



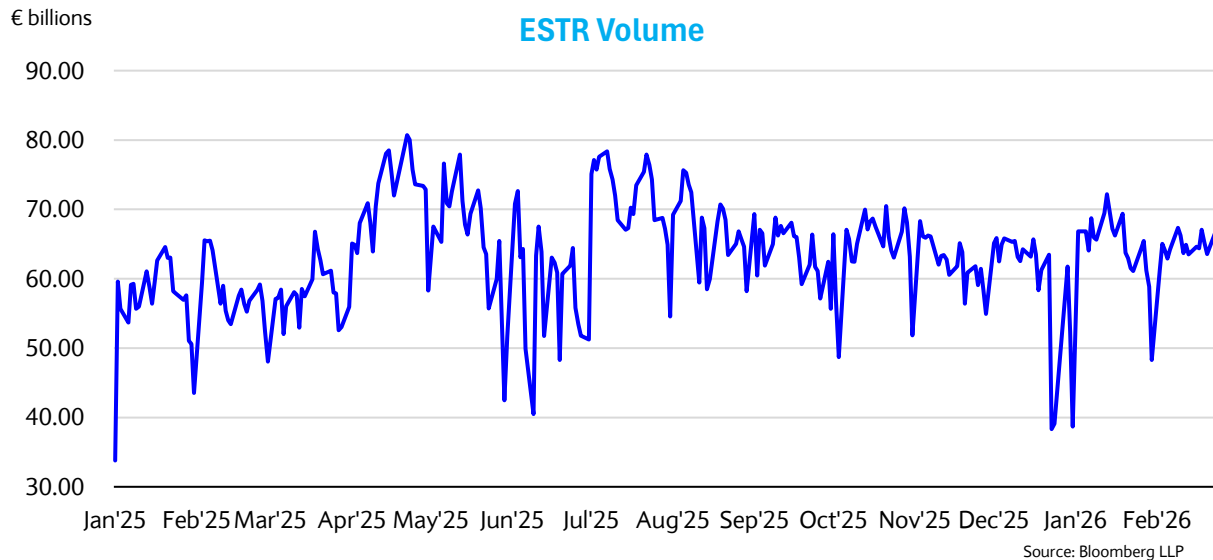
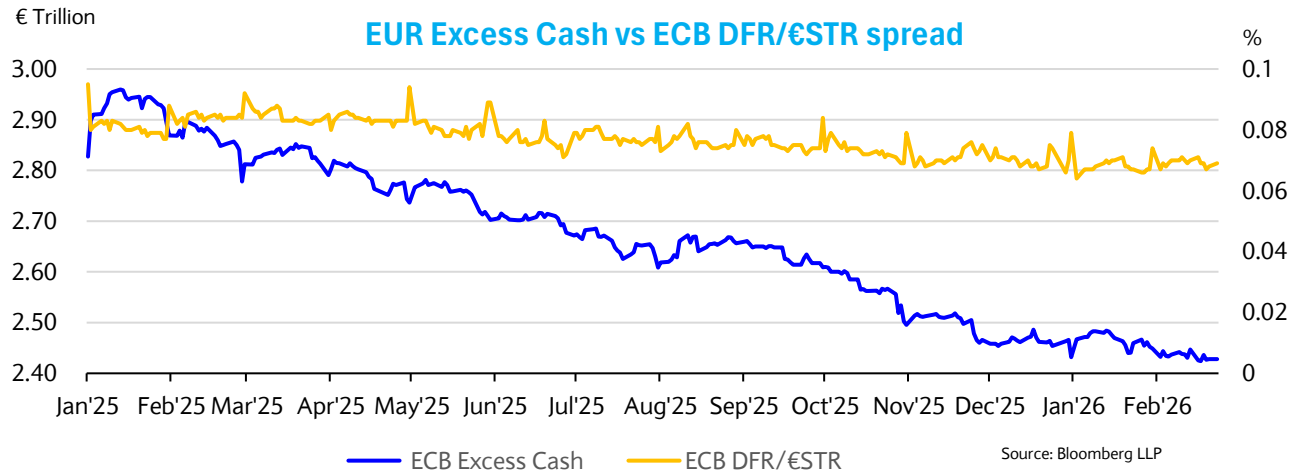
Main Developments in Money Markets

