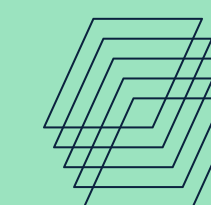


Issue N°12

Newsletter

July 2025



The European
Money Markets
Institute

EMMI in 2025: Progress, Partnership, and Purpose



As we reach the mid-point of 2025, I am proud to reflect on the meaningful progress and dynamic engagement EMMI continues to foster across our core mission areas — transparency, integration, resilience, and innovation in Europe's money markets.

Thought leadership in action

This June, we had the privilege of presenting at the SUERF – Bank of Finland Conference in Helsinki. I was honored to share insights on Euribor's continued evolution as a resilient, transaction-based benchmark and its critical role in supporting monetary policy transmission in a changing liquidity environment. It was a powerful reminder of how robust benchmarks contribute to financial stability and policy effectiveness.

Our presence at the ACI World Congress, in which I spoke as part of the panel on Short-Term Paper Market Integration, also reaffirmed EMMI's position at the heart of the dialogue on the world's economy. These forums continue to be vital platforms to exchange views on benchmark reform, market structure, and the road ahead for global financial markets.

Looking Ahead: STEP into the future

Preparations are well underway for the STEP Conference in October, where we will explore the development of short-term European paper markets, policy intersections, and the outlook for short-term finance in a transitioning economy. We look forward to welcoming market participants and policymakers to this essential dialogue.

Driving ESG integration

In September, we will host a dedicated ESG Webinar focused on the intersection of ESG considerations and reference rate markets. The conversation around sustainable finance is accelerating, and we are committed to facilitating informed discussion around the operational and strategic implications of ESG in the context of money market benchmarks.

Social Responsibility: supporting the vulnerable

Beyond our market work, I am proud of EMMI's growing partnership with Solidarité Grands Froids, an organization dedicated to supporting the homeless and vulnerable in Brussels. Our collaboration reinforces the human side of our institutional mission— embedding solidarity and care into how we define impact.

Speaking of community involvement, EMMI had the privilege of accompanying a group from the Louvain School of Management of UCL (Université Catholique de Louvain) on a consulting skills project, in which they channeled their efforts into expanding the reach of our ESG CP Transparency Monitor. The group came first among 55 groups that presented their projects before a jury at UCL, in partnership with other organisations.

A special ceremony was held by the Louvain School of Management on March 27th, where the team received a well-deserved prize, and EMMI was honored to be present at the event.

Echoes from the Money Markets

Finally, our Echoes from the Money Markets section continues to provide critical updates on trends, volumes, and developments in the euro money markets.

As always, I want to thank each of you — our stakeholders, colleagues, and partners — for your continued trust, collaboration, and shared commitment to robust and transparent markets.

Wishing you all great summer.

Jean-Louis Schirmann
CEO – The European Money Markets Institute (EMMI)



Reinforcing transparency and integration in Europe's Money Markets: the October 8 STEP Conference

Transparency and standardisation remain essential to fostering the integration of the European markets for short-term paper. At the heart of this effort is the Short-Term European Paper (STEP) label.

Jointly run by the ACI-The Financial Markets Association (ACI FMA) and The European Money Markets Institute, the STEP label established common practices and standards for the documentation of commercial paper programmes and provides market transparency via the publication of statistics by the European Central Bank (ECB). It offers a free, unbiased access to market information, improving comparability while also helping issuers broaden their access to market-based funding.

As we continue to drive progress in this space, EMMI is pleased to announce the upcoming STEP Conference, to be held on October 8, in Brussels.

About the STEP Label

The STEP label is a voluntary Label that signifies compliance with a set of standards concerning disclosure, transparency, and market practices.

By establishing a common framework across the diverse European market, STEP fosters greater liquidity and contributes to the development of an integrated, pan-European short-term paper market—key to the resilience and competitiveness of Europe's broader financial system.

The STEP Conference: October 8, Brussels

The 2025 STEP Conference will serve as a key platform for dialogue among market participants, policymakers, and regulators. Join us for a full day of insight and exchange focused on:

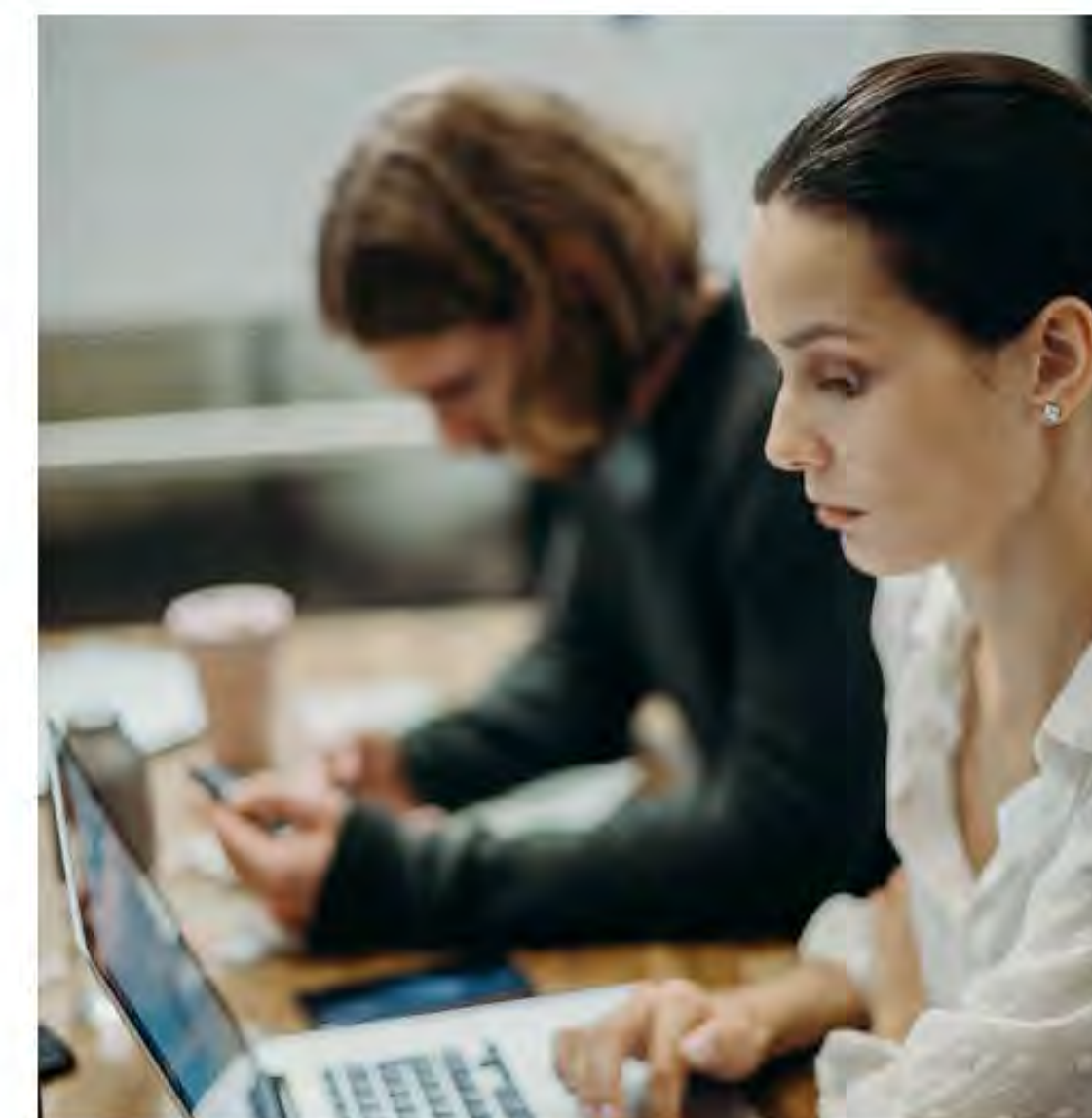
- Current trends and developments in the European short-term paper market
- The role of STEP in enhancing transparency and standardisation in the commercial paper market
- Issuer and investor perspectives on the value of STEP certification
- Regulatory outlook and potential evolutions of the STEP framework

