ASX Collateral Triparty Bulletin

September 2020

ASX