



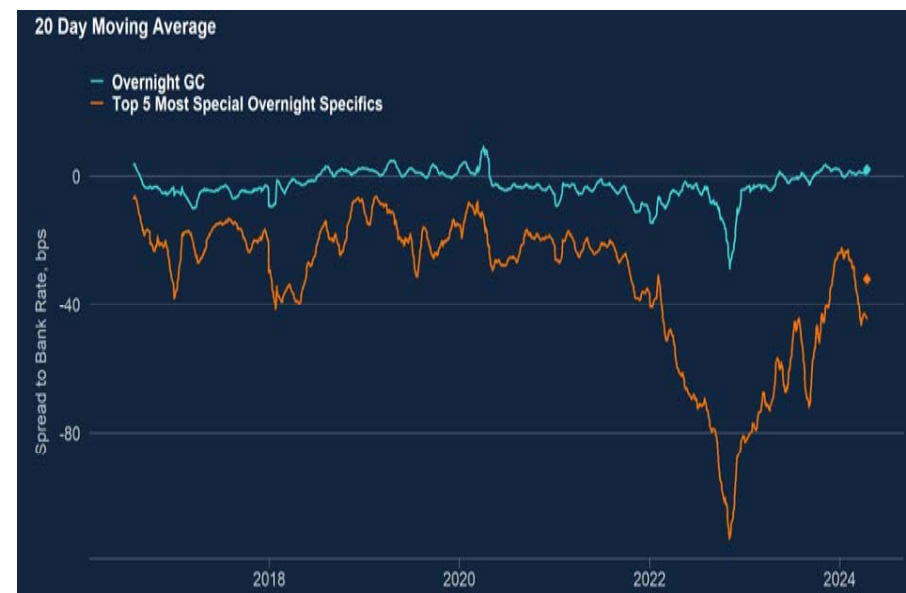
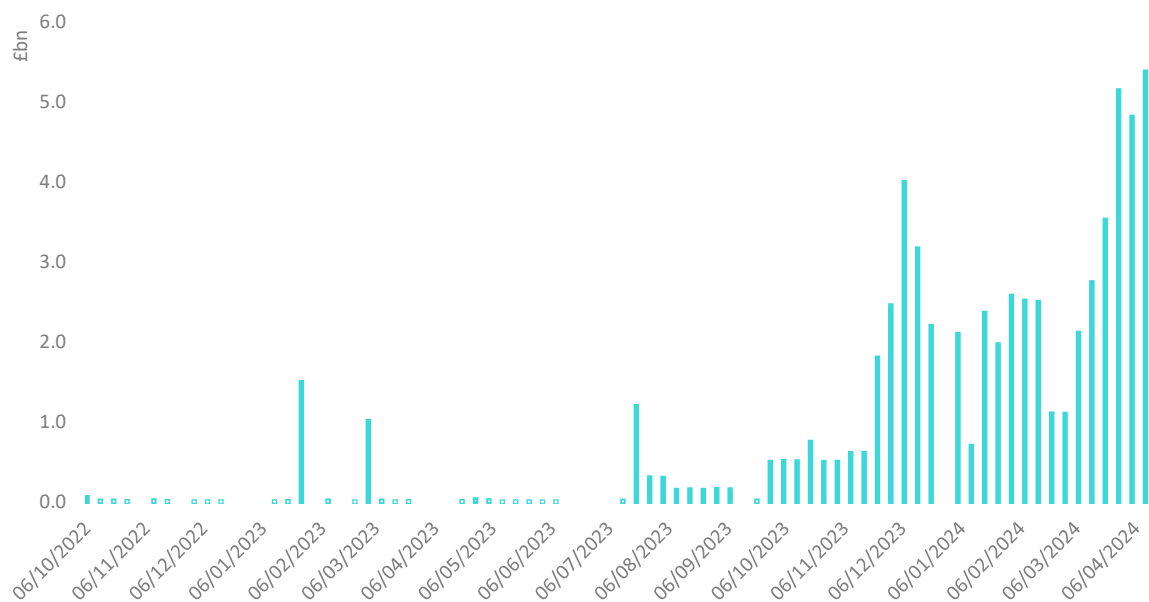
What is the STR?

