



EUROPEAN CENTRAL BANK

The Challenges to Liquidity Management in the Euro area:

The perspective of the ECB

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The simplified balance sheet of the Eurosystem

Simplified balance sheet of the Eurosystem (30 June 2006)

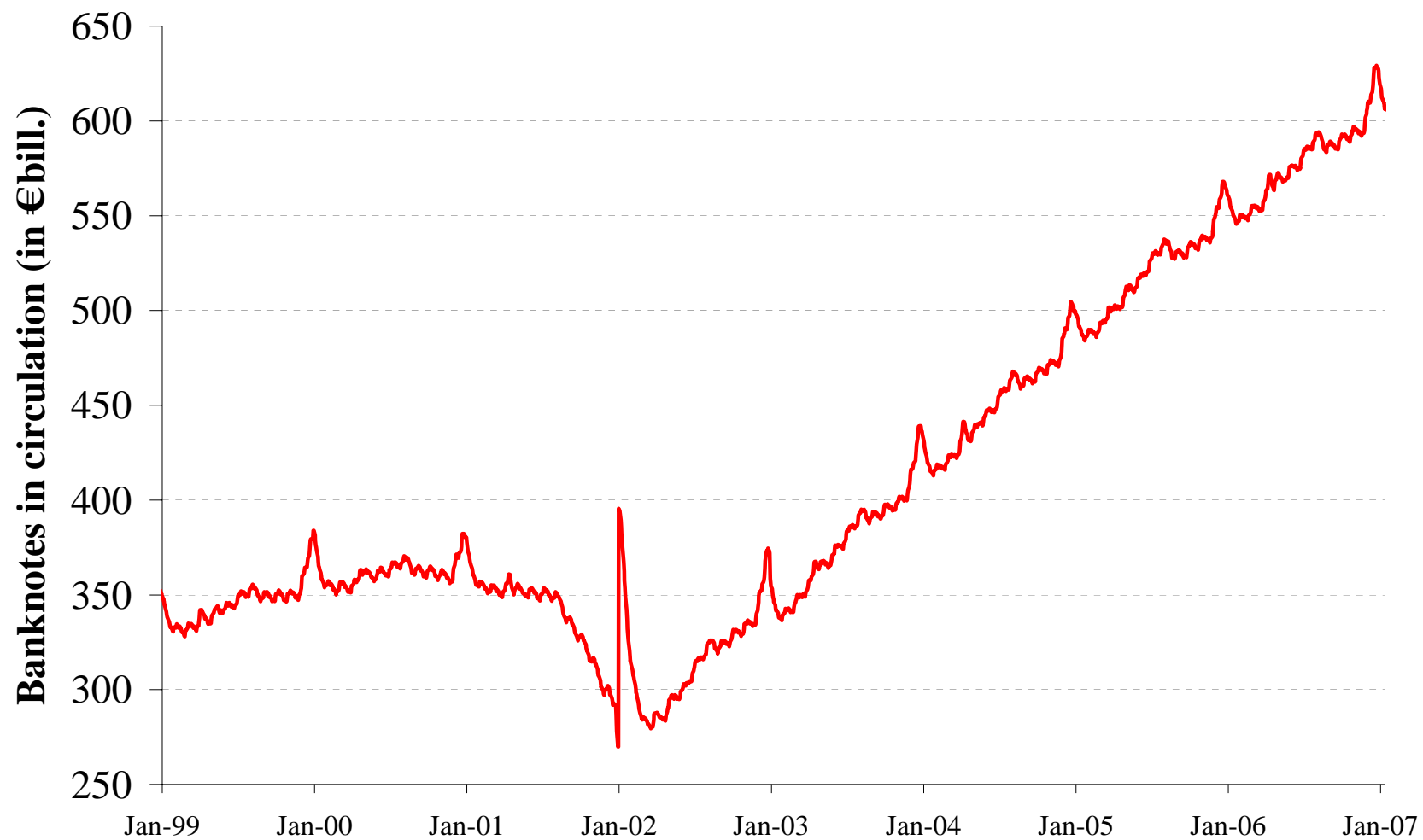
(in € billion)

