



Form SMMH - Summary of Responses

June 2022

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

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.

Key observations from the gathered data include:

- Unsecured Market: market functioning was judged by respondents to have remained relatively stable and similar to November 2021, albeit with some deterioration in the depth of the market (Chart 1). Activity in unsecured money market instruments outside of the scope of SMMD was perceived to have increased (Chart 4). The average value of trades and the WAM was considered to have decreased with the exception of non-financial CP purchases (Charts 5 and 6). This corresponds with a reported preference to remain in short tenors due to interest rate uncertainty.
- Respondents considered the importance of CP had risen compared to November 2021 (Chart 3). This corresponds with a decrease in capital issuance in the first half of 2022 ¹.
- Secured Market: activity in secured market instruments outside the scope of SMMD was judged by respondents to have decreased slightly (Chart 7). With the exception of non-gilt repo, the average value of trades and the weighted average maturity (WAM) were both perceived to have increased slightly (Charts 8 and 9). Overall functioning in the secured market was considered to have deteriorated when compared to November 2021 (Chart 2). In qualitative comments, respondents cited decreased liquidity in specials and collateral as well as an increase in settlement issues, as contributing factors.

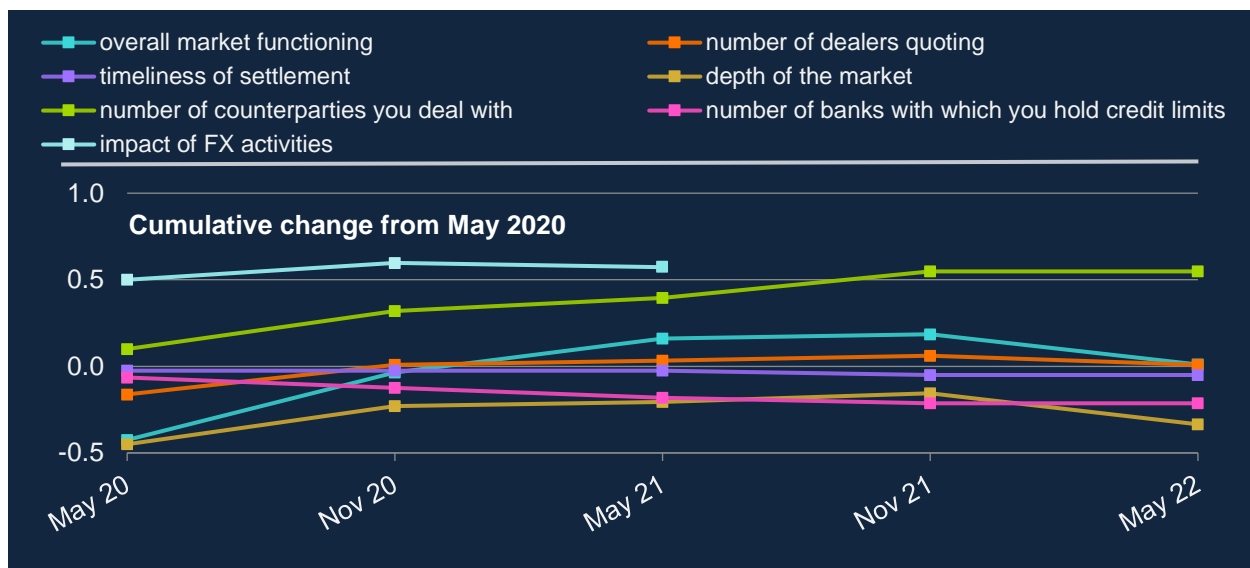
¹ [[Capital Issuance - June 2022 | Bank of England](#)]

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)

* impact of FX activities question was not asked in Nov 21 SMMH survey



*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)

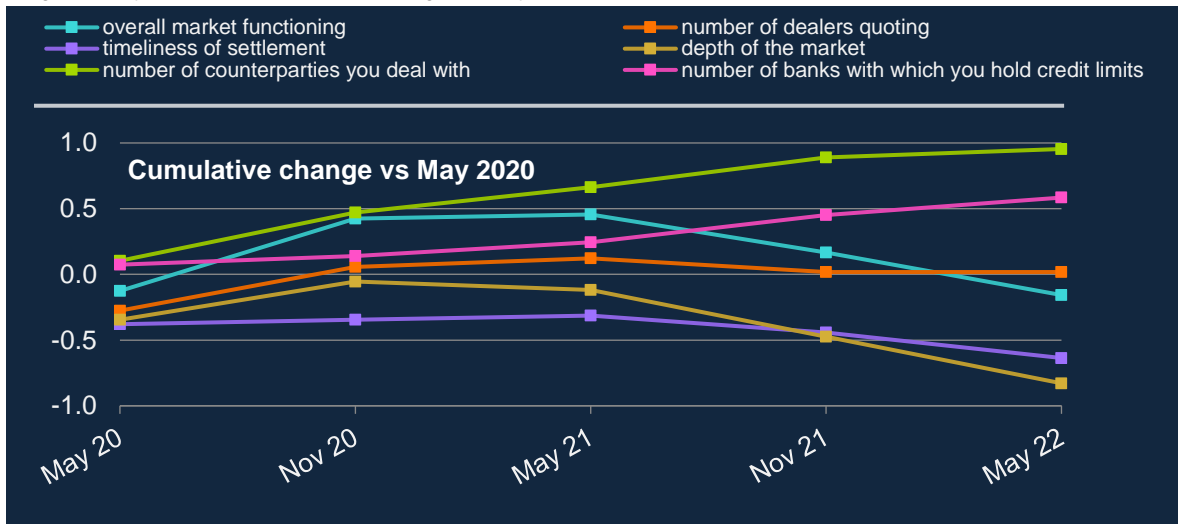
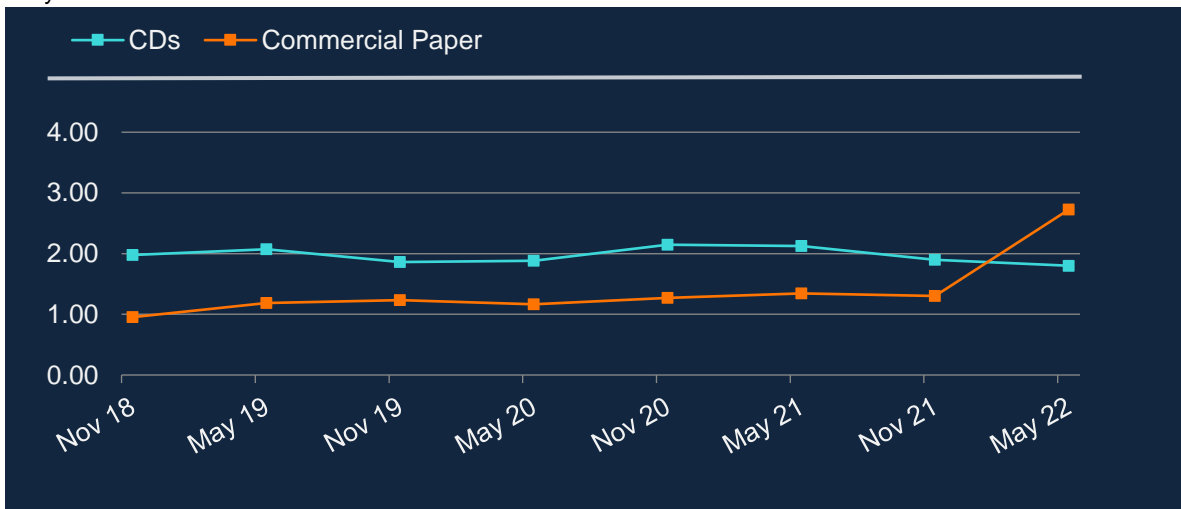


Chart 3: What is the relative importance of these instruments as part of your overall unsecured money market activity?





Unsecured Money Market

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

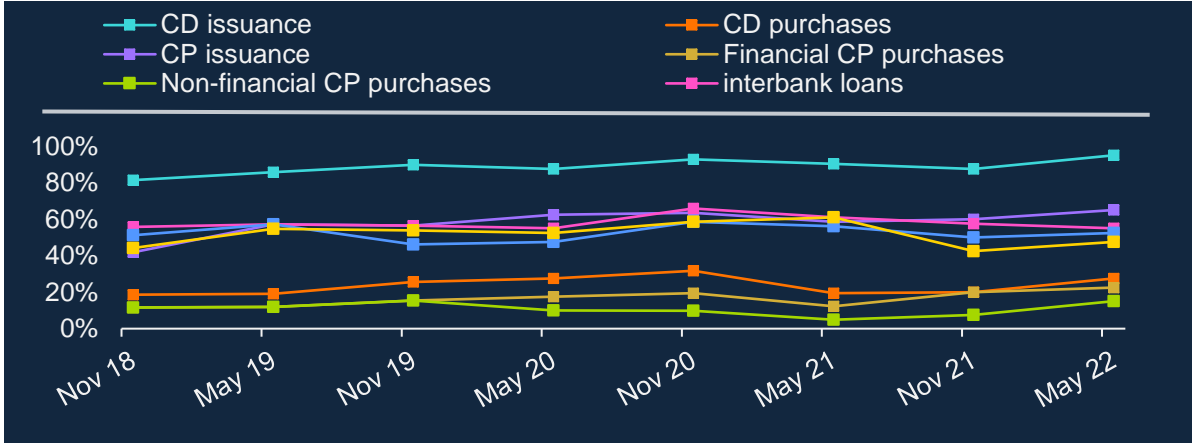


Chart 5: Considering activity in the following instruments in the unsecured money market, how has the average value of trades changed ?

(+2 is significantly higher; -2 is significantly lower)

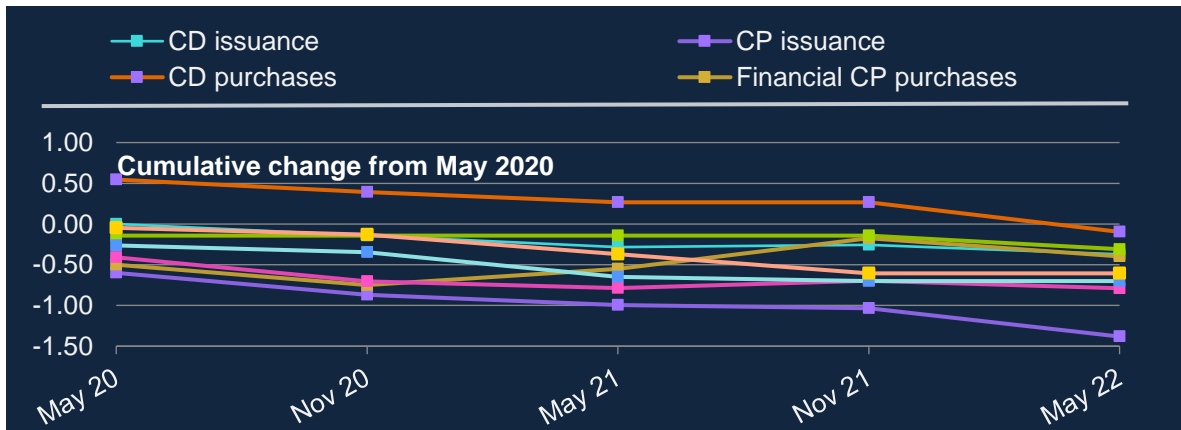
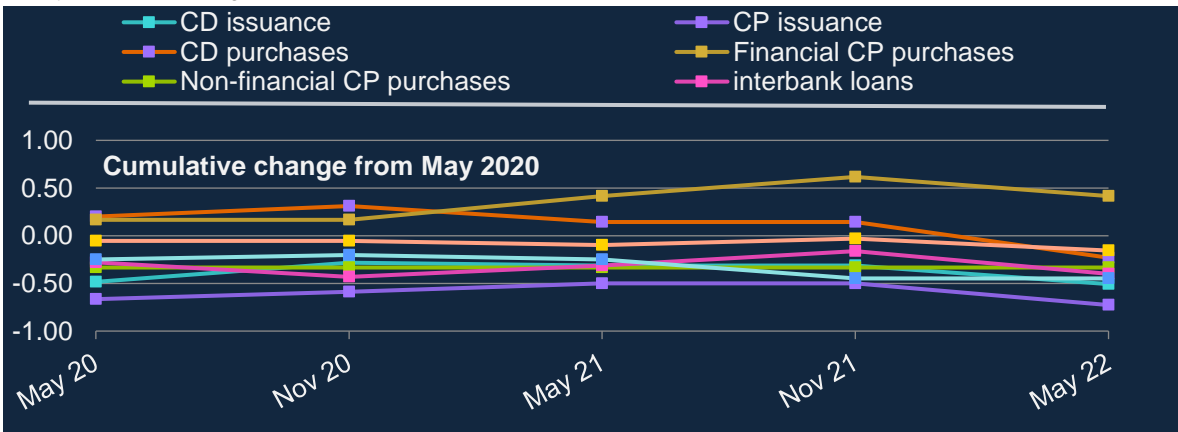


Chart 6: Considering activity in the following instruments in the unsecured money market, how has the weighted average maturity of trades changed?





Secured Money Market

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

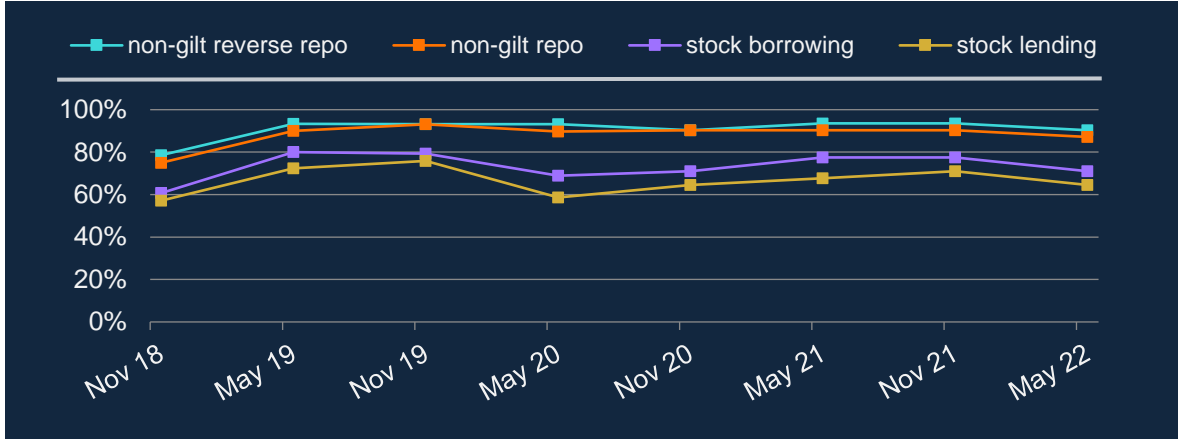


Chart 8: Considering activity in the following instruments in the secured money market, how has the average value of trades changed? (+2 is significantly higher; -2 is significantly lower)

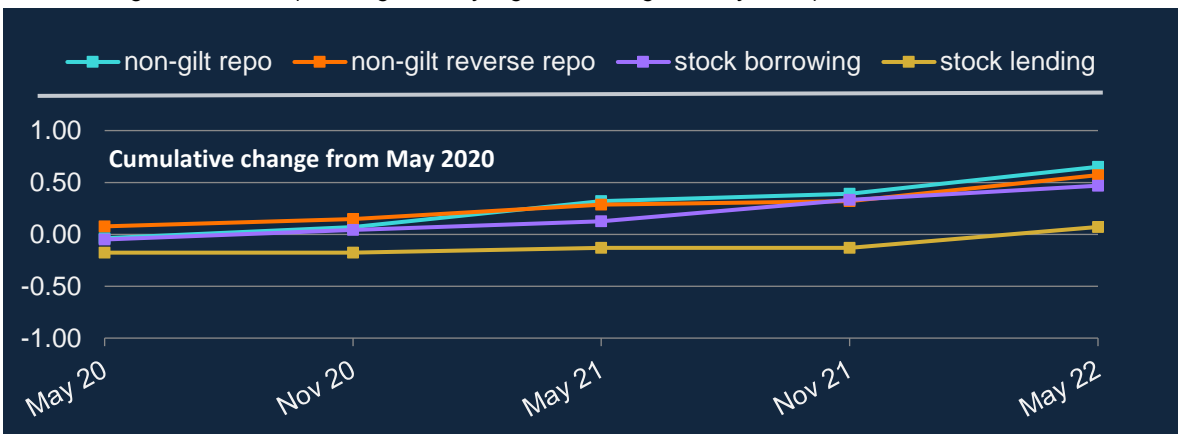


Chart 9: Considering activity in the following instruments in the secured money market, how has the weighted average maturity of trades changed? (+2 is much longer; -2 is much shorter)

