



Money Market Contact Group

18 May 2010

Key events March – May 2010

3 March 2010: Greece unveils radical austerity package

4 March 2010: 10 year GGB bond sales proves popular

24 March 2010: Fitch downgrades Portugal's credit rating (new AA-)

29 March 2010: Greece struggles on after weak response to 7 yr GGB bond sale

04 April 2010: Fitch downgrades Greece's credit rating (new BBB-)

11 April 2010: EU ministers agree Greek's bailout terms

16 April 2010: Greek governments admits that it may need help from IMF

19 April 2010: Greek borrowing reaches record high (455 bp)

22 April 2010: Moody's cuts Greece's sovereign rating to A3

23 April 2010: Greek activates € 45 bn EU/IMF loans

27 April 2010 S&P cuts Greece credit ratings to junk status (BB+)
S&P downgrades Portugal's credit rating (A-)

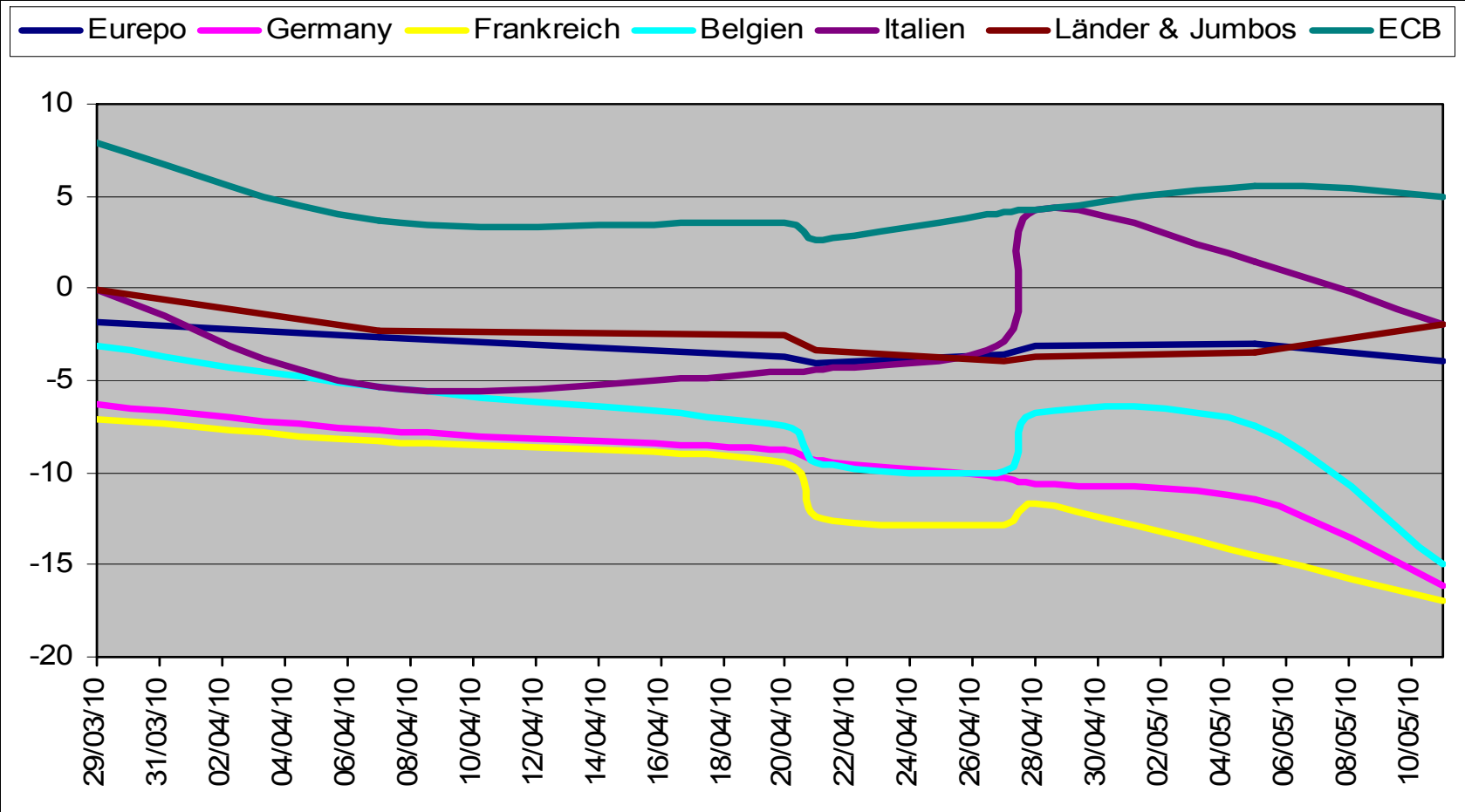
28 April 2010 S&P downgrades Spain's long term credit rating (new AA)