ECB MMCG – March 2026

Isaac Davies, Barclays



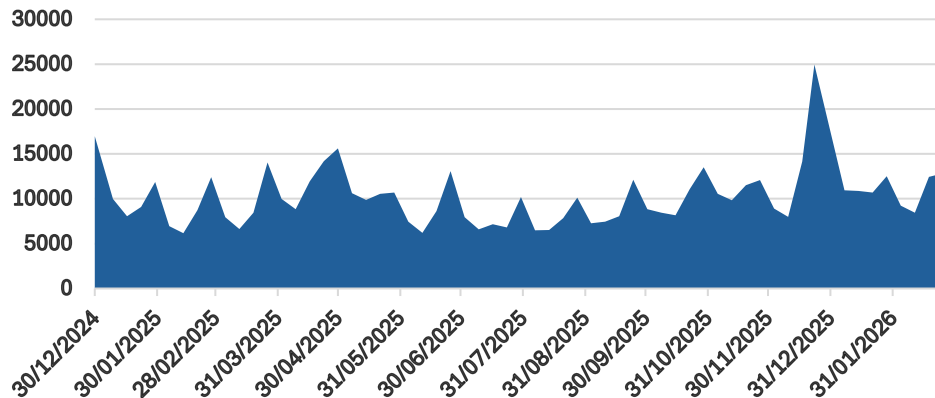
EUR Funding Markets



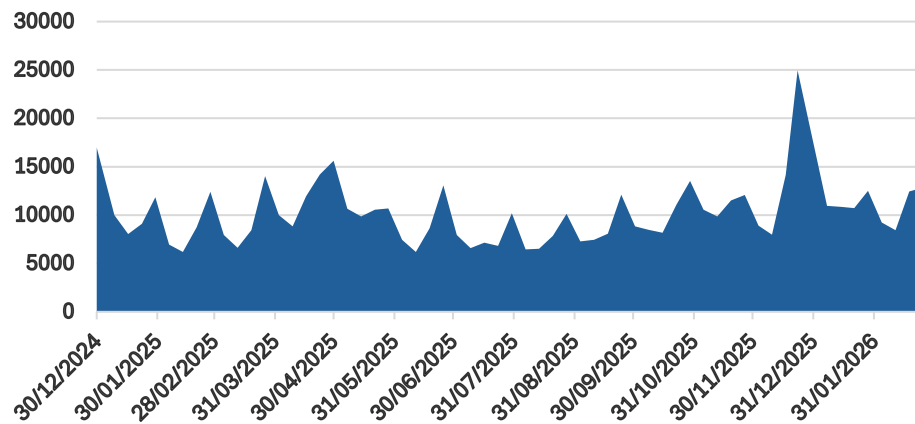
- ESTR fixings have been broadly stable in recent months as excess liquidity continues to decline at a gradual pace, driven by the phasing out of reinvestments of maturing bonds (ECB)
- ESTR Volume has seen no material change in trend. Volumes declined around year end in line with typical seasonal effects, and have since rebounded back to the usual range
- The very short end of unsecured funding markets continue to trade broadly between the ECB Deposit Rate and ESTR. Term Funding spreads have begun to rise gradually, primarily reflected in 6mth Euribor (slide 4&5)

EUR Funding Markets

ECB MRO Allotments (€ million)



ECB LTRO Allotments (€ million)



- ECB MRO and 3M LTRO usage remains stable and within the range of utilisation through 2025. The liquidity environment remains benign.
- As the balance sheet reduction continues, usage at the MRO and LTRO will be closely watched and usage we anticipate to grow.
- No immediate usage spike in ECB OMO's following the invasion of Iran.

EUR Funding Markets

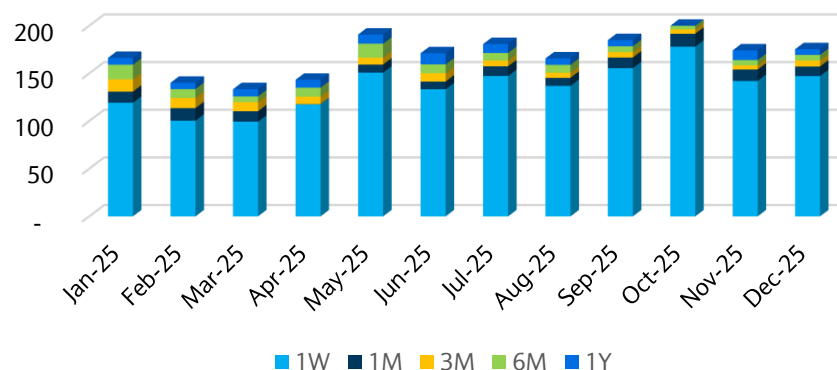
Euribor Volumes (Level 1 and 2.2)

€bn

Month	Tenor					Sum
	1W	1M	3M	6M	1Y	
Jan-25	119	12	13	15	7	166
Feb-25	100	13	11	9	7	140
Mar-25	99	11	10	6	8	134
Apr-25	118	0	8	10	8	143
May-25	151	8	7	15	10	191
Jun-25	133	8	9	9	12	171
Jul-25	147	10	6	8	9	181
Aug-25	137	8	5	8	7	166
Sep-25	156	11	6	6	7	185
Oct-25	178	14	5	10	12	218
Nov-25	142	12	4	6	10	174
Dec-25	147	10	6	6	6	175

