



# Market liquidity in the context of ECB QE

**Franck Motte**

**November 2016**

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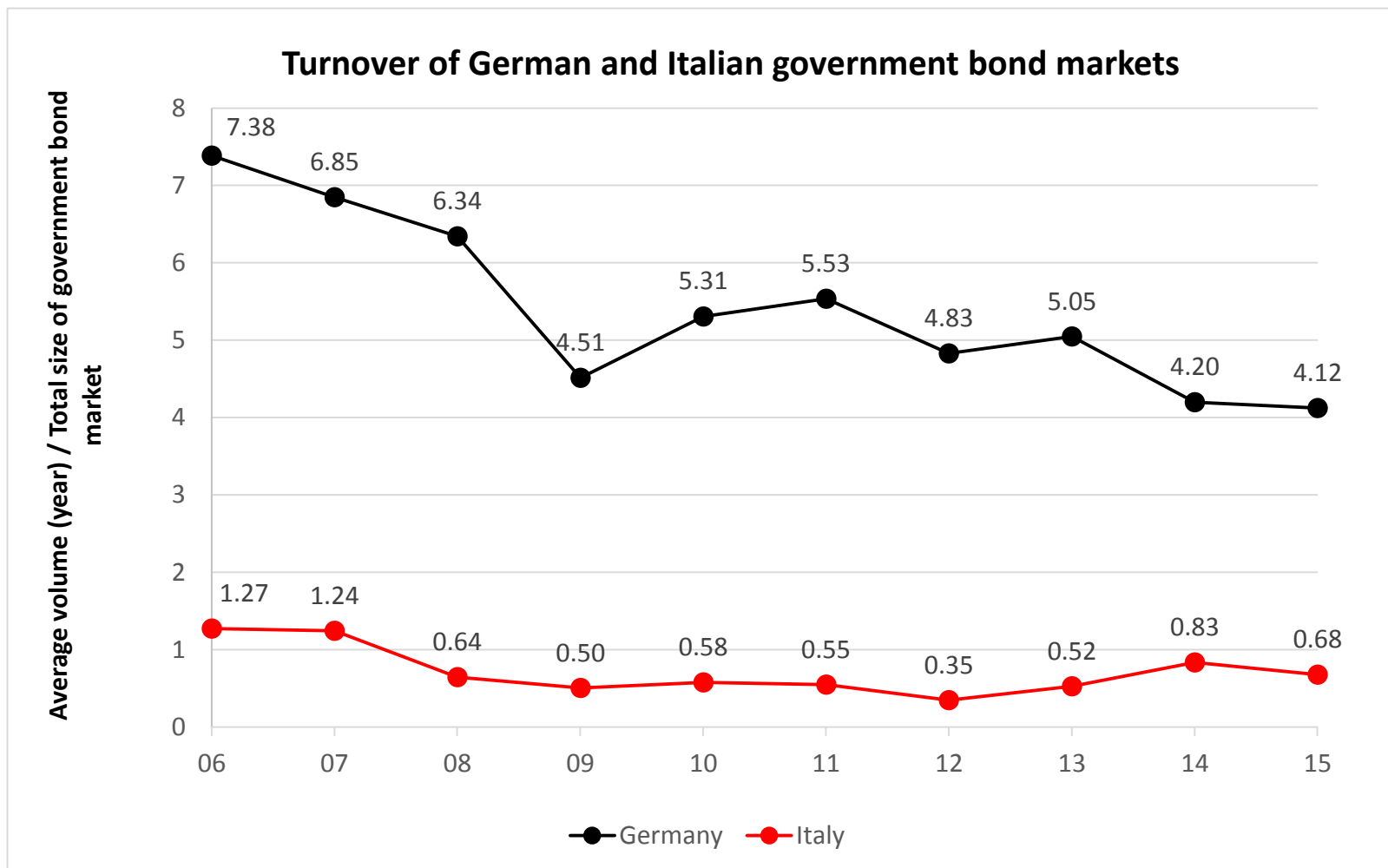
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# Turnover of German and Italian markets since 2006



