

News from the International Capital Market Association (ICMA)

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For immediate release

Latest ICMA survey sets baseline size of the European repo market at EUR 6,455 billion - Suggests recovery in market volumes since December 2016

(London, UK) The European Repo and Collateral Council of the International Capital Market Association (ICMA) has released the results of its 33rd semi-annual survey of the European repo market. The survey, which calculates the amount of repo business outstanding on 7 June 2017 from the returns of 64 offices of 60 financial groups, sets the floor for market size at **EUR 6,455 billion**.

This represents an estimated increase of 6.4% since the last survey in December 2016 (based on a constant survey sample). This growth is broadly based across the survey and reflects the usual seasonal recovery from December to June, but may indicate that the European repo market is recovering from the severe lack of liquidity experienced at year end 2016.

Godfried De Vidts, Chairman of ICMA's ERCC said: "It is encouraging that the repo market shows some signs of recovery. Within the new financial regulatory framework, the importance of this short-term market towards stability is clear. The flow of cash and collateral for use by sell- and buy-side participants allows, amongst many other uses, for the margining of centralised and bilateral clearing. After piling up new regulatory measures, some degree of balance has returned – not reversing what has been achieved, but adjusting it where unnecessary stress was created. I am confident market participants and the regulatory community at large can find the right balance to deliver a near optimal short-term financing framework, contributing to a capital market union (CMU) as envisaged by many."

[Download the 33rd ICMA ERCC European Repo Market Survey](#)

Other key findings from the survey:

- Cross-border business with counterparties in non-eurozone countries (probably global investment banks based in London) continued to grow at the expense of the market share of anonymous (ie CCP-cleared) trading and cross-border business with counterparties in the eurozone.
- There was also a further shift in market share towards directly-negotiated trading, which is assumed to be business in specific collateral, for longer terms and with customers, which cannot be transacted across ATS or cleared on CCP, and which banks are prioritizing over low-margin business with other intermediaries.
- Demand for high quality liquid assets (HQLA), which was a feature of the last survey, remains an important driver of repo business, given the continuing growth in the already large share of government bonds in both the survey and in directly-reported tri-party repo, albeit not to the same degree as in December.

- Cash-driven repo appears to be continuing to suffer from the abundance of central bank liquidity injected by QE, with general collateral financing losing further market share and the absolute size of tri-party repo stagnating.

For more information about the European repo market and the repo product please see [FAQS on repo](#)

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International Capital Market Association (ICMA)

ICMA is the trade association for the international capital market with over 520 member firms from 63 countries, including banks, issuers, asset managers, infrastructure providers and law firms. It performs a crucial central role in the market by providing industry-driven standards and recommendations for issuance, trading and settlement in international fixed income and related instruments. ICMA liaises closely with regulatory and governmental authorities, both at the national and supranational level, to ensure that financial regulation promotes the efficiency and cost effectiveness of the capital market

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ICMA European Repo and Collateral Council (ICMA ERCC)

The ICMA ERCC is a special interest group established under the auspices of ICMA to bring together the major institutions active in Europe's cross-border repo and collateral markets.