Why Attend?

Whether you're an issuer, investor, regulator, or financial infrastructure provider, the STEP Conference offers a unique opportunity to:

- Deepen your understanding of the STEP framework and its market impact
- Network with key stakeholders from across Europe's financial ecosystem
- Gain early insights into future enhancements to the STEP label and governance

Save the date: October 8, 2024. More details on the venue, agenda, and registration will follow shortly.





ESG CP Transparency Monitor: EMMI's commitment to transparency in the commercial paper market

The European Money Markets Institute (EMMI), is proud to announce its upcoming ESG Webinar, scheduled for September 16, 2025, at 3pm CET.

This event marks another important milestone in EMMI's efforts to foster dialogue, share knowledge, and align benchmark development with evolving Environmental, Social, and Governance (ESG) priorities.

The September webinar will bring together experts from across the financial services industry, to explore the growing importance of ESG factors in the commercial paper space.

Key topics will include the current ESG landscape, transparency initiatives on the market, and a panel discussion.

Details about speakers and the agenda will be shared in the coming weeks. We encourage all stakeholders to save the date and stay tuned via our website and social media channels.

EMMI participates in Banque de France's ESG Webinar

In June, EMMI was pleased to contribute to the Banque de France ESG Webinar, which focused on the challenges and opportunities in integrating ESG practices to its commercial paper programmes.

The event brought together investors and issuers to explore how ESG criteria is being integrated into short-term funding instruments - a fast-growing segment of responsible finance.

EMMI's participation underscored its dedication to active engagement in the ESG space and provided an opportunity to share insights into our own ESG CP Transparency Monitor.

During the webinar, EMMI highlighted its work on enhancing transparency and adapting its methodologies, in line with the evolving ESG landscape.

Stay tuned for registration details for EMM's ESG Webinar this September.





Commitment to community: our continuous partnership with Solidarité Grands Froids

At EMMI, our mission to build a fairer and more inclusive society is at the heart of everything we do. This year, we are proud to once again partner with Solidarité Grands Froids, a Brussels-based charity dedicated to distributing clothes to those in a vulnerable situation.

EMMI's continued collaboration in 2025 will focus on both financial support and active employee engagement. Together, we aim to make a meaningful difference in the lives of those who need it most.

What to Expect This Year

Donation drives: we will organise internal campaigns to collect essential goods—warm clothing, hygiene products, and other necessities—to directly support individuals and families in need.

Support for Children: Our contribution will help provide back-to-school kits and Christmas gifts to children across the region, ensuring they start the school year with confidence and experience the joy of the holiday season.

Sustaining the mission: by contributing to Solidarité Grands Froids' ongoing operational needs, we help ensure the charity can continue its vital work year-round.

Volunteering Opportunities

EMMI employees will once again have the chance to volunteer with two cornerstone initiatives—the Back-to-School Project and Christmas for All—bringing practical support and human warmth to local communities. We are continually inspired by the commitment and compassion demonstrated by Solidarité Grands Froids, and we are honored to support their mission.

This partnership is more than an act of giving—it's a reflection of our shared values and collective responsibility.

Thank you to all our colleagues who make these efforts possible. Together, we're not just giving back—we're moving forward, as one community.





EMMI celebrates outstanding collaboration with Louvain School of Management

EMMI recently had the privilege of accompanying a talented team from the Louvain School of Management at UCL (Université Catholique de Louvain) as part of a consulting skills project. The group focused their energy and expertise on expanding the reach and impact of EMMI's ESG CP Transparency Monitor, a key initiative aimed at enhancing transparency and accountability in ESG practices within commercial paper markets.

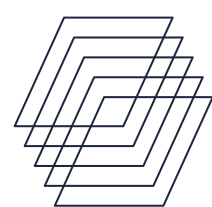
Their innovative approach, strategic insight, and strong commitment to sustainable finance distinguished them from their peers. Among 55 participating teams, this group rose to the top, securing first place in a competitive field, judged by a jury in collaboration with a range of partner organisations.

The Louvain School of Management honored this achievement with a special ceremony on March 27, during which the team received a well-deserved prize. EMMI was delighted to be present at the event and to celebrate this milestone alongside the students and faculty.

We are incredibly proud of the team's accomplishment and grateful for their contribution to our work. Their success highlights the value of collaboration between academic institutions and industry players in shaping the future of responsible finance.

Congratulations once again to the winning team, your dedication and talent are truly inspiring.