- **One of the BoE's Sterling Monetary Framework operations - all of which are "open for business".**
- Introduced in October 2022, the STR is the BoE's regular market-wide sterling operation aimed at maintaining control of short-term market interest rates as QT began.
- The STR allows participants to borrow central bank reserves for a one-week period in exchange for high quality, highly-liquid (Level A) assets.

Key information about the STR

- **Eligible collateral:** Participants bid against the SMF Level A collateral set.
 - **Drawing types:** The Bank lends unlimited amounts of central bank reserves.
 - **Frequency:** STR auctions are held weekly, each Thursday.
 - **Term:** The STR offers central bank reserves for a one-week term, to target short-term interest rates.
 - **Pricing:** The STR is priced at Bank Rate.
-

STR usage over time

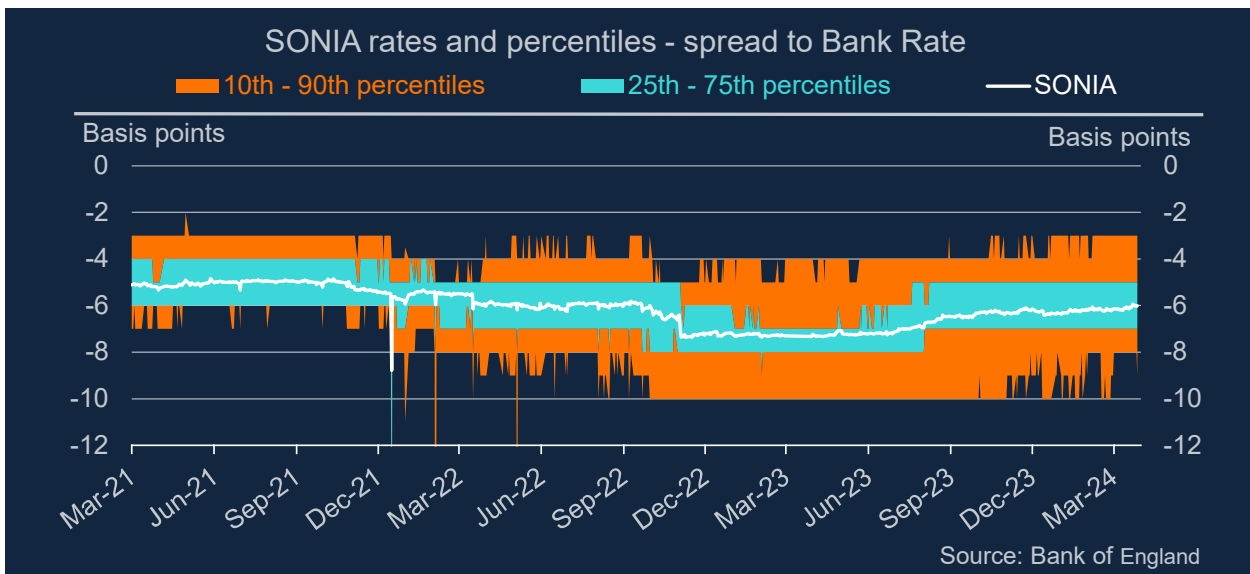
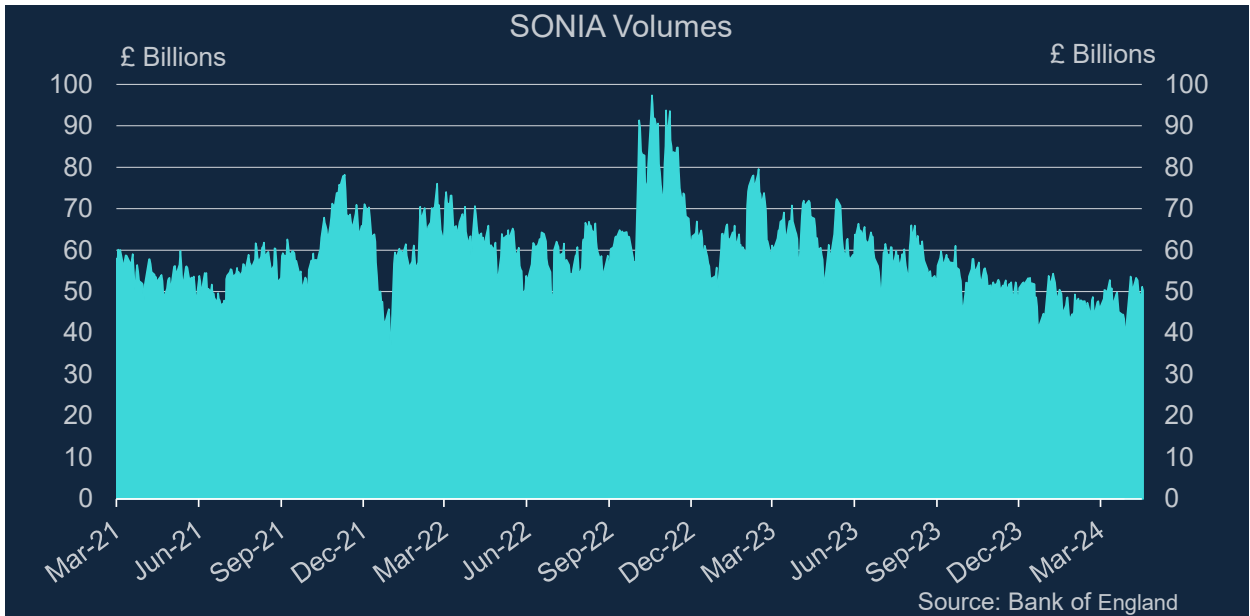


