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**From:**  
**Sent:** 09/26/2007 06:52:26  
**To:**  
**Subject:** FW: Money Markets - rates & commentary

-----Original Message-----

From:  
Sent: 26 September 2007 07:50  
To: Pat Leising at WORLD BANK; ECB front office; Fabiola Ravazzolo at FED NY; Oakhill;

Cybele Suarez; daniel koerhuis;

Pamel M. Na;

Subject: Money Markets - rates & commentary

Wednesday 26th

**UNSECURED  
O/N**

USD 4.85/75  
EUR 4.31/27  
GBP 5.65/55

**SECURED**

4.73/4.58 (treasuries)  
4.34/27 (GC)  
5.60/55 (GC)

**1WK**

USD 5.15/05  
EUR 4.35/30  
GBP 5.85/75

4.40/4.20 (treasuries)  
4.17/10 (GC)  
5.72/67 (GC)

**1MTH**

USD 5.18/08  
EUR 4.41/38  
GBP 6.20/10

4.60/4.40 (treasuries)  
4.10/05 (GC)  
5.80/75 (GC)

**3MTH FIXING** (opening estimate)

USD 5.21 (5.20 yesterday)

EUR 4.73 (4.725)

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GBP 6.34 (6.34375)

**6MTH FIXING** (opening estimate)

USD 5.16 (5.14125 yesterday)

EUR 4.7525 (4.746)

GBP 6.32 (6.3225)

USD: Same old boring story. Day to day money is trading very cheap, the quarter end turn is looking relatively well bid at 5.20-5.10. There is liquidity in one to six months but our feeling is that libors are again becoming rather unrealistic and do not reflect the true cost of borrowing. Turn of the year looks as if it will come in pretty expensive at 7-6 on the wide, with a tendency I would think to trade higher

EUR:

Yesterday O/N money continued to edge higher despite the ECB having added an extra 33 bio at the weekly refinancing operation and Eonia fixed at 4.218 from 4.109 Monday and around 4% last week, this morning it has already been trading at 4.30, quarter end is weighing heavily on the market and we are seeing very little turnover in term periods. This morning at 10:20 London time we will see the results of the ECB's regular Long Term Refinancing Operation (LTRO). The intended amount is EUR 50 bio, period is 84 days until 20th Dec, the estimates for the average and marginal rates range from 4.65 to 4.35, our own estimate is for an average rate of 4.60 with the marginal rate at 4.45.

A development we have noticed in the GC repo market is that holders of bonds are becoming more aggressive in selling their assets in the O/N repo market, consequently there have been occasions when GC has been trading higher than unsecured cash.

GBP:

O/N money remains very soft and traded at 5.50 yesterday afternoon, this has impacted on all the shortend cash periods with the 1week fixing coming in lower despite the quarter end turn. Later this morning we should get the results of the BOEs supplementary Long Term Refinancing Operation, results should be out at 12:30 London time, attention will be on how many bidders, how much cash they bid for and at what spread to the standing facility.