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EUROSYSTEM

PRESS RELEASE

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Results of the June 2019 survey on credit terms and conditions in euro-denominated securities financing and over-the-counter derivatives markets (SESFOD)

- Credit terms eased for almost all counterparties between March and May 2019
- The maximum amount of funding collateralised with euro-denominated securities declined, especially where government and covered bonds were used as collateral
- Demand for funding continued to decline across all types of collateral

In both the securities financing market and the OTC derivatives market, credit terms offered to almost all counterparties eased between March and May 2019. An improvement in liquidity conditions and market functioning, stronger competitive pressures from other institutions and increased balance sheet availability were the main drivers of this development. Looking ahead, a small net percentage of respondents expect price terms to continue easing for most counterparty types over the following three months.

In line with previous SESFOD survey results, attention devoted by responding institutions to concentrated credit exposures to large banks and CCPs increased further in the review period.

As regards the provision of finance collateralised by euro-denominated securities, the maximum amount and the maturity of funding continued to decline, especially for funding secured with government and covered bonds. At the same time financing rates/spreads decreased for funding secured with many types of collateral - with few exceptions - and the demand for funding continued on a declining trend across all types of collateral.

For non-centrally cleared OTC derivatives, conditions remain broadly unchanged.

The SESFOD survey is conducted four times a year and covers changes in credit terms and conditions over three-month reference periods ending in February, May, August and November. The June 2019 survey collected qualitative information on changes between March and May 2019. The results are based on responses from a panel of 28 large banks, comprising 14 euro area banks and 14 banks with head offices outside the euro area.

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