Issue Nº13

Newsletter
October 2025

The European Money Markets Institute

Reflecting on our recent achievements and looking ahead

Dear reader,

As we close another successful quarter, I want to take a moment to celebrate the remarkable progress we've made together at EMMI over the past three months. Our hard work, collaboration, and commitment to excellence continue to strengthen our position as a trusted institution in the money markets sector.

One of the key highlights of this quarter was our first ever STEP Conference, where our team showcased EMMI's knowledge and expertise in the Commercial Paper space. The conference served as a powerful platform to engage with stakeholders, demonstrate our thought leadership, and share how EMMI's tools are helping shape the future of Short-term European Paper.

Another of this quarter's highlights was our ESG Webinar, which brought together experts from across the financial services industry, marking an important milestone in EMMI's efforts to foster dialogue, share knowledge, and align product development with evolving Environmental, Social, and Governance (ESG) priorities. The event sparked meaningful dialogue around responsible investing and the integration of ESG principles into financial decision-making — a testament to our growing influence in this critical area.

In addition, I'm pleased to announce that Efterm has successfully added Bloomberg as an additional data provider. This enhancement strengthens the robustness of the Efterm® benchmark by incorporating Bloomberg SEF LLC's "Dealer-to-Client" interest rate swap prices as an additional data provider contributing to the level two of the methodology, alongside existing data from Tradeweb.

These accomplishments reflect not just our strategic focus but also the talent, passion, and drive of our entire team. I am incredibly proud of what we've achieved — and even more excited for what lies ahead, as we continue to expand our impact and pursue innovation with purpose.

Thank you for your continued dedication and for embodying the spirit of excellence that defines EMMI.

Warm regards,

Jean-Louis Schirmann

Chief Executive Officer

EMMI

2025 STEP Conference: towards a harmonised market

STEP's contribution to shape a transparent CP market through standardisation

On 8 October, the European Money Markets Institute (EMMI) hosted the first STEP Conference, bringing together key stakeholders from across the Commercial Paper market to discuss developments, opportunities and challenges in the short-term paper market.

Held in Brussels, the event gathered issuers, investors, dealers, infrastructure players, and policymakers for an engaging day of discussion and collaboration. The conference reaffirmed EMMI's commitment to fostering transparency, efficiency, and resilience in the European short-term markets.

A platform for insight and innovation

The conference opened with remarks from EMMI's CEO Jean-Louis Schirmann, who reminded EMMI's main mission: to serve the public good by facilitating the smooth functioning and the integration of the European money markets. He also highlighted that standardisation and transparency are at the heart of the STEP Label.

Sessions throughout the day featured lively debates and expert panels on themes such as:

- Resilience through the crisis
- Scaling up through transparency and standardisation
- Integration and innovation through shared responsibility
- Collaboration and future outlook

The STEP Conference also served as a valuable networking platform, fostering dialogue between issuers, investors, and infrastructure providers. Participants emphasised the importance of harmonised standards, robust data frameworks, and cross-border cooperation in building a more resilient European money market.

The conference reaffirmed STEP's central role in driving standardisation and transparency across the short-term paper landscape. The discussions and insights shared will inform further innovation efforts to make the CP market future-proof.

EMMI’s ESG webinar highlights growing momentum for sustainable finance

The European Money Markets Institute (EMMI) recently hosted its latest ESG Webinar, convening leading market participants and sustainability experts to discuss the evolving role of environmental, social, and governance (ESG) principles in short-term funding markets.

The session provided valuable insights on how ESG considerations are shaping financial decision-making, regulatory developments, and data transparency across the money markets. Speakers explored how institutions are adapting their strategies to meet the growing demand for sustainable investment options while maintaining market integrity and efficiency.

Advancing transparency through the ESG CP Transparency Monitor

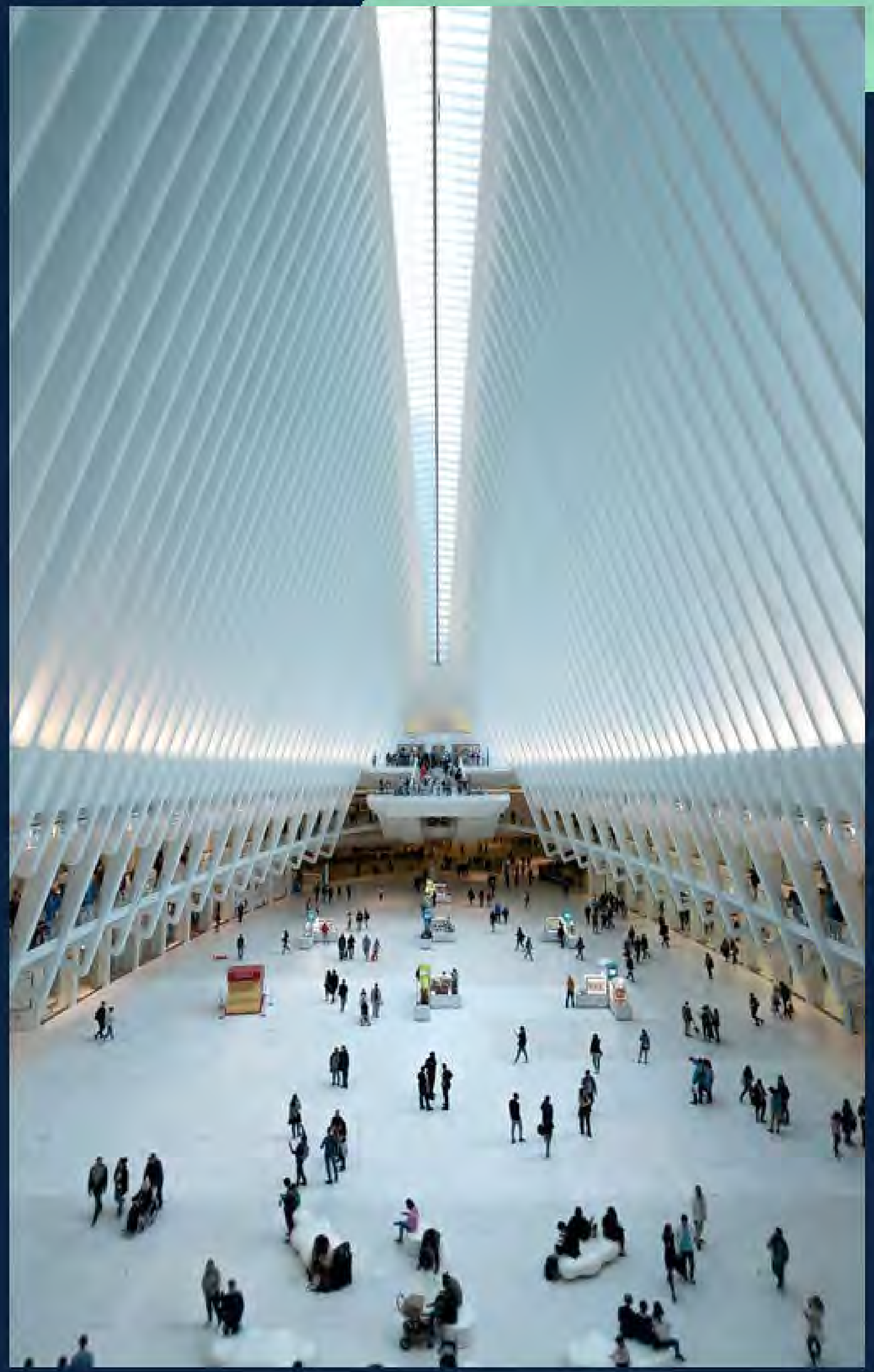
A key theme throughout the discussion was the importance of reliable, comparable ESG data to support investors and issuers in achieving their sustainability goals. EMMI’s ESG CP Transparency Monitor — launched to enhance transparency and harmonization into ESG-related disclosures for commercial paper issuers — continues to play a pivotal role in this effort.

Shaping the Future of Sustainable Finance

The webinar underscored EMMI’s commitment to fostering collaboration and advancing sustainability across the financial ecosystem. By providing trusted data, promoting best practices, and facilitating dialogue among stakeholders, EMMI continues to support the integration of ESG principles into the core of the money markets.

As the conversation around sustainable finance continues to evolve, EMMI remains at the forefront — driving initiatives that enable a more transparent, resilient, and sustainable financial system for the future.

In another positive development, Germany’s Bayerische Landesbank has joined the ESG CP Transparency Monitor, further strengthening the initiative’s reach and reinforcing the market’s commitment to greater ESG transparency. This milestone highlights the increasing engagement of European financial institutions in supporting responsible finance and sustainable market development.



EMMI onboards Bloomberg SEF as additional data provider for Efterm®

The European Money Markets Institute (EMMI) is pleased to announce that Bloomberg SEF LLC (BSEF) has been onboarded as an additional data provider for the calculation of Efterm®, effective 15 October 2025.

Efterm® is EMMI's forward-looking term rate based on €STR OIS markets, serving as a robust and transparent benchmark, and the fallback rate to Euribor®.

The inclusion of Bloomberg SEF's "Dealer-to-Client" interest rate swap prices marks an important step in further enhancing the robustness and representativeness of the Efterm® benchmark. BSEF's data will contribute to Level Two of Efterm®'s methodology, alongside existing input from Tradeweb.

Both EMMI, as the benchmark administrator, and ICE Benchmark Administration Limited (IBA), as the calculating agent, have conducted a comprehensive testing phase and a successful parallel run ahead of the inclusion of BSEF data. This ensures the highest standards of accuracy, reliability, and governance are maintained in the benchmark's production process.

About Efterm®

Efterm® is a forward-looking term rate derived from €STR derivatives markets. It is designed to provide market participants with a transparent, reliable reference rate — particularly for use as a fallback rate to Euribor®.

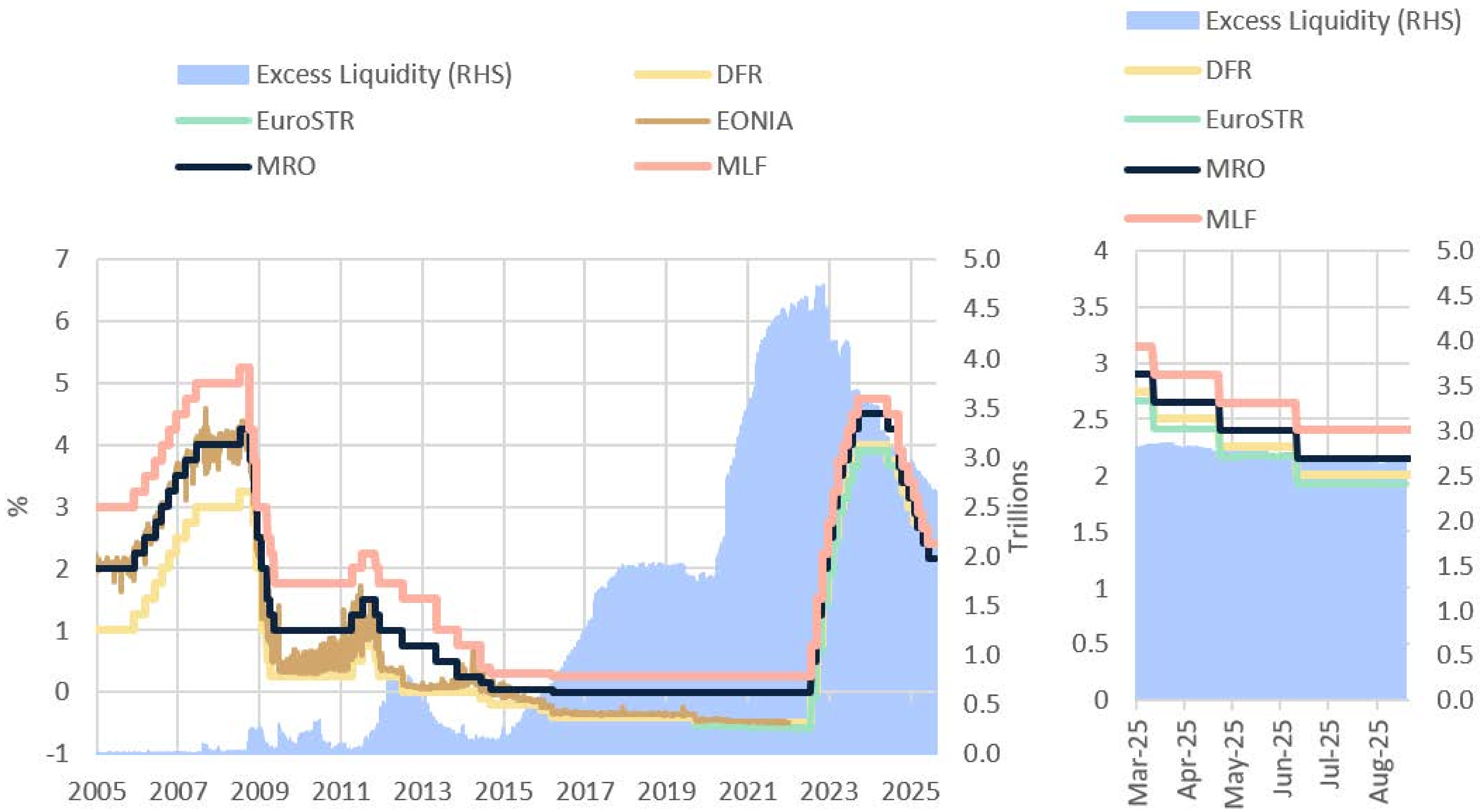
Echoes from the euro money markets

The ECB decreased its key policy rates by 25bps in June 2025 and kept them unchanged in July, with the deposit facility rate currently standing at 2%.

The decision in June to lower, and In July to keep unchanged the deposit facility rate, was based on the ECB updated assessment of the inflation outlook, the dynamics of the underlying wage development, and the strength of monetary policy transmission.

Regarding the ECB balance sheet, there have not been notable developments. The outstanding amounts of the Asset Purchase Programme (APP) portfolio continues its decline due to the cessation of reinvestments of principal payments from maturities since July 2023. The ECB has also confirmed the gradual reduction of the Pandemic Emergency Purchase Programme (PEPP) portfolio as reinvestments cease.

ECB rates and excess liquidity



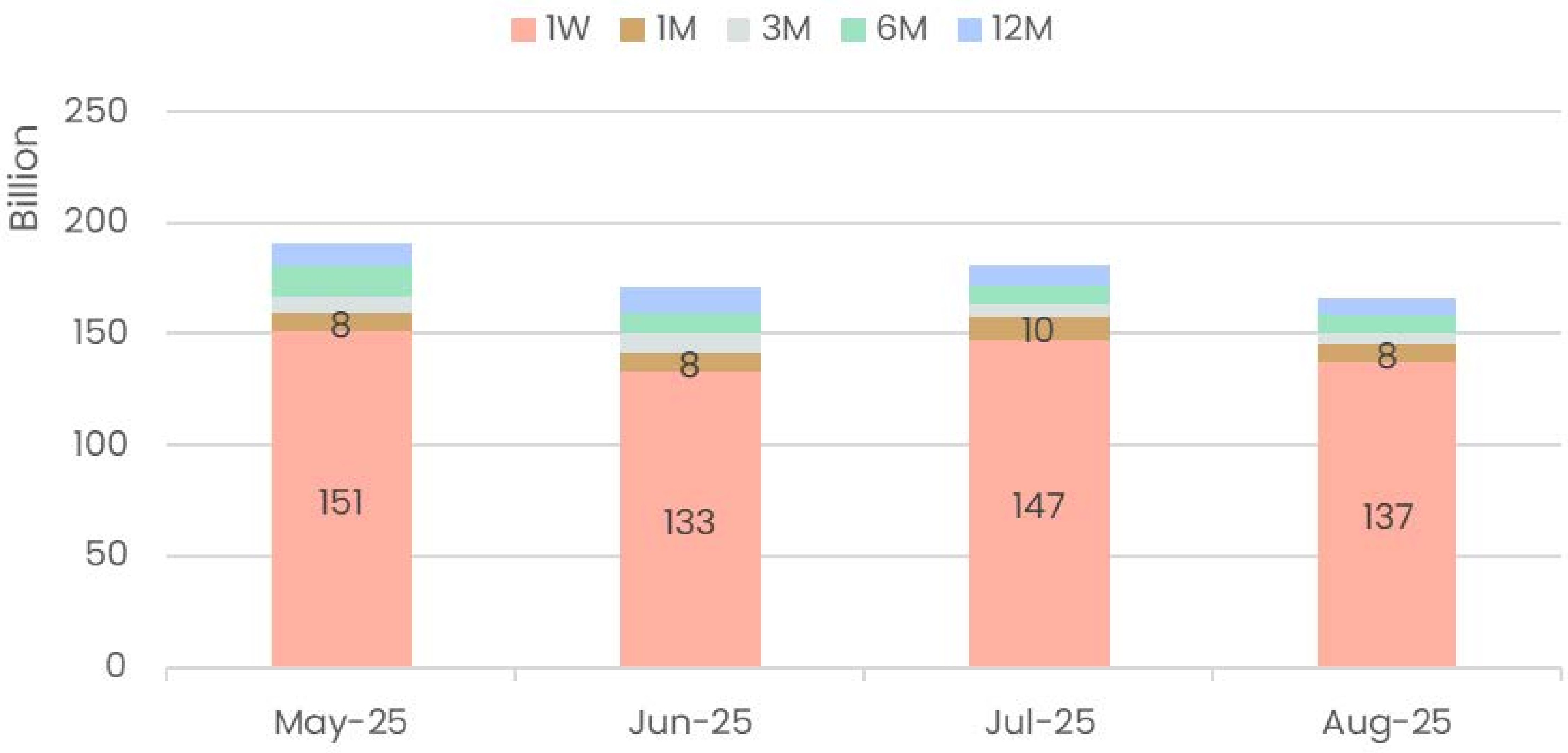
Source: Bloomberg

Euribor aggregated volumes reached EUR 165 billion in August 2025, decreasing by EUR 9 billion from previous month. However, Euribor total volume Is maintaining Its upwards trend. In fact, August 2024 Euribor volumes were EUR 120 billion.

Since mid-June 2025, the Euribor curve has returned to a normal upward slope, with longer tenors trading above shorter ones. This reflects the fact that markets are no longer pricing in additional rate cuts. As a result, longer maturities have adjusted higher relative to the short end of the curve.

Euribor rates

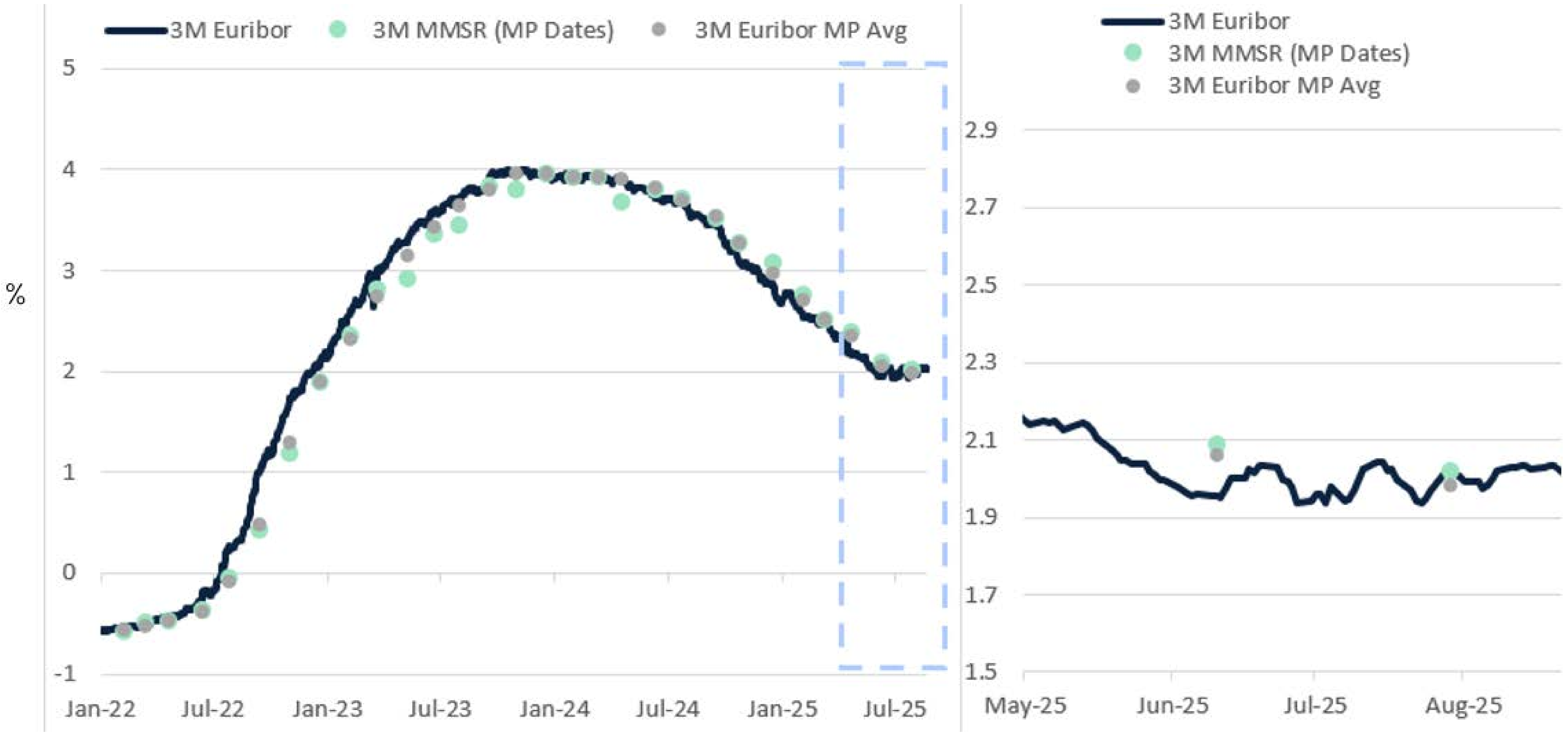
Euribor Aggregate volumes



Source: EMMI

3M Euribor (average MP) and 3M MMSR (average MP) rates have been moving in tandem throughout the entire period under review. In the 4th MP 2025 the two rates have been differing by 4bps.

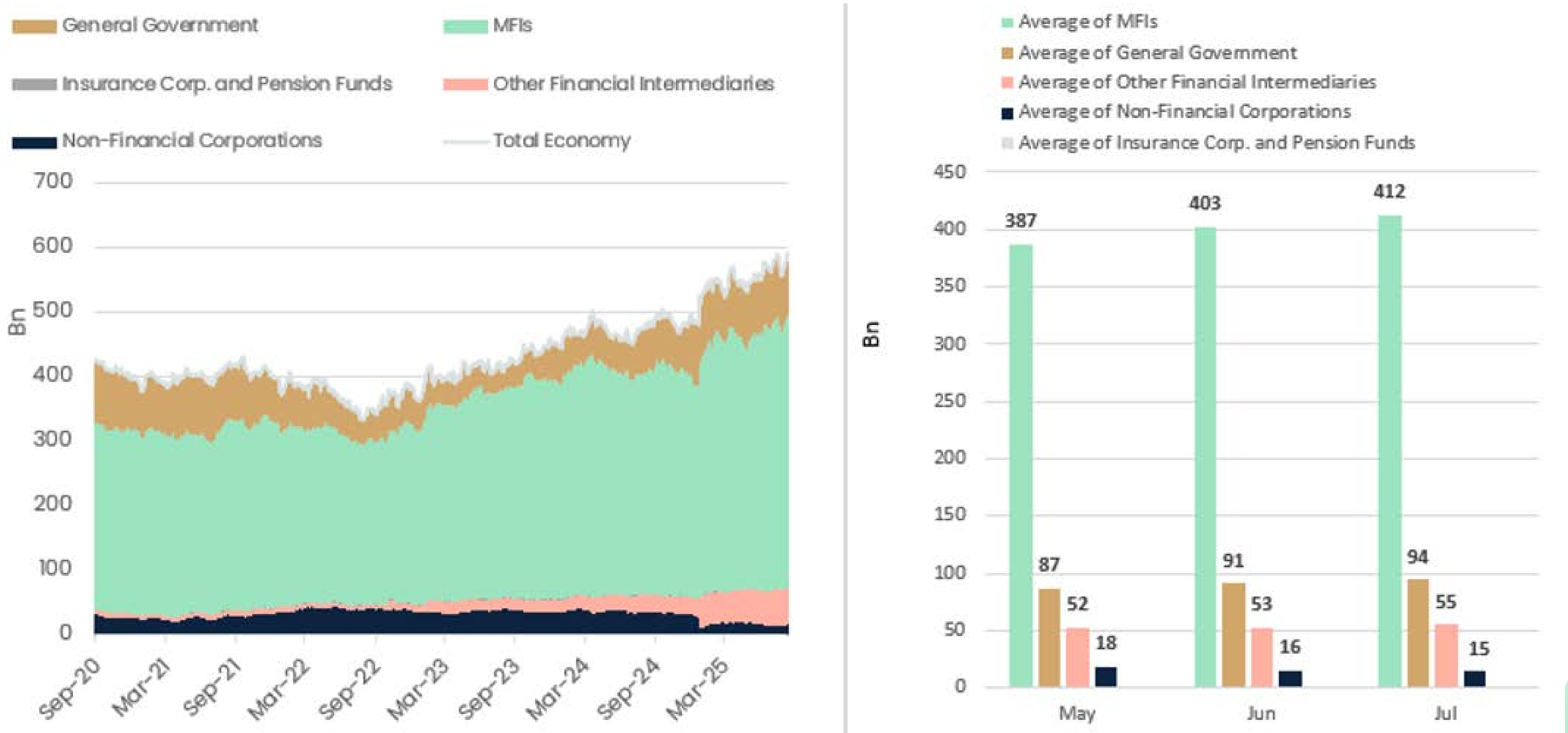
3M EURIBOR vs MMSR



Source: EMMI and ECB SDW

On 22 August 2025, total STEP daily outstanding amount stood at EUR 591 billion. Total STEP outstanding amounts mainly come from the MFIs sector. Since May 2025 all figures have been increasing except the outstanding amounts for the non-financial corporations.

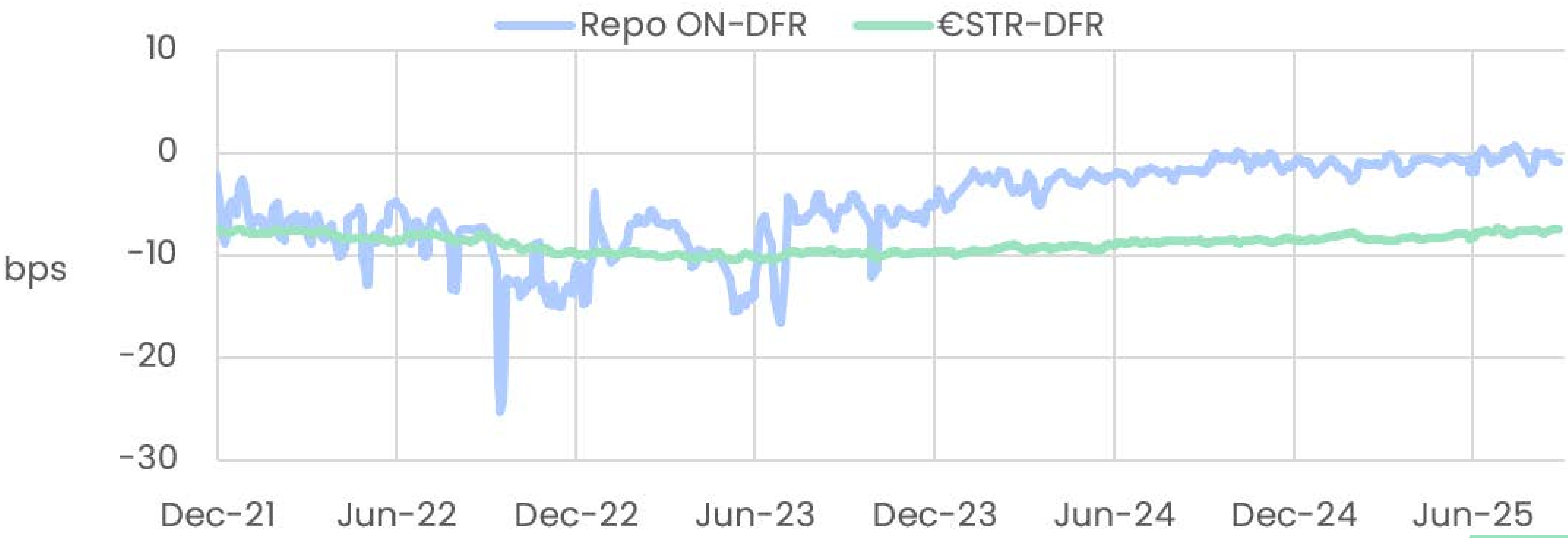
STEP Daily outstanding amounts by issuer sector



Source: ECB SDW

The euro short-term rate (€STR - unsecured) stands at 1.926% on 22 August 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 1.999%. 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. In the unsecured market, represented by €STR, the rate reflects a negative premium that banks charge to non-bank financial institutions. Looking ahead, as monetary policy normalizes and excess liquidity decreases, market participants anticipate a potential narrowing of the spread between €STR and the DFR. However, the exact evolution will depend on demand for liquidity, and broader market conditions.

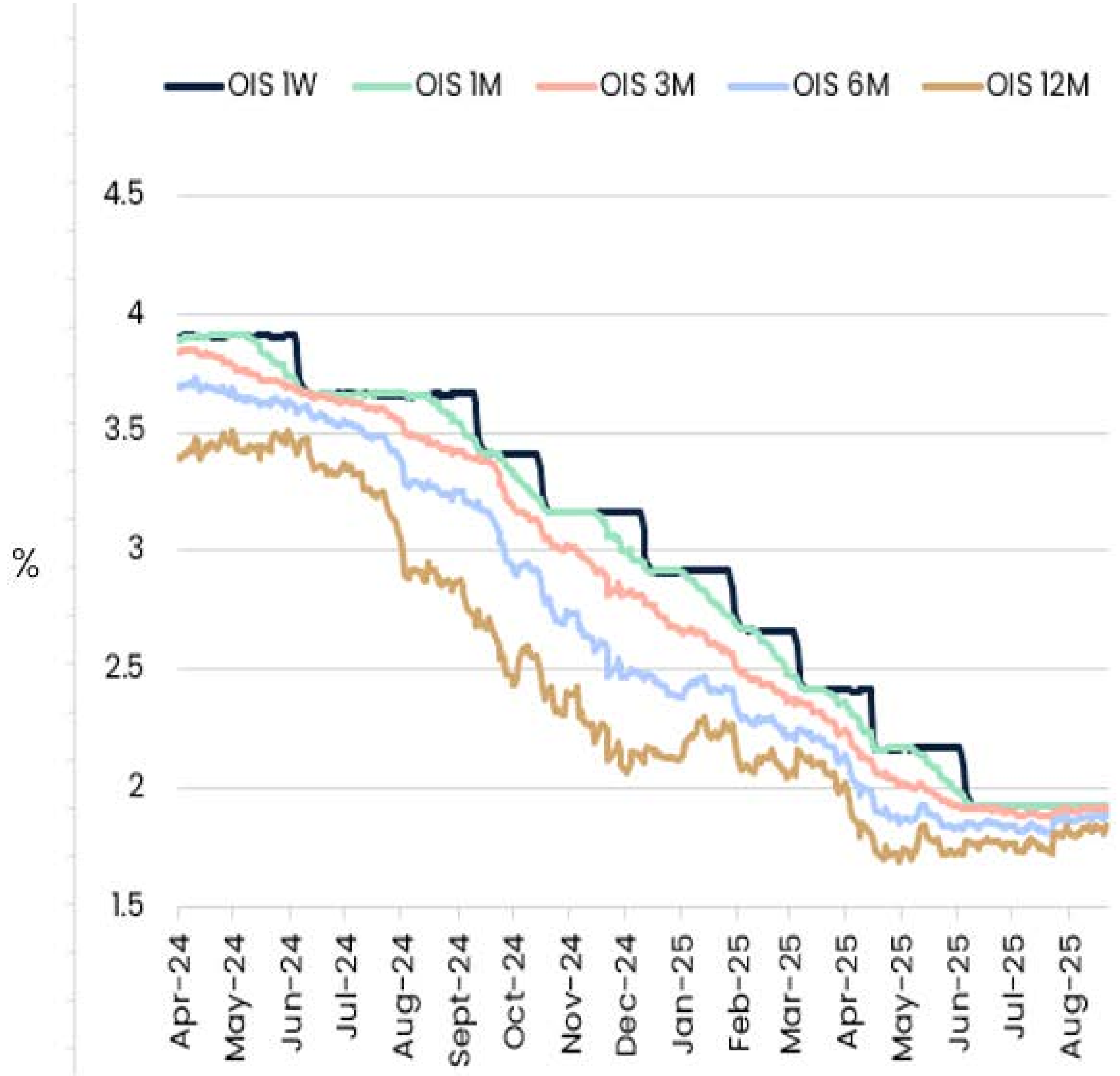
€STR And Repo rate vs DFR

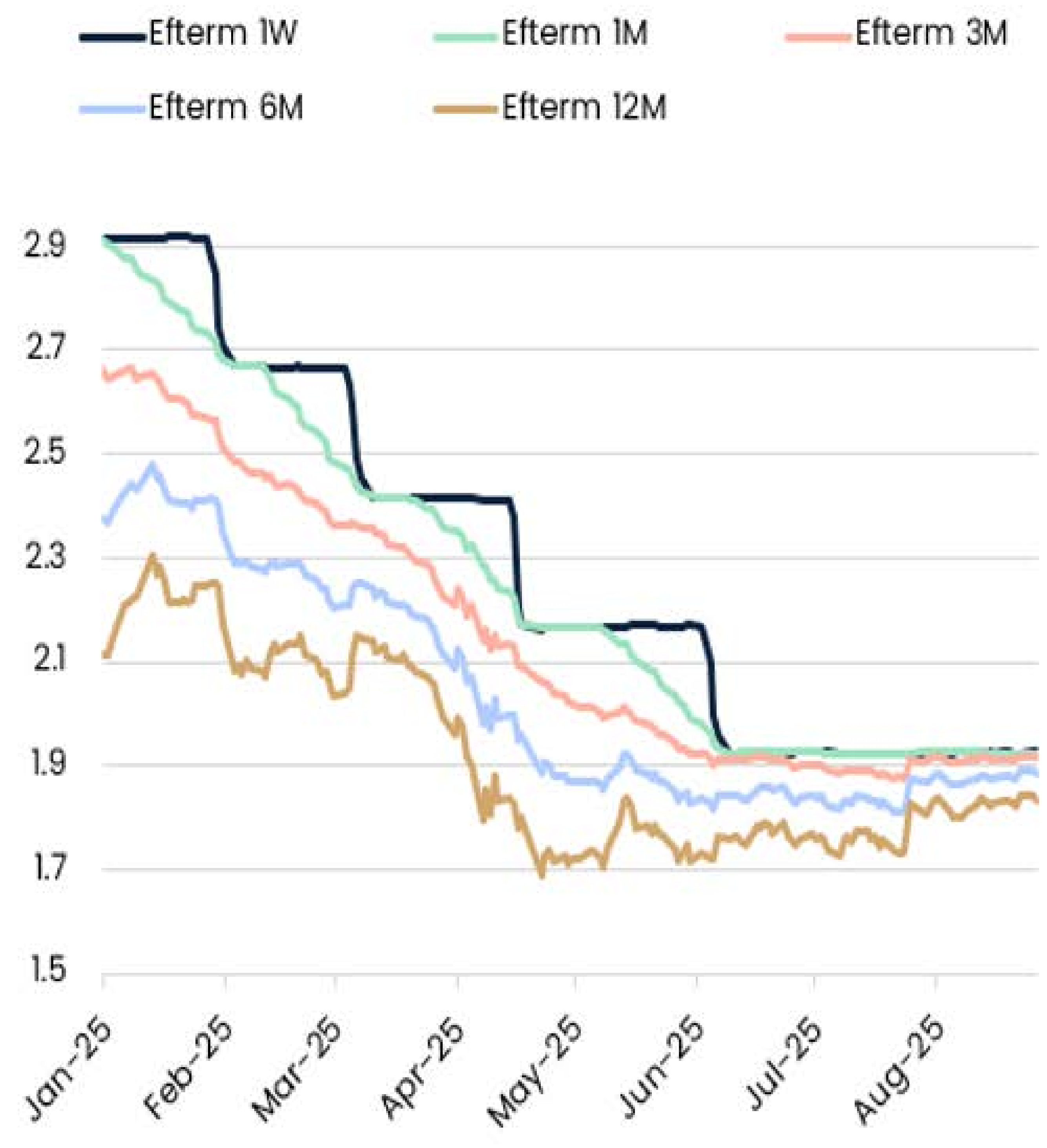


Source: Bloomberg and EMMI Calculator

2- and 10-year ASW spreads decreased significantly in April 2025, bottoming around -25 and -2 basis points respectively, before retracting back after Trump's decision to pause country-specific reciprocal tariffs for 90 days in August 2025. The divergence in ASW spreads started In November 2024 reflects 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.

DE Asset Swap spread

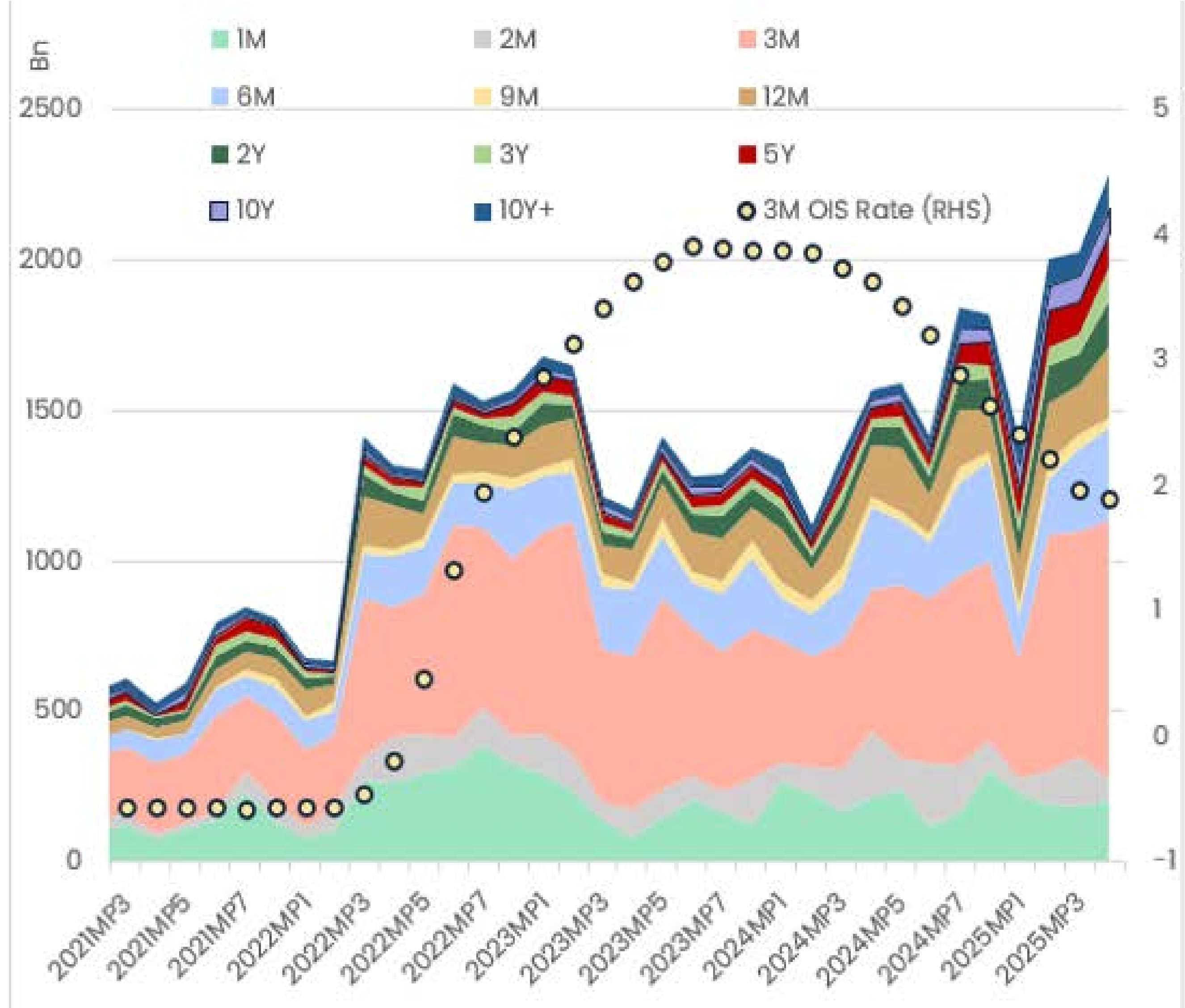


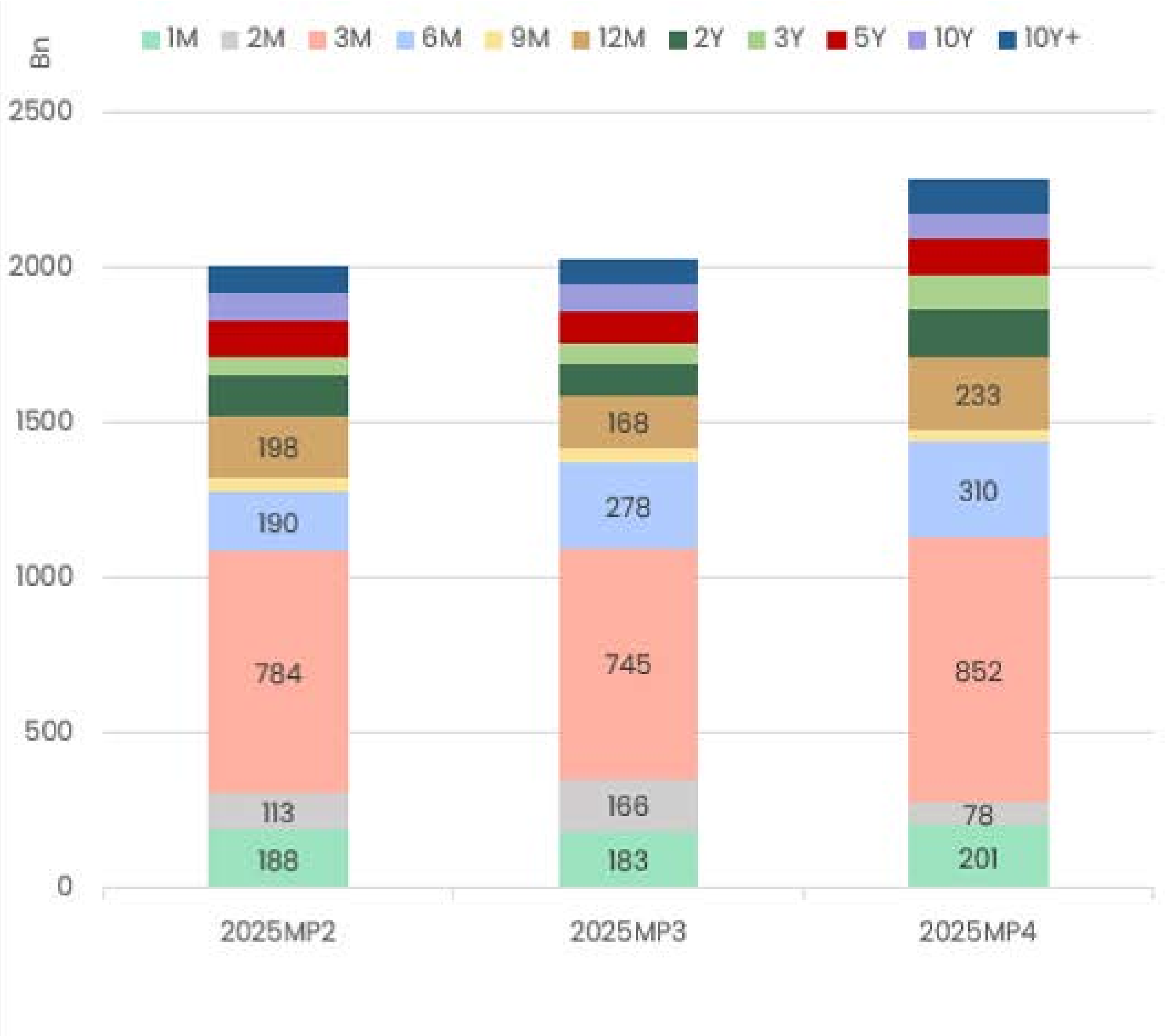


Source: Bloomberg

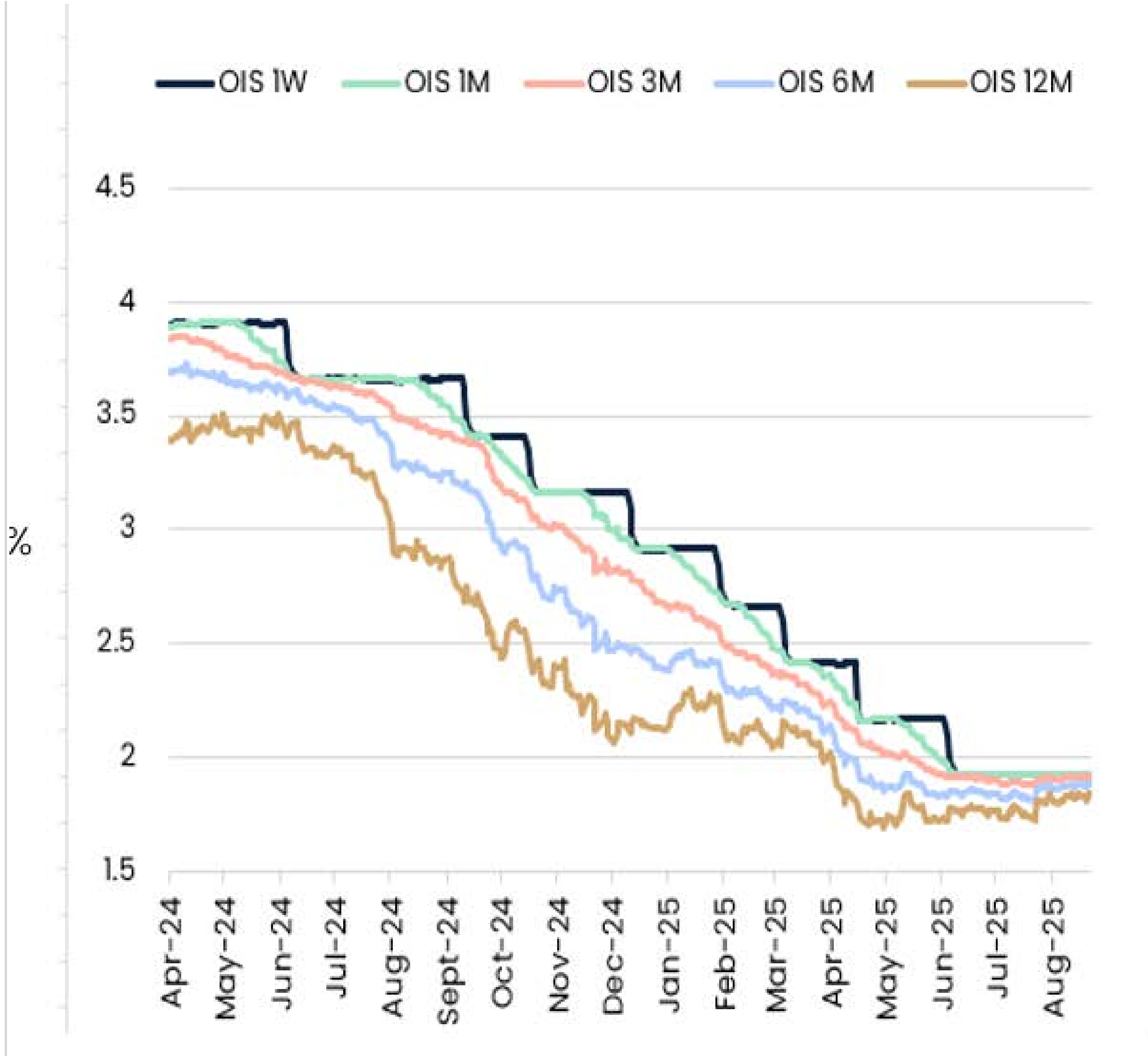
As one rate cut was delivered In June 2025 and there are currently no cuts priced in by the end of 2025, 4th MP2025, OIS volumes Increased to a record peak of EUR 2285 billion and started to stabilize.

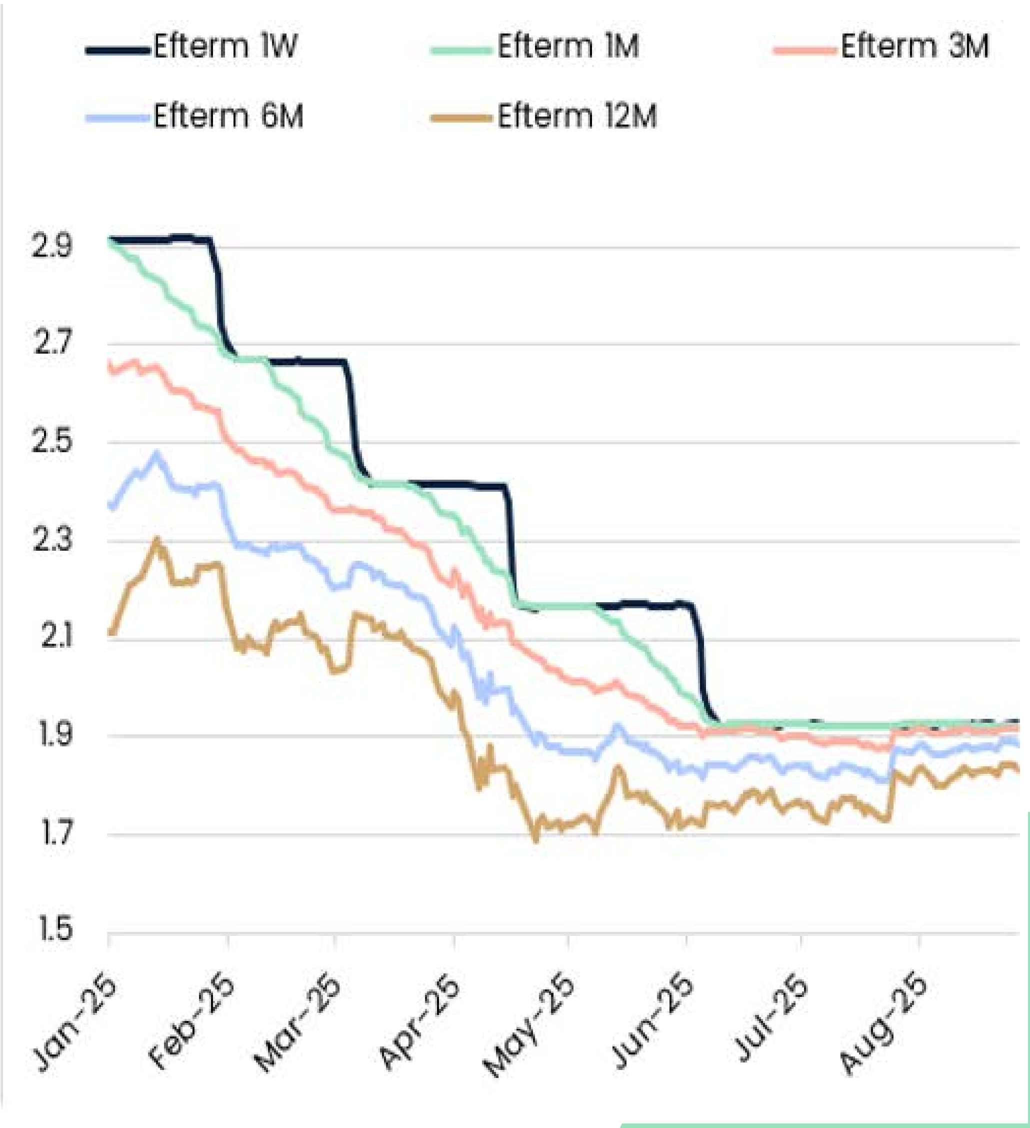
OIS Volumes - maturity breakdown





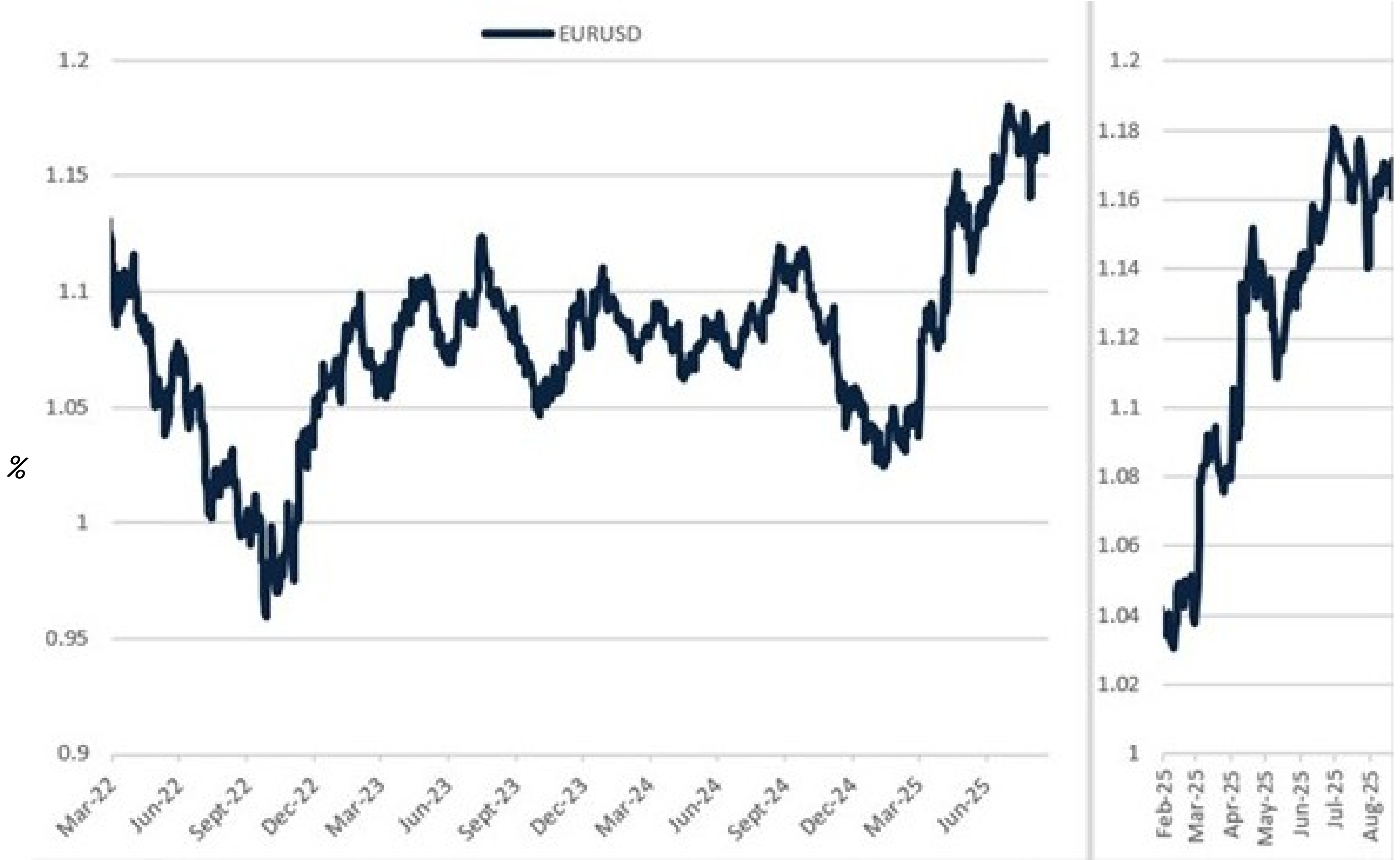
Source: SDW





Source: EMMI and Bloomberg

EUR USD Exchange rate



Source: Bloomberg

The euro continued to rise to its highest since 2021 versus the dollar as US tariff developments have kept weakening the dollar in the recent months, as investor confidence has been shaken by tariff speculation and economic uncertainty. In August 2025 the EUR/USD have been moving between 1.18% and 1.16%. This has added to the euro-strengthening impact of the German debt-financed defense and infrastructure spending deal approved in March.

Any questions?

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

info@emmi-benchmarks.eu +32 2 431 52 08

Our web pages

Euribor - Efterm - Subscription - Fee Schedule 2025

ESG CP Transparency Monitor

STEP

The European Money Markets Institute

STEP
SHORT TERM EUROPEAN PAPER