- **STR usage has increased significantly over the past c. 6 months.**
- Expected, given o/n GC gilt repo rates have been above BR quite consistently recently and the BoE's "open for business" messaging, and PRA comms that it views use of the STR is "routine".
- Given haircuts of SCP collateral, it is likely that the "breakeven" for using the STR is somewhere above BR.
- The BoE also runs a routine test programme for the ILTR/STR- this has likely increased awareness of the facility and reduced operational frictions.

SONIA Stakeholder Advisory Group

April 2024

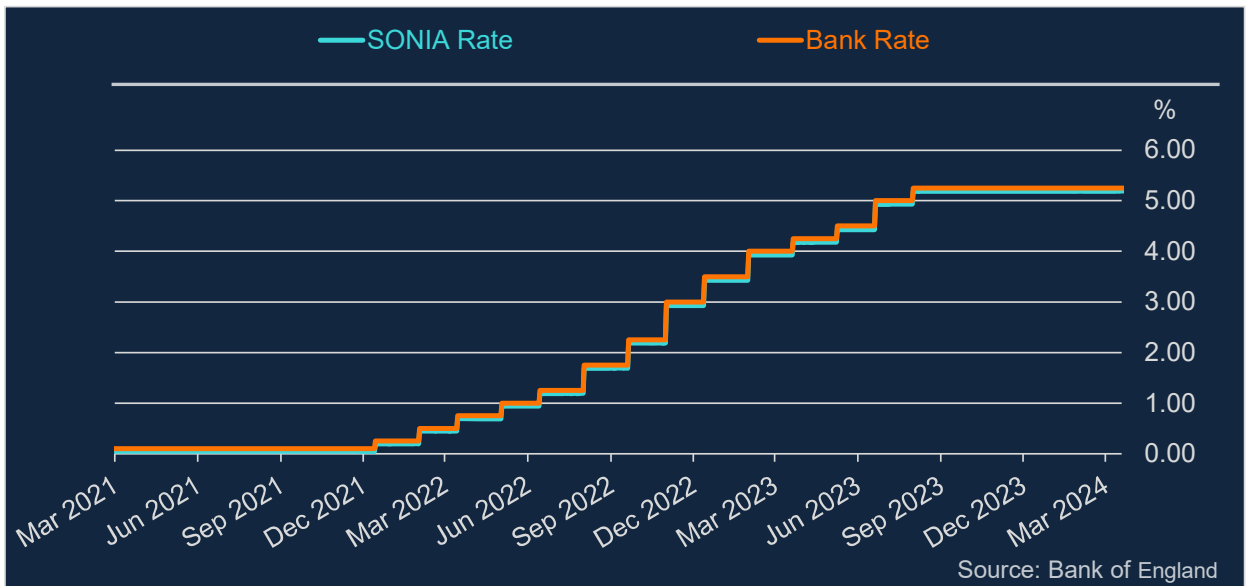