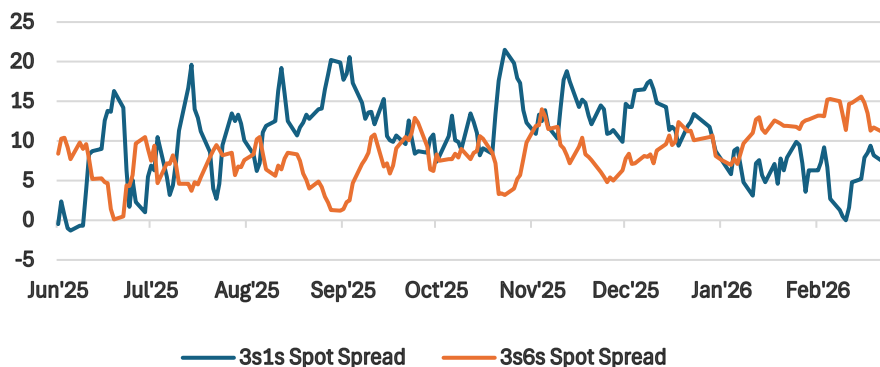
Source: EMMI

Aggregate notional volumes of transactions used in the determination of Euribor® (Level 1 and Level 2.2)



Source: EMMI

Euribor Fixing Spreads: 3m-1m & 6m-3m (bps)

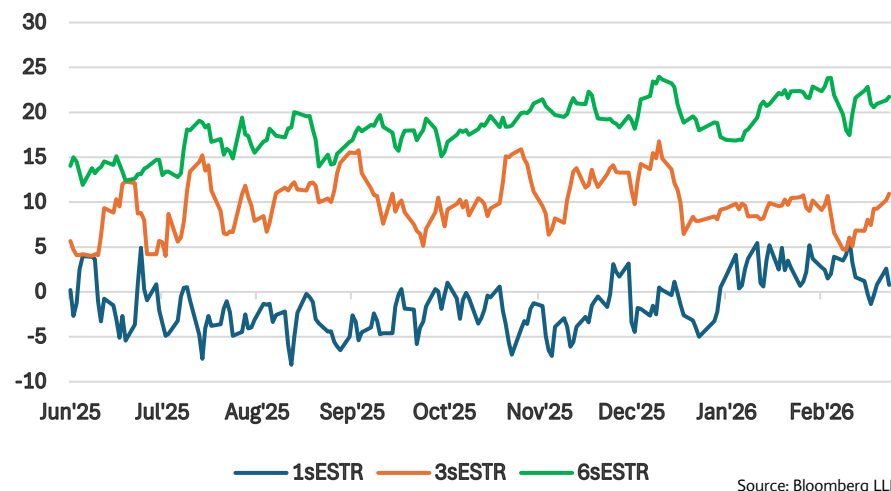


Source: Bloomberg LLP

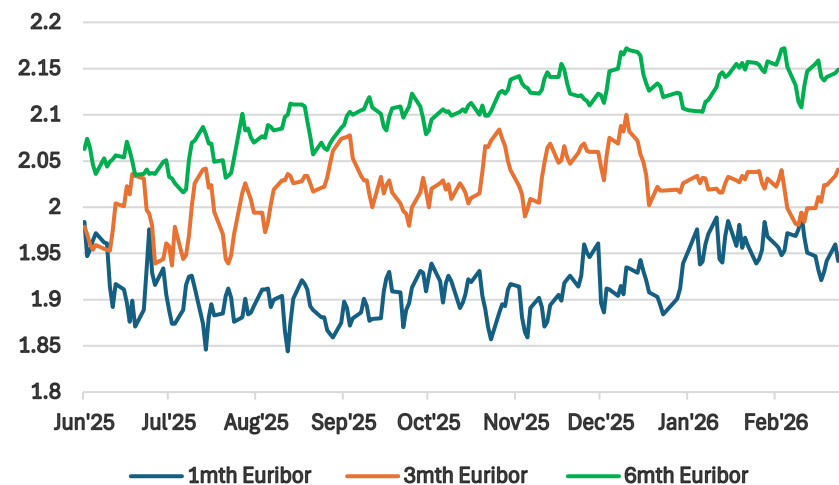
- Euribor volumes are consistent with recent trends. 1W remains the main contributor to volumes.
- Euribor fixings have demonstrated considerable volatility in a period where interest rate expectations have had very limited impact on fixings. The spread between the 3mth and 1mth fixings has been as high as 20bp and as low as 0bp. The spread between 3mth and 6mth fixings has also been volatile albeit to a less extent, ranging between 0bp and 15bp.

