



Form SMMH - Summary of Responses July 2020

Form SMMH is a six monthly qualitative survey to monitor market functioning and activity in sterling money markets not covered by Form SMMD*.

All questions are phrased to ask respondents for comparisons against answers given in the previous SMMH period, allowing an overall sense of whether conditions are better or worse to be constructed by comparing each data point to answers given in the previous survey (Nov 19) and the longer term reference point of Nov-17 (the switch to a six monthly survey was implemented in November 2018).

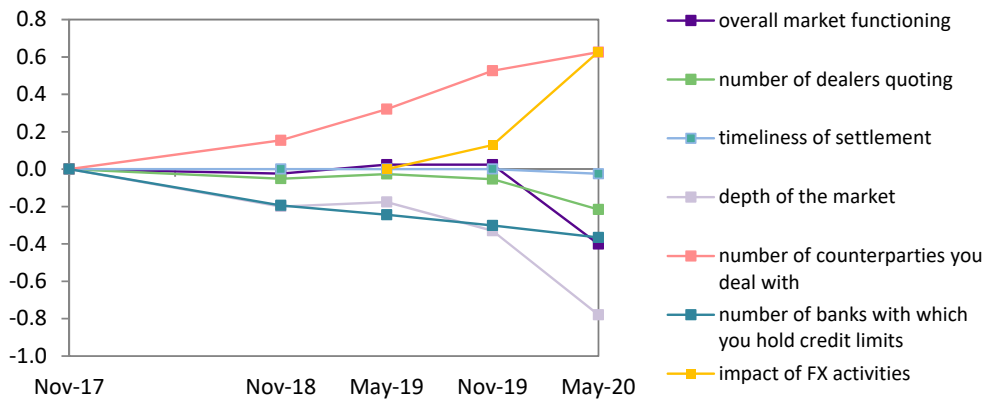
For most questions, each response is given a value from +2 to -2. These are then aggregated and divided by the number of responses to capture an average market view of whether conditions are better or worse for each question.

Three key observations from the gathered data are:

- Market functioning was seen to have decreased in both the secured and unsecured market through all market indicators, aside from the number of counterparties dealt with. The survey was conducted against a background of the market dysfunction caused by COVID-19, therefore these results were unsurprising.
- The unsecured market was seen to have experienced more dysfunction due to COVID-19, with CD and CP markets being the most heavily impacted, especially at longer terms. Nearly half of all respondents believed it would take 3 months or longer for issuance in those markets to return to normal levels.
- Both unsecured and secured money market activity remains broadly flat compared to November 2019 in instruments outside the scope of SMMD, with a small tick down in stock borrowing and lending in the secured markets. The relative importance of unsecured instruments remains largely consistent with November 2019 results.

Market Functioning

Chart 1: Including unsecured deposits in Form SMMD, how have the measures of market functioning changed in the unsecured money market (+2 significantly improved/increased; -2 significantly worsened/decreased)



*Scope of SMMD data collection is unsecured borrowing and secured borrowing and lending of sterling cash, with an original maturity of up to and including one year, accepted from participants classified as 'wholesale'. Unsecured transactions are cash deposits only. Secured transactions include repo, reverse repo, sell/buy-back and buy/sell-back agreements where gilts are the collateral. Transactions where the nominal amount of cash borrowed/lent is below £1million should be excluded. Please see SMM Reporting Instructions for more information.



Chart 2: Considering the unsecured market, to what extent has COVID-19 impacted:

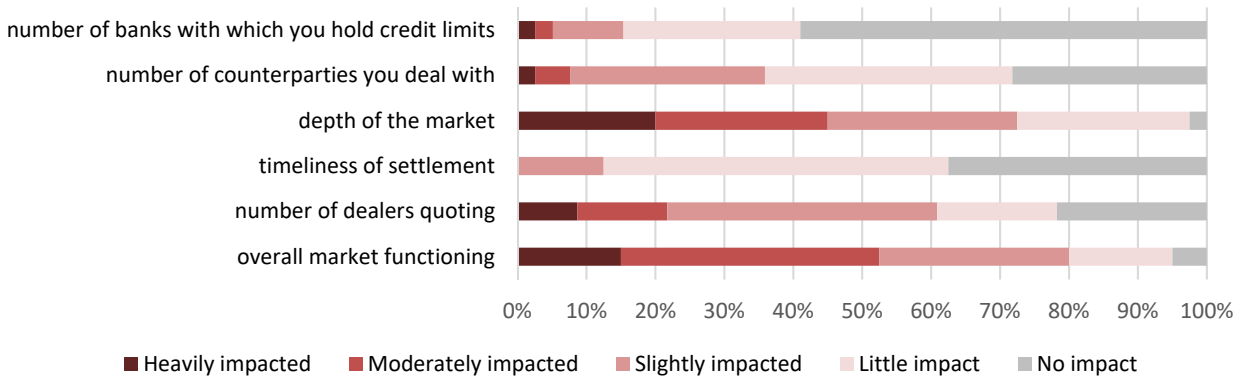


Chart 3: Including gilt repo in Form SMMD, how have the measures of market functioning changed in the secured money market (+2 significantly improved/increased; -2 significantly worsened/decreased)

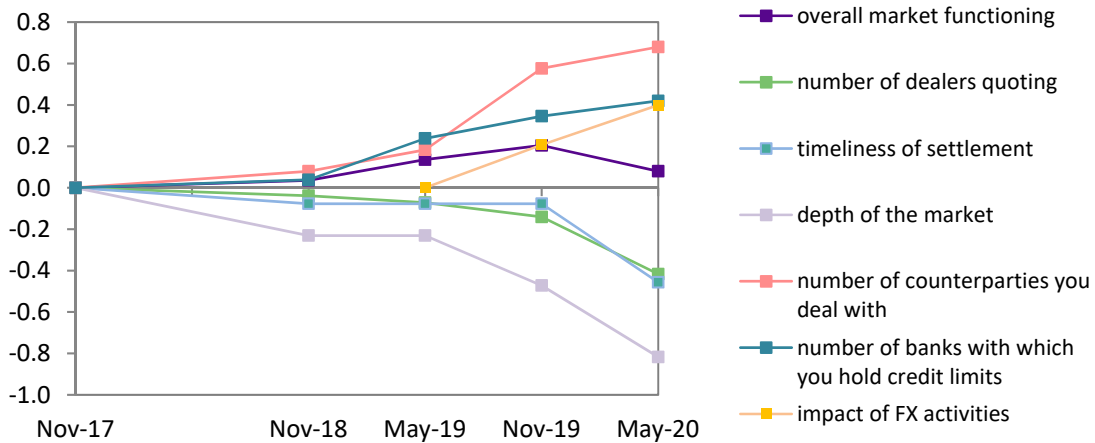
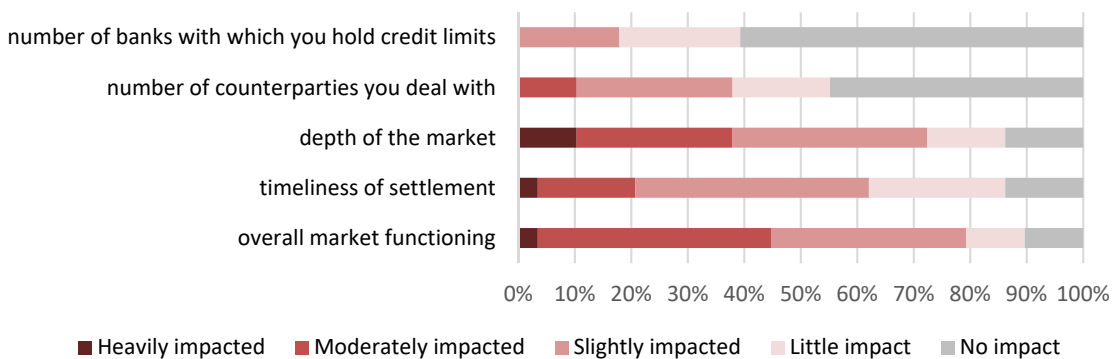


Chart 4: Considering the secured market, to what extent has COVID-19 impacted:

(+2 significantly improved; -2 significantly worsened)





Unsecured Money Market

Chart 5: Percentage of unsecured reporters active in each instrument outside the scope of Form SMMD