PUBLISHED SONIA STATISTICS



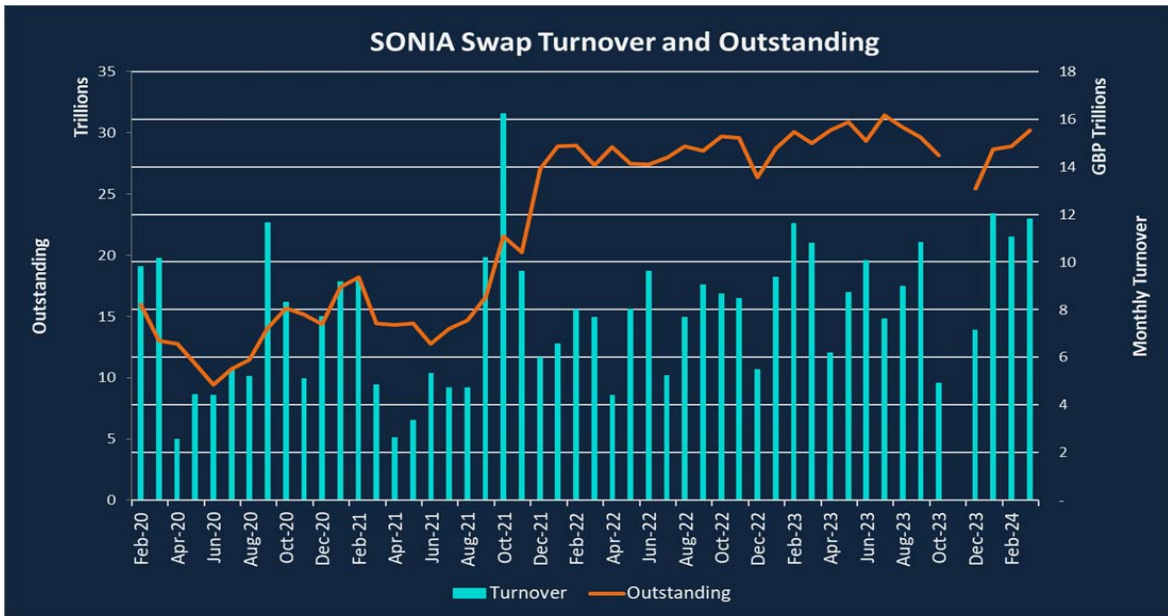
SONIA Stakeholder Advisory Group

April 2024

PUBLISHED SONIA STATISTICS



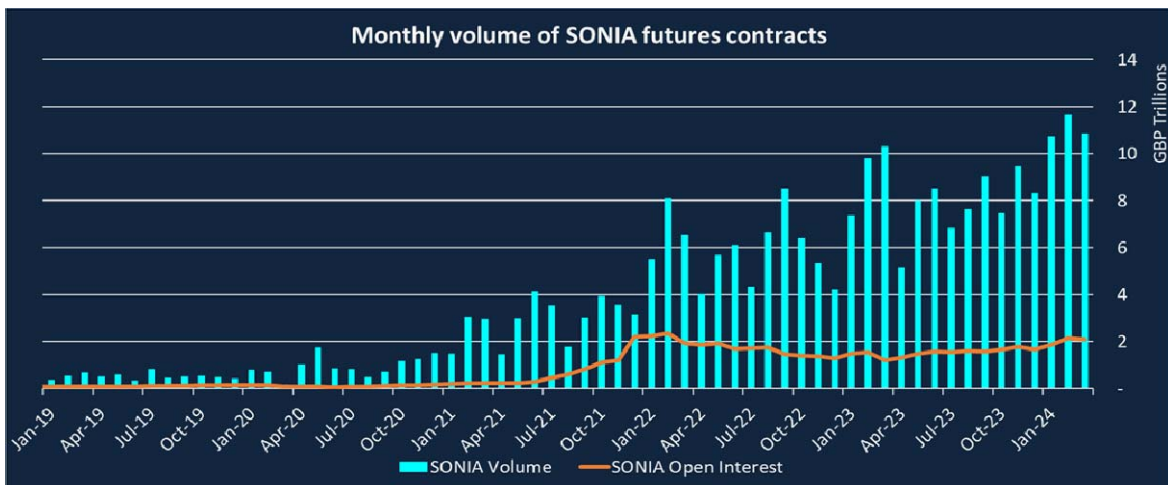
USAGE OF SONIA



Source: LCH and Bank of England calculations

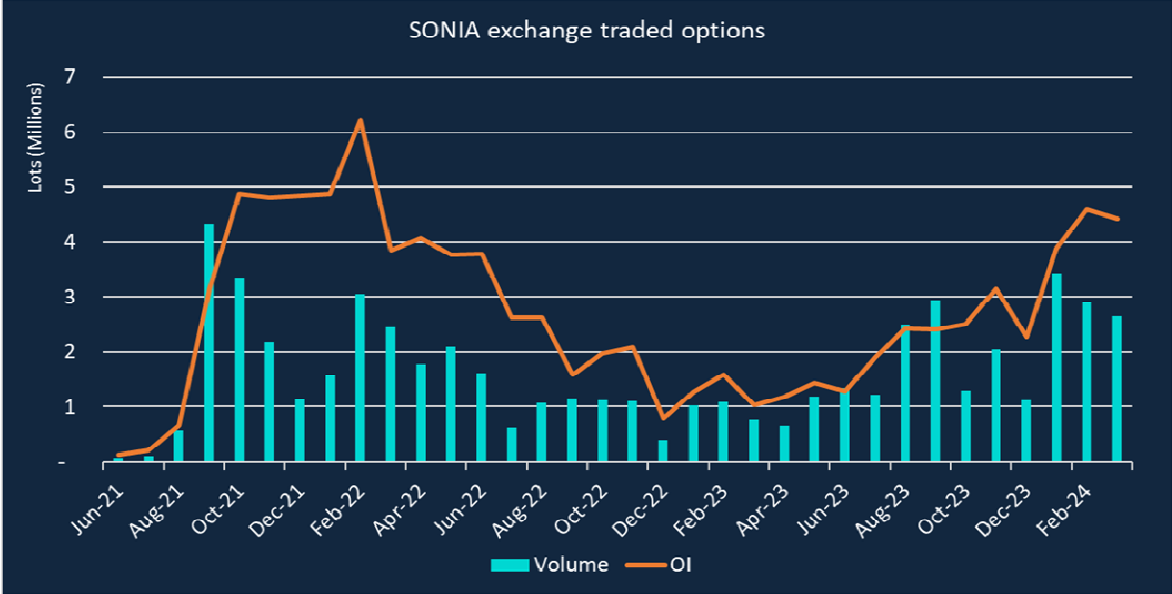
In March, the outstanding stock of SONIA cleared linear swaps increased to £30tn, a fall of £0.3tn from October data. In April, turnover was at £11.8tn, an increase of £6.9tn from October.

N.B. Due to a data issue, November data for SONIA swaps is currently unavailable. We will endeavour to update this chart ahead of SSAG on 26th April.



Source: CME Group, ICE, LSE Group and Bank of England calculations

The volume of SONIA futures contracts traded in March was £10.8tn. This is an increase of 1.3tn since November Volumes. Since November, open interest has risen by £0.3tn to £2.1tn in March.



Source: ICE and Bank of England calculations

The number of SONIA exchange traded options traded in March was 2.7mn lots, an increase of 0.7mn lots versus November 2023. Open interest rose by 1.3mn lots to 4.4mn lots outstanding, 0.3mn lots above the 6 month rolling average.