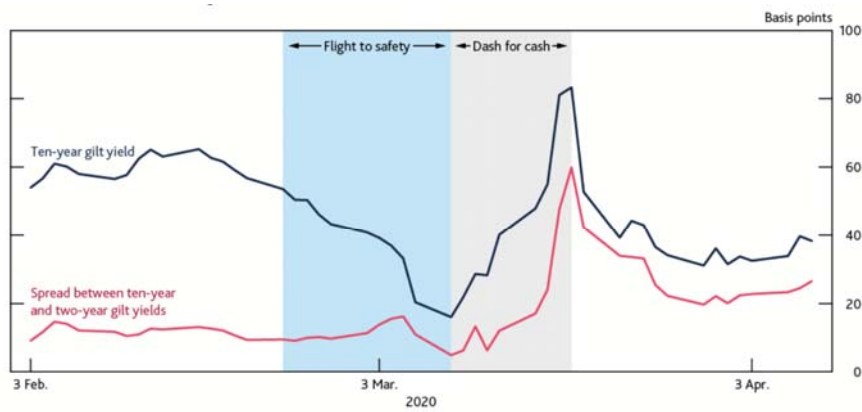
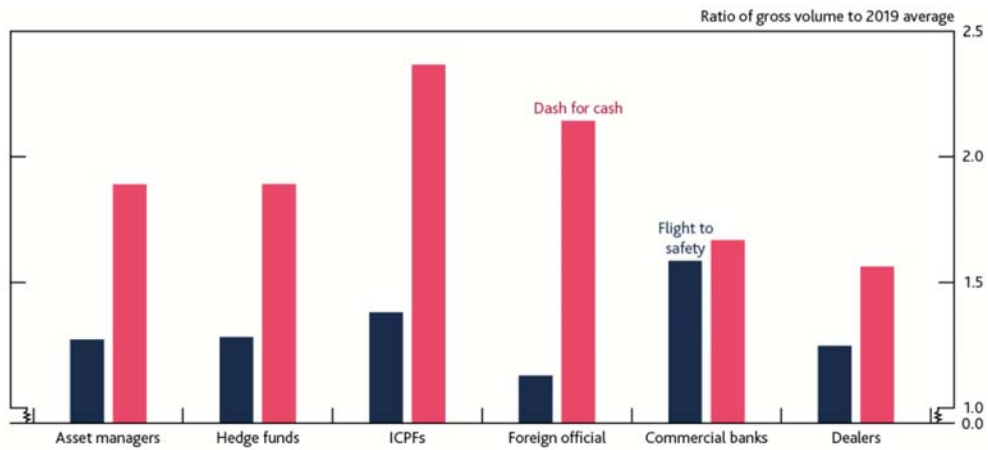


Figure 1. Yield on UK Government Bonds



Sources: Bloomberg Finance L.P., Tradeweb and Bank calculations.

Figure 2. Total gross trading volumes of gilts by participant type above 2019 averages

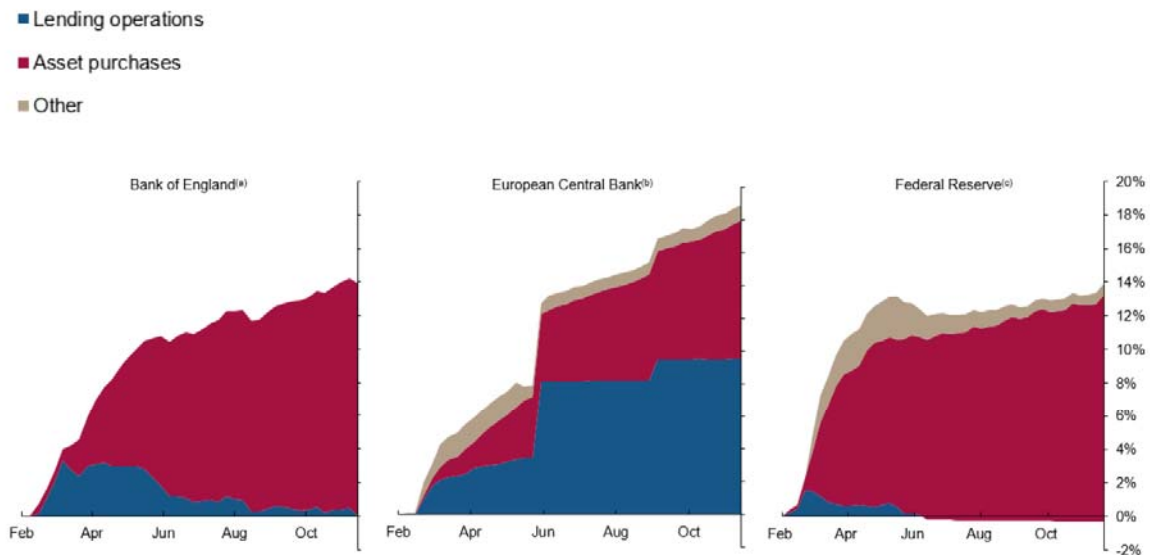


Sources: FCA transaction (MiFID II) data and Bank calculations.

- (a) For all conventional and inflation-linked gilts.
- (b) 'Flight to safety' defined as 24 February to 6 March.
- (c) 'Dash for cash' defined as 9–19 March. We end the 'dash for cash' period on 19 March for cash gilts only because yields and bid-ask spreads decreased significantly following the MPC announcement on this day.
- (d) The ICPF category includes pension funds, insurers, and liability-driven investment asset managers.
- (e) Dealers' volumes also include interdealer trading volumes and volumes traded with other sectors not shown on the chart.

Figure 3. Central Bank Balance Sheets in Response to the Covid-19 Shock during 2020

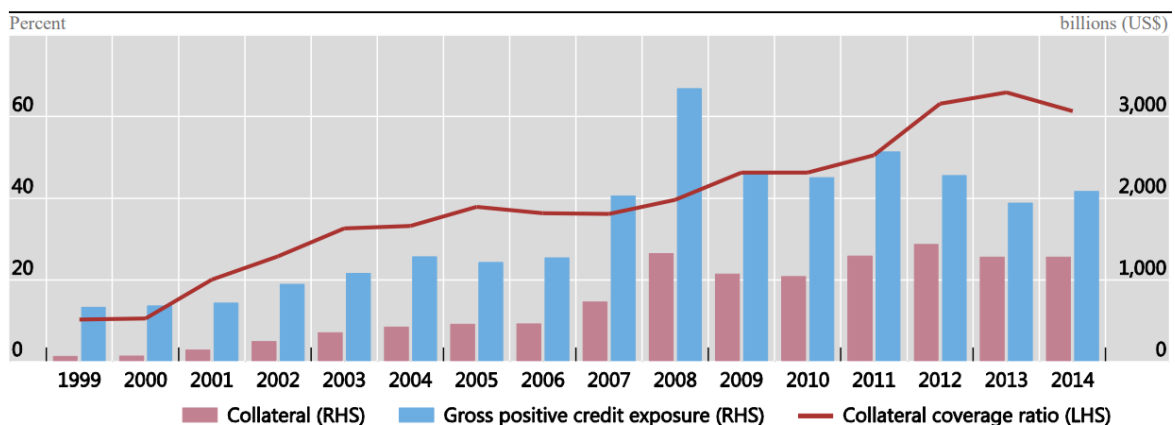
Changes in components of balance sheet as % of GDP since end-Feb 2020 (as % of nominal 2019 GDP).



Sources: Bank of England, Bureau of Economic Analysis, European Central Bank, Eurostat, Federal Reserve Board, ONS and Bank calculations.

- (a) Bank of England lending operations shown here: Indexed long-term repo, Contingent term repo facility, US dollar repo operations, Liquidity Facility in Euros, Term Funding Scheme and Term Funding Scheme with additional incentives for SMEs. Bank of England asset purchases shown here: Asset Purchase Facility and Covid Corporate Financing Facility.
- (b) ECB lending operations: Lending to euro-area credit institutions related to monetary policy operations denominated in euro. ECB asset purchases: Securities held for monetary policy and other purposes.
- (c) Federal Reserve lending operations: Repurchase agreements, Loans and Net portfolio holdings of TALF II LLC. Federal Reserve asset purchases: Securities held outright. Section of chart lying below the zero line from mid-2020 reflects a decline in repo outstanding relative to end-February.

Figure 4. Collateralisation of global deal-banks' OTC derivatives exposures, 1999-2014 (from FSB, 2017)

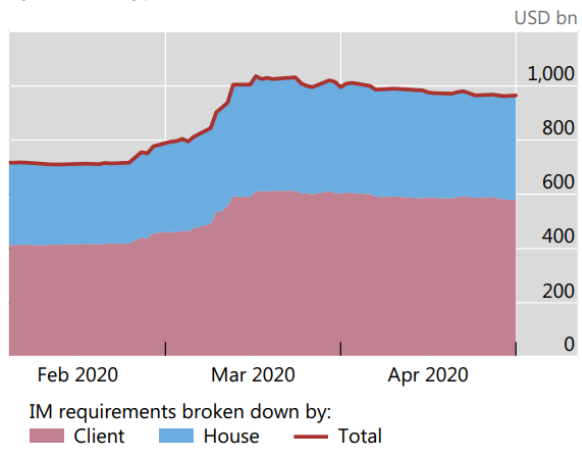


This figure shows the collateral coverage ratio for derivative transactions where dealer-banks have claims on their customers. Gross positive credit exposures as reported by the BIS represents the current values of counterparty credit exposures of BIS-reporting dealers to their counterparties (including banks and nonbanks) with whom the BIS-reporting dealers are “in-the-money”, and thus represents the claims that BIS-reporting dealers have on their customers. This does not include derivative portfolios for which dealers are “out-of-the-money”. “Collateral” is derived by adjusting the volume of collateral reported as received and posted by ISDA members (a similar population of institutions as in the BIS data set) against both non-centrally cleared and centrally cleared OTC derivatives in ISDA Margin Surveys for double counting. Source: BIS; ISDA Margin Survey; Bank of England calculations.

## Figures 5 and 6. Initial and Variation Margin During the Dash for Cash

### Initial Margin

By account type



### Variation Margin (in USD bn)

By account type

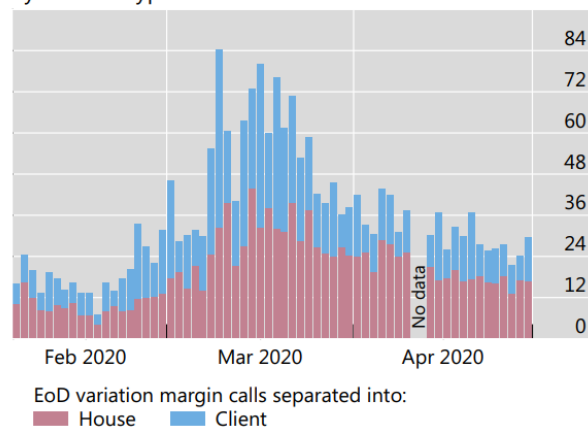


Figure 7. Variation in Margin by CCP clearing service

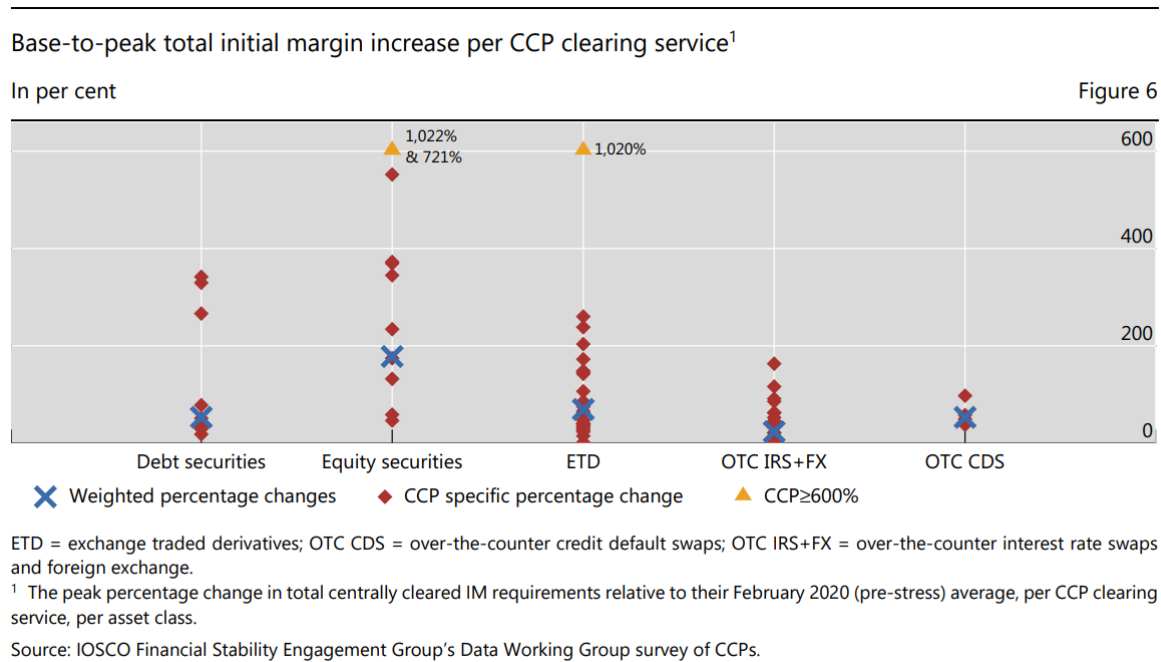


Figure 8. Asset Price Volatility and Margin Movements

