

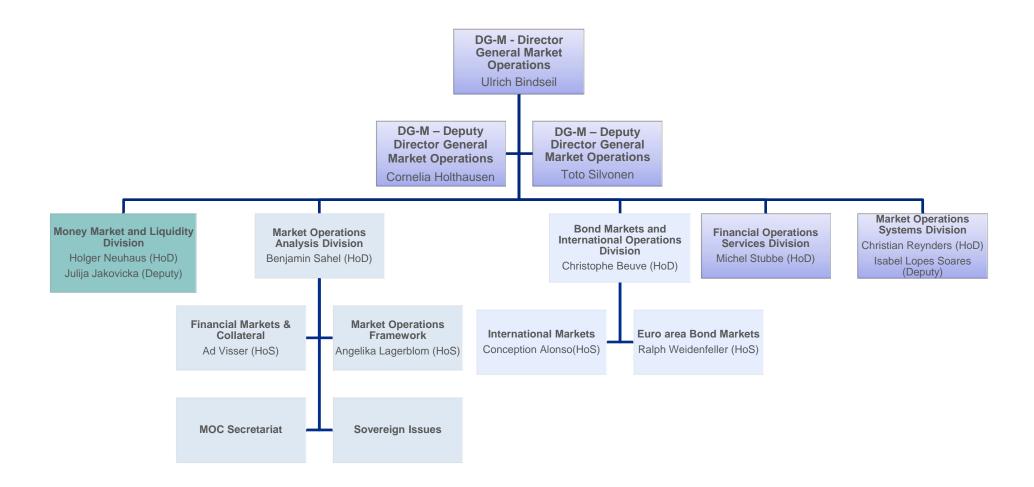
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Money Market and Liquidity Division Directorate General Market Operations

Overview of the activities of the Money Market and Liquidity Division

ECB Central Banking Seminar Frankfurt am Main, 12 July 2018

DG-Market Operations consists of five divisions responsible for the implementation of the monetary policy of the ECB



Main activities and tasks: overview

- Integrated task groups with built-in synergies across groups

Open market operations

- Conduct of credit operations (including proposals for operations) in euro and in foreign currencies
- Liquidity agreements with noneuro area central banks





- Analyse operations, liquidity, market impact, and money market developments (euro and international)
- Secretariat to the ECB Money Market Contact Group
- Euro money market references rates (EONIA, ESTER and Secretariat to the Working Group on Risk Free Rates)



Liquidity management

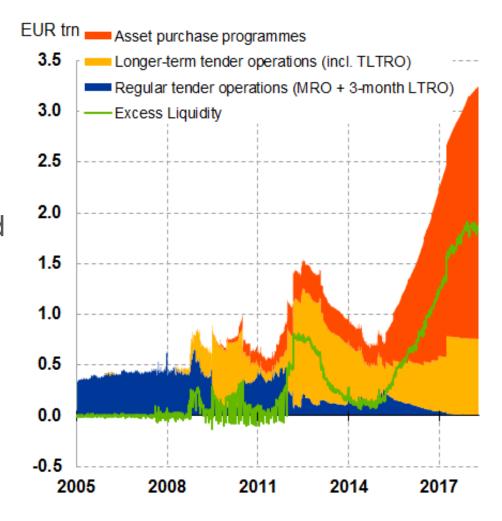
Liquidity developments and liquidity forecasts

Money Market and Liquidity Division executes and coordinates all standard tenders and some non-standard open market operations

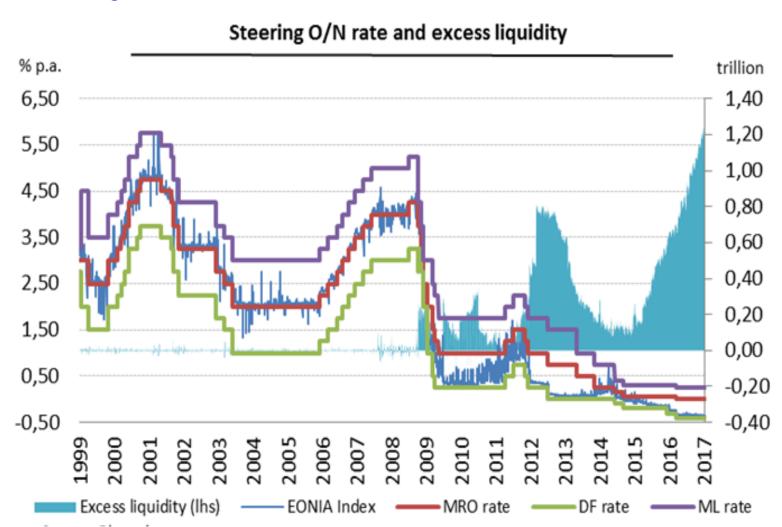
Liquidity Providing Liquidity Absorbing MRO Reverse transactions Standard Tenders **LTRO** Reverse transactions Reverse transactions Reverse transactions FX swaps **FTO** FX swaps Fixed term deposit Quick Tenders & **Outright purchases Bilateral Operations Outright sales** •non standardised maturity Reverse transactions Issuance of •no regular **Structural** frequency debt certificates; operations **Outright purchases Outright sales Marginal Reverse Transactions** On initiative of STANDING lending facility counterparties **FACILITIES Deposit** Overnight maturity **Deposit** facility www.ecb.europa.eu ©