Source: HSBC, Deutsche Finanzagentur website, Italian Treasury website

Note: Using total published amounts for government bond outstanding

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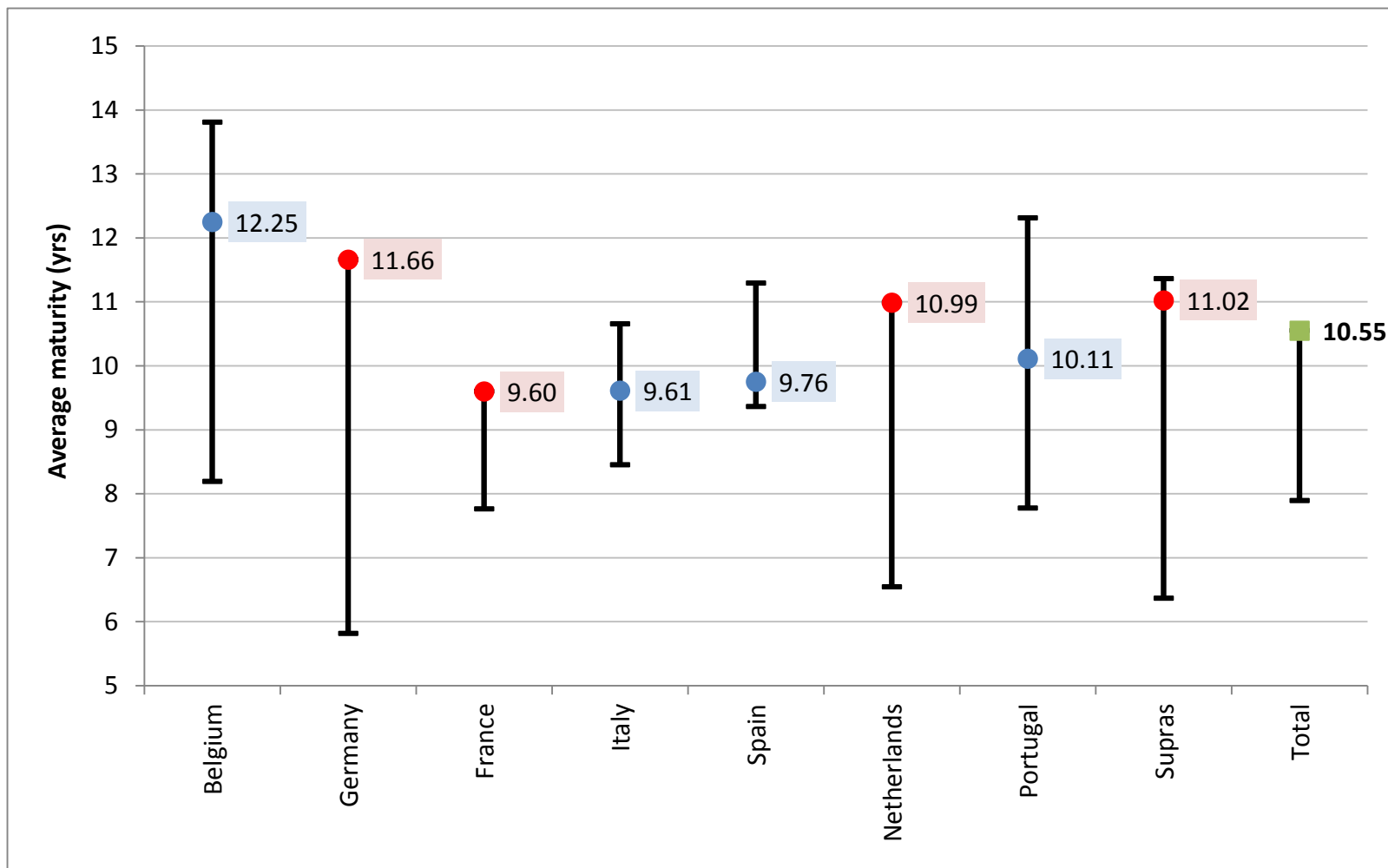
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## Trends in the Bunds liquidity in the current QE world