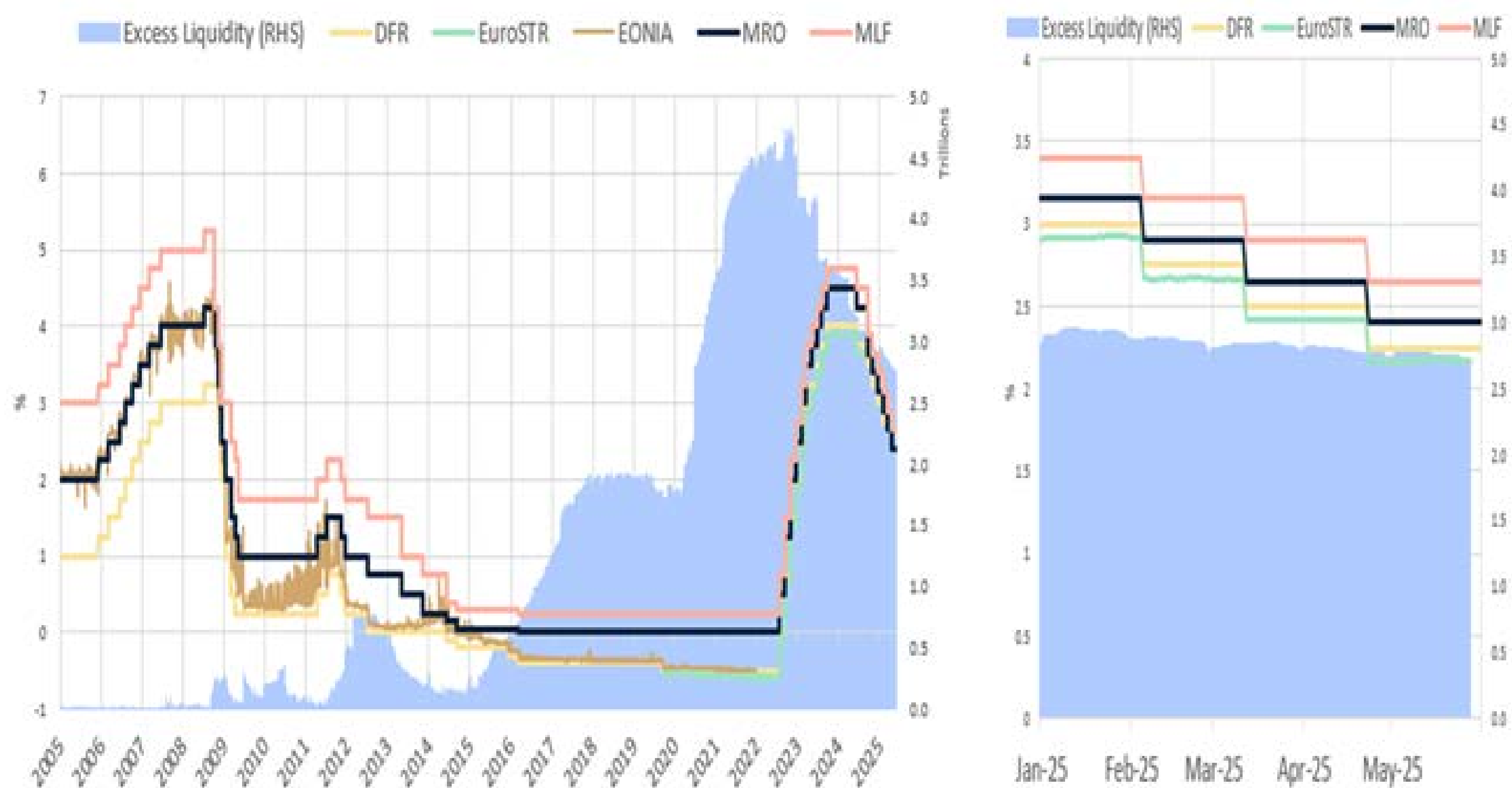


Echoes from the euro money markets

In April 2025, the European Central Bank (ECB) lowered again its key policy rates by 25 basis points, reducing the deposit facility rate to 2.25%, the main refinancing operations rate to 2.40%, and the marginal lending facility rate to 2.65%. This decision was driven by an updated assessment of the inflation outlook, underlying inflation dynamics, and monetary policy transmission strength.

The ECB's balance sheet continues its steady decline, reaching EUR 5.87 trillion as of 23 May 2025, down from a peak of EUR 8.8 trillion in June 2022. The reduction is driven by the cessation of reinvestments under the Asset Purchase Programme (APP) since July 2023 and the Pandemic Emergency Purchase Programme (PEPP) since December 2024. Excess liquidity has declined to EUR 2.76 trillion, reflecting the ongoing balance sheet normalization.

