



Form SMMH - Summary of Responses

August 2021

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

Questions are phrased to ask respondents for comparisons of May 2021 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 (November 20) and the longer term reference point of Nov-17 (the switch to a six monthly survey was implemented in November 2018).

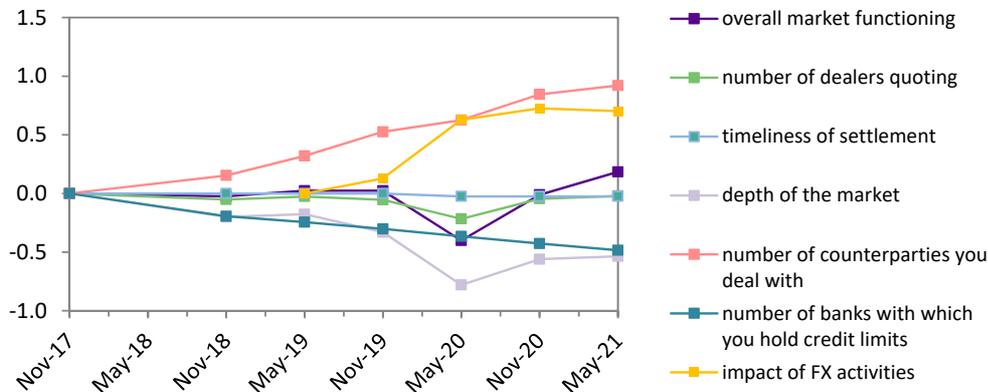
For most questions, each response is given a value from +2 to -2. These are then aggregated and divided by the number of responses to capture an average market view of whether conditions are better or worse for each question.

Three key observations from the gathered data are:

- Overall unsecured market functioning was seen to have improved, with one comment stating that the depth of the market had increased but was concentrated at shorter terms. Secured market functioning indicators remained broadly unchanged relative to six months prior.
- Activity in secured market instruments outside the scope of SMMD remained broadly flat. The weighted average maturity of CD decreased, whereas for CP increased, with one comment noting that the steepening in the curve had led to greater appetite for longer term CP.
- The majority of respondents said they had been largely unaffected by the UK’s withdrawal from the EU. A small number of unsecured respondents noted they were unable to take deposits from EU MMFs, although none highlighted this as a significant issue and some specified they were continuing to take these via a European branch. Some secured respondents commented there were marginally higher haircuts from the same counterparties but again none noted this as an issue.

Market Functioning

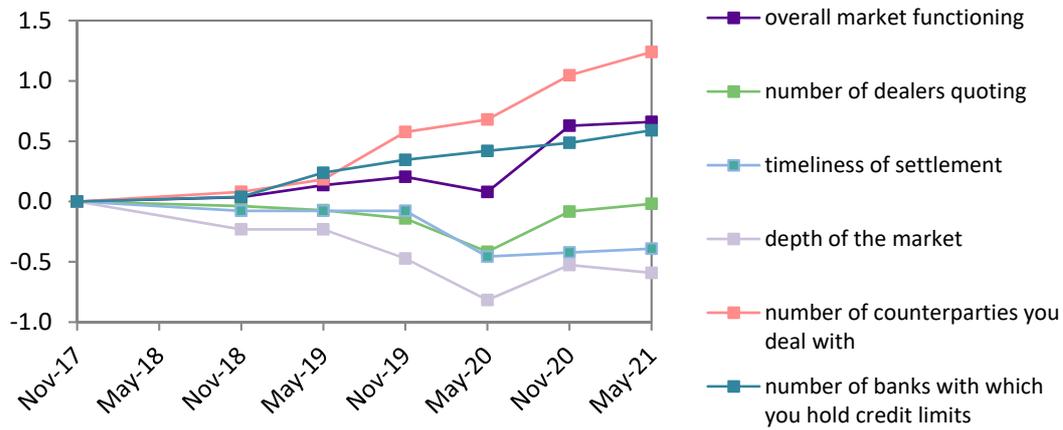
Chart 1: Including unsecured deposits in Form SMMD, how have the measures of market functioning changed in the unsecured money market (+2 significantly improved/increased; -2 significantly worsened/decreased)



*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.

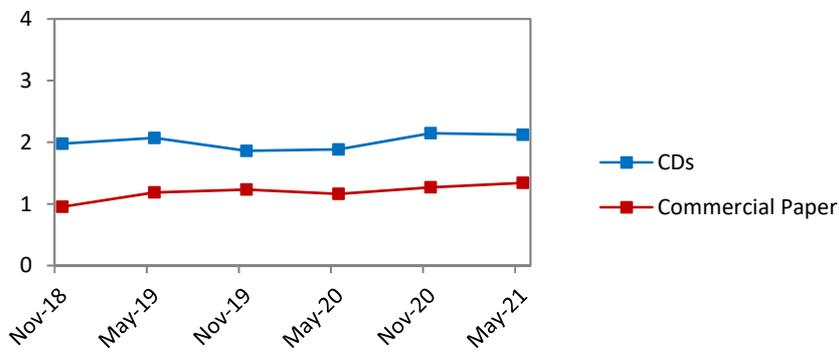


Chart 2: Including gilt repo in Form SMMD, how have the measures of market functioning changed in the secured money market
(+2 significantly improved/increased; -2 significantly worsened/decreased)



Unsecured Money Market

Chart 3: What is the relative importance of these instruments as part of your overall unsecured money market activity
(4 is significant; 0 is no activity)





Unsecured Money Market

Chart 4: Percentage of unsecured reporters active in each instrument outside the scope of Form SMMD

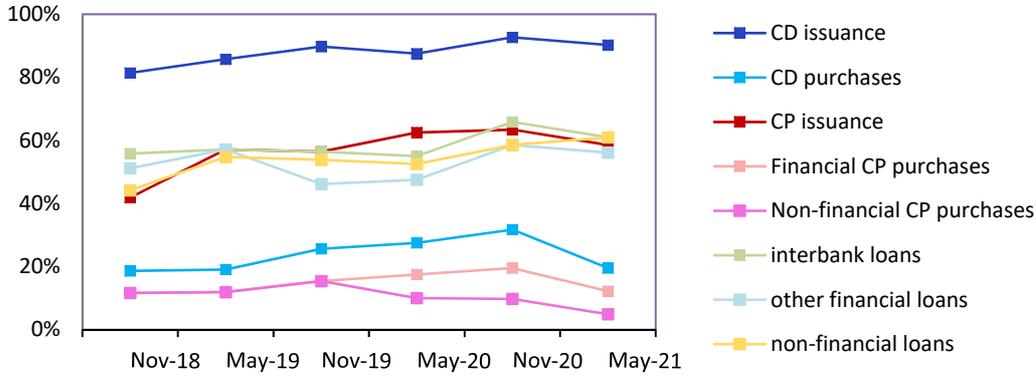


Chart 5: Considering activity in the following instruments in the unsecured money market, how has the average value of trades changed (+2 is significantly higher; -2 is significantly lower)

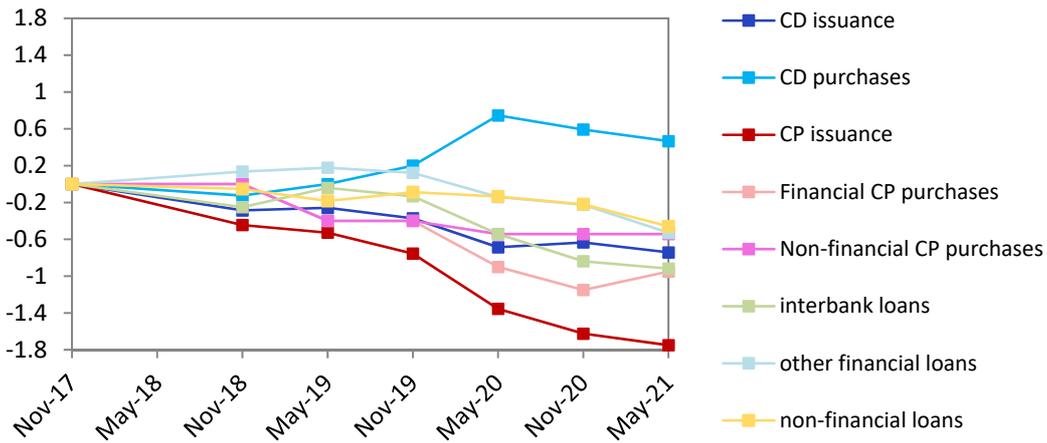
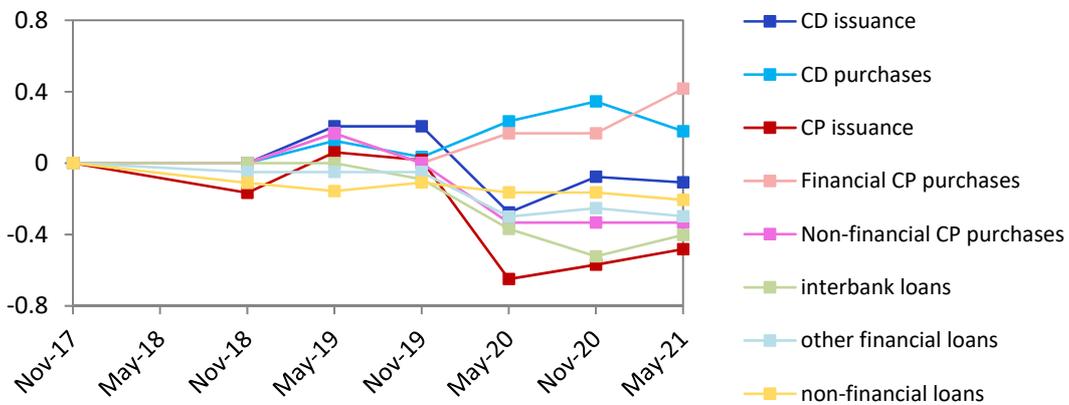


Chart 6: Considering activity in the following instruments in the unsecured money market, how has the weighted average maturity of trades changed (+2 is much longer; -2 is much shorter)





Secured Money Market

Chart 7: Percentage of secured reporters active in each instrument outside the scope of Form SMMD

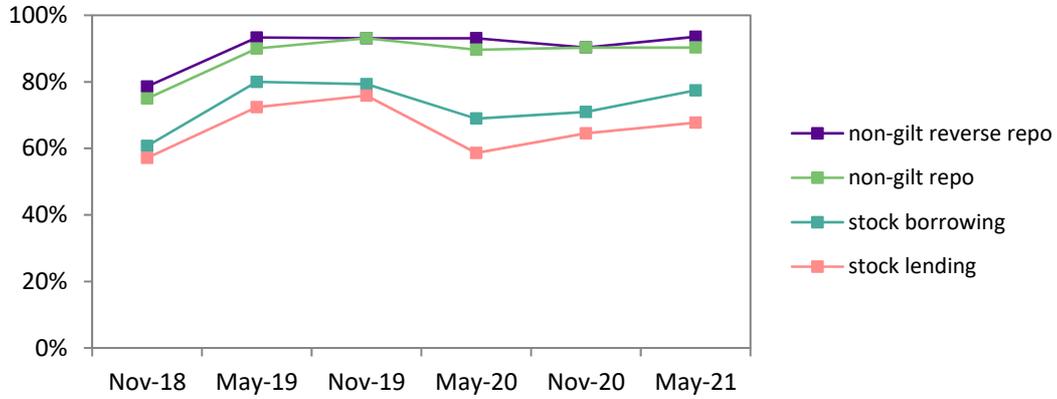


Chart 8: Considering activity in the following instruments in the secured money market, how has the average value of trades changed (+2 is significantly higher; -2 is significantly lower)

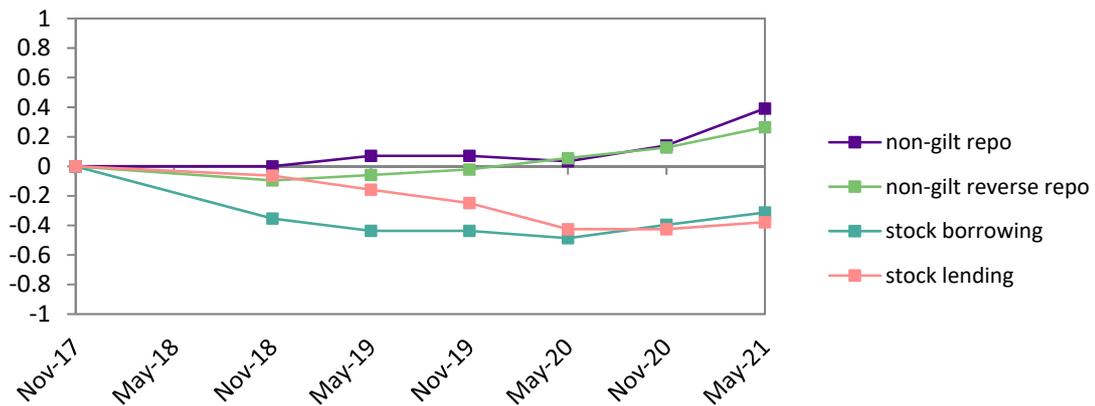


Chart 9: Considering activity in the following instruments in the secured money market, how has the weighted average maturity of trades changed (+2 is much longer; -2 is much shorter)

