

NORGES BANK'S MONEY MARKET SURVEY

2015



NORGES BANK

Chart 1: Lending and borrowing by instrument. Daily average. In millions of NOK.

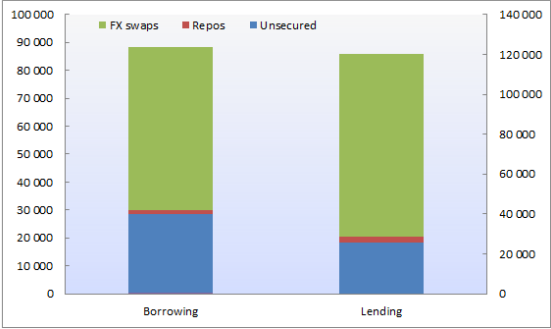


Chart 2: Net borrowing by maturity segment. Daily average. In millions of NOK.

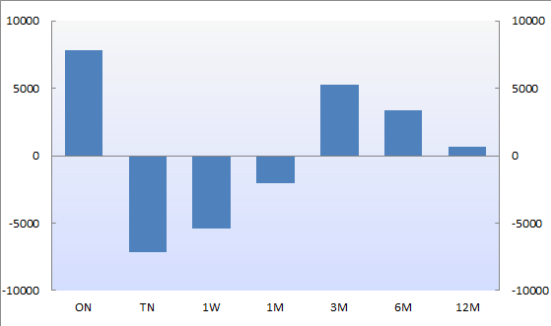
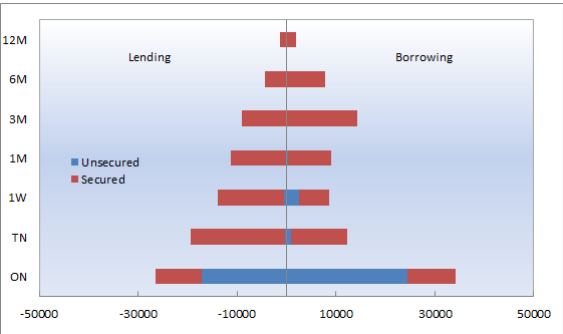


Chart 3: Lending and borrowing by maturity segment and transaction type. Daily average. In millions of NOK.



Norges Bank conducted a survey of activity in the money market in April 2015. The purpose of the survey is to provide insight into the money market, which plays a key role in the implementation of monetary policy decisions and in the financial system more generally, but for which there are few public sources of data. Money market surveys were also conducted in 2014 and 2013 (see survey reports). Eleven banks took part in the 2015 survey, reporting lending and borrowing in April 2015 using unsecured bank deposits, foreign exchange (FX) swaps and repurchase agreements (repos). Information about the market for Norwegian forward rate agreements (FRAs) was also collected. All the charts in this report show average daily turnover in April 2015.

Total turnover

Chart 1 shows banks’ average daily borrowing and lending in the money market in April 2015 by instrument. The chart shows that banks were net borrowers in the unsecured market, while they were net lenders in the FX swap market, and that repos accounted for a very small share of money market turnover.

Chart 2 shows banks’ net borrowing (borrowing minus lending) at the various maturities in the survey. Banks were primarily net borrowers at overnight (ON), three-month and six-month maturities, while net lending was highest at tomorrow next (T/N)¹, one-week and one-month maturities.

¹ Transactions that run from the day after the contract date until the following trading day.

Chart 4: Unsecured lending and borrowing by maturity and counterparty. Daily average. In millions of NOK.

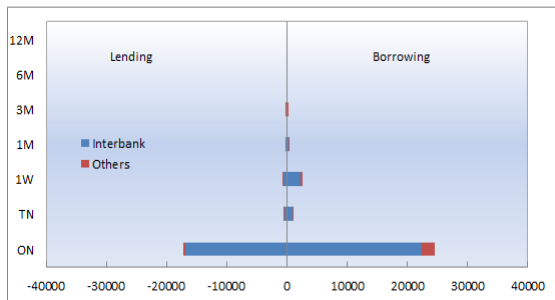


Chart 5: Repos by maturity and transaction type. Daily average. In millions of NOK.

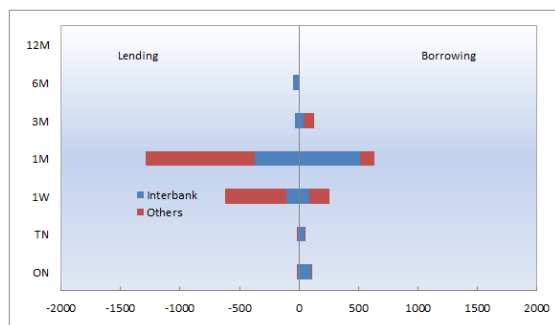


Chart 6: FX swaps by maturity and transaction type. Daily average. In millions of NOK

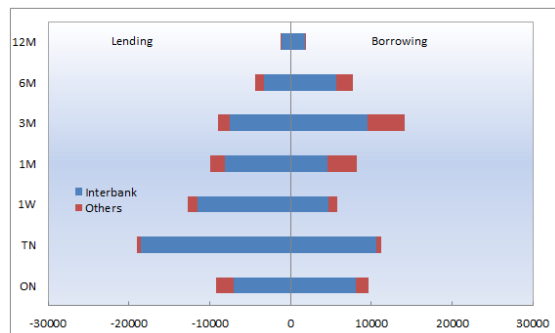
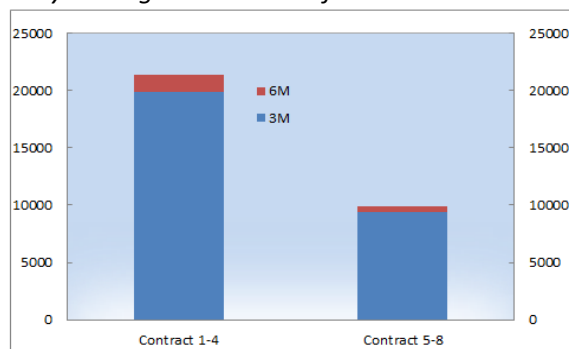


Chart 7: Turnover volumes for FRAs, measured in terms of nominal amount of the contracts. Daily average. In millions of NOK.