- **QE has accelerated few of the trends pre-QE**
- **Central banks involvement has limited the volume decline but with significant consequences on the liquidity**
- **QE rules have significantly increased the duration of the PSPP in Germany generating more consequences on the long end of the curve**
- **Especially on the repo side reducing the market making inventories and capacities**
- **And potentially more issues with the redemptions starting next year**

# Implied monthly average maturity for PSPP



Source: HSBC, Bloomberg, ECB

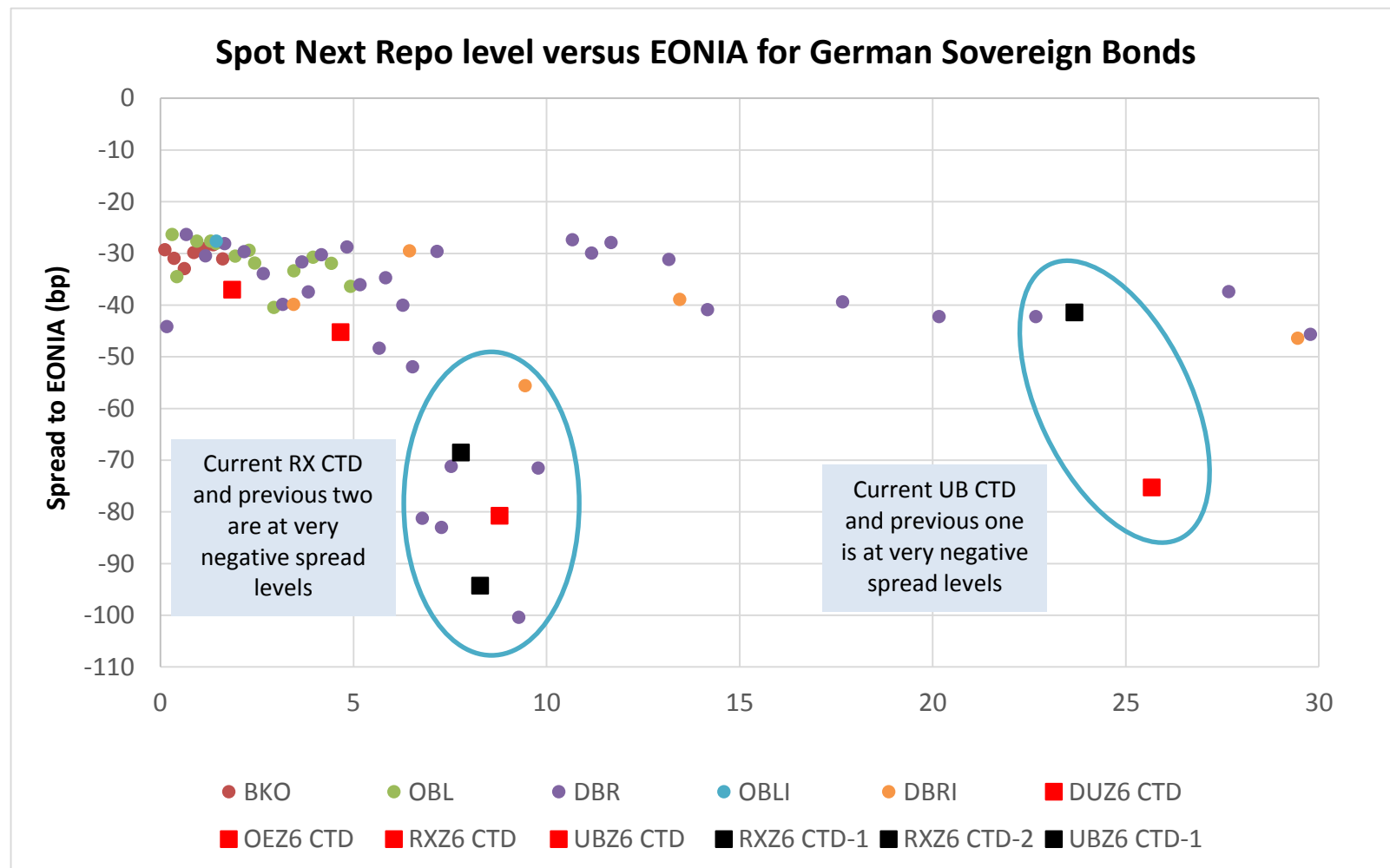


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# Term structure of repo for German curve