Assets	Liabilities
	<i>Net autonomous factors (AF)</i> 290.04 of which <i>Banknotes</i> 580.13 <i>Government deposits</i> 86.18 <i>Other Factors</i> -376.27
	<i>Current accounts (RR+XSR)</i> 157.35 <i>(Reserve requirements: €165.577 + Excess reserves)</i>
Liquidity providing operations <i>Main Refinancing Operations (MRO)</i> 328.5 <i>Longer-term Refinancing Operations (LTRO)</i> 120 <i>Marginal Lending Facility (ML)</i> 0.06	Liquidity absorbing operations <i>Deposit Facility (DF)</i> 1.16
448.56	448.56

The “benchmark“ MRO amount aims to balance (on average) the demand and supply of liquidity over one week:

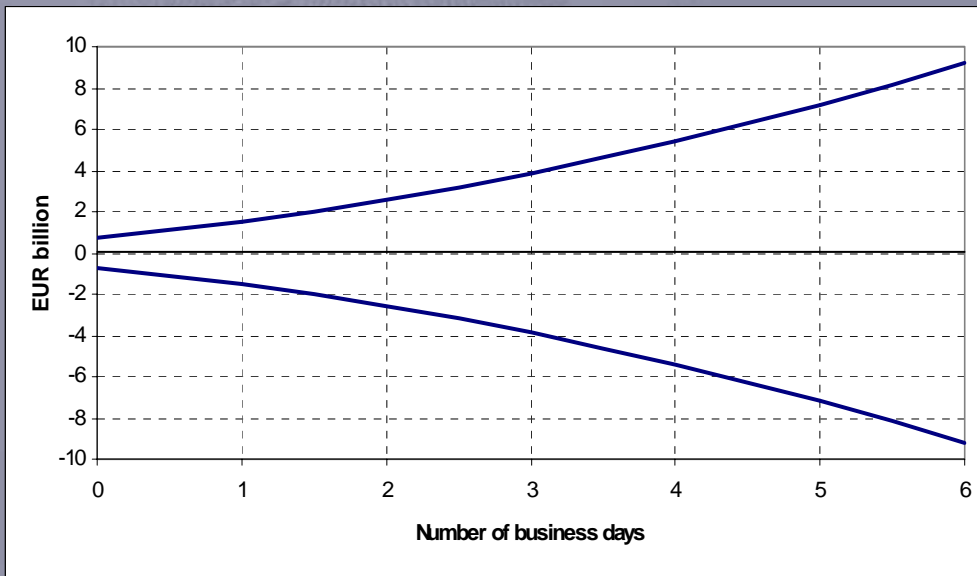
$$MRO = AF + RR + XSR - LTRO$$

Development in banknotes in circulation

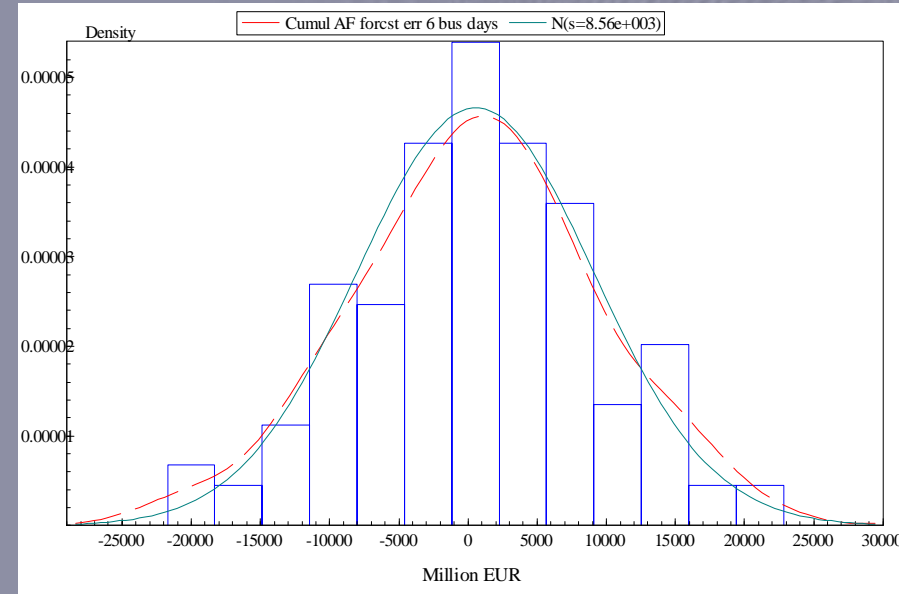


Forecast errors and error distribution

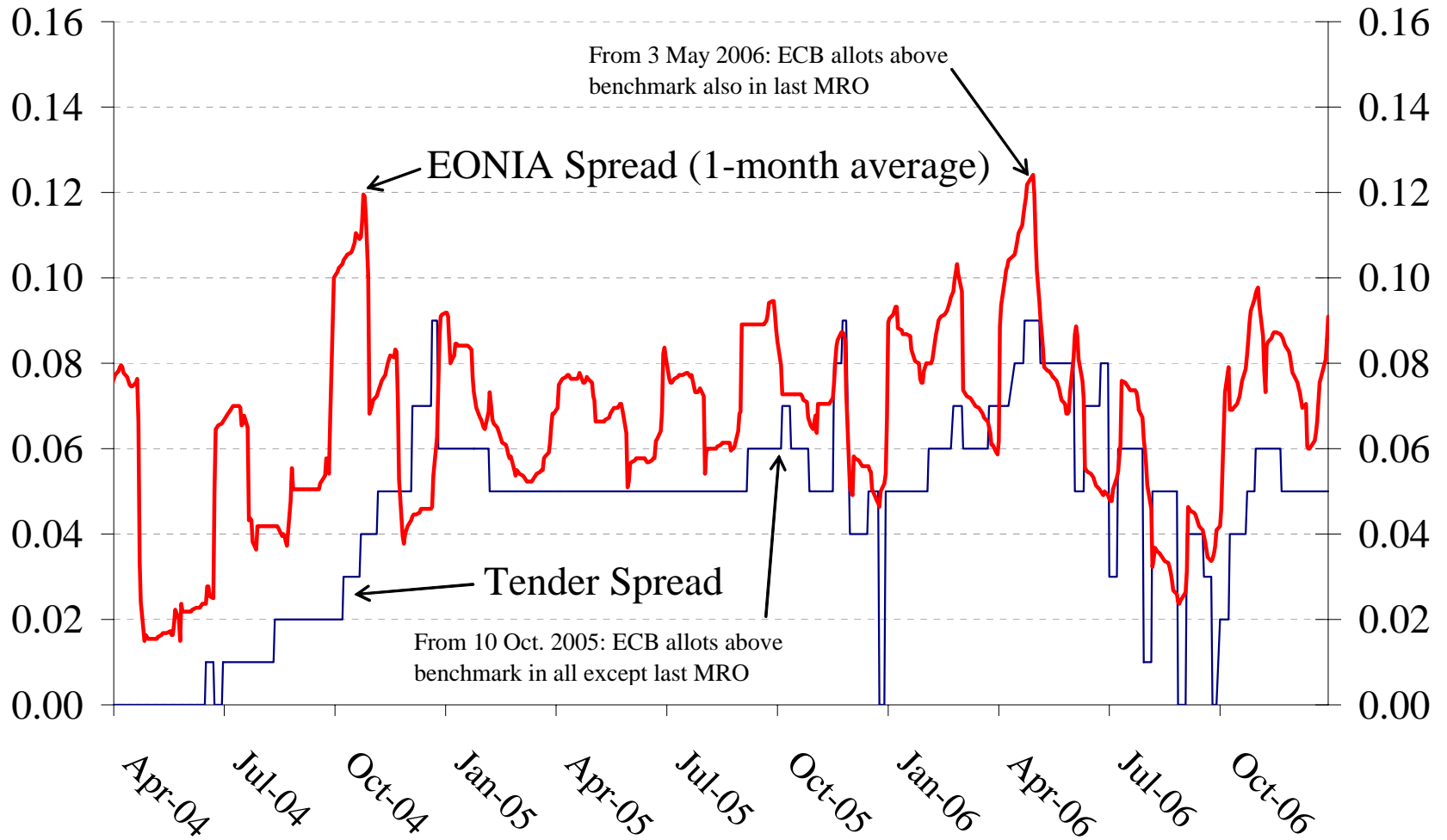
Standard deviation of accumulated forecast errors for autonomous factor



PDF of accumulated 6-day forecast errors



Evolution of Tender and EONIA spreads under the new operational framework





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