Unsecured transactions

Chart 3 shows the breakdown of banks' borrowing and lending between unsecured and secured transactions. FX swaps and repos are considered secured transactions.

Unsecured transactions predominated in the overnight (ON) market, while they accounted for a small share of the market at other maturities.

Chart 4 shows banks' counterparties in unsecured transactions. Unsecured transactions were largely conducted overnight in the interbank market.

Repos

Chart 5 shows the breakdown of banks' repo transactions by maturity. The maturities with the highest turnover were the one-week and one-month segments. Overall, lending in the repo market exceeded borrowing.

Foreign exchange swaps

Chart 6 shows the breakdown of banks' FX swap transactions by maturity. The maturity with the highest turnover was T/N, although turnover was solid at all maturities up to six months. Borrowing in the FX swap market exceeded lending at all maturities except the one-month and 12-month segments.

Forward rate agreements (FRAs)

Chart 7 shows turnover volumes for Norwegian FRAs by maturity and contract. Turnover in three-month FRAs was 10 times higher than in six-month FRAs in the Norwegian market. The first four contracts² accounted for about two thirds

² The first four FRAs are contracts with settlement dates on IMM dates from June 2015 until March 2016, while settlement dates for the second four are on IMM dates from June 2016 to March 2017.

Chart 8: Total turnover in the money market 2013-2015. Daily average. In millions of NOK.

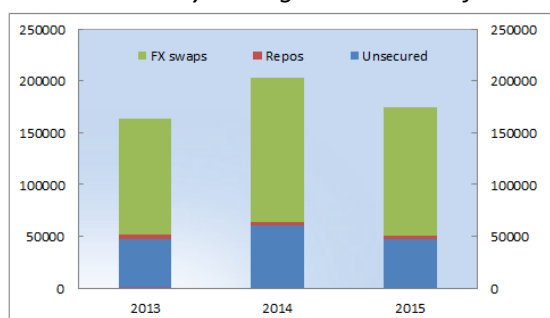
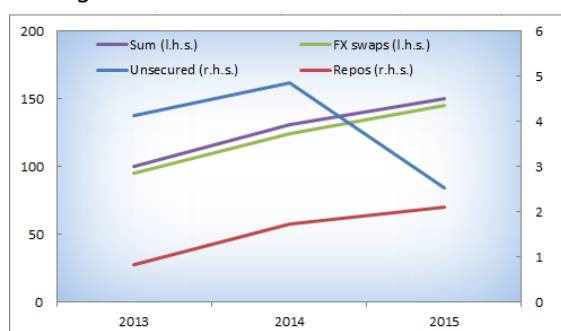


Chart 9: Maturity-weighted turnover (normalised) by instrument 2013-2015. Daily average.



of total turnover volume, and the second four contracts accounted for a third.

Market concentration

The five banks with the highest turnover in unsecured and secured financial instruments accounted for 88 percent of the total turnover reported in the survey.³

Comparison over time

Data from the money market surveys conducted over the past three years show no clear trend for total average turnover, while the distribution of turnover across instruments has been relatively stable. Turnover in FX swaps accounted for about 70 percent of the total, while repos represented between one and two percent in each of the three years. Unsecured borrowing and lending accounted for just below 30 percent of total turnover in the money market (Chart 8).

Maturity-weighted⁴ turnover in the unsecured market for instruments with three-, six- and 12-month maturities fell between 2013 and 2015 (Chart 9).⁵ Maturity-weighted turnover for repos and FX swaps increased in this period. Turnover in the repo market was highest for the one-week segment in 2013, while it was highest for the one-month segment in 2014 and 2015. In addition, survey banks reported an increase in turnover in repo transactions for three-month and six-month maturities. Turnover in FX swaps also increased at the longer maturities.

³ Turnover in the FRA market is not included.

⁴ Turnover is weighted by the maturity of the transaction. ON and TN are weighted by 1, 1 week by 7, 1 month by 30 and so on up to 360 for 12 months.

⁵ Turnover was normalised to 100 in 2013.

Table 1: Borrowing and lending in the Norwegian money market. April 2015. Daily average. In millions of NOK.

	Unsecured	Repo	FX swaps	Sum
Borrowing	28621	1179	58496	88296
Overnight	24521	106	9610	34236
Tomorrow-Next (T/N)	958	55	11257	12271
T/N- 1 week	2601	254	5755	8609
1 week - 1 month	332	632	8150	9114
1 month - 3 months	158	132	14101	14391
3 months - 6 months	51	0	7686	7737
6 months - 12 months	0	0	1937	1937
Lending	18300	2021	65519	85840
Overnight	17270	14	9164	26448
Tomorrow-Next (T/N)	359	12	19077	19448
T/N- 1 week	587	618	12774	13979
1 week - 1 month	1	1291	9901	11193
1 month - 3 months	83	32	8996	9111
3 months - 6 months	0	53	4342	4395
6 months - 12 months	0	0	1266	1266
Sum	46921	3200	124015	174136

Table 2: Turnover in Norwegian FRAs. April 2015. Daily average. In millions of NOK.

	FRAs		
	Contract 1-4	Contract 5-8	Sum
3M	19820	9378	29197
6M	1555	529	2083
Sum	21374	9907	31281