



EUROPEAN CENTRAL BANK

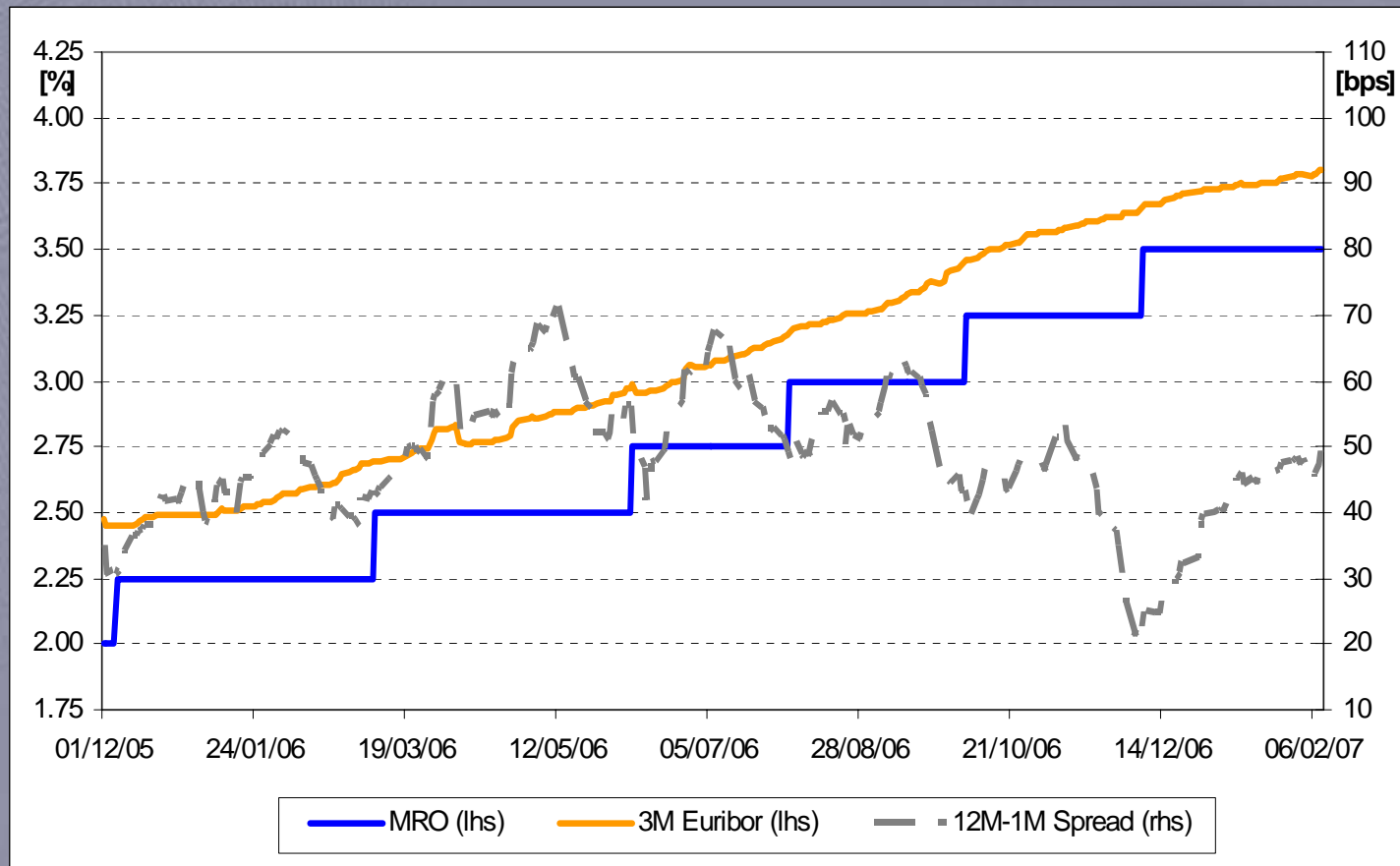
Recent Money Market Developments

Money Market Contact Group

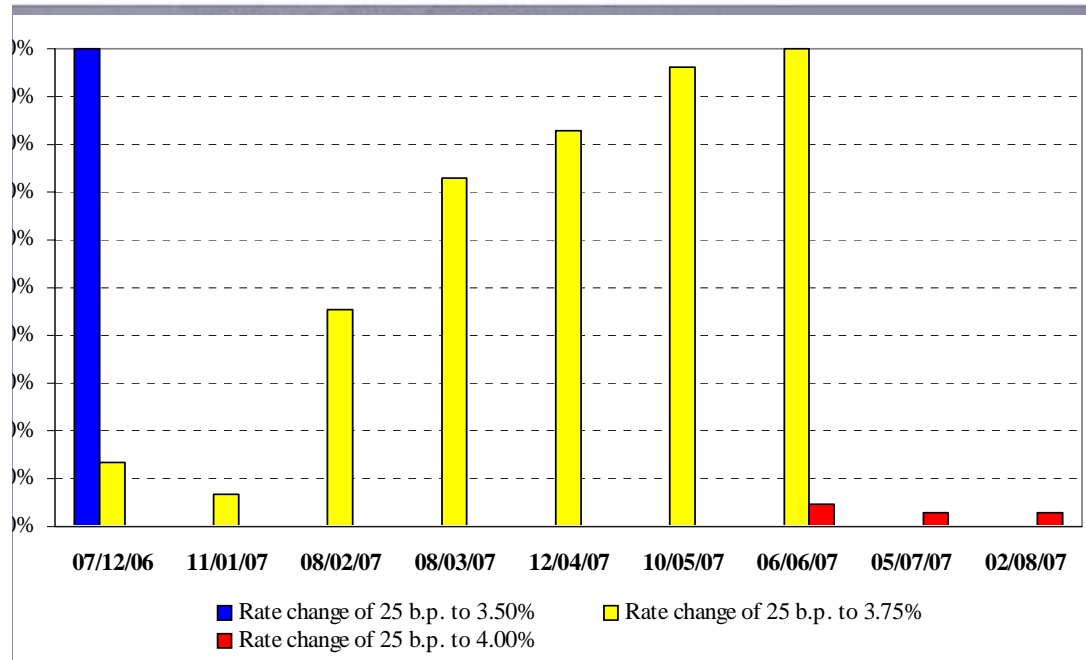
14 February 2007

DGM/FRO/2007/26

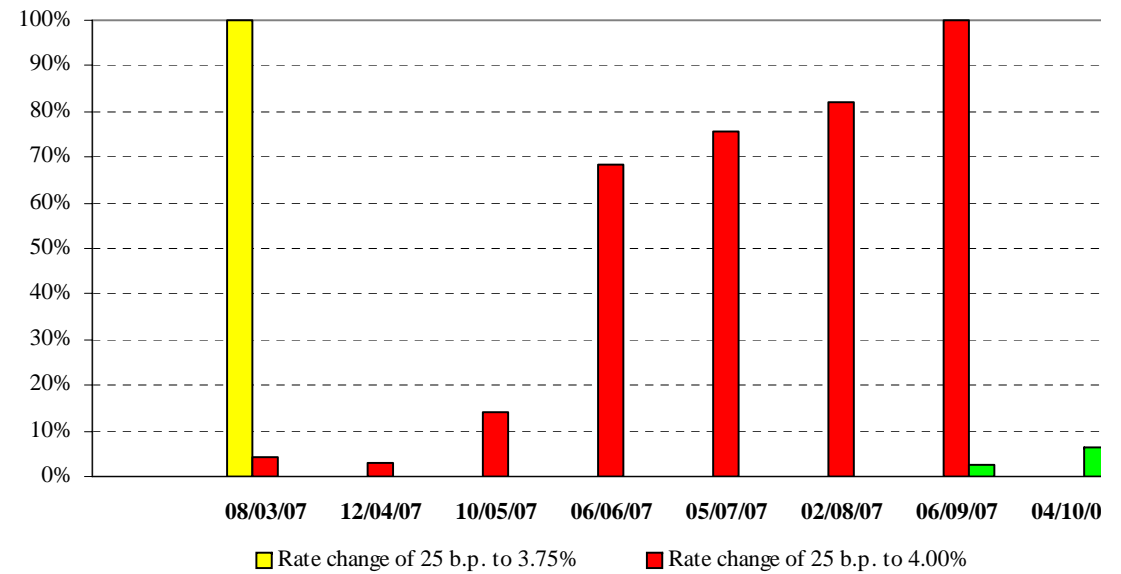
Development of selected interest rates



Interest rate expectations in the euro area



As at 9 February

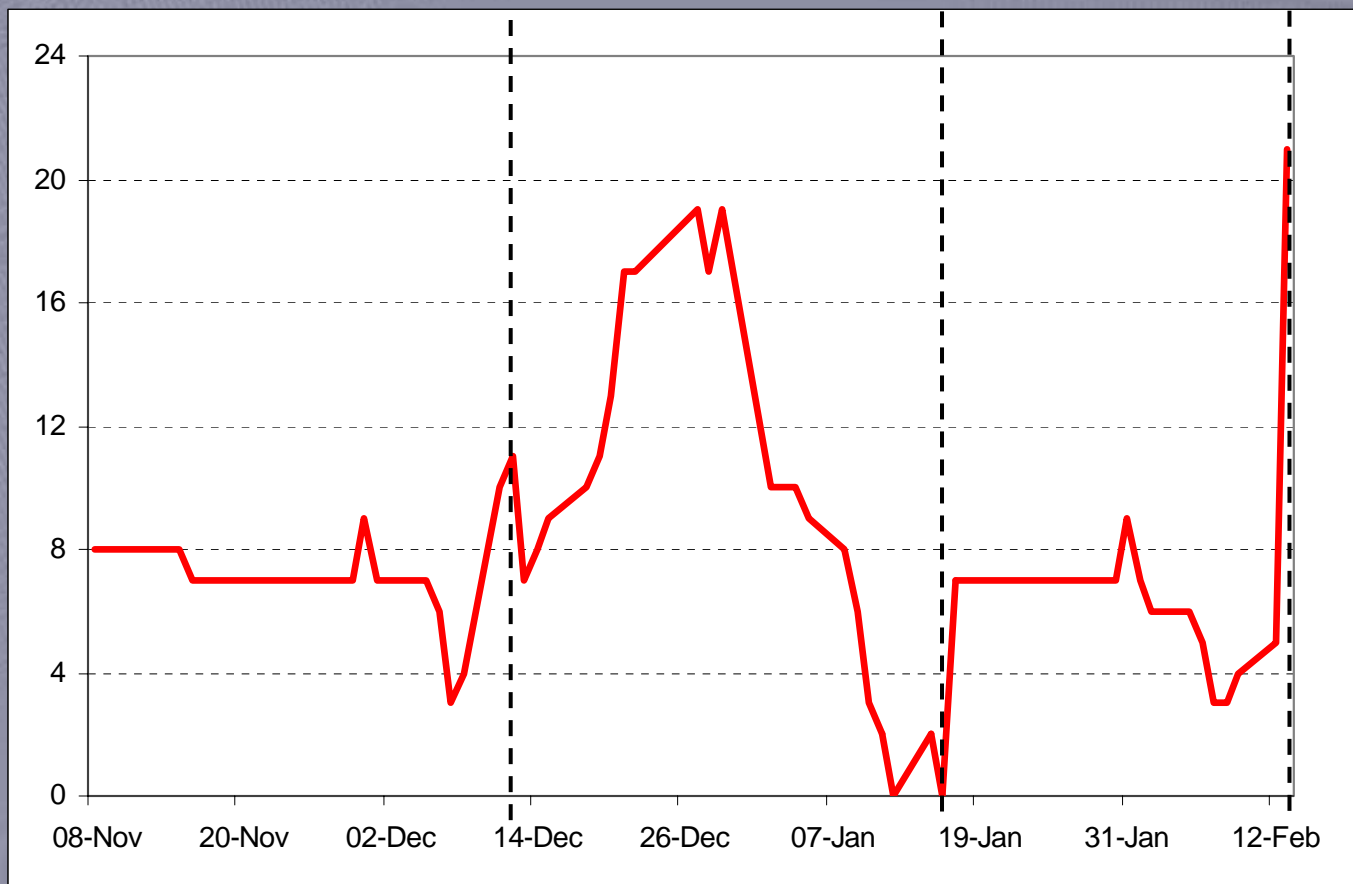


Evolution of implied volatility

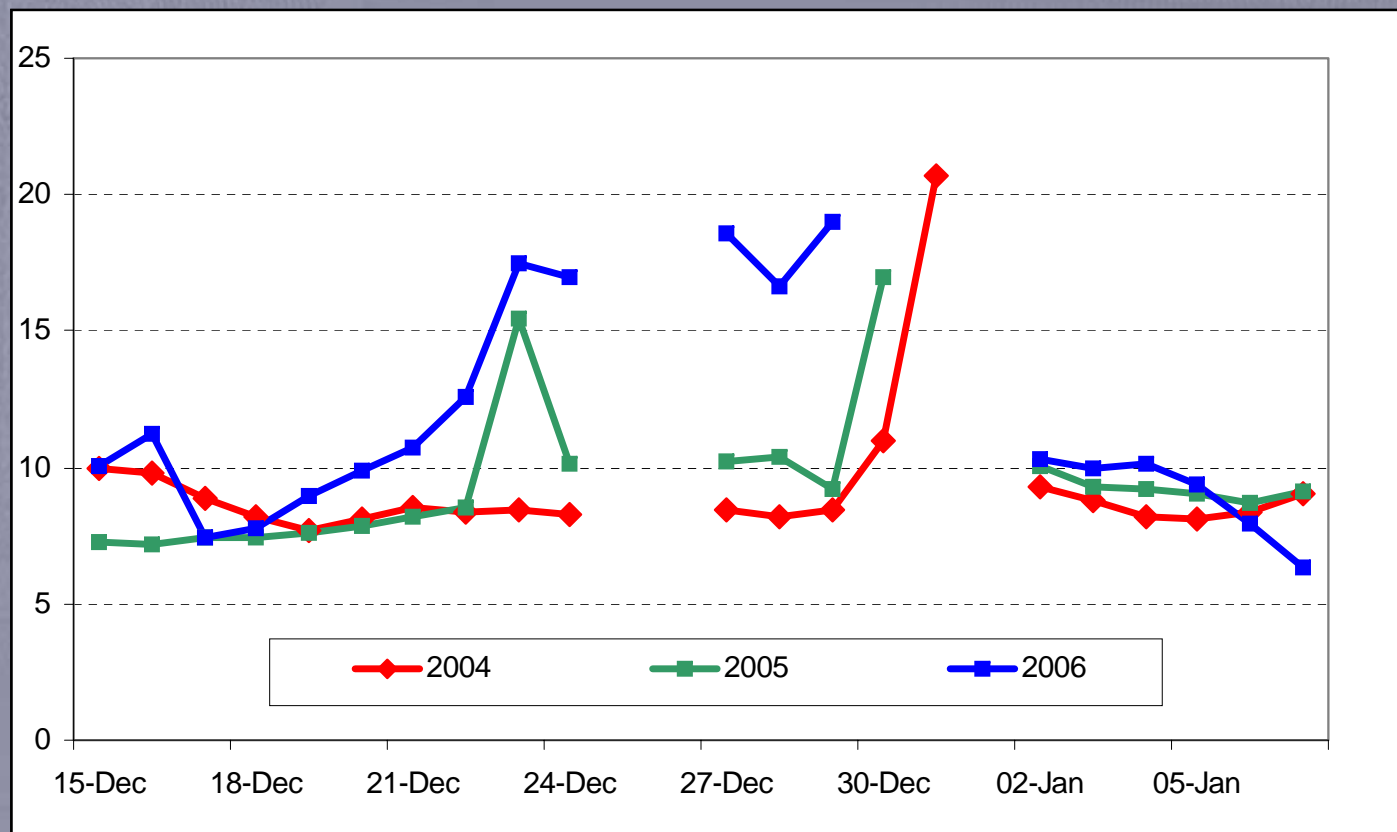
[3rd Euribor future contract; currently Sep07]



EONIA spread development over the last 3 months



Historical comparison of the EONIA spread development around the turn of the year



End of the reserve periods in 2006 / 2007

	Allotment last MRO	Fine tuning operation	Net recourse to facilities	Excess reserves	Eonia	Spread to MBR
17-Jan	BM	7 bn providing	0.8bn DF	0.81	2.30%	+5 bps
07-Feb	BM	6.5 bn providing	0.8bn DF	0.72	2.34%	+9 bps
07-Mar	BM	5 bn absorbing (only 2.6 bn received)	1.6bn DF	0.63	2.08%	-17 bps
11-Apr	BM	26 bn providing (largest in new framework)	0.4bn DF	0.62	2.63%	+13 bps
09-May	BM + 2bn	11.5 bn absorbing	0.3bn MLF	0.78	2.52%	+2 bps
14-Jun	BM + 2bn	5 bn absorbing (only 4.9 bn received)	0.8bn MLF	0.73	2.50%	0 bps
11-Jul	BM + 2bn	8.5 bn absorbing	0.8bn MLF	0.74	2.76%	+1 bps
08-Aug	BM + 2bn	18.0 bn absorbing	1.2bn MLF	0.61	2.73%	-2 bps
05-Sep	BM + 2bn	11.5 bn absorbing	0.6bn MLF	0.60	3.04%	+4 bps
10-Oct	BM	9.5 bn providing	0.2bn DF	0.67	3.09%	+9 bps
07-Nov	BM + 1bn	none	2.0bn MLF	0.79	3.32%	+7 bps
12-Dec	BM + 1bn	2.5 bn providing	0.6bn MLF	0.68	3.36%	+11 bps
16-Jan	BM + 1bn	none	0.6bn MLF	0.96	3.50%	0 bps
13-Feb	BM + 1bn	2.0 bn providing	0.4bn MLF	0.79	3.71%	+21 bps

Potential issues for discussion

- *Assessment of the latest developments in the ECB liquidity management*
 - *How do members assess the Eonia development during the Christmas / end of the year period ?*
 - *To what extent has the spread increase ahead of Christmas been due to a calendar effect ?*
 - *How can yesterday's spike in the Eonia (in spite of relatively balanced liquidity conditions) be explained?*
 - *Are there any comments on the increased allotment volume for the LTROs ?*



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Thank you for your
attention!