



EUROPEAN CENTRAL BANK

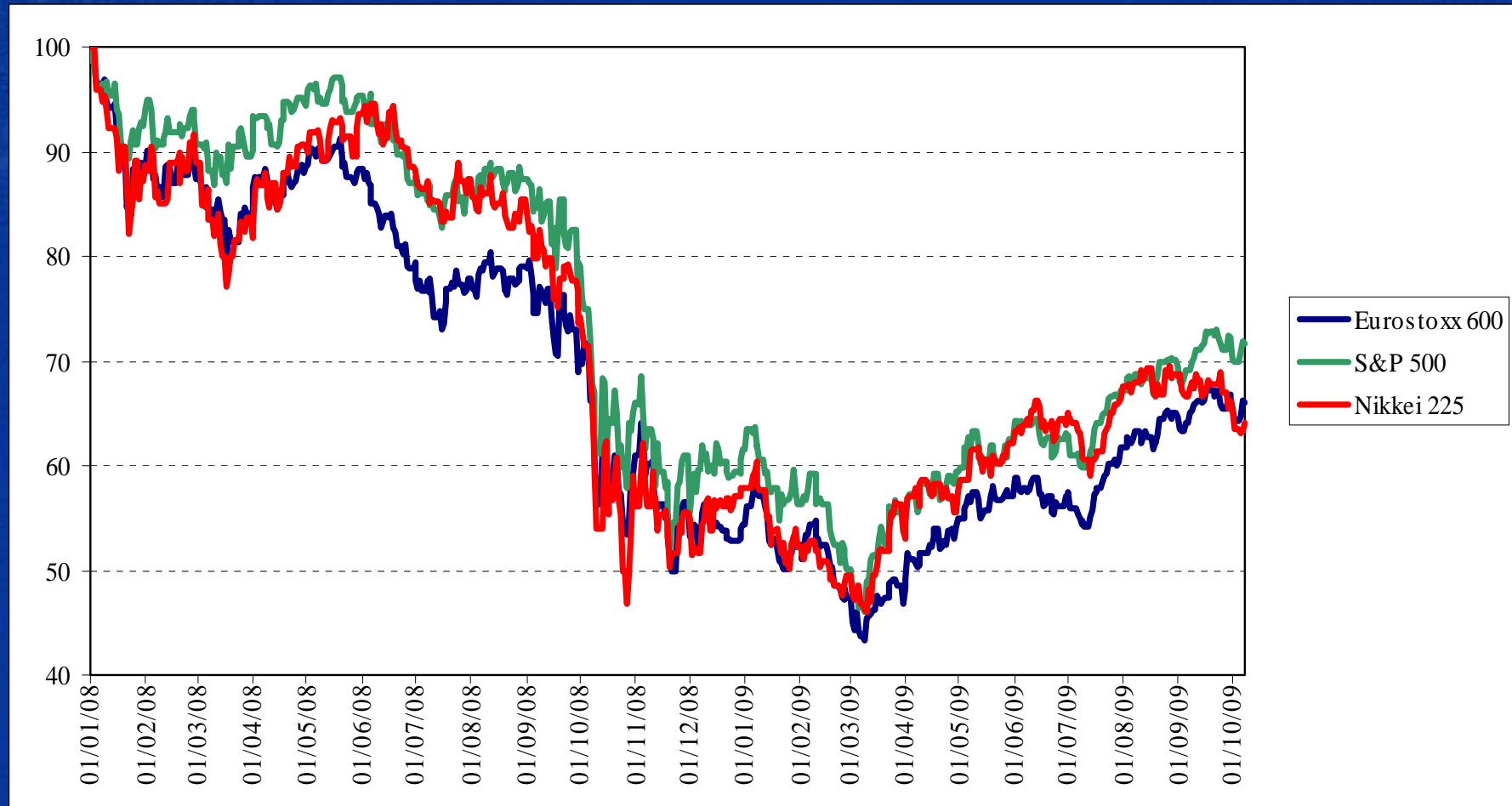
EUROSYSTEM

Recent Key Financial Market Developments

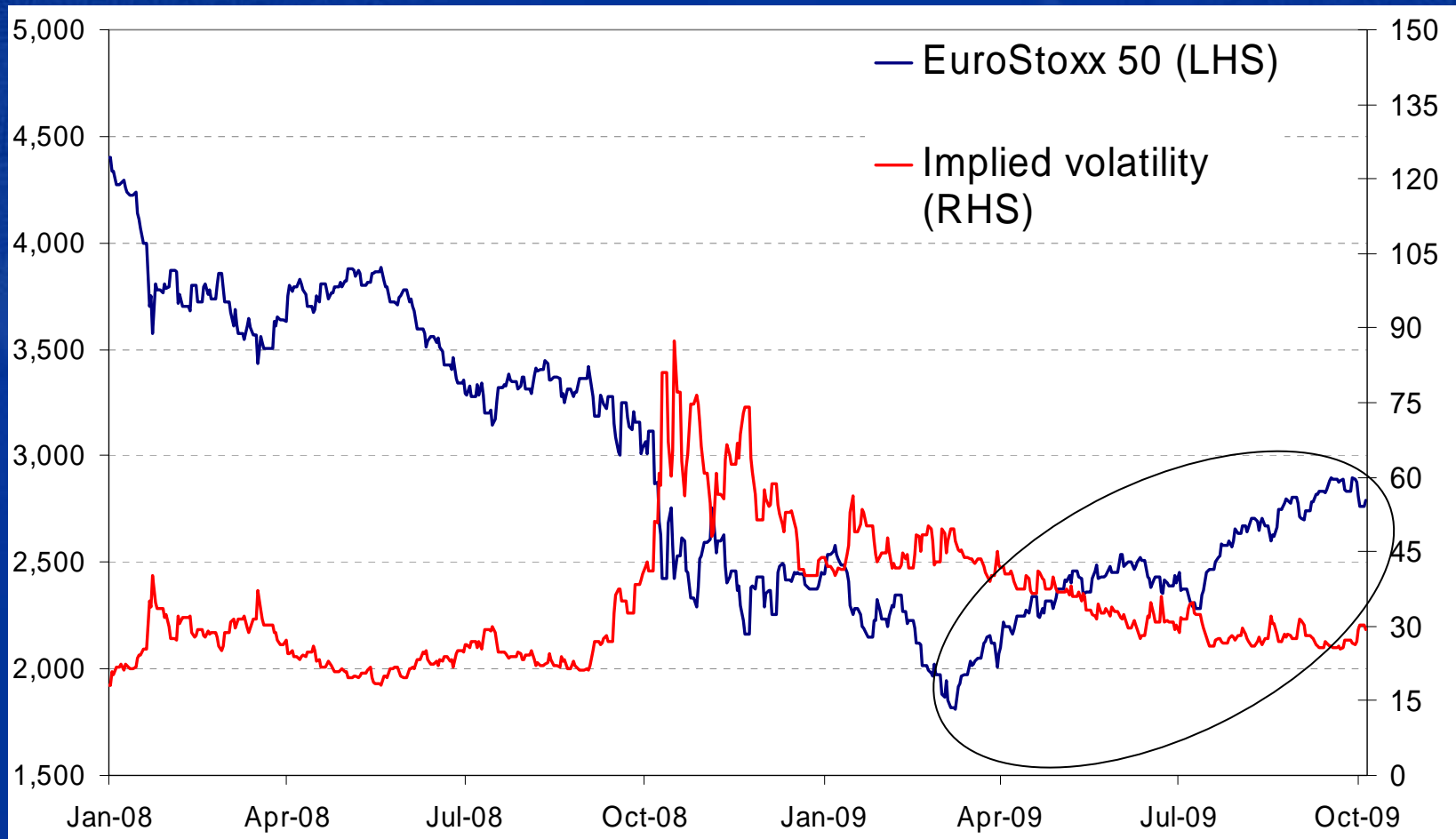
Ivan Frécharde (FXCG secretary)

Frankfurt, 8 October 2009

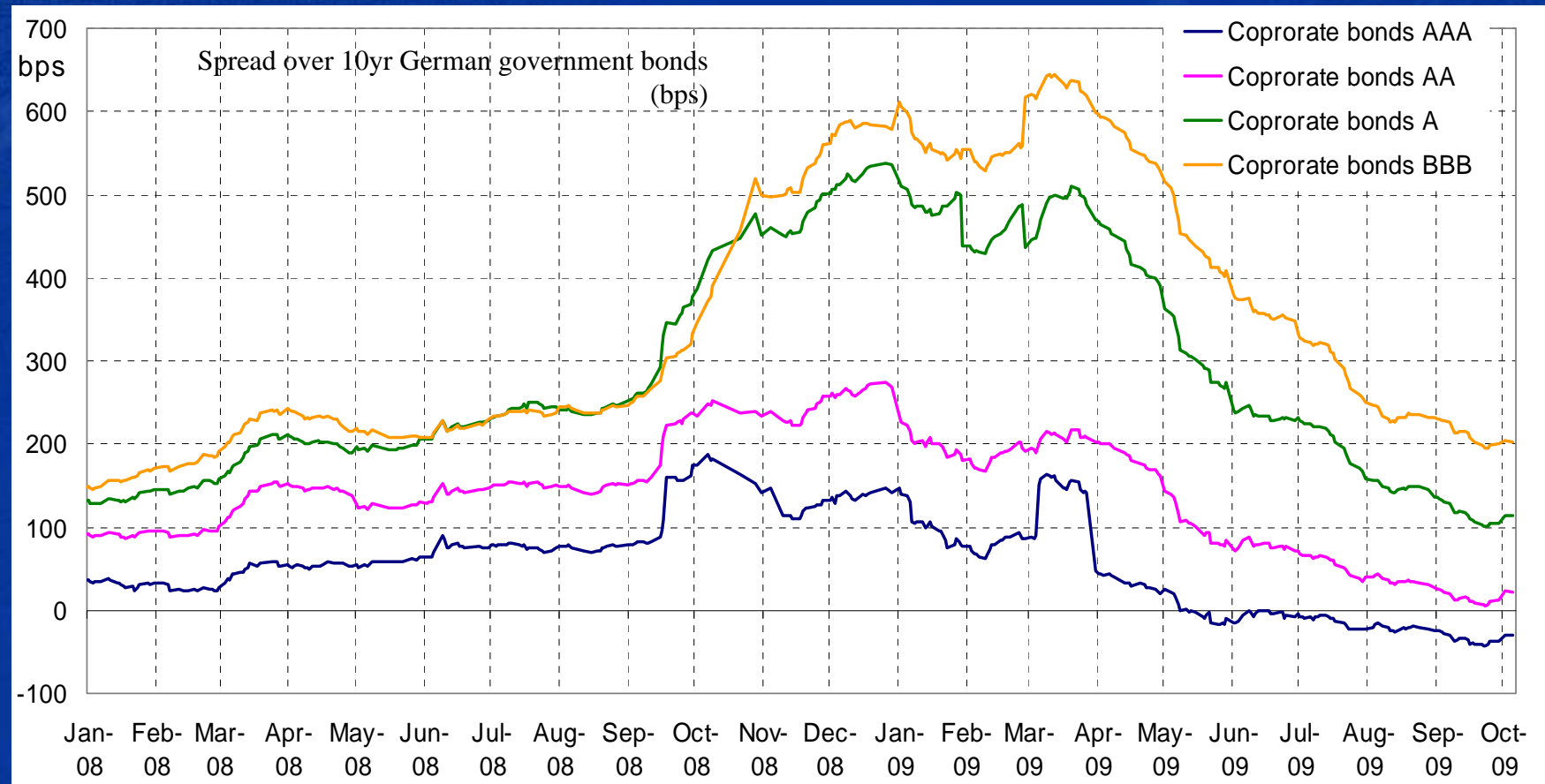
Recovery of stock markets worldwide since March 2009



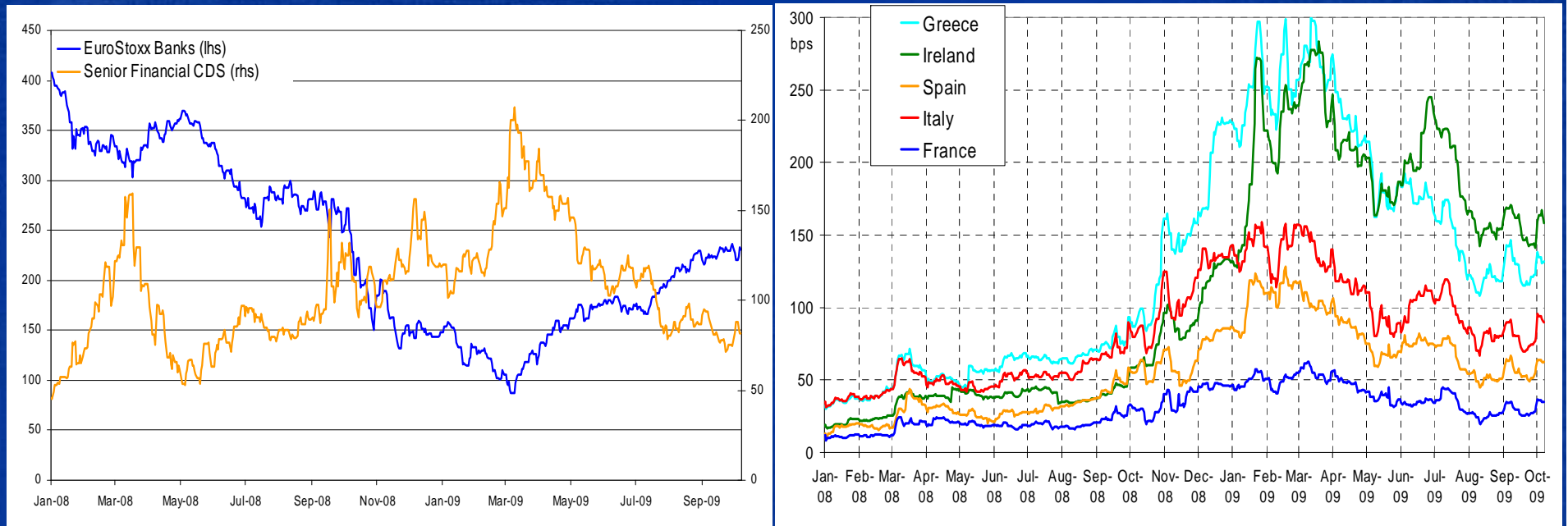
Perceived uncertainty has also declined recently



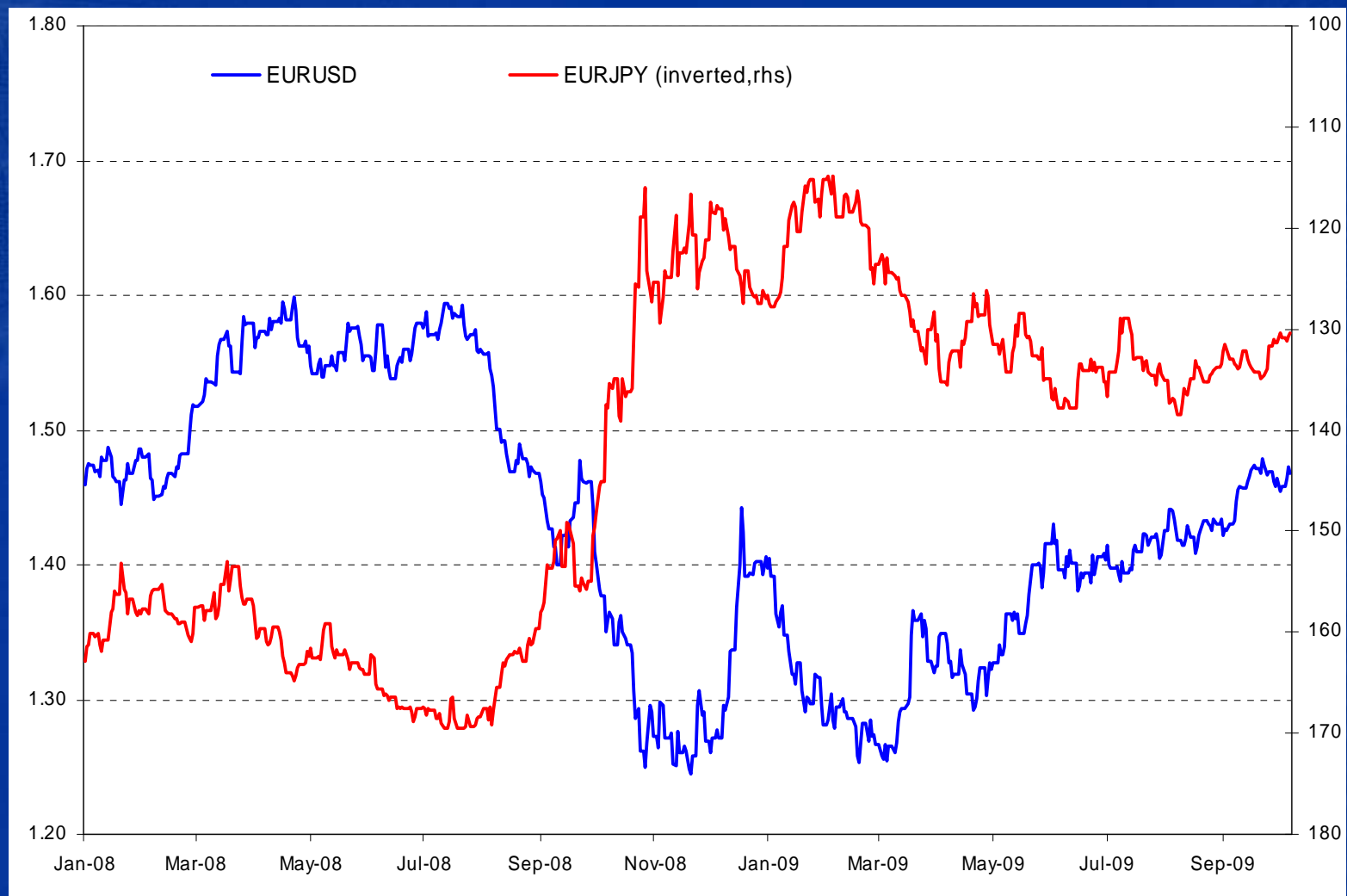
Credit concerns have eased a lot



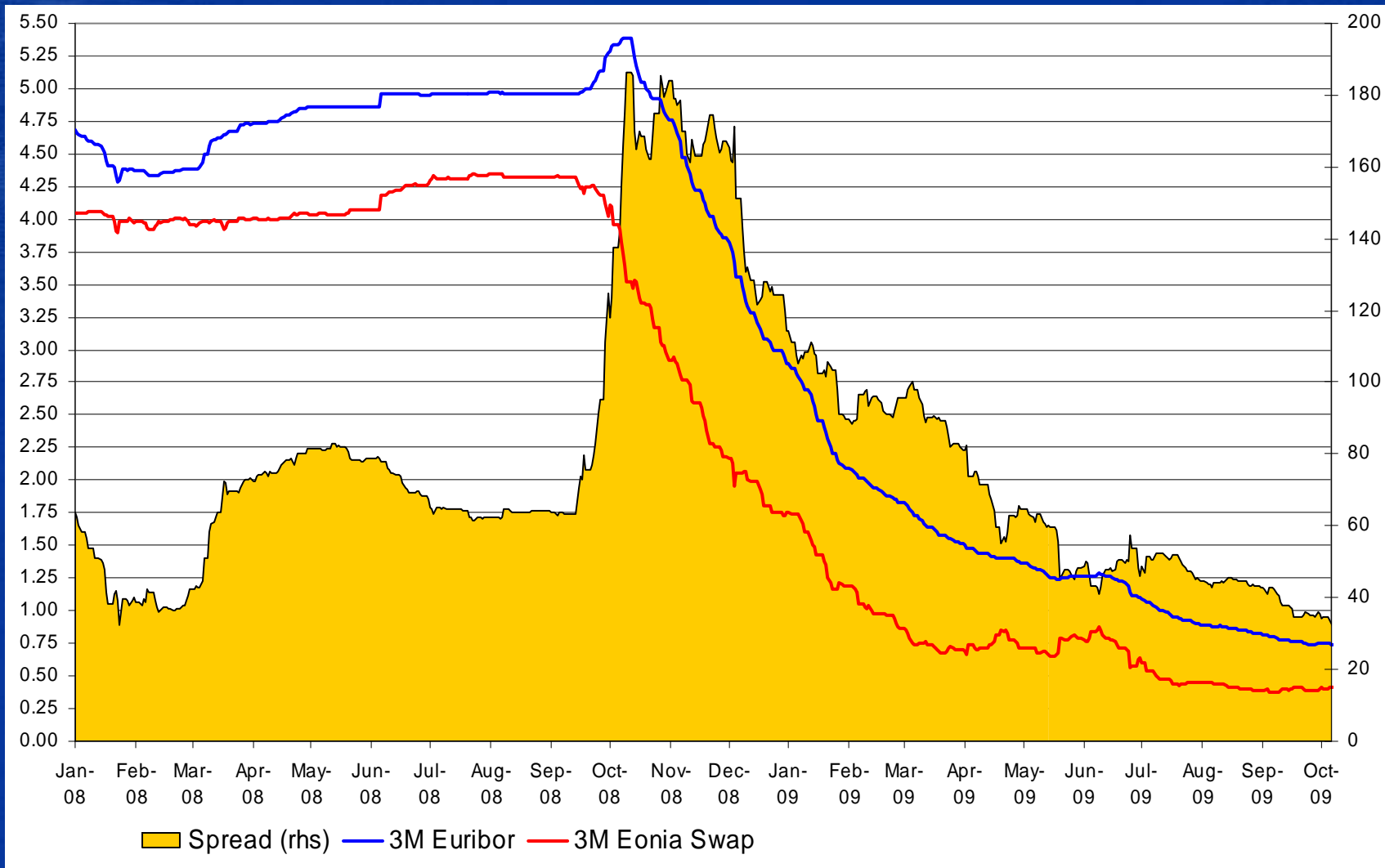
Worries on the banking sector and on sovereign debt have decreased



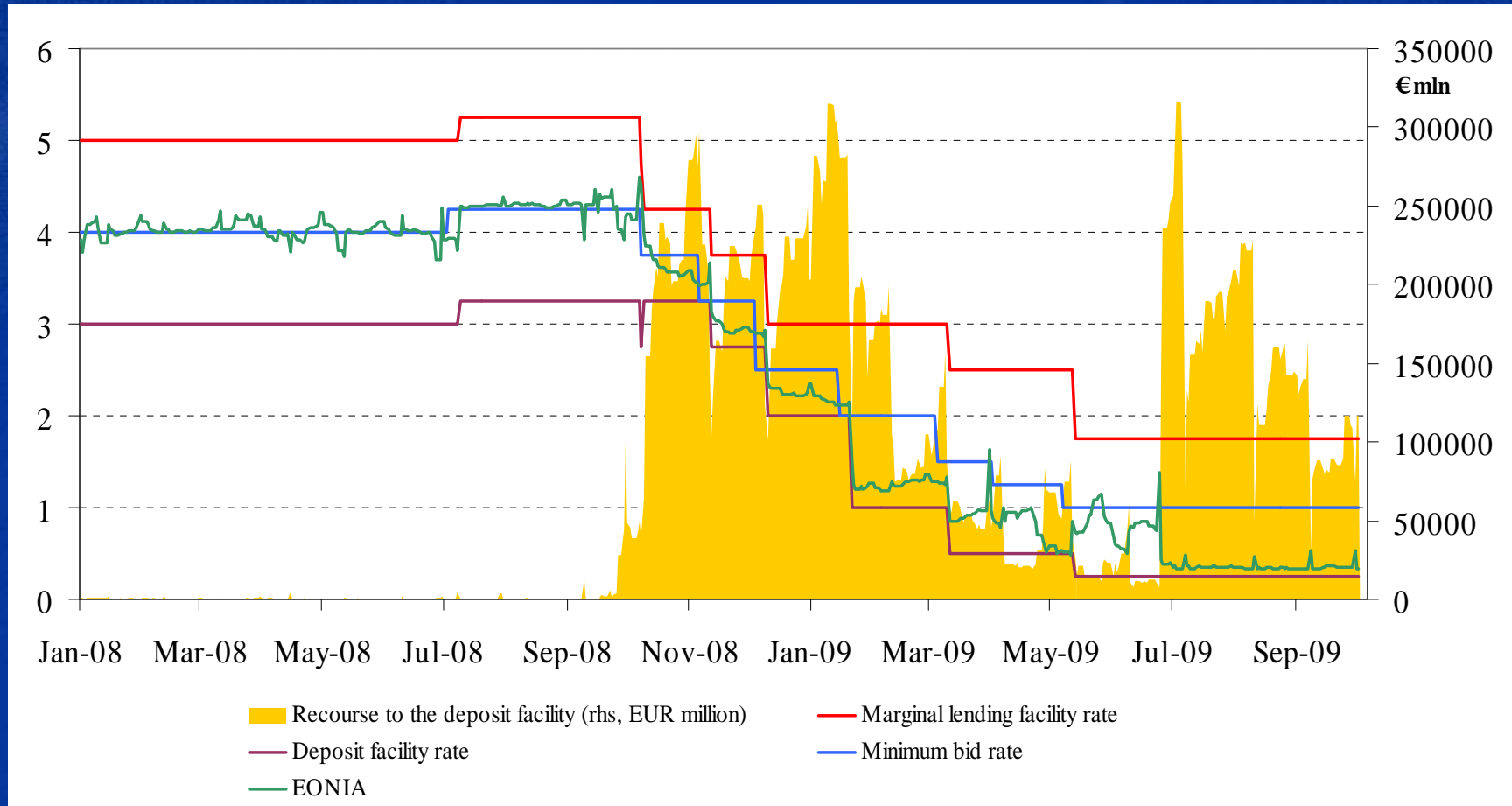
FX markets: volatility has declined on majors



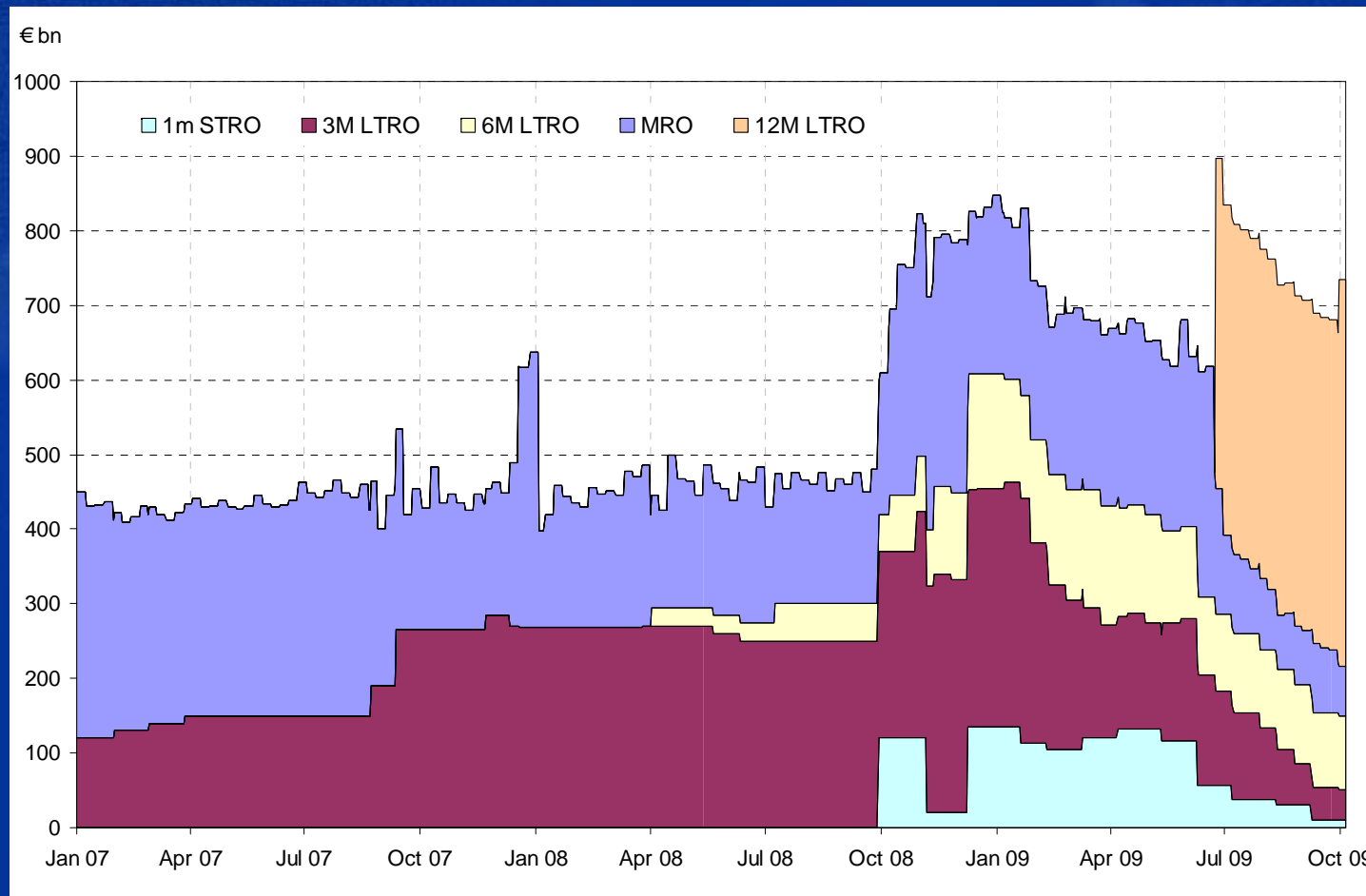
Money markets: continuous decline in short term rates and risk premia since October 2008



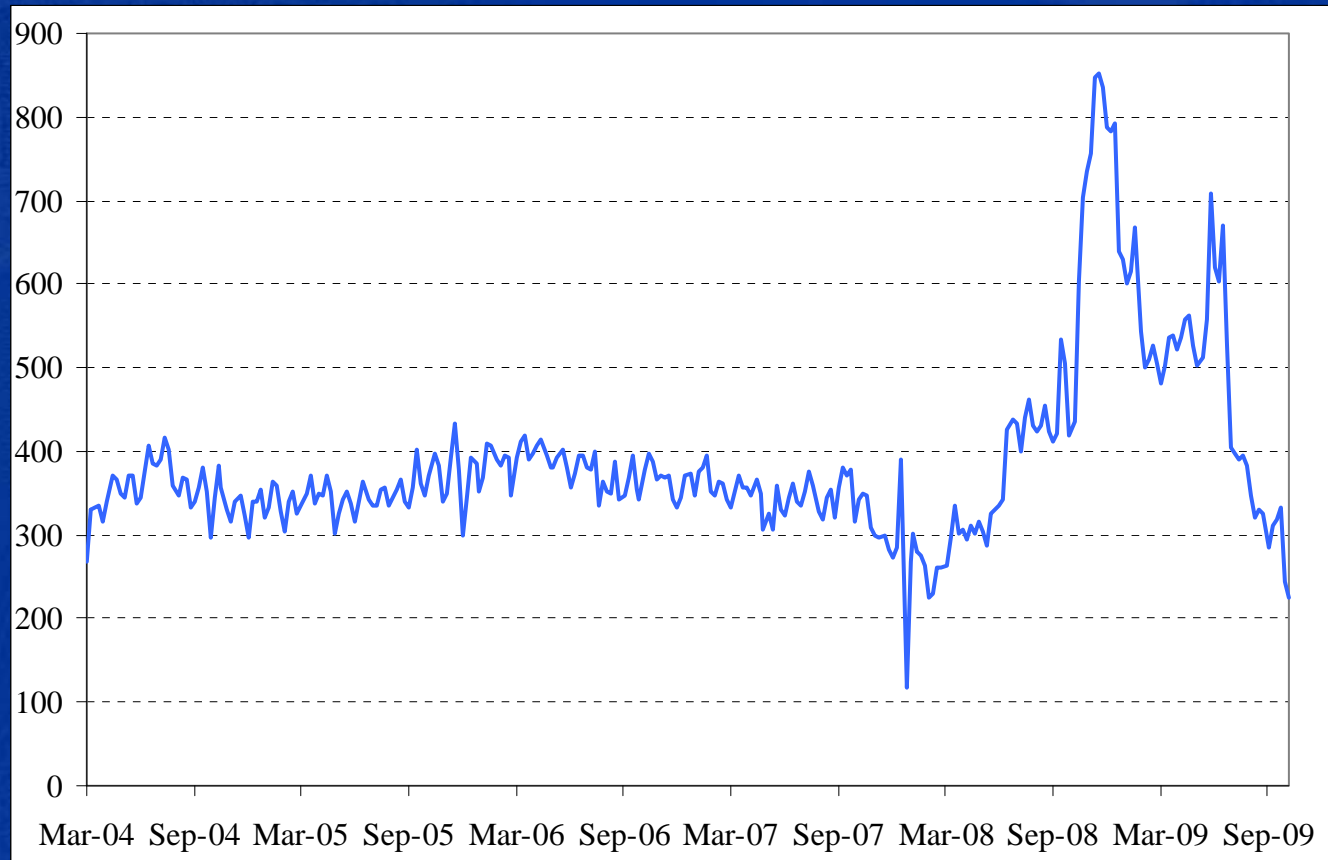
EONIA development



Maturity breakdown of the ECB's liquidity providing operations



Number of participating banks in MROs



Summary

- Most financial markets have recovered to pre-Lehman levels, helped by governments/central banks' actions and signs of stabilisation in economic activity
- Market sentiment has improved, which has benefited risk assets
- Concerns have shifted from recession to the strength of the recovery



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Key Financial Market Developments

Thank you for your
attention