



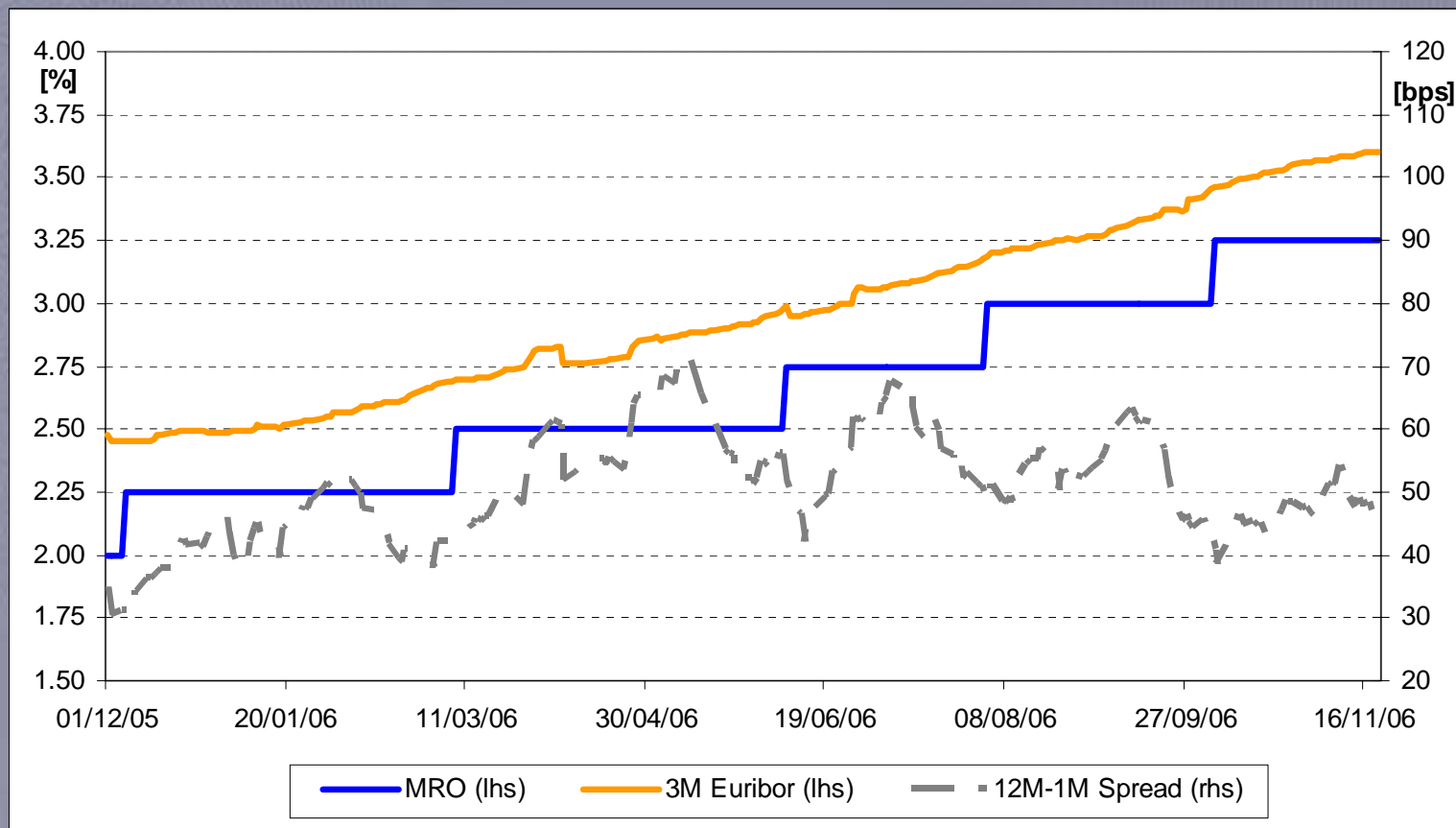
EUROPEAN CENTRAL BANK

Recent Money Market Developments

