

# ASX Collateral Bulletin

October 2019



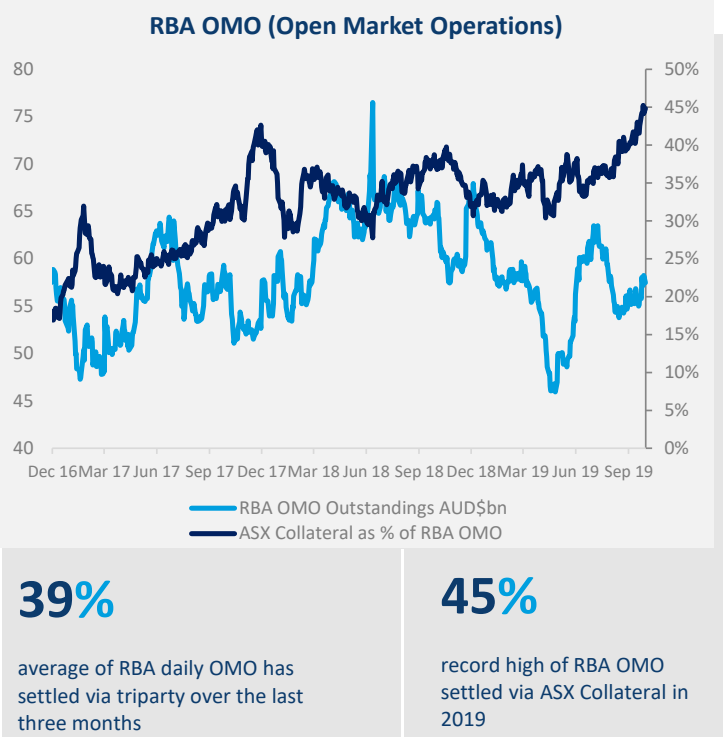
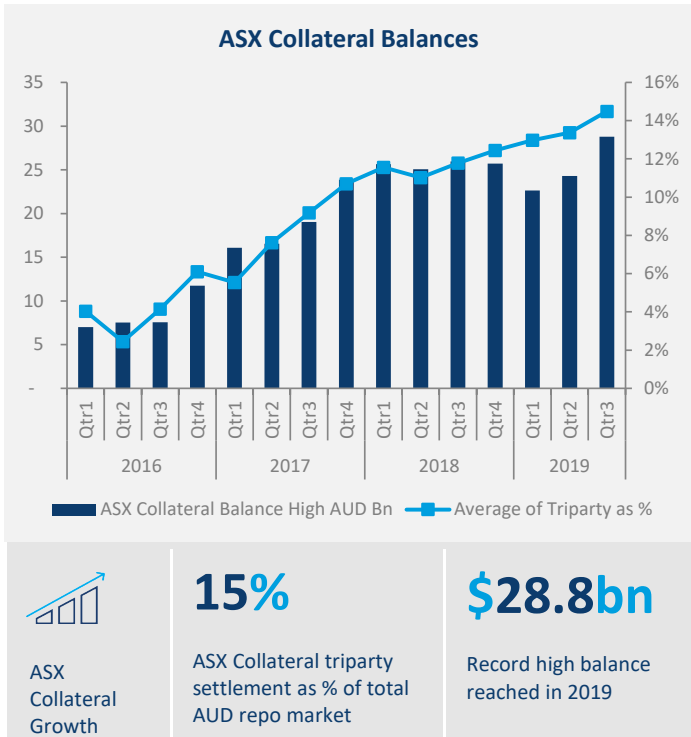
ASX Collateral is the only live, fixed income, tri-party repo, securities lending and collateral management service provider in Australia that mobilises collateral directly within the CSD.

It collateralises exposures across a range of AUD products, including:

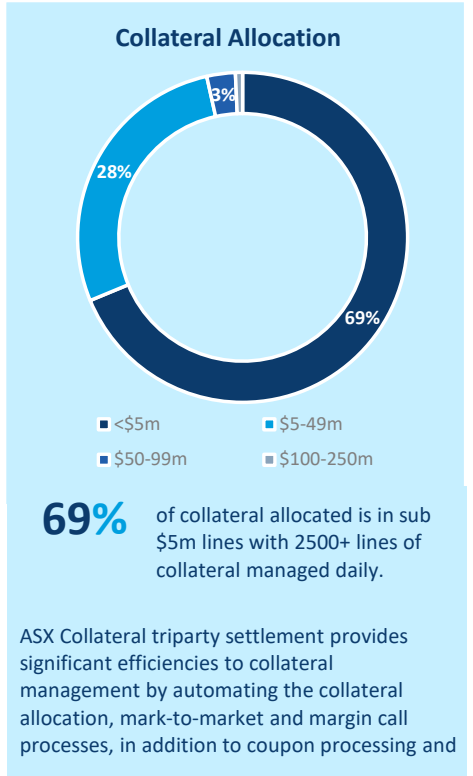
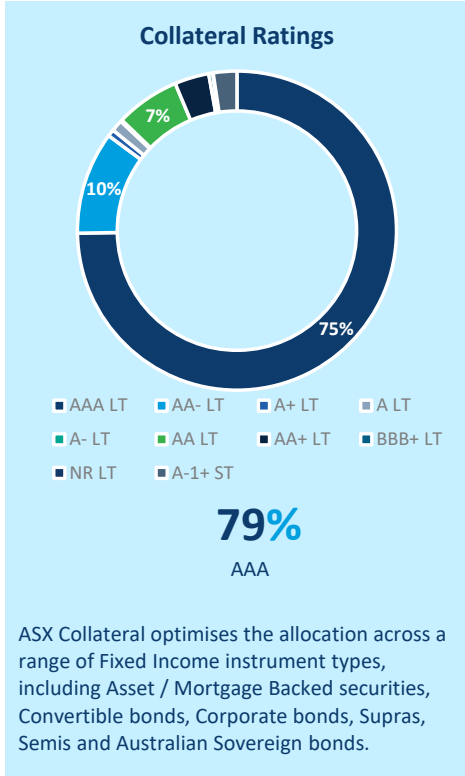
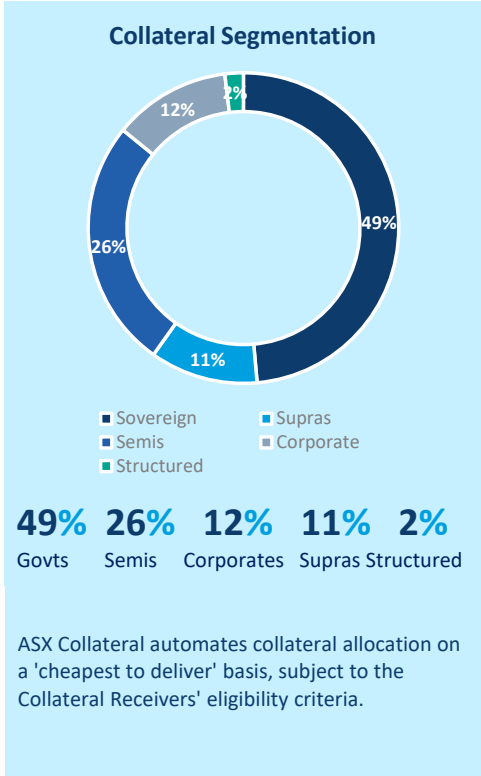
- Repurchase agreements: intra-day, overnight and term
- Cleared ETD and OTC derivatives and non-cleared OTC derivatives
- Securities lending and borrowing
- Central Counterparty (CCP) margining

ASX Collateral hit a new record high balance of AUD28.8bn in September and a record 45% market share of RBA Open Market Repo Operations. This was a combination of new customer onboarding and increased activity across the existing customer base towards September quarter end.

Repo spreads spiked over September quarter end but have returned to normalised levels, although the % outperformance of repo spreads over RBA Cash Rate is again over 30%. See below for further details.



\* based on RBA B3 report

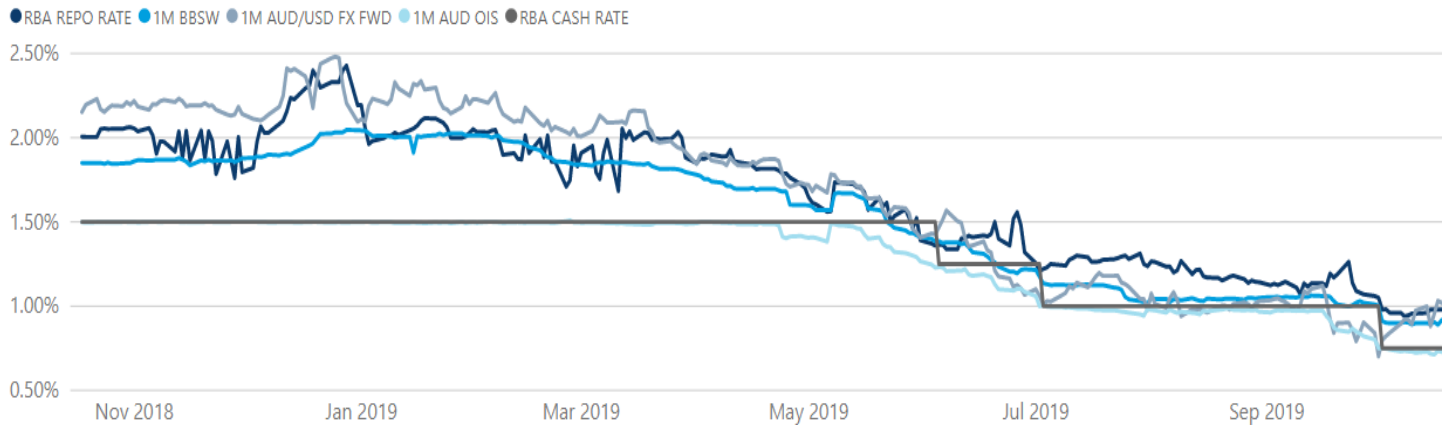


## AUD repo rates stabilise post September quarter end spike but % outperformance increases

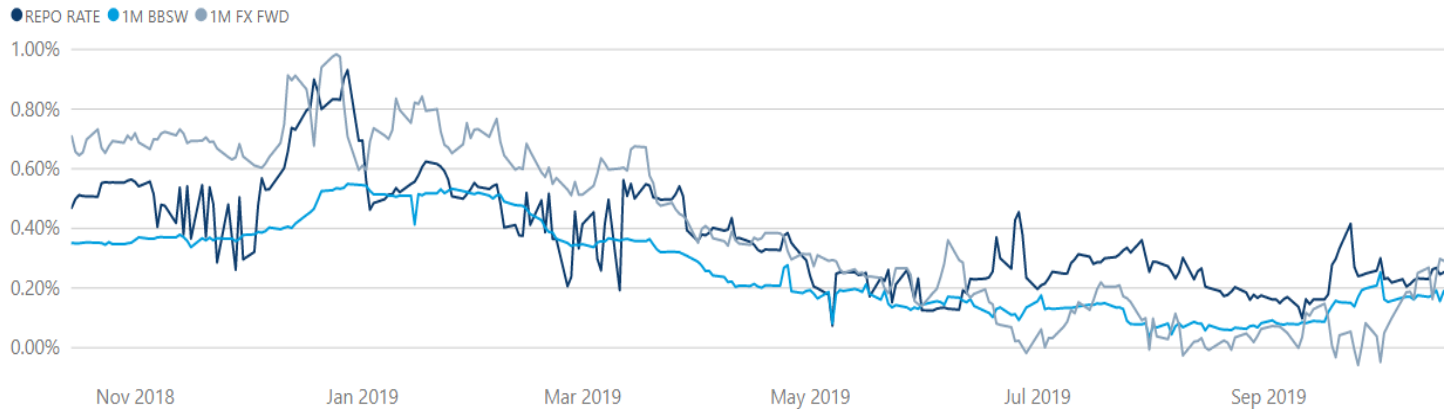
In the last quarter AUD repo spreads traded in a range of +10 to +42bps over 1M OIS with an average spread of +24bps. AUD repo levels spiked over September quarter end to +42bps over 1M OIS but have otherwise stabilised around the longer term spread range of +20 to +25bps.

With cuts in the RBA Cash Rate to 0.75% and AUD repo spreads holding around 25bps the % outperformance of participating in the repo market as a secured cash lender in the low interest rate environment is again over the 30% level. See charts below for further details.

OUTRIGHT RATES: RBA Repo Rate vs 1M BBSW vs 1M AUD/USD FX FWD vs 1M OIS vs RBA Cash Rate



SPREAD TO OIS: RBA Repo Rate vs 1M BBSW vs 1M AUD/USD FX FWD



% Outperformance: Repo Spread over RBA Cash Rate



### Further information

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