02 May 2010: Greece granted € 110 bn aid to avert financial meltdown (IMF / EC / ECB)

04 May 2010: Greek protesters storm the Acropolis as markets loses faith

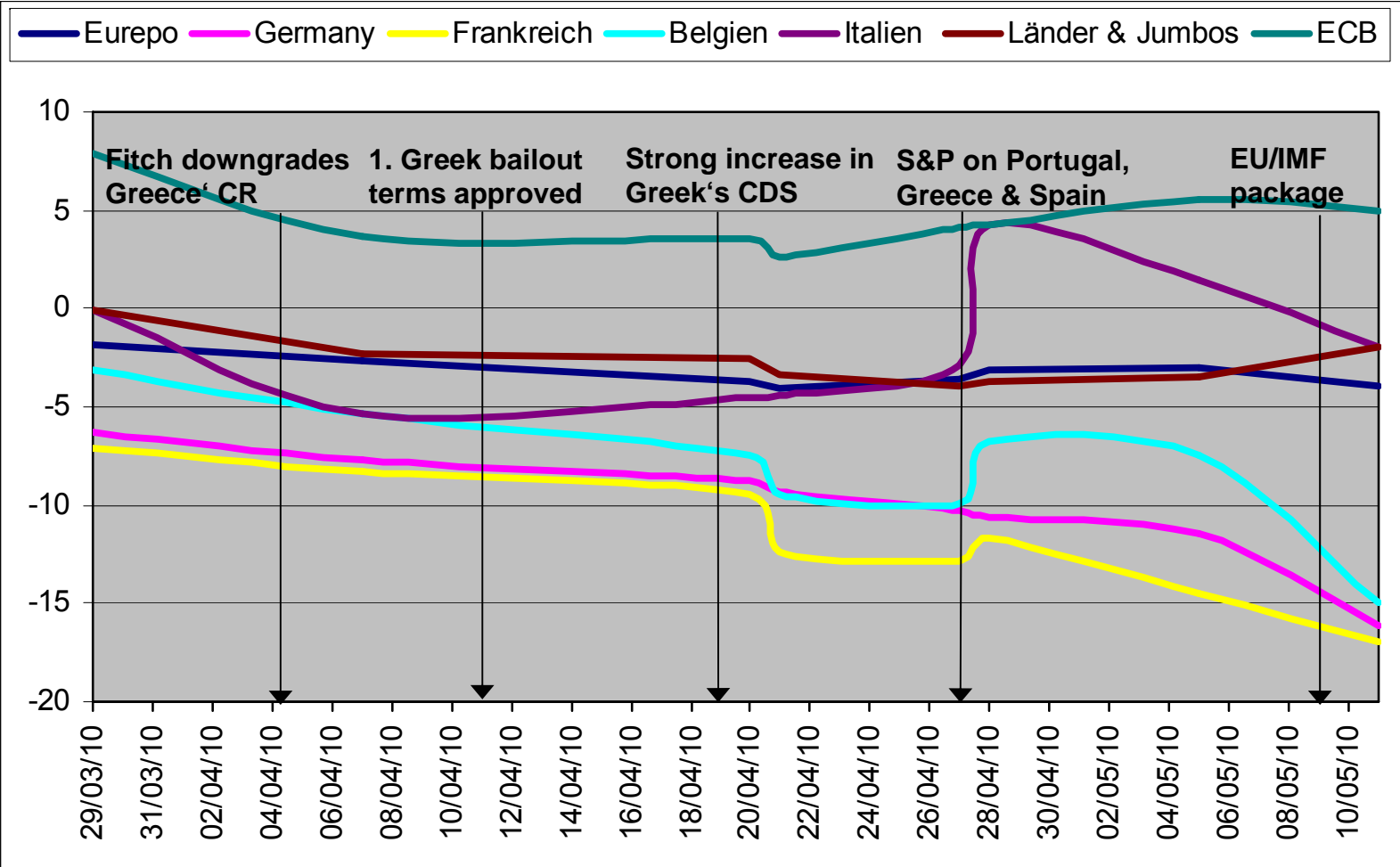
09 May 2010 EU/IMF approve €750 billion rescue package

