyside?

As regulation continues to drive change, increased capital costs for banks have stifled capacity for the buy-side in the bilateral repo market, which has increased costs and limited trading opportunities. This has led to a search for new sources of repo liquidity which rely less on bank balance sheet while also offering the ability to maintain existing bank relationships. Experience shows that the bilateral repo market has not been very liquid in stress situations and the additional capital and liquidity constraints on banks have further reduced the available capacity. These challenges have been difficult to address in light of scarce resources and a heavy regulatory workload, taking away from infrastructure led projects.

[Read more](#)

The entry of pension funds into Eurex's cleared repo markets creates a win-win situation

As the temporary central clearing exemption granted by the European Commission expires, Frank Odendall, Eurex's head of securities financing, product and business development, finds that pension funds are voluntarily looking to CCP clearing for both mandatory and non-mandatory products, including repo.

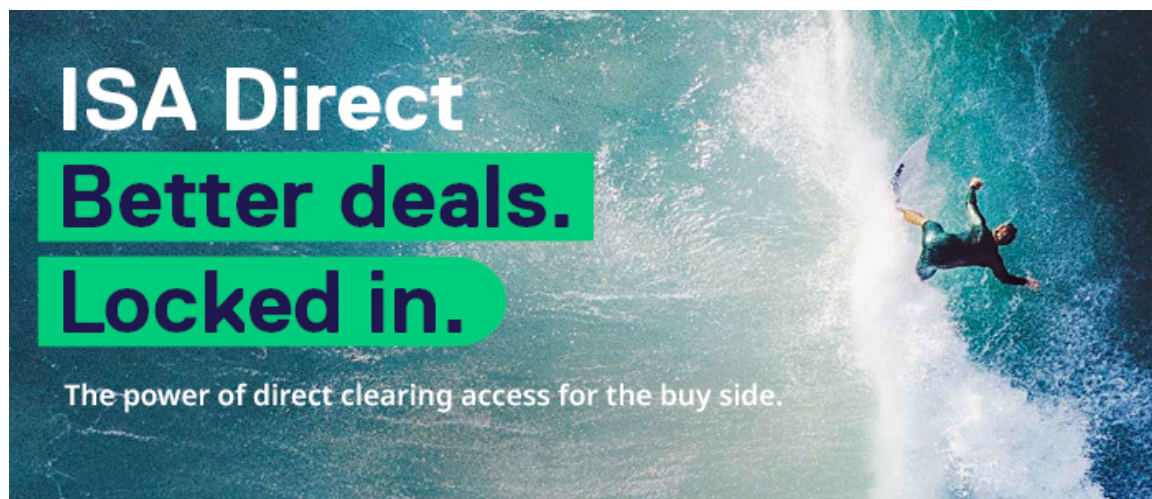
[Read more](#)

Eurex wins one of the world's largest pension fund managers for repo clearing

As of mid-June 2022, APG Asset Management N.V. (APG), one of the world's largest pension fund investment managers, will start accessing Eurex's centrally cleared repo markets. Eurex offers institutional investors like pension funds direct access to cleared repo markets and derivatives clearing through its ISA Direct clearing services. Including APG, Eurex's pension fund clients have more than EUR 1 trillion assets under management. They have direct access to Eurex repo markets to address market liquidity concerns as well as regulatory-driven challenges.

With this direct clearing connection, Eurex offers pension funds, as well as other asset managers such as insurance companies, possibilities to efficiently manage cash and securities collateral. This is especially important considering regulatory changes like Uncleared Margin Rules or the potential clearing obligation for pension funds.

[Read the press release here](#)



GFF Podcast: Greening the economy - Sustainable securities lending, repo & green bonds

Listen to a lively and wide-ranging conversation about the vital role green bonds and green finance will play in preventing the worst effects of climate change. This episode gives some insights into the scale of the challenge, and the huge progress being made so far.

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

Industry events

IPE webcast: Central clearing of OTC IR derivatives – a blessing in disguise?

Join the webcast on Wednesday, 6 July 2022, 15:00 CEST

Regulatory changes such as mandatory central clearing of OTC interest rate derivatives pose major challenges for pension funds. This webcast discusses some of these challenges and explores what opportunities might be derived from these changes. Industry experts will tackle operational readiness for switching from a bilateral to a centrally cleared model, the access to raise intra-day cash variation margin, and best execution on behalf of the end clients.

Register now

Save the new date: GFF Summit – 13 to 15 September 2022 “Accelerate your journey”

Have you also been waiting for the return of on-site events as much as we did? Then we have great news for you! We are thrilled to announce that our Global Funding & Financing (GFF) Summit 2022 will take place **from 13 to 15 September 2022** at the European Convention Center in Luxembourg.

We will notify you soon again once registration will be open, but make sure to already mark the date in your calendar now to **accelerate your journey!**

Do you have any questions? Don't hesitate to reach out via **gffsummit2022@deutsche-boerse.com**.

We look forward to seeing you in Luxembourg soon!

Sincerely,

Your Deutsche Börse Global Funding & Financing team



#GFFSummit is also on social media! Don't forget to like, share and post!