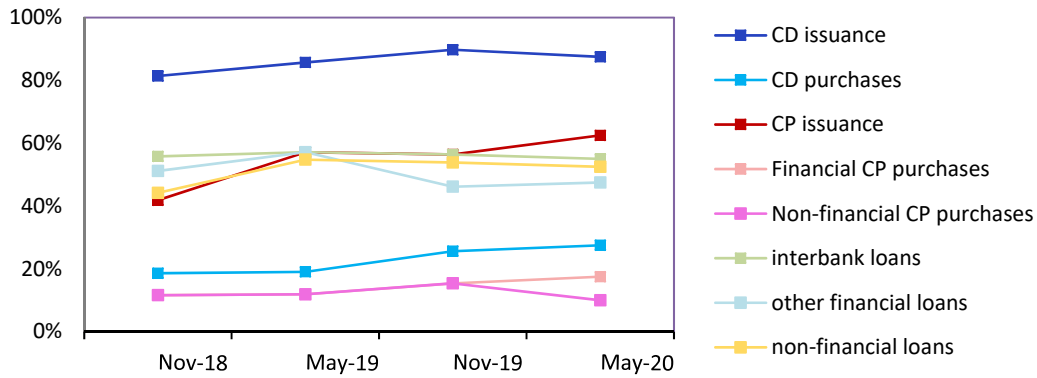


Chart 6: Considering activity in the following instruments in the unsecured money market, how has the average value of trades changed (+2 is significantly higher; -2 is significantly lower)

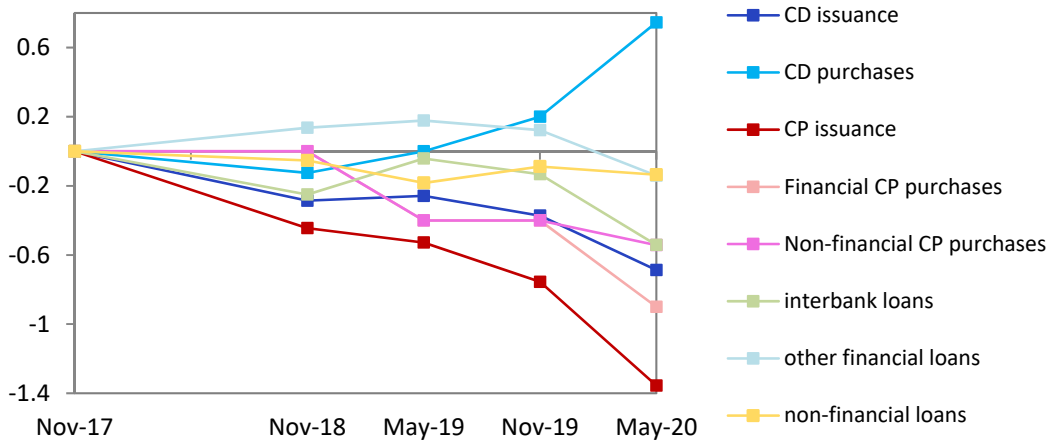


Chart 7: Considering activity in the following instruments in the unsecured money market, how has the weighted average maturity of trades changed (+2 is much longer; -2 is much shorter)

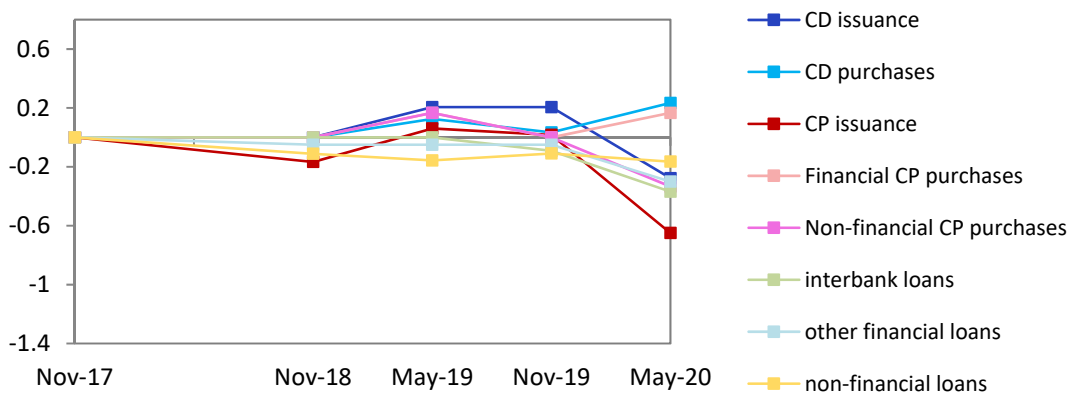




Chart 8: What is the relative importance of these instruments as part of your overall unsecured money market activity (4 is significant; 0 is no activity)