Selected 3M Repo Rates vs. EONIA



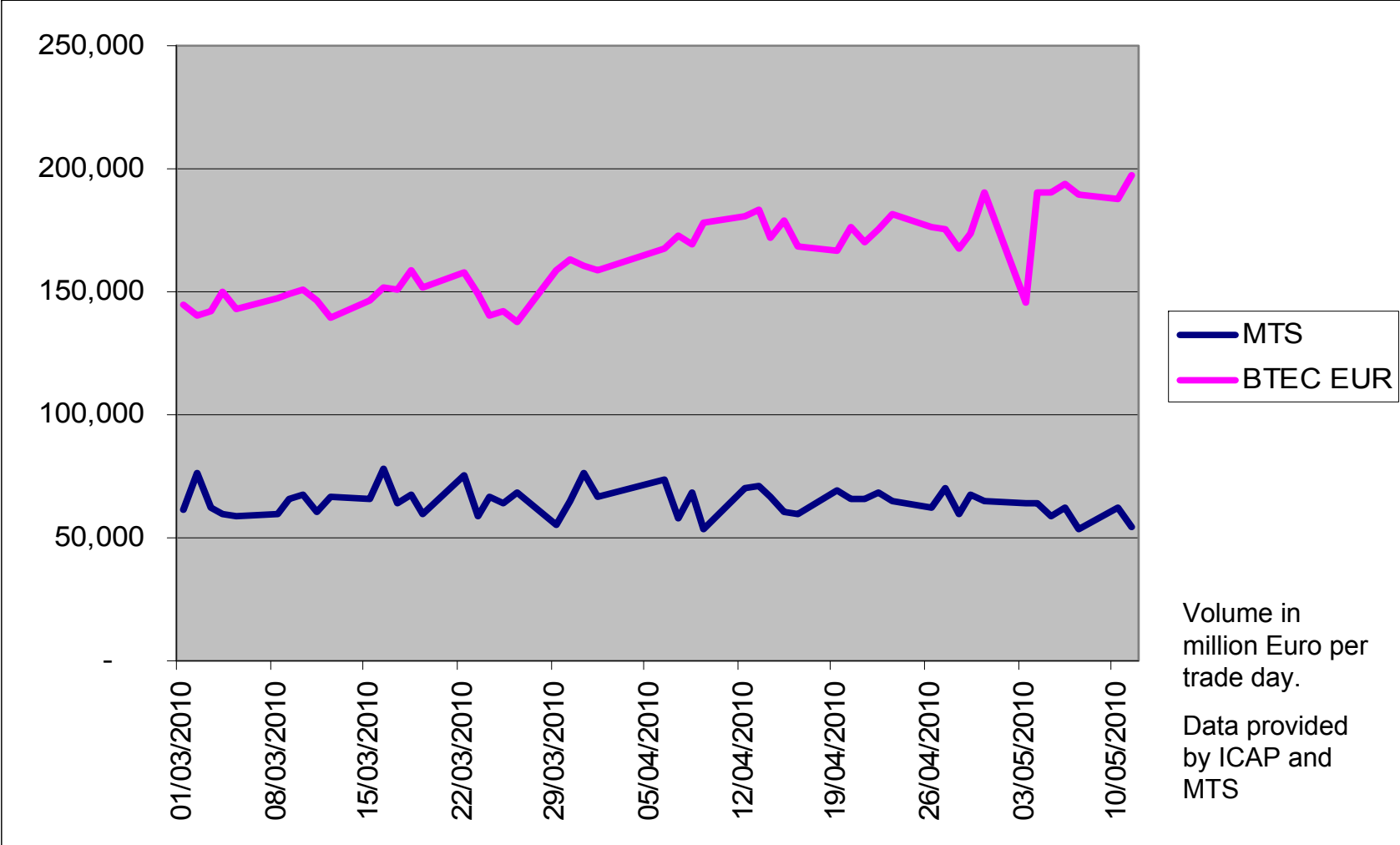
Source: Commerzbank Treasury – Secured Funding Desk

Selected 3M Repo Rates vs. EONIA



Source: Commerzbank Treasury – Secured Funding Desk

Turnover in €Repo on selected ECNs



Observations & concluding remarks

- **Spread Widening AAA / AA Government Paper versus A Paper driven by limited risk appetite of market participants (correlated risk & flight to quality)**
- **Return of ‚special‘ markets particularly in Germany**
- **ECB Paper issued by Non PIIGS countries trade at unchanged spread levels**
- **Outperformance of Covered Paper versus Governments in Spain**
- **Establishment of new classes for repos in EIB / KfW / Non PIIGS Municipals (increase in turnover, spread tightening)**
- **Liquidity in the repo market not effected -excl PI(I)GS**