EUR Funding Markets: Impacts of declining excess liquidity

Spot Euribor - ESTR Equivalent Swap (bps)



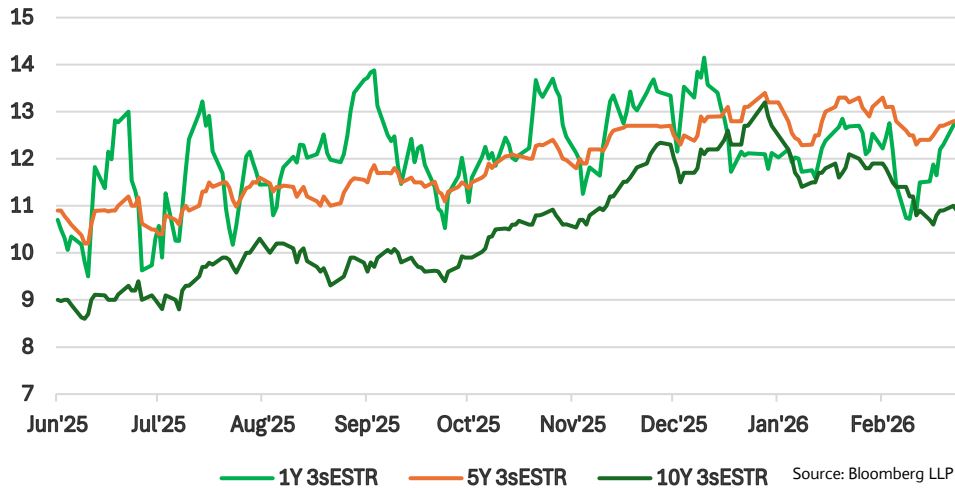
Euribor Fixings (%)



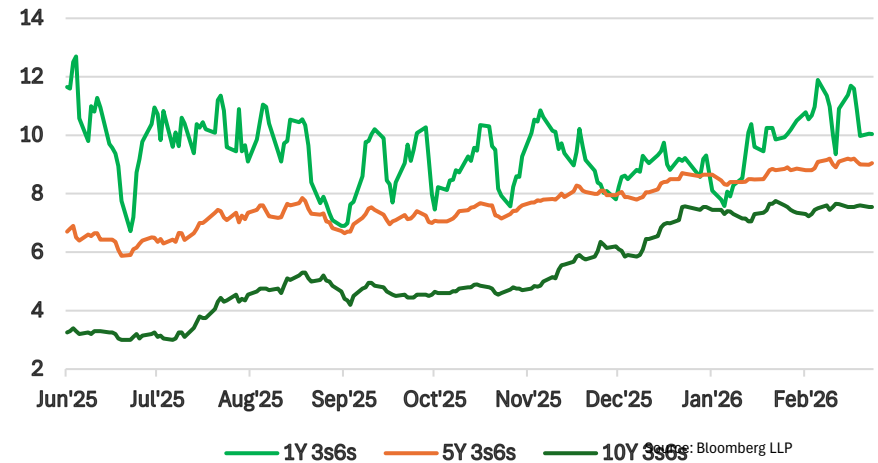
- 3mth Euribor / 3mth ESTR spreads have experienced volatility, trading in a range of 5bp-15bp since June 2025. This has been driven by volatility in the 3mth Euribor fixing, as 3mth ESTR Swaps have remained largely stable over the period. Overall the spread has traded broadly sideways and is currently in the middle of the range at 10bp.
- 6mth Euribor / 6mth ESTR spreads have trended slowly higher since June, within a range of 12bp-25bp. Similar to the 3mth spread, this has been primarily driven by volatility in the Euribor fixings.
- 1mth Euribor / 1mth ESTR spreads have shifted slightly higher since the beginning of the year, having been in a range of 0 to -5bp for the majority of H2 2025, the spread has been 0 to 5bp since the turn of the year.

EUR Funding Markets: Impacts of declining excess liquidity

3s-ESTR Term Basis (bps)



3s6s Term Basis (bps)

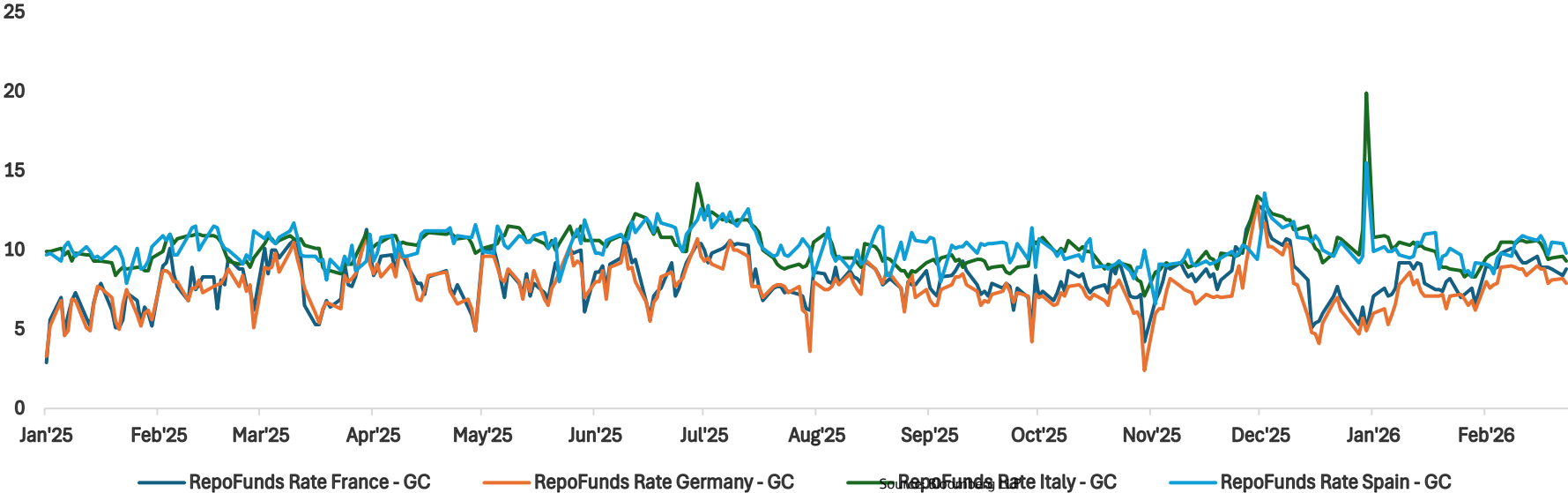


- 3sESTR Term Basis has experienced volatility in the 1Y tenor as near-term fixing volatility has impacted.
- Longer Tenor basis such as 5Y and 10Y has been more stable with a broad uptrend in place over the period.

- 3s6s Term Basis has seen similar volatility in the 1Y tenor due to volatility in fixings.
- Longer Tenor basis has seen a stable uptrend, bringing the longer end closer in line with fixings having previously been substantially inverted.

EUR Funding Markets: Impacts of declining excess liquidity

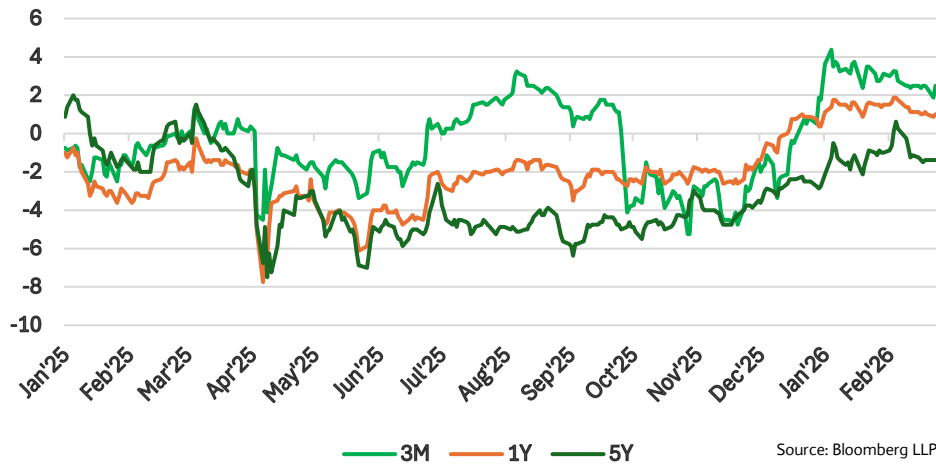
O/N Repo Spreads vs ESTR (bps)



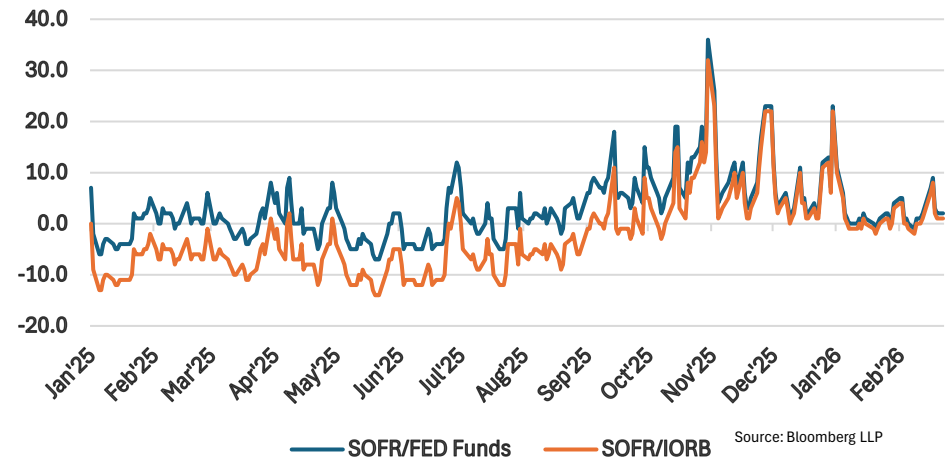
- GC Repo Rates in Europe have traded close to the DFR over the past year. Limited premium was seen over YE. Italian and Spanish GC Repo Rates closed the year with some limited premium of 15-20bps over ESTR. French and German Rates saw no additional premium into year end.
- In the longer run, the impact of less excess liquidity and increased collateral availability should place upward pressure on GC Repo Rates, which as they approach the ESTR +~25 level ought to encourage broader ECB OMO usage.

USD Funding Markets

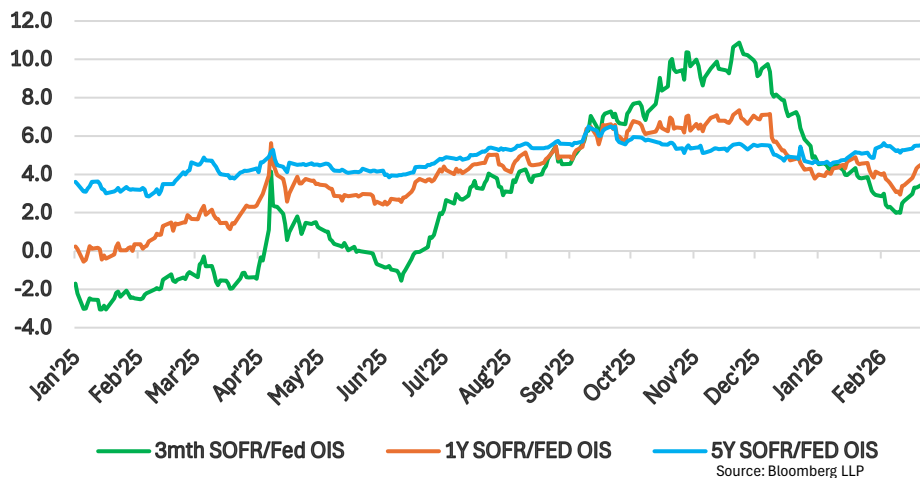
EUR/USD Xccy Basis (bps)



SOFR, FED Funds, IORB Spreads (bps)



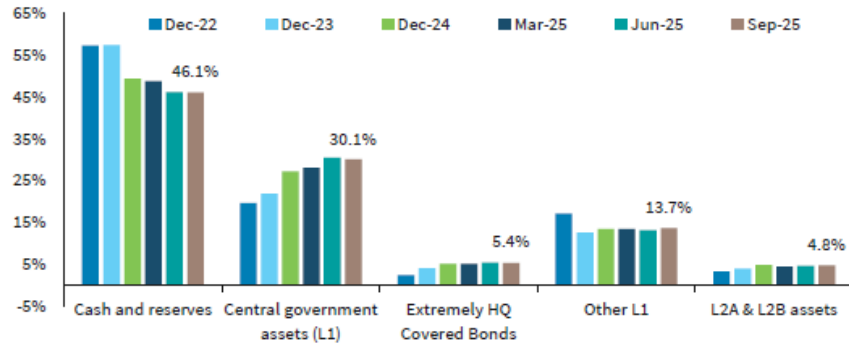
SOFR / Fed Funds Term (bps)



- EURUSD FX Swap and Xccy markets have been broadly resilient, with no material moves of note. The premium in USD continues to be eroded, a trend which has been well established in the last two years. Moves in O/N SOFR rates in Q4 did generate some volatility in very short end FX Swaps which has since abated.
- USD funding markets have stabilised in the Repo space following the end of QT and the resumption of Reserve Management Purchases which commenced in December. The RMP program is purchasing approx. \$40bn of Treasury bills per month.
- SOFR and GC Repo Rates have fallen following the RMP purchases. The SOFR/Fed Funds O/N spread has fallen from an average of 9bp in Q4 to 2bp YTD. SOFR has traded an average of 1bp above the IORB since the turn of the year.
- Term SOFR/Fed Funds basis has fallen since December, particularly in the shorter tenors, with the spread between 3mth and 5Y narrowing.

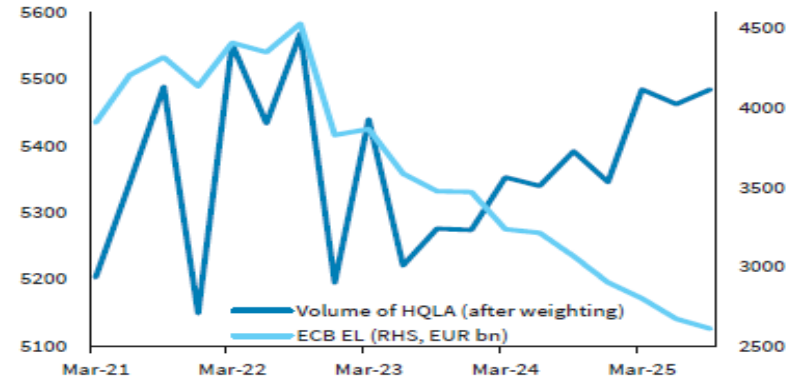
Euro Area Banks HQLA Rotation

Euro Area Banks Have Been Rotating HQLA away from cash/reserves and towards higher yielding assets



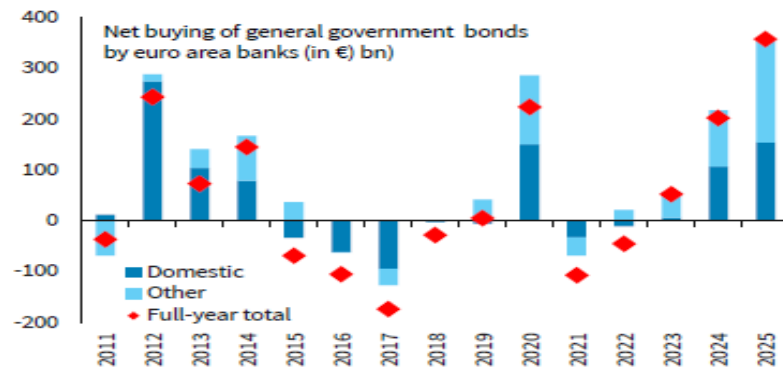
Source: EBA, Barclays Research

Aggregate HQLA volumes have increased despite the decline in excess liquidity



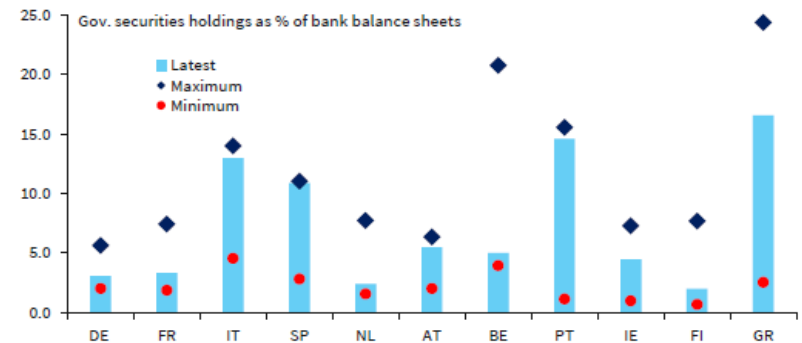
Source: EBA, ECB, Bloomberg, Barclays Research

Euro Area Banks accelerated their buying of general govt debt in 2025



Source: Bloomberg, Barclays Research

Euro Area Banks' government bond holdings as a % of assets



Note: Minimum and maximum levels are from January 2011 to November 2025
Source: ECB, Bloomberg, Barclays Research

Iran War – Immediate takes (05 March)

Oil spike significant



Source: Bloomberg LLP

Euro Stoxx Banks. Share prices negatively impacted, but modest moves reflect limited Middle East exposures



Source: Bloomberg LLP

Huge spike in natural gas



Source: Bloomberg LLP

Move in VIX elevated but less so than Trumps Tariff announcement (April 25)

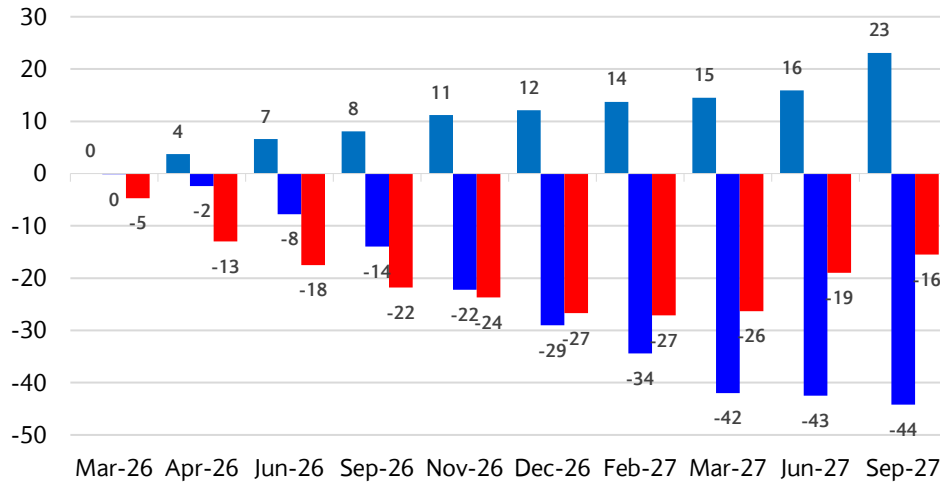


Source: Bloomberg LLP

Iran War

Repricing of front-end rates, xccy pops and periphery widens (05 March)

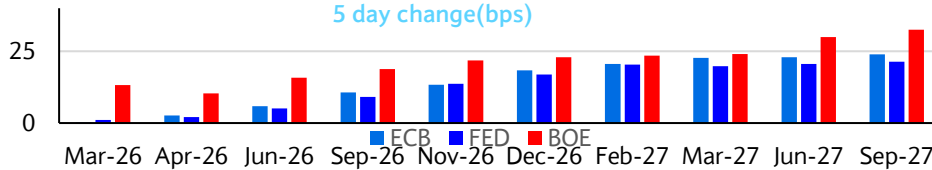
Cumulative CB Pricing (bps)



Source: Bloomberg LLP
Pricing as of 05/03/2026

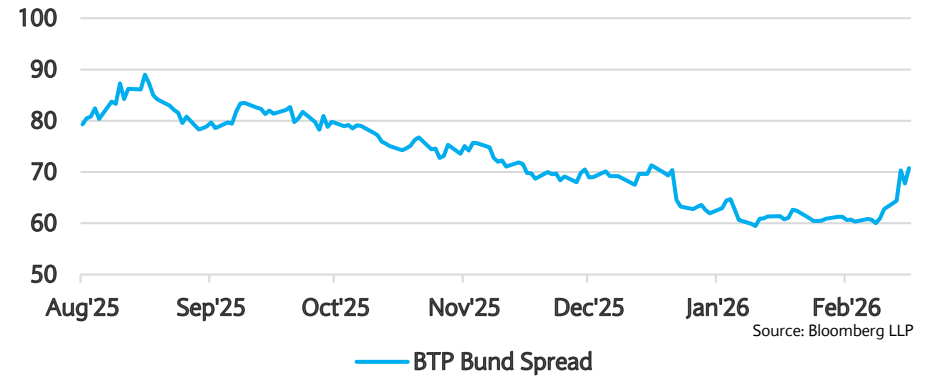
■ ECB ■ FED ■ BOE

5 day change(bps)



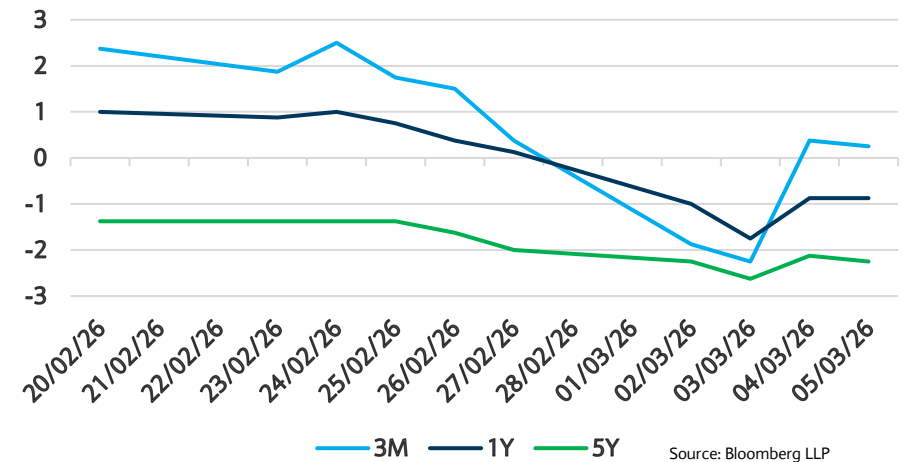
Source: Bloomberg LLP

BTP Bund Spread(bps)



Source: Bloomberg LLP

Euro Xccy Basis (bps –Prior 14 Days)



Source: Bloomberg LLP

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