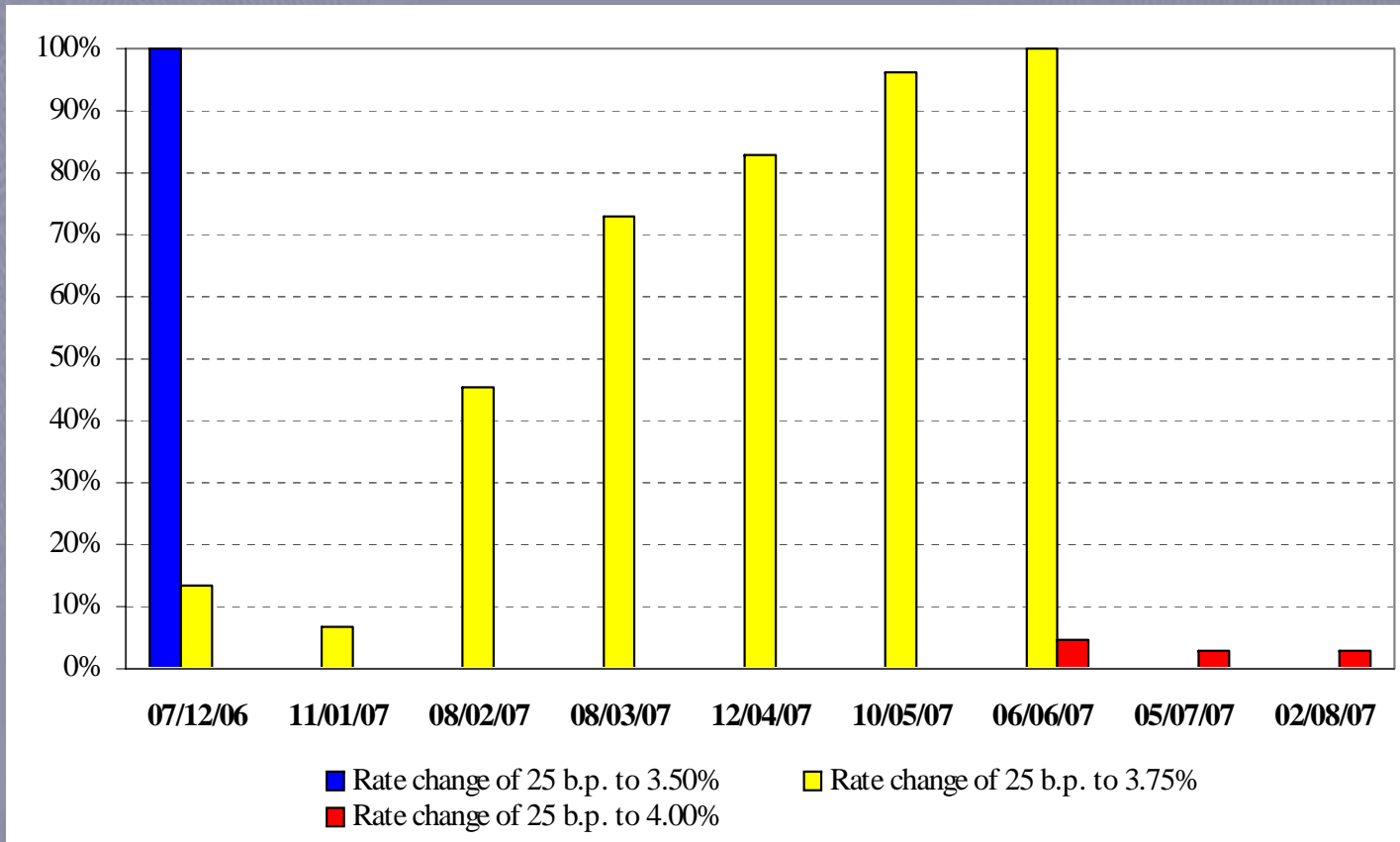
Money Market Contact Group
Frankfurt,
23 November 2006