Eurex-Get-Together (EGT)

Join our upcoming evening events in:

- Frankfurt, June 23
- Vienna, June 30

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 May 2022			
GC Pooling: 47.1	Repo: 93.8		All Markets: 140.9

Daily average term adjusted volume in bn EUR reached in May 2022			
GC Pooling: 77.6	Repo: 117.3		All Markets: 194.9

Trades	GC Pooling in EUR	Repo GC in EUR	Repo Special in EUR
Largest	0.9 bn	2.0 bn	0.9 bn
Longest	367 days (100 mn)	56 days (509 mn)	92 days (140 mn)

STOXX® GC Pooling Indices

May 2022	STOXX® GC Pooling EUR ON Index		STOXX® GC Pooling EUR Extended ON Index	
Rate (in %)	High -0.548	Low -0.63	High -0.485	Low -0.624
Vol (in bn EUR)	High 2.2	Low 0.5	High 3.4	Low 0.3
	STOXX® GC Pooling EUR Deferred Funding Rate			
Rate (in %)	High -0.543		Low -0.623	
Vol (in bn EUR)	High 8.9		Low 3.6	

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

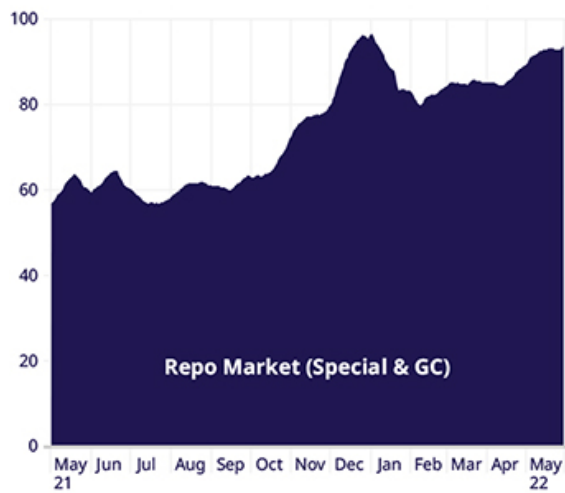
Participants

Repo Market: 150	GC Pooling Market: 140	HQLAx: 4	Select Invest: 4	Select Finance: 6
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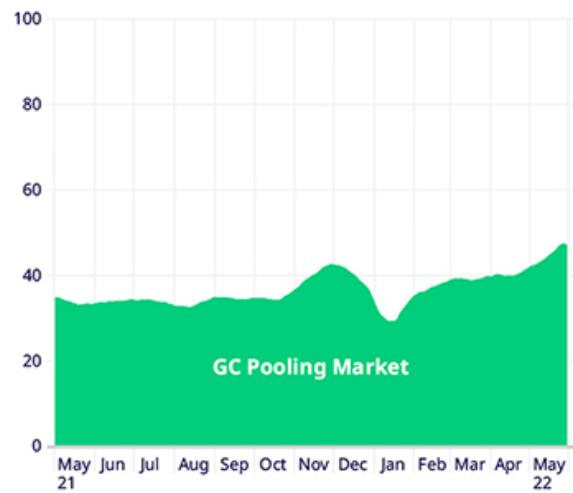
Please find here the current [Participant List Repo and GC Pooling](#) with a summary by markets

Volume

Outstanding volumes 2021/2022 (in bn EUR)

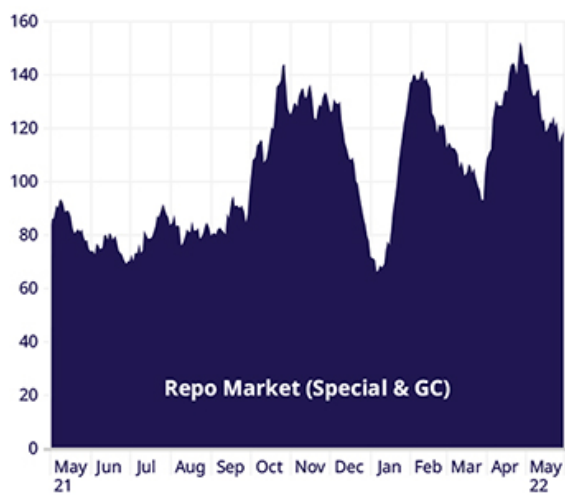


20 day moving average / single counted

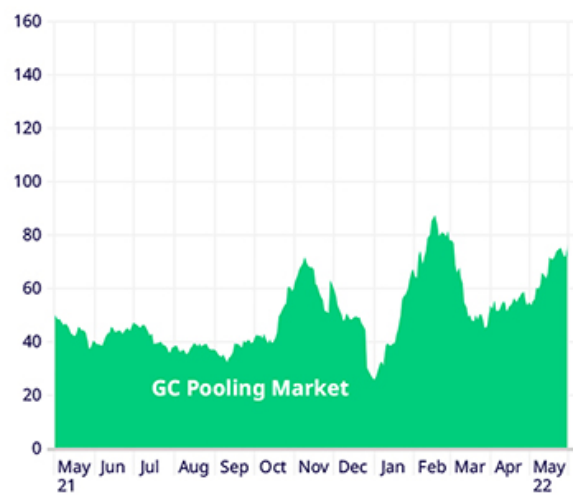


20 day moving average / single counted

Term adjusted volumes 2021/2022 (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.

Systems & Services

Eurex clearing circular 034/2022: ISA Direct Indemnified Model

Amendments to the legal framework of Eurex Clearing AG with respect to the introduction of the ISA Direct Indemnified Model (legal term: "ISA Direct Indemnified Provisions") – Consultation

[Read the full circular here](#)

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More news from Eurex Repo

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