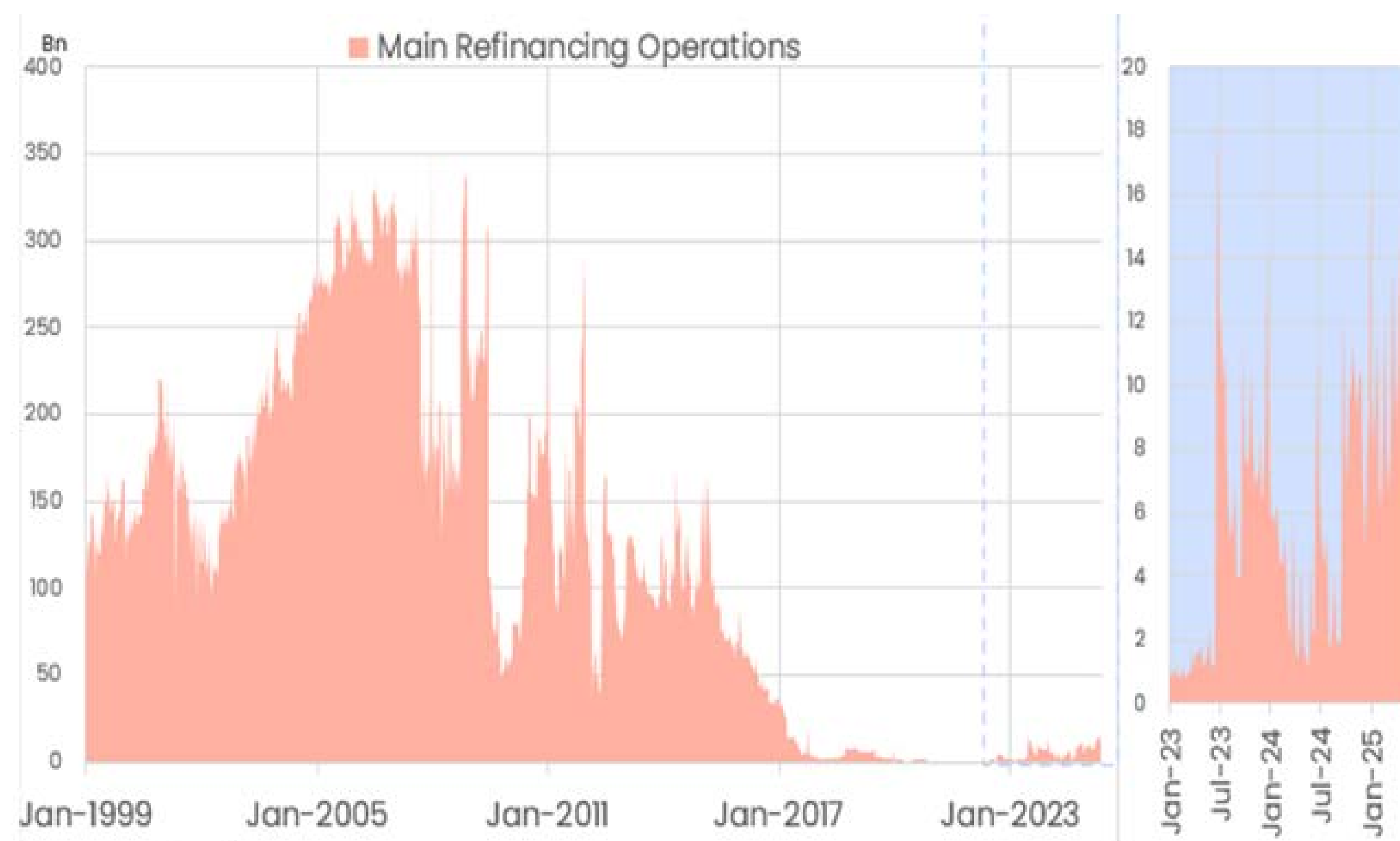
ECB rates and excess liquidity



Source: Bloomberg



Main refinancing operations



Source: ECB Statistical Data Warehouse

Since 18 September 2024, the spread between the rate on the main refinancing operations and the deposit facility rate was reduced to 15 basis points as part of the new operational framework.

This change has not impacted the MRO take-up which currently stands at levels observed before the change in the ECB operational framework (10.7bn).



Euribor aggregate volumes



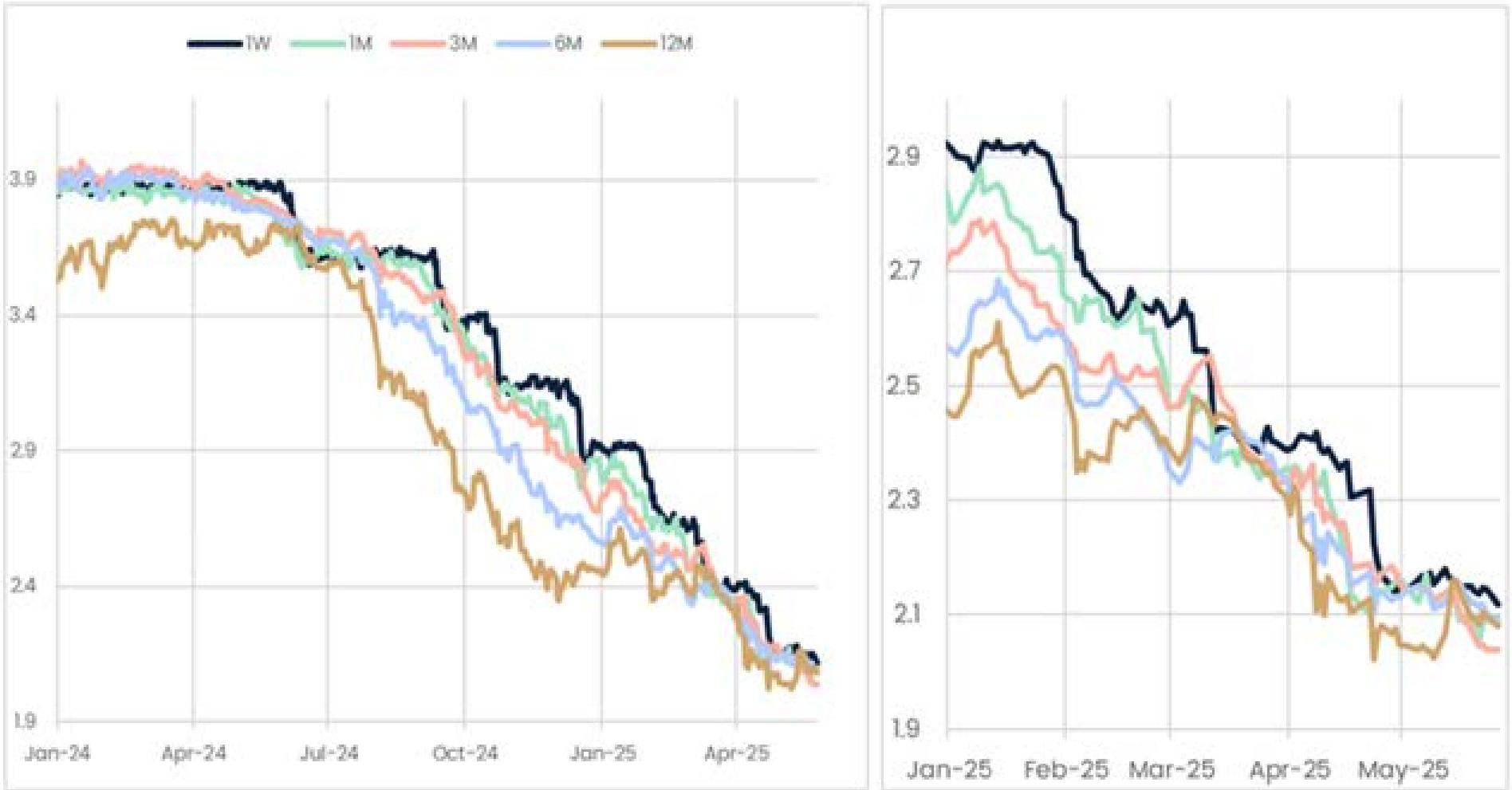
Source: EMMI's calculation

Euribor aggregated volumes reached EUR 153 billion in April 2024, Increasing by EUR 19 billion from previous month. This marks the end of a declining trend observed in the previous months. Euribor aggregate volumes are stable in a range of EUR 130-170 billion.

Following a persistent downward trend with a completely inverted Euribor curve, Euribor rates reached a common level across all tenors slightly above 2% in May 2025. As of 26 May 2025, the Euribor rates are recorded as follows:

1W - 2.12% 1M - 2.10% 3M - 2.04% 6M - 2.09% 12M - 2.08%

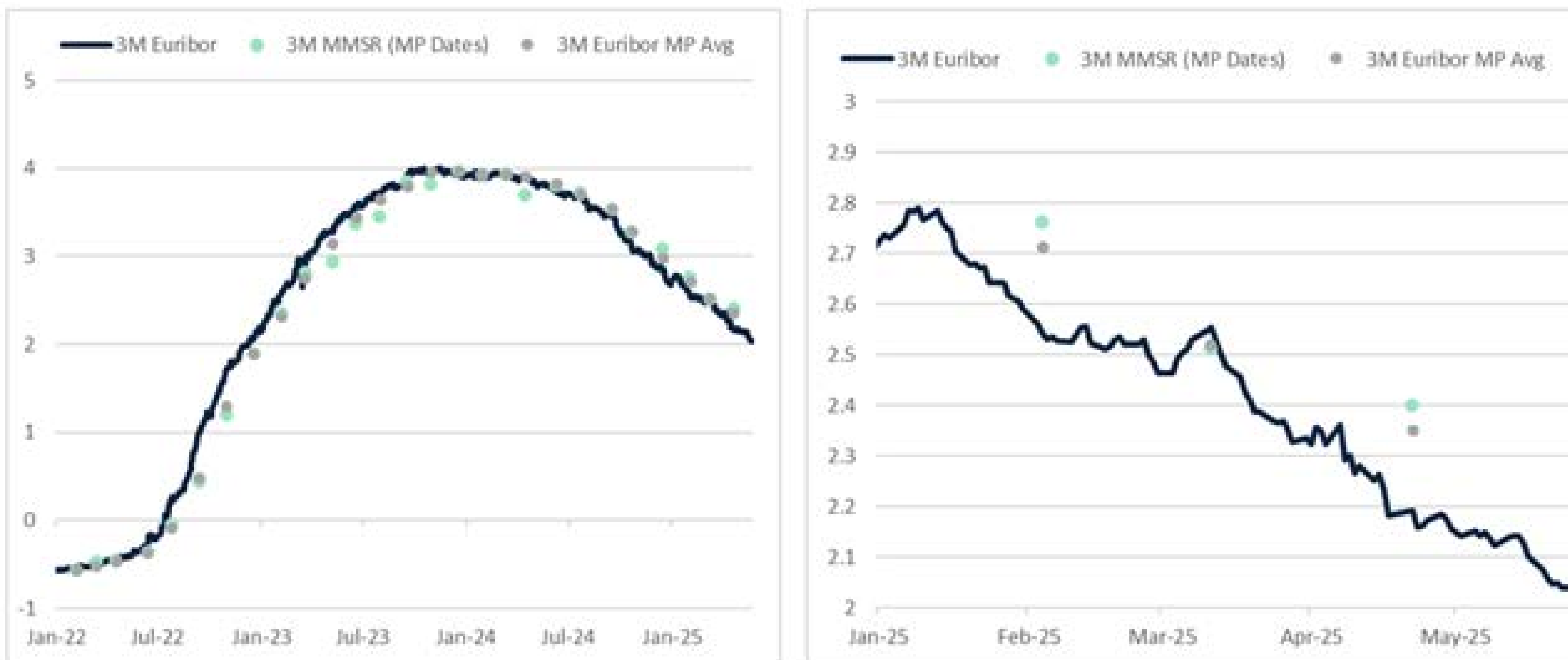
Euribor rates



Source: EMMI



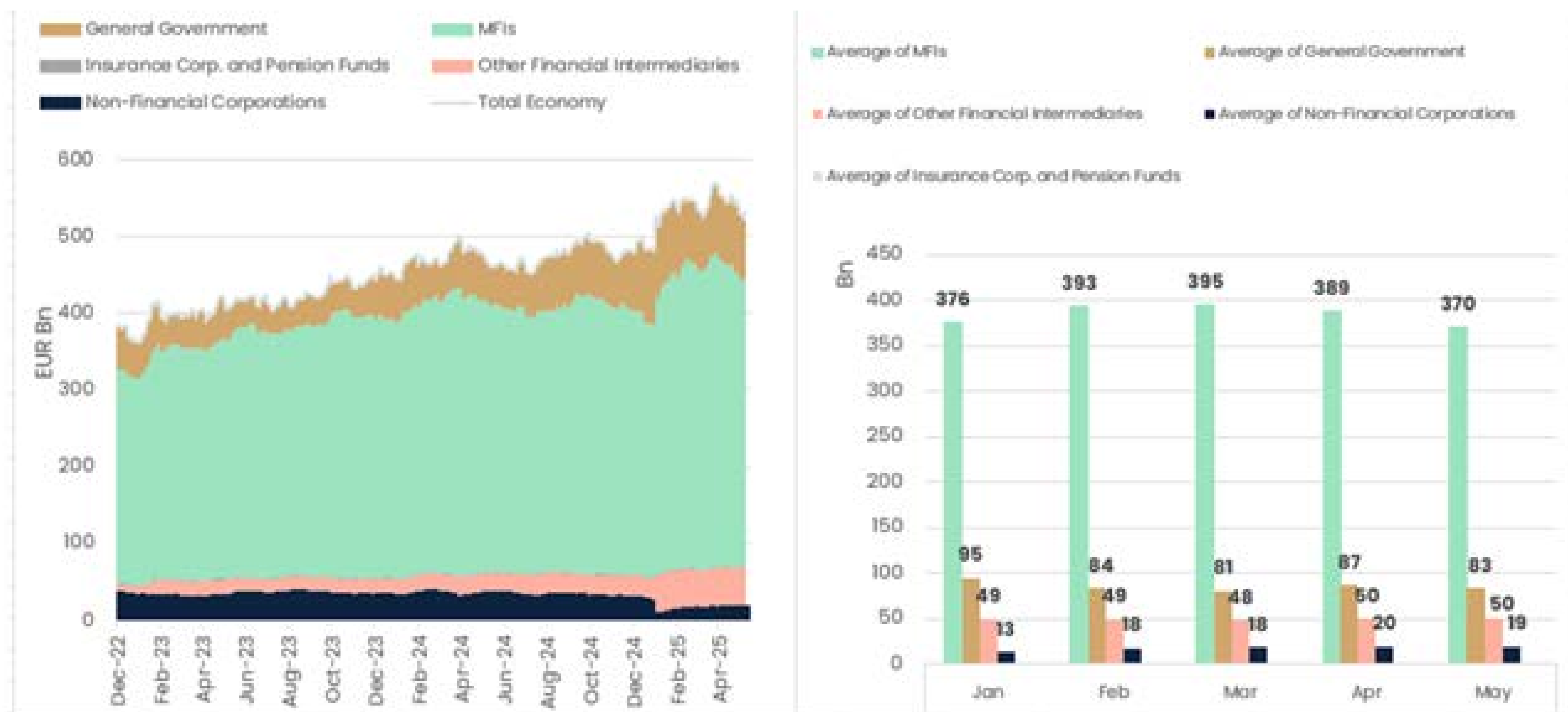
3M Euribor vs MMSR



3M Euribor (average MP) and 3M MMSR (average MP) rates have been moving in tandem throughout the entire period under review. In the 1st MP 2025 the two rates have been differing by 1bp while in the 2nd MP the difference increased to 5bp.



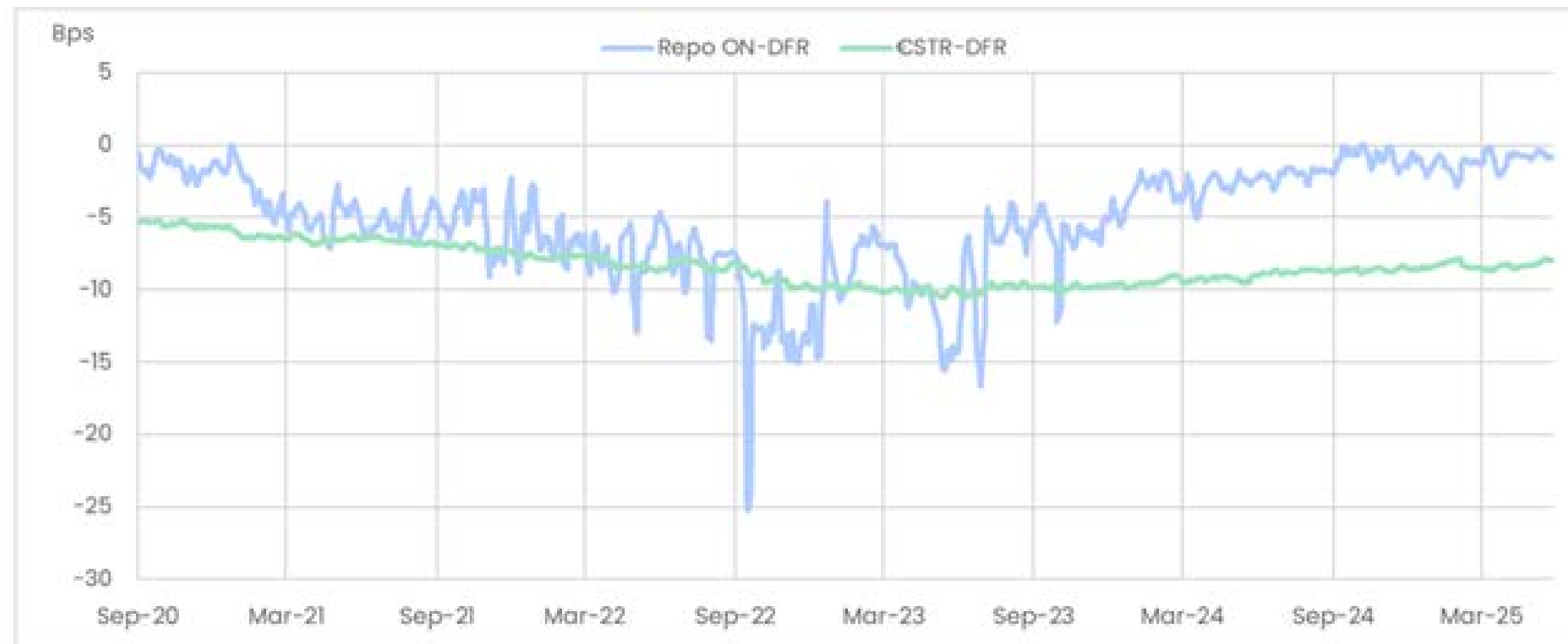
On 16 May 2025, total STEP daily outstanding amount stood at EUR 539 billion. Total STEP outstanding amounts mainly come from the MFIs sector. Since January 2025 all figures have been increasing except the outstanding amounts for both the general government sector which decreased slightly, MFIs and for the Insurance companies and pension funds.



Source: ECB SDW



€STR And Repo rate vs DFR



Source: Bloomberg and EMMI staff calculation

Note: Smoothed 5-day moving averages excluding the month-ends.

The euro short-term rate (€STR - unsecured) stands at 2.168% on 26 May 2025. The euro area repo rates, as measured by The STOXX GC Pooling EUR Funding Rate (consisting of O/N, S/N, and T/N maturities), stands at 2.244%. The difference between the euro short-term rate (€STR) and the STOXX GC Pooling EUR Funding Rate reflects the fact that the secured and unsecured markets are two distinct markets with different participants.

DE Asset Swap Spread (inverted)



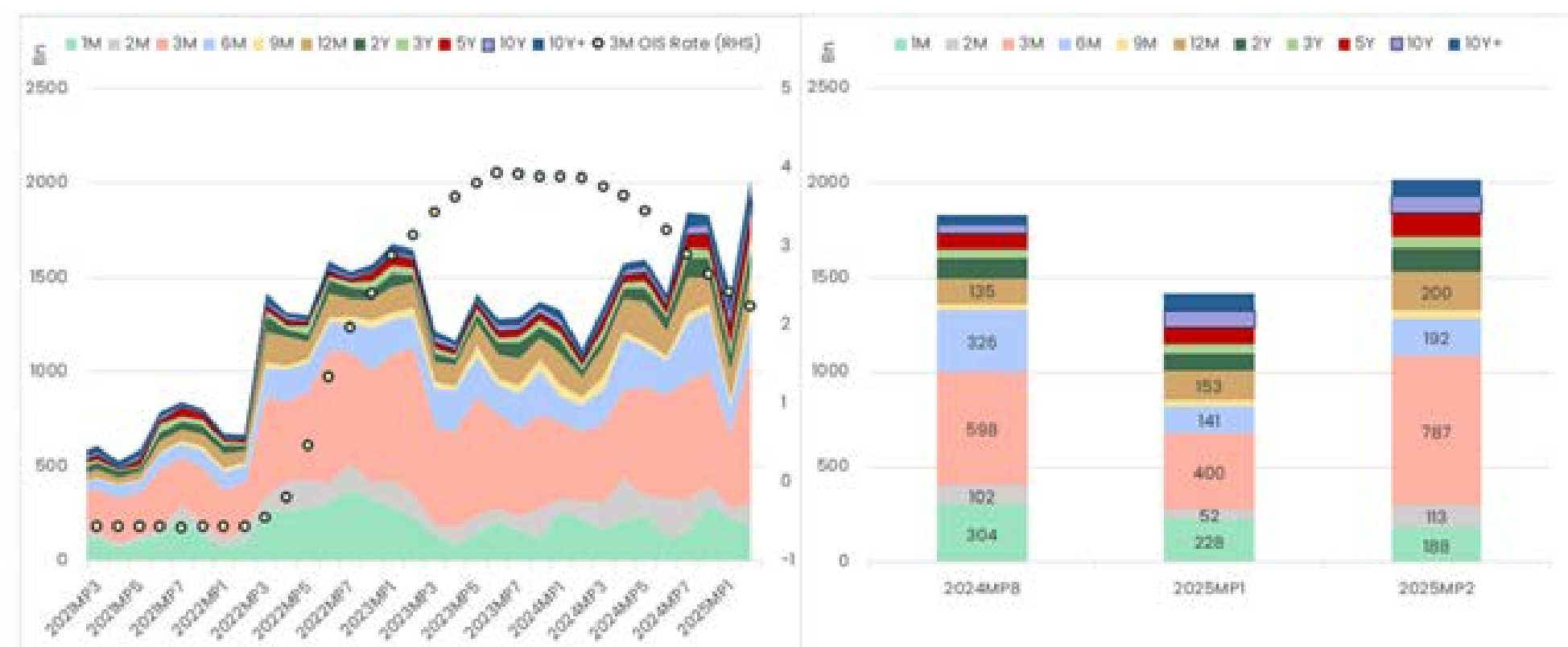
Source: Bloomberg

Note: the vertical axis is reversed

2-year ASW spreads spiked significantly in March 2025, peaking around 25 basis points, before easing slightly. In contrast, the 10-year ASW spreads lunged deeper into negative territory in late February and early March, reaching a low near -15 basis points, then recover modestly. The divergence in ASW spreads around March 2025 reflects market segmentation and differentiated responses to political risk: the short-end benefited from a safety bid, while the long-end was pressured by concerns over long-term economic impacts of the tariff announcement, such as inflation uncertainty or disrupted global trade flows. Looking at the last data point, in the 10Y tenor German Bond nominal yield are almost the same as swaps of the same maturity.

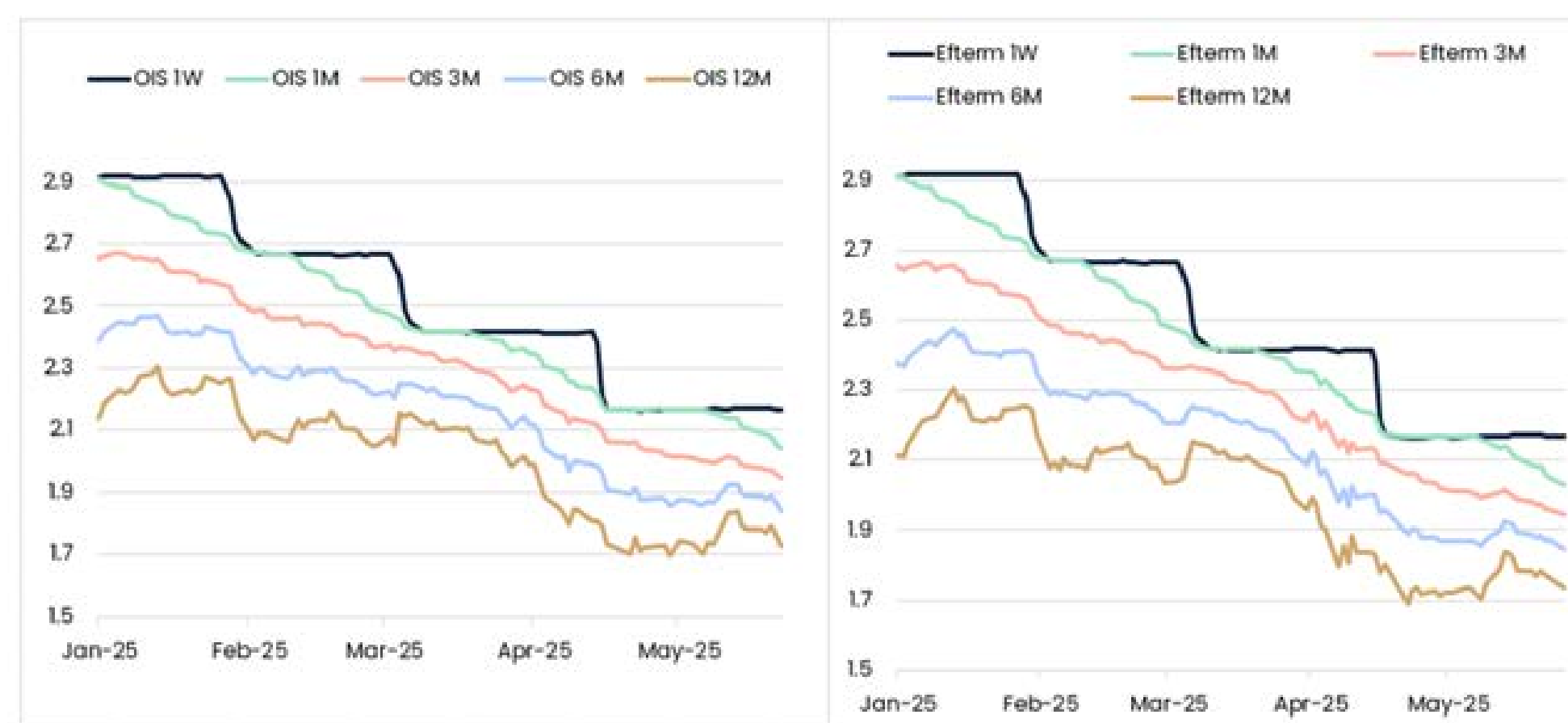


OIS Volumes - maturity breakdown



Source: SDW

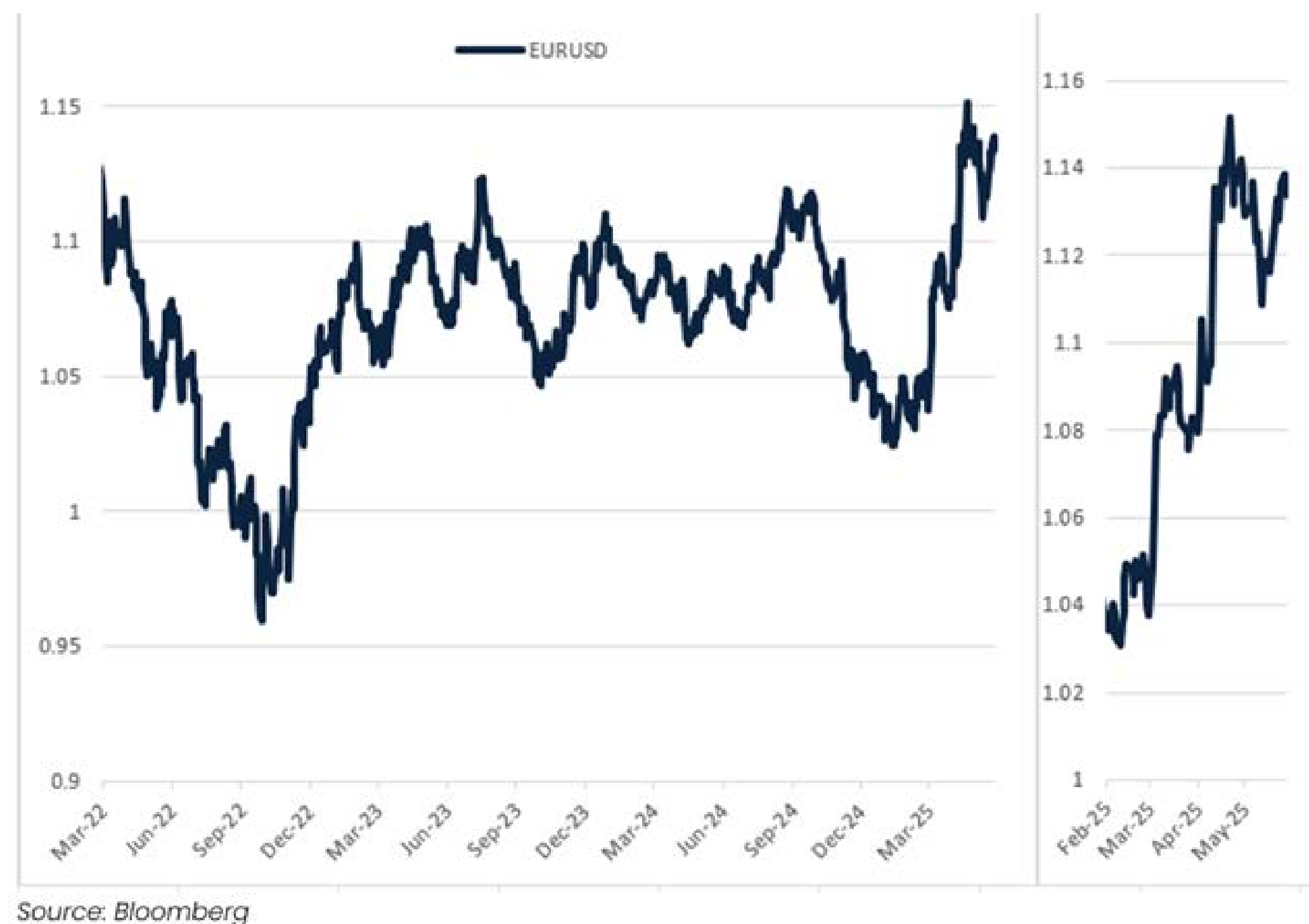
OIS volumes Increased to a new record high level of above 2000 billion in the 2nd MP of 2025. Both Spot and Forward OIS volumes Increased, with Forward volumes recording an Increase following three consecutive MP of decline.



Source: EMMI, Bloomberg



EUR USD Exchange rate time series



The euro continued to rise to its highest since 2021 versus the dollar as US tariff developments have weakened the dollar in recent weeks, as investor confidence has been shaken by tariff speculation and economic uncertainty. This has added to the euro-strengthening impact of the German debt-financed defence and infrastructure spending deal approved in March, which analysts speculate could add 2% or more to potential GDP if sustained over the long term. Standard macroeconomic models such as the Mundell-Fleming framework suggest that protectionist measures typically lead to currency appreciation, as the reduction in imports is offset by a decline in exports, leaving long-run GDP unchanged. However, this model is static and does not account for a range of dynamic factors, such as retaliatory trade measures, shifts in global value chains, changes in investor confidence, or the reallocation of capital flows—all of which can exert downward pressure on the currency despite the theoretical prediction. Since March 2025 the euro is gaining value against the US dollar.

Any questions?

For any enquiry or question related to our activities, please do not hesitate to contact us:



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