DGM/FRO/2006/237

Development of selected interest rates

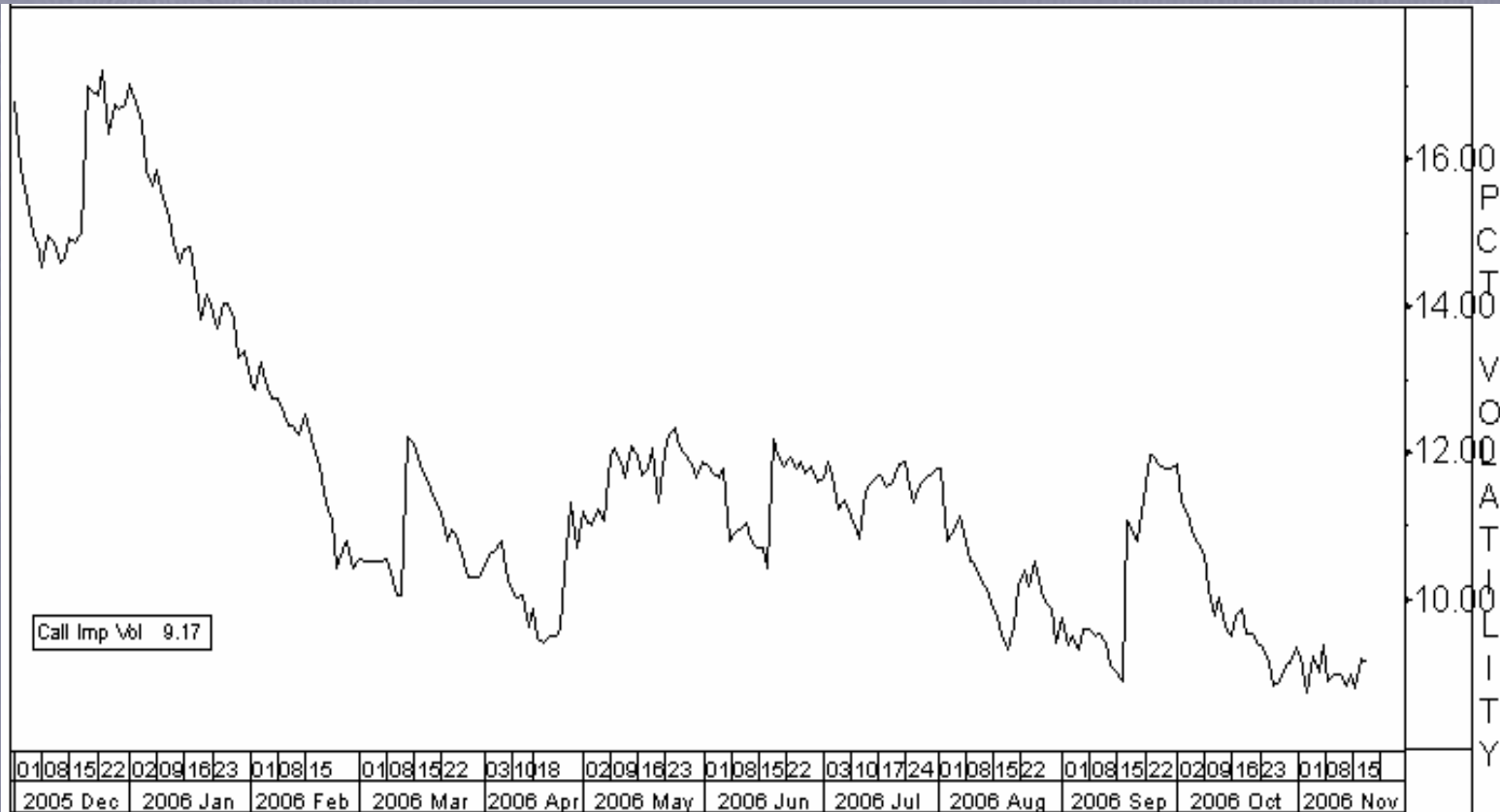


Interest rate expectations in the euro area

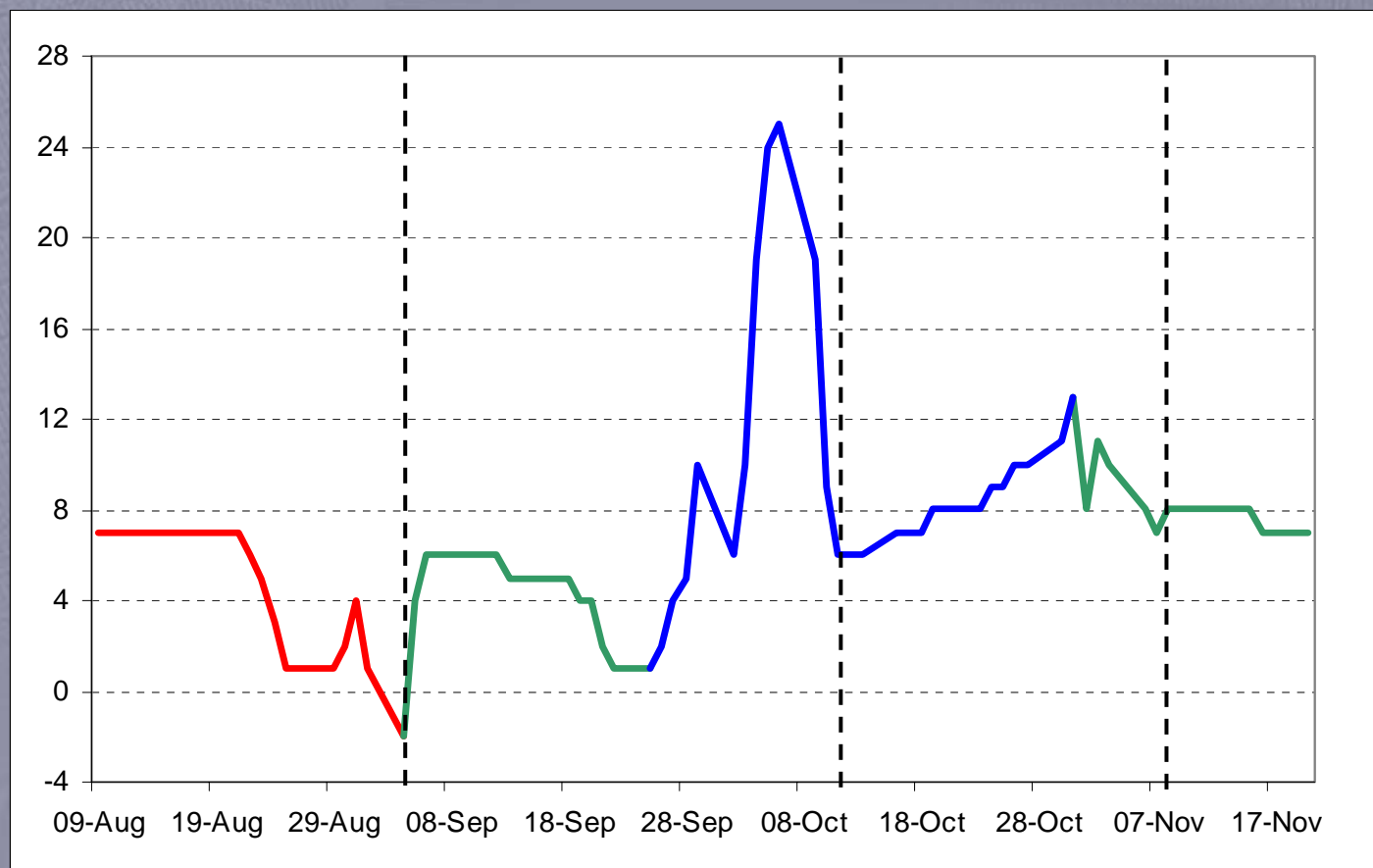


Evolution of volatility

[3rd Euribor future contract]



EONIA spread development over the last 3 months



ECB communication from 26 September

Given the results achieved in countering the spread between market rates and tender rates, on the one hand, and the minimum bid rate, on the other hand, the ECB decided to allot the benchmark amount.

In deciding about future allotments, the ECB will continue to closely monitor these spreads.

End of the reserve periods in 2006

	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

Potential issues for discussion

- *Assessment of the latest developments in the ECB liquidity management*
 - *How do members assess the recent changes in the ECB's allotment strategy (from Benchmark +2 bn to Benchmark and back to Benchmark +1bn) ?*
 - *Are there any specific issues that members would like to raise against the background of the upcoming Christmas period / end of the year ?*



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Thank you for your
attention!