Monetary policy implementation underwent significant changes over the years:

- A shift from liquidity deficit to excess liquidity conditions
- Relative importance of standard open market operations declined compared to outright purchases and targeted long-term refinancing operations



Developments in excess liquidity affected steering of shortterm money market rates and volumes



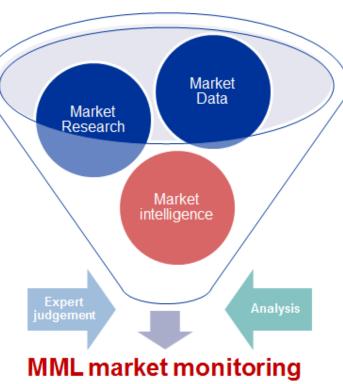
Scope of market monitoring and analyses

 Money Market and Liquidity is responsible for monitoring and analysing short-term developments in domestic and

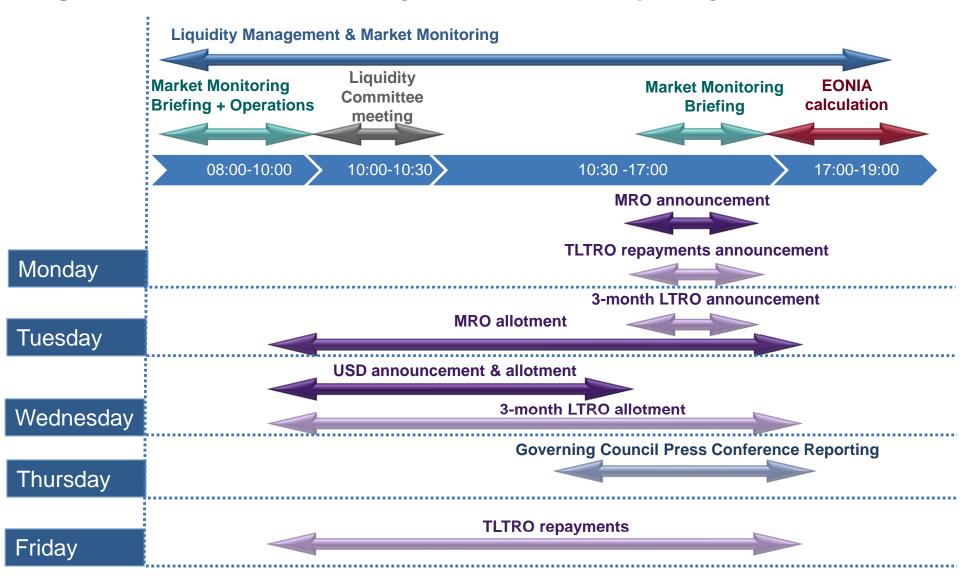
international money markets:

 Money market instruments including unsecured, secured, money market derivatives

- Money market players including banks, money market funds, but also corporates become increasingly important
- "Window" to the market
- Interaction with the ECB operations and liquidity developments



Regular tasks of the Money Market and Liquidity Division



A profile of a staff member at the Money Market and Liquidity Division

- Wide portfolio of activities:
 - Operational activities
 always executable, visible, low error tolerance, contingency planning
 - Market monitoring and analysis
 identify on time relevant issues for policy implementation, gather market views, manage
 relationships, respect compliance
 - Analytical work
 policy relevant innovative analyses for ECB decision makers
 - Policy dossiers
 integrate all operational and market knowledge
 - IT projects
 maintain and improve applications
- High pace of work and short deadlines
- Teamwork

Thank you for your attention!

Any questions?