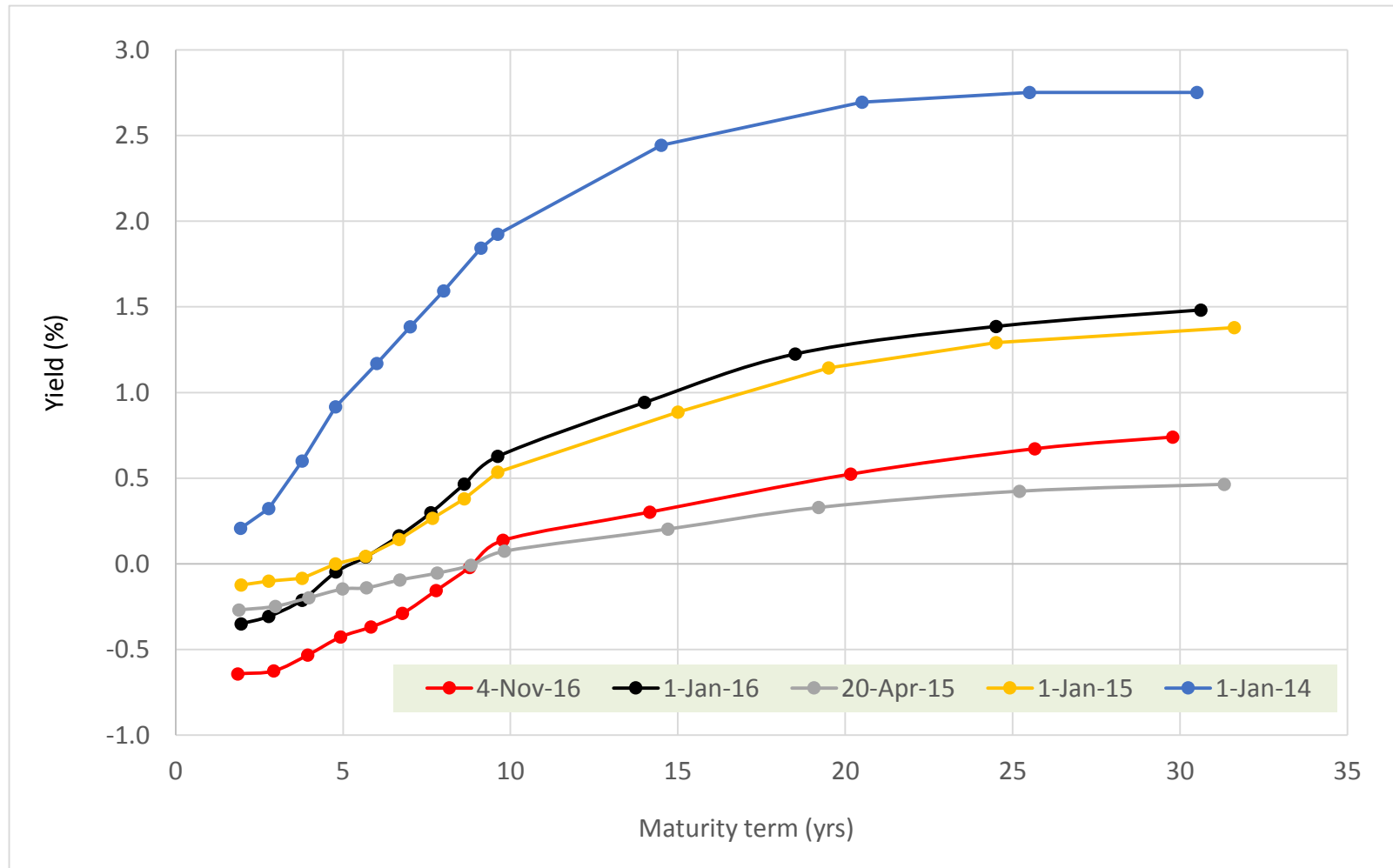
Source: HSBC

Note: Data as of 3 November 2016

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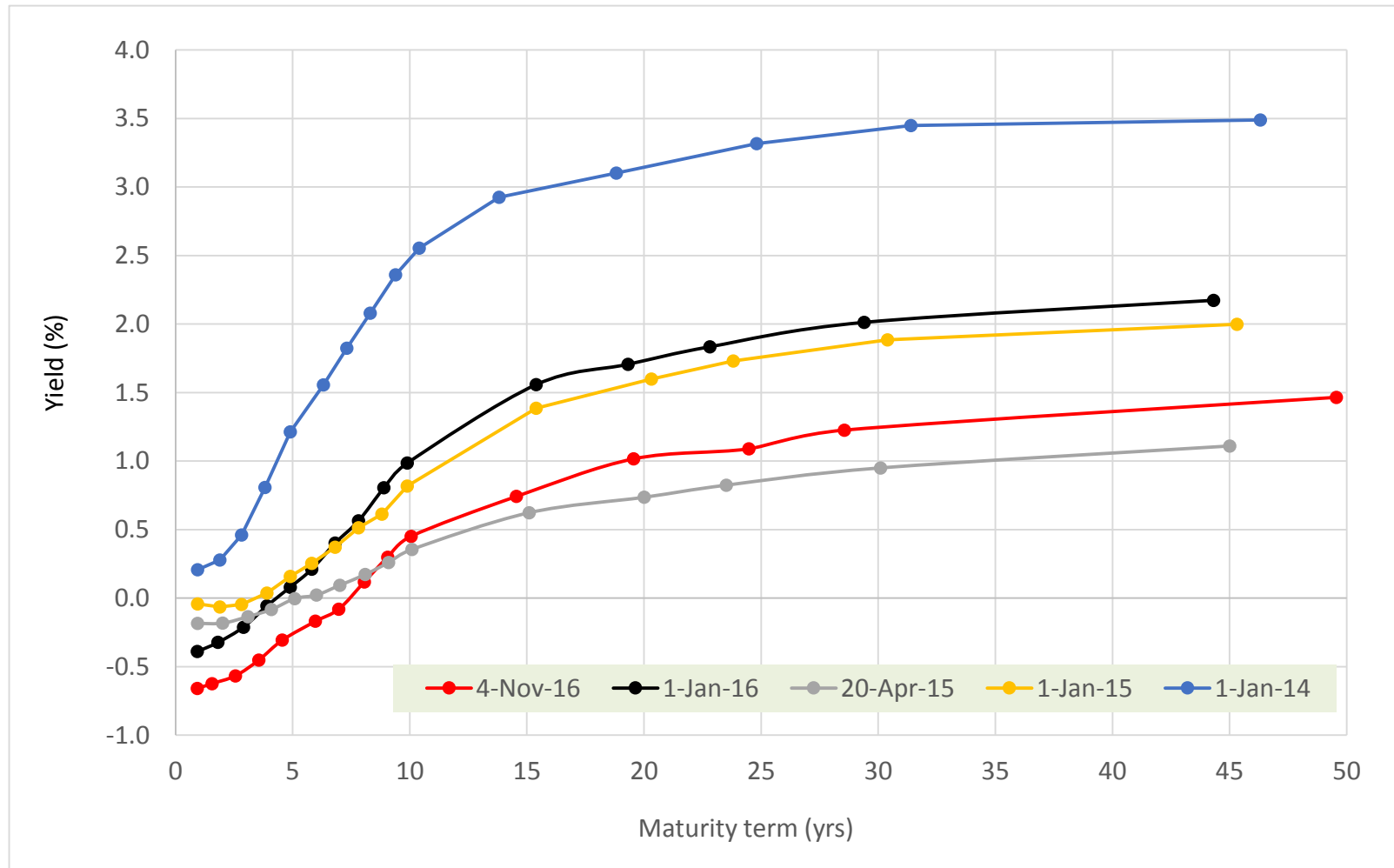
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# Historical Germany yield curves...through QE



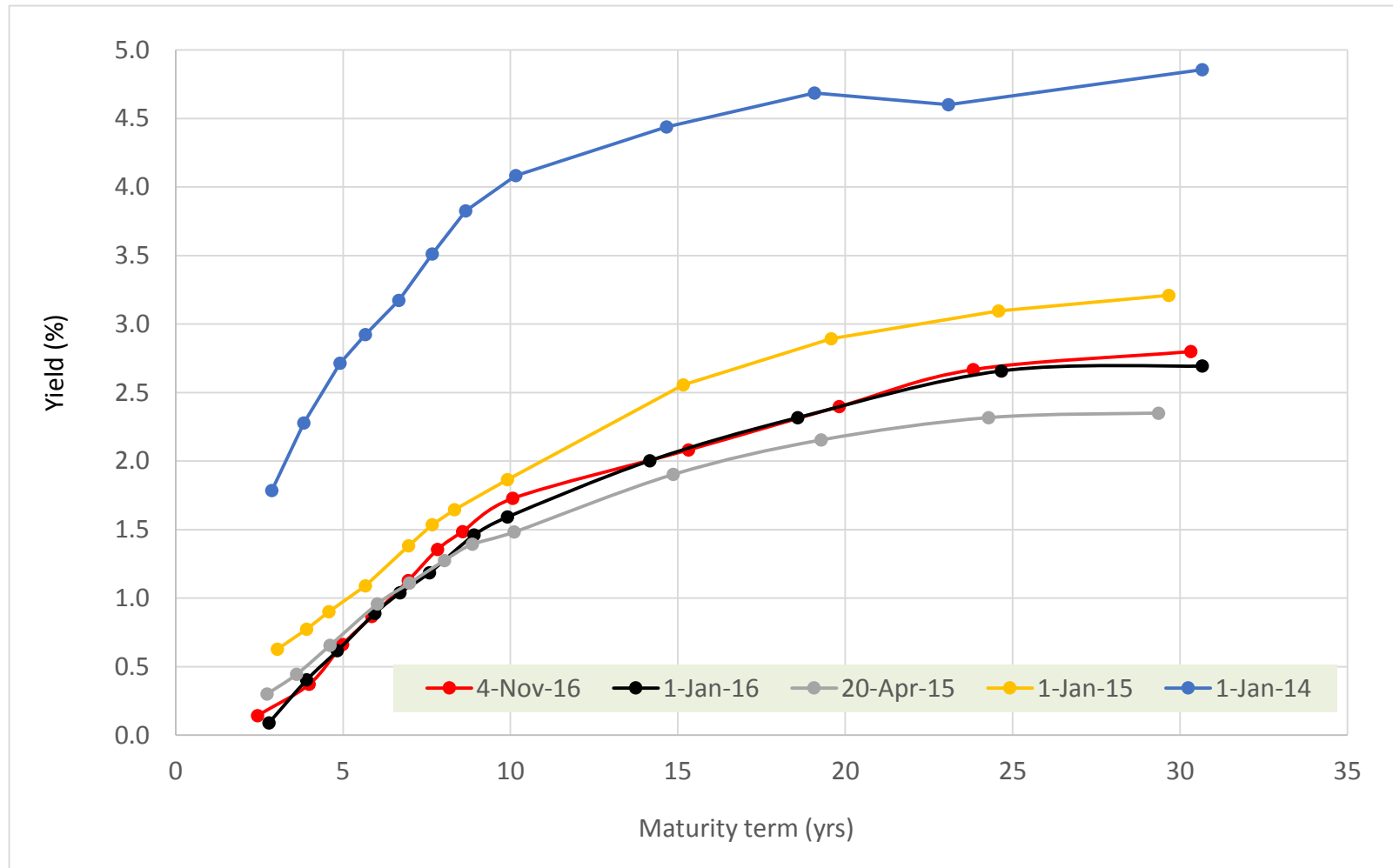
Source: HSBC, Bloomberg

# Historical France yield curves...through QE



Source: HSBC, Bloomberg

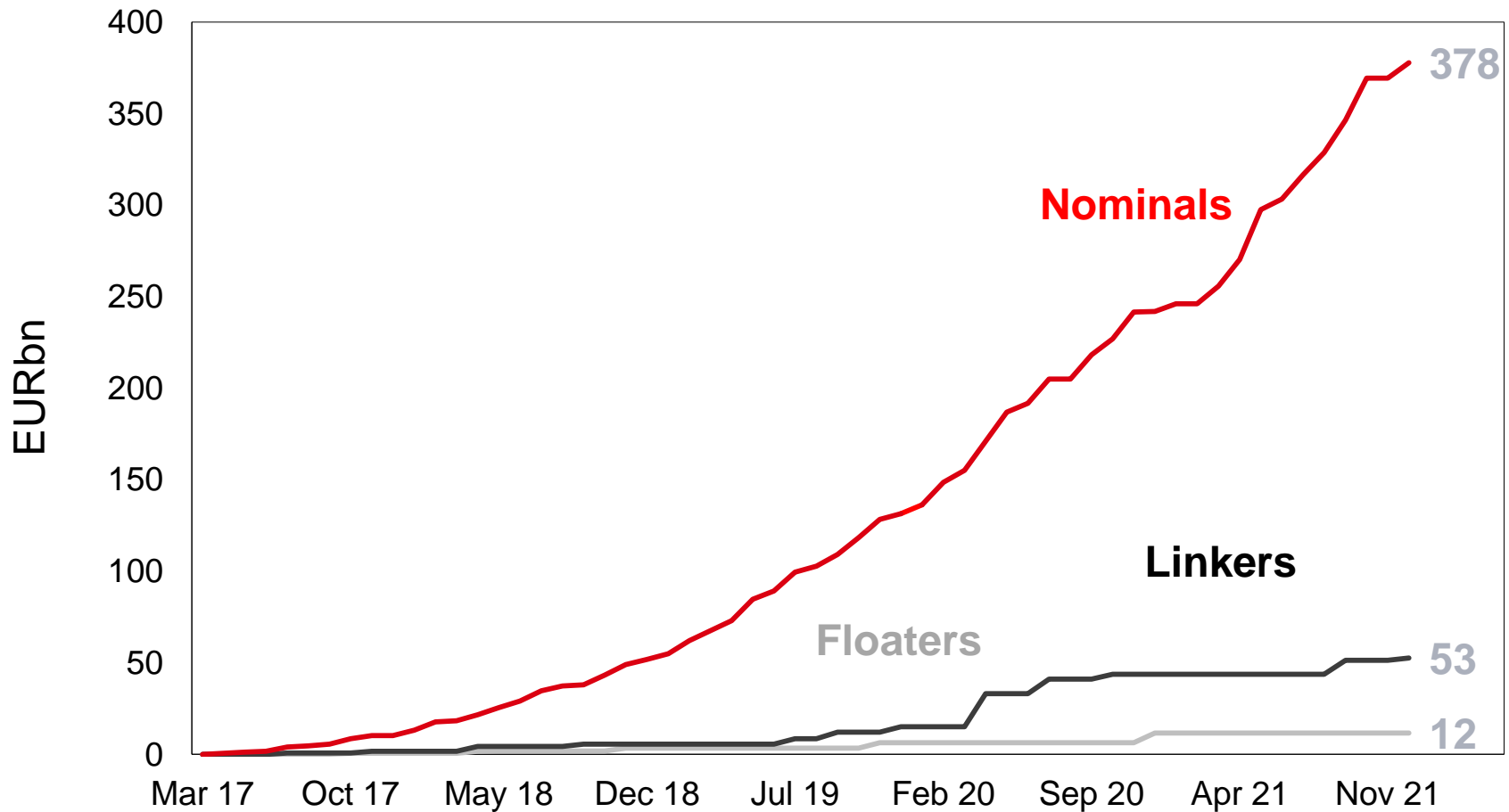
# Historical Italy yield curves...through QE



Source: HSBC, Bloomberg



# Cumulative PSPP bond redemptions – by type



Source: HSBC, Estimates

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