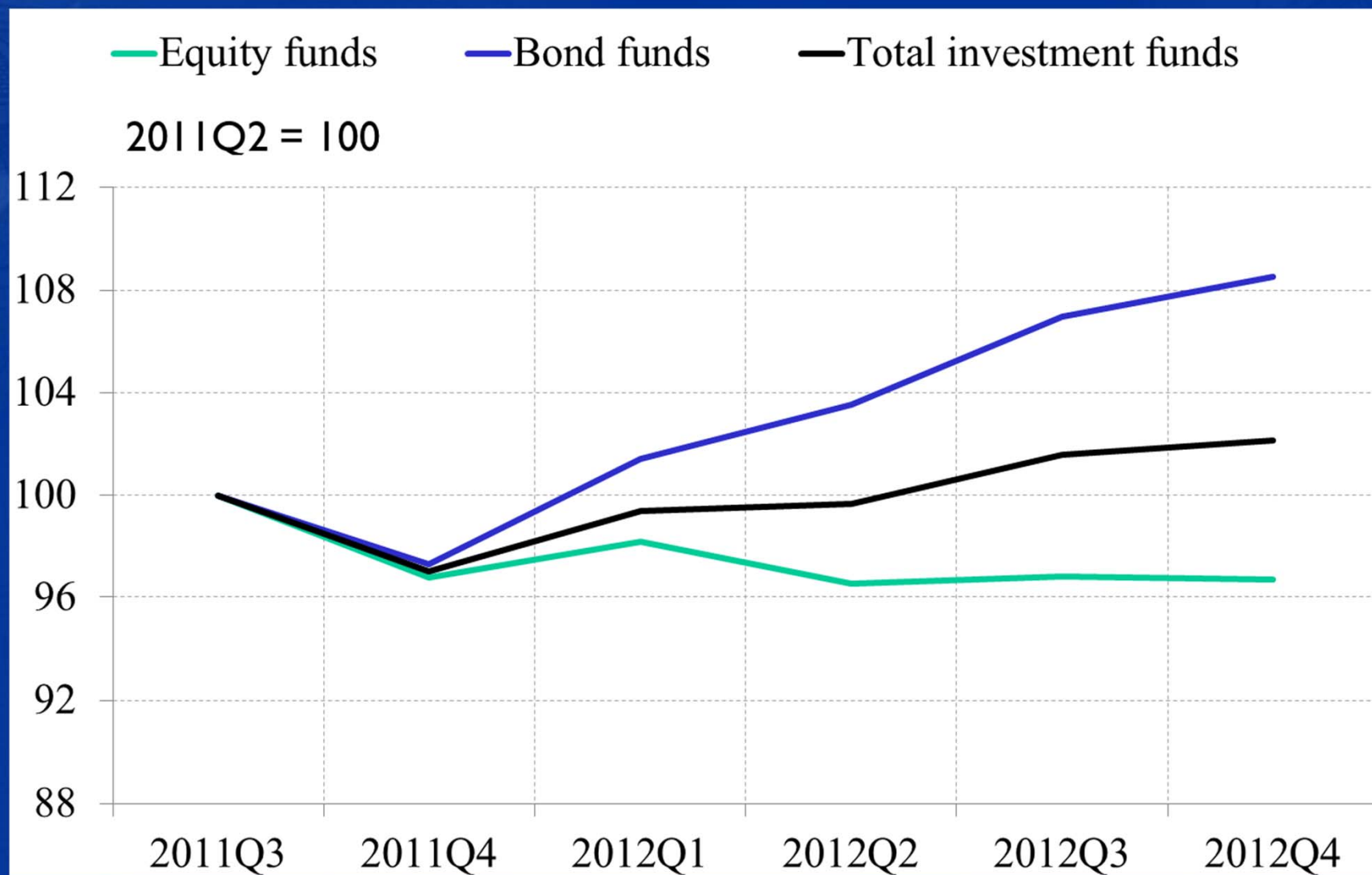


Duration Risk in the Financial System

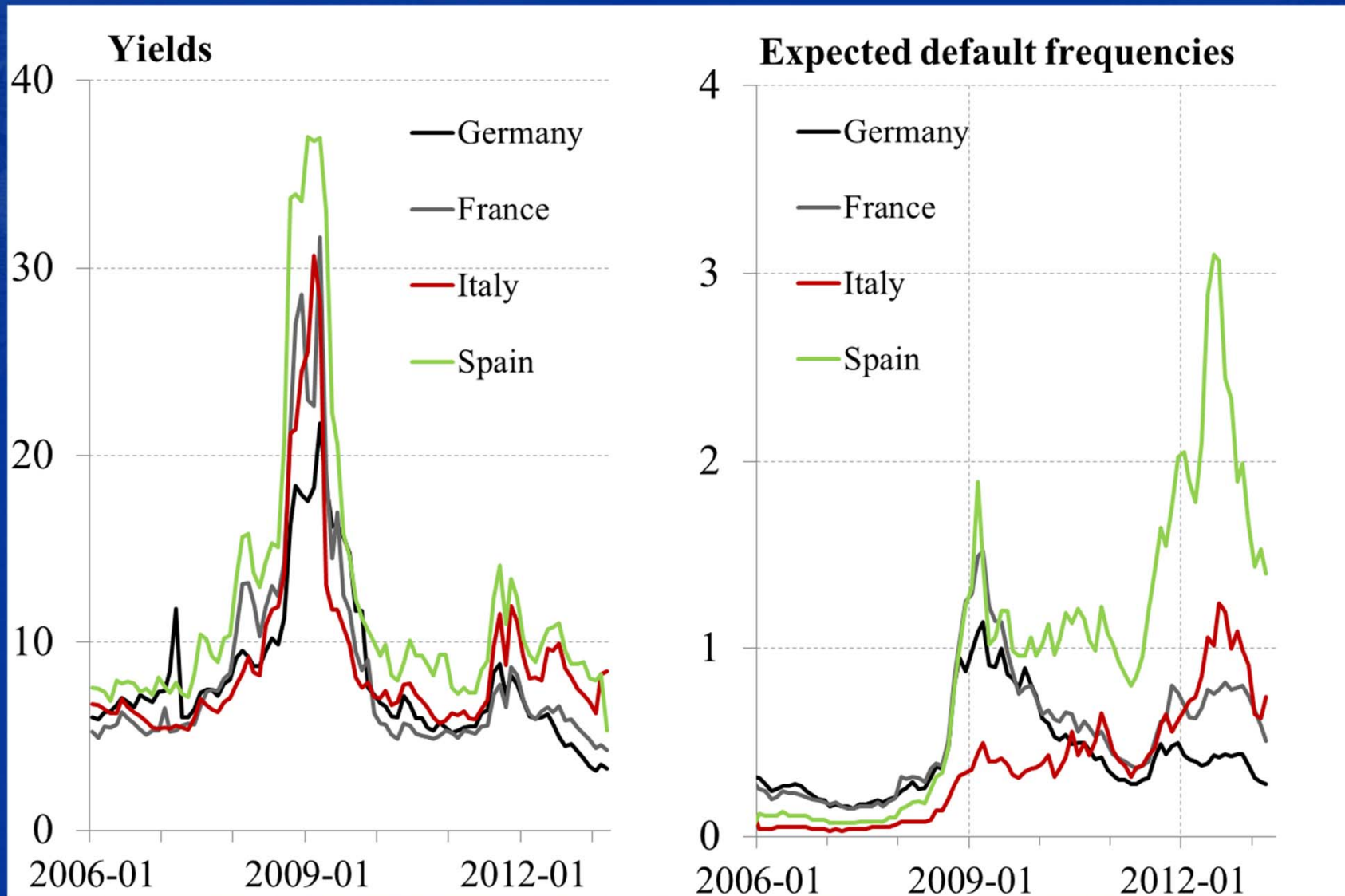
Benoît Cœuré
Euromoney conference, 25 June 2013

Chart I: Assets of euro area investment funds



Source: ECB Financial Stability Review May 2013

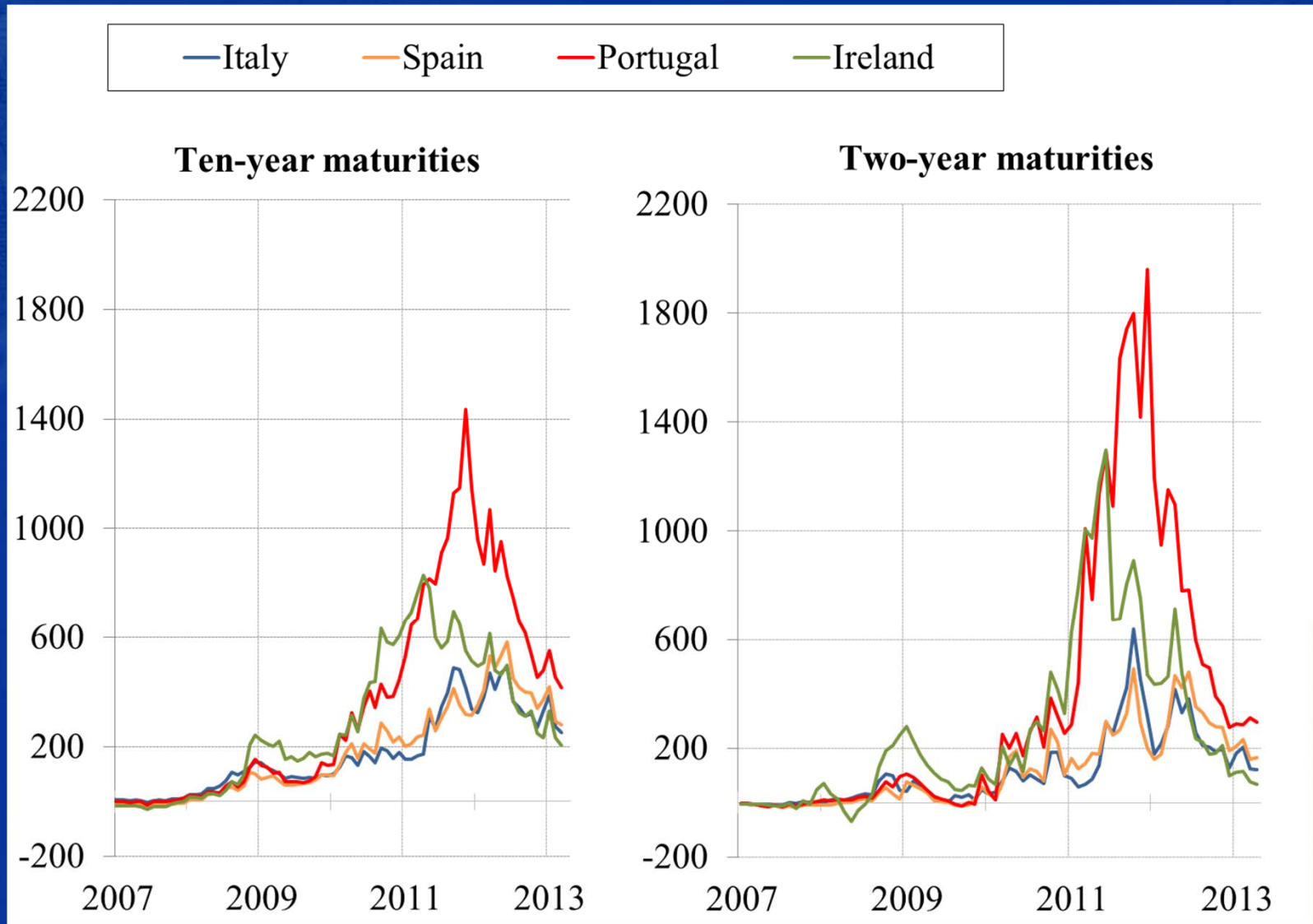
Chart 2: High yield bonds - yields and EDFs



Source: ECB Financial Stability Review May 2013

Chart 3: Sovereign bond yields

Spreads to overnight index swap



Source: ECB Financial Stability Review May 2013

Chart 4: Solvency analysis - scenario design

Scenario	Description
Sovereign debt crisis	Renewed tensions in euro area sovereign debt due to low growth reform slack.
Funding risk	Restricted access to funding → deleveraging and restricted loan supply
Global risk aversion	Rise in risk aversion → lower equity prices and higher corporate bond spreads.

Chart 5: Solvency analysis – results

core Tier I capital ratio