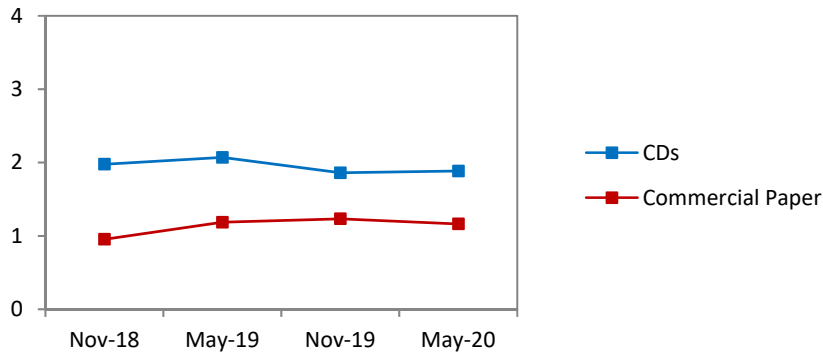
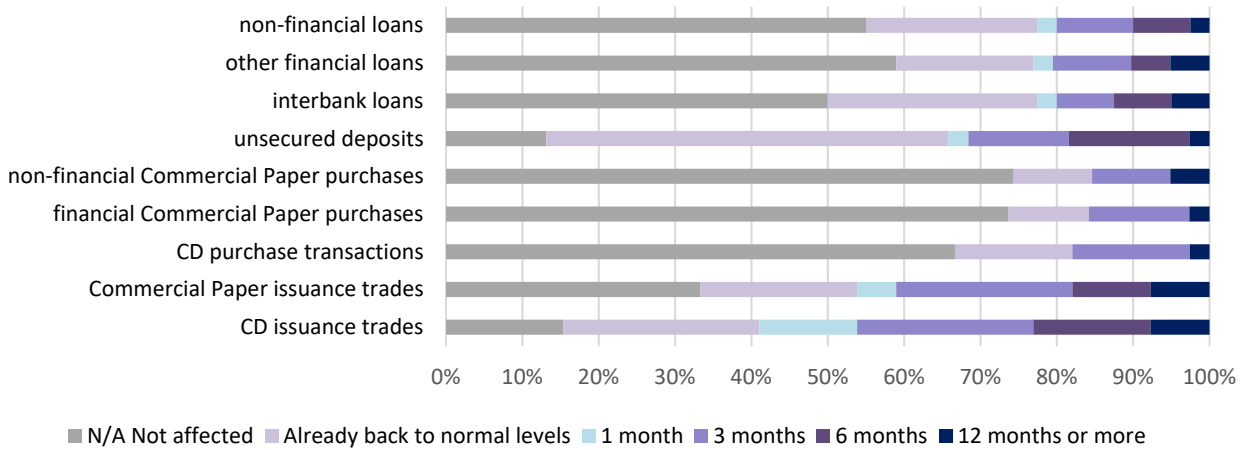


Chart 9: Where COVID-19 has impacted the following instruments, how long do you think it will take for activity to return to levels seen before COVID-19?:





Secured Money Market

Chart 10: Percentage of secured reporters active in each instrument outside the scope of Form SMMD

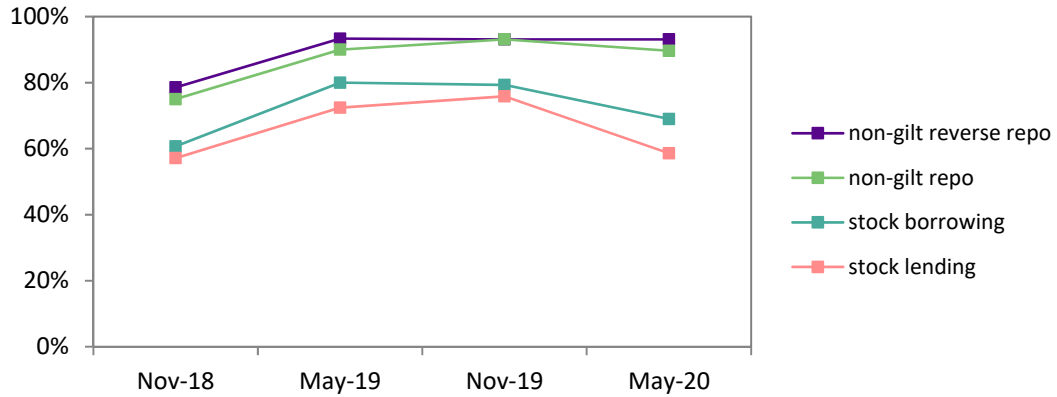


Chart 11: Considering activity in the following instruments in the secured money market, how has the average value of trades changed (+2 is significantly higher; -2 is significantly lower)

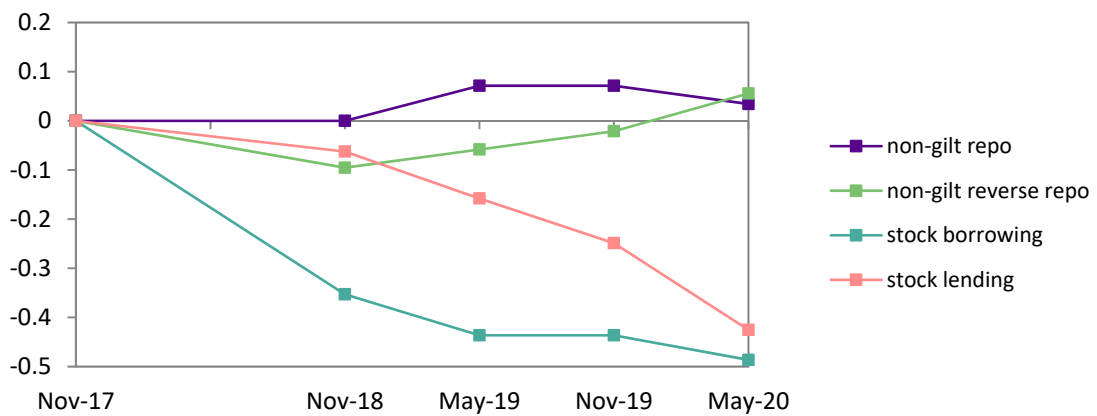


Chart 12: Considering activity in the following instruments in the secured money market, how has the weighted average maturity of trades changed (+2 is much longer; -2 is much shorter)

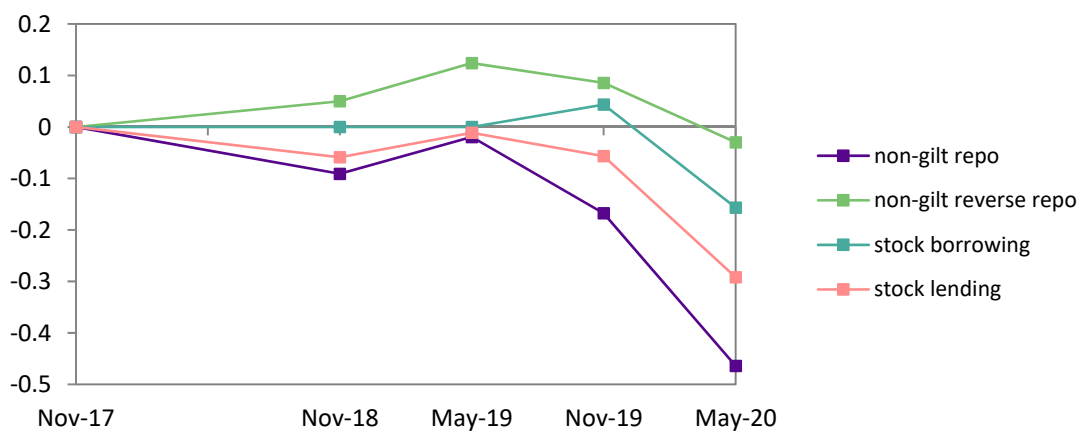




Chart 13: Where COVID-19 has impacted the following instruments, how long do you think it will take for activity to return to levels seen before COVID-19?:

