

# Repo market update

## December 2023

### Global repo volumes remain steady during December as average tenure increases.

Over the past month, data from S&P Global Market Intelligence Repo Data Analytics showed that global repo volumes increased whilst reverse repo volumes declined. Average haircuts remained unchanged and heading into year end, average terms across both repo and reverse repo increased.

**Repo activity:** Volume +0.89%, Weighted Average Haircuts unchanged, Average Term increase of 6.05 days (95.54 days current average).

**Reverse repo activity:** Volume -0.44%, Weighted Average Haircuts unchanged, Average Term increase of 7.32 days (135.81 days current average).

## EMEA

Across the EMEA region, government bond repo volumes declined by 1.2% and reverse repo volumes declined by 2.2% during the month. The largest increases in volumes were seen across Irish (47%), Spanish (29%), and Swedish (26%) reverse repo activity. In the repo market, the largest increases in volumes were seen across Irish (24%), and Spanish (14%) government bonds, whilst the largest declines were seen across Italian (repo -8%) and Belgium (repo -19%) government bonds. French government bond volumes remained unchanged when compared with November (repo and reverse repo) whilst UK Gilts experienced an increase of 4% in reverse repo volumes and a decline of 7% in repo volumes. Austrian repo (-15%) and reverse repo (-23%) activity declined over the month.

Ten-year Spanish bonds became increasingly expensive over the month with the 3.15% 04/30/33 issue trading 68% more special in the repo market. Italian and French 2024 maturities started to become more expensive as they approached their respective

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maturity dates. A significant cheapening of the 1.45% 10/31/27 and 5.9% 07/30/26 issues in Spain also took place as the issues traded cheaper by 99% and 74% respectively in reverse repo markets.

In the corporate bond market, repo volumes increased by 3% and reverse repo volumes grew by 7% during the month. German investment grade USD denominated reverse repo, Spanish investment grade EUR denominated repo and French EUR denominated high yield repo all became more expensive by over 30% during month. The largest decline in average rates was seen across Italian EUR denominated investment grade repo activity where rates declined by an average of 26%.

## US

Increases were seen across both US treasury and Canadian government bond repo and reverse repo volumes during the month. Whilst Canadian repo and reverse repo markets cheapened, US treasury activity became slightly more expensive.

The US treasury 4.75% 11/15/43 became very special during the month. Average rates increased by 126% in the repo market and 124% in the reverse repo market. A significant increase in volumes in this bond was also seen. As witnessed across EMEA, 2024 maturities started to trade more special during the month with reverse repo volumes starting to spike.

In the corporate bond markets, an increase in volumes was seen across USD denominated US high yield reverse repo (18%) and USD denominated US investment grade reverse repo (5%) during December. Average rates remained unchanged for both. An increase in volumes of Canadian USD denominated high yield reverse repo (23%) was also seen.

## APAC

APAC Government bond repo volumes increased by 8% during the month and reverse repo volumes decreased by 16%. Japanese government bonds traded increasingly special over the year end period with repo rates increasing by 55% and reverse repo rates increasing by 77%. Volumes in Japanese government bonds declined by 19% over the period in repo markets whilst increasing by 22% in the reverse repo markets. The JGB 10yr 0.8% 09/20/33 traded very special over the month with increased volumes being seen in both markets.

Australian government bond average repo and reverse repo rates remained unchanged when compared with November. Reverse repo volumes increased by 22% whilst reverse repo volumes decreased by 25%. Sub 10-year Australian government bonds cheapened throughout the month in both markets.

In the corporate bond markets the largest decreases in volumes were seen across Chinese high yield USD denominated reverse repo (-29%) and USD denominated Singapore high yield reverse repo (-27%). The largest increases in volumes were seen across Korean investment grade and high yield USD denominated bonds.

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