

ECB Money Market Contact Group

Meeting on 16 September 2026

Internal summary of the discussion

A) Main developments in money markets.

Duygu Akgul (HSBC) presented the latest developments in euro money markets, after which members discussed the main findings.

Despite ongoing geopolitical tensions and volatility at the long end of the curve, money markets continued to function in an orderly manner. The recent repricing of central bank rate expectations and the global bond sell-off had limited impact on money market conditions: liquidity remained sufficient in both the unsecured and secured segments, and the short end of the curve stayed well anchored, also as central bank reserves are drained in a predictable and gradual manner. Short-term forward rates priced in further ECB rate hikes, which members attributed mainly to expectations that inflation would remain higher for longer.

Term funding spreads in repo and unsecured markets have widened somewhat, also owing to the regulatory value of term liquidity. Members attributed this to greater competition for liquidity from other instruments, notably repo and bills, rather than to funding stress. Part of the demand for liquidity was seen as sticky, linked to liquidity coverage requirements and instant payment buffers, while large and stable corporate and retail deposit bases continued to support liquidity conditions. Funding at maturities below three months continued to trade below the ECB's main refinancing operations rate, keeping overall recourse to Eurosystem refinancing limited. CP volumes and rates rose, particularly at longer tenors, partly reflecting frontloading ahead of expected rate hikes. Issuers were also shifting from US to European CP programmes as the cost advantage of USD issuance diminished.

The repo market continues to grow and become more active, also with new participants entering the market. Members reported strong growth in cleared volumes, a slight lengthening of average maturities, renewed activity from previously dormant clients, greater involvement of non-bank financial institutions (NBFIs) and a return of non-euro area banks. Activity in the six- to twelve-month segment was driven mainly by the management of liquidity coverage and net stable funding ratios. Demand for repo against equities and other non-HQLA collateral also remained strong, reflecting the continued broadening of repo market activity.

No significant repo funding pressure was expected around quarter-end or year-end, with very limited prefunding and no meaningful widening in year-end pricing. USD funding conditions also remained remarkably benign.

B) The role of non-bank participants in euro repo markets

Emma Cooper (BlackRock) and Ileana Pietraru (Société Générale) provided a lead-off presentation on the growing role of non-bank financial intermediaries (NBFIs) in the euro repo market.

Non-banks (money market funds, hedge funds, securities lenders/custodians, and other asset owners) have become key participants in euro area repo markets. Their role is dynamic and can shift between providing cash, seeking financing and supplying collateral as conditions evolve, with tenor and demand patterns reflecting each participant's liquidity needs, strategy horizon and regulatory constraints.

Members highlighted the central role of dealer intermediation connecting cash providers to financing users. Their capacity to intermediate is shaped by balance-sheet constraints, netting opportunities as well as collateral and cash availability. Members noted that the growing demand to transform non-HQLA collateral into HQLA could simultaneously increase intermediation needs, while this capacity could be further tested by the marked increase in hyperscaler issuance to fund AI-related capital expenditure.

In this context, members discussed the potential benefits of central clearing. It was noted that a fragmented ecosystem in the euro area with multiple CSDs and legal frameworks was limiting the growth of sponsored repo clearing. The US experience has been different, where the rapid growth of sponsored repo for NBFIs benefited from stronger capacity constraints on dealer intermediation than in Europe and more recently from mandatory clearing. At the same time, higher issuance and greater demand for intermediation from NBFIs increases the pressure on dealer balance sheets and, as a result, the financial incentive for central clearing.

C) Insights from the 2025 Bank Treasurer Survey

Vagia Iskaki (ECB) presented the results of the [ECB's Q4 2025 Bank Treasurer Survey](#) on the demand for central bank reserves and central bank refinancing. Members broadly concurred with the main findings, which were consistent with their own experience, and welcomed the insights provided by the survey. Members also expressed their support for the forthcoming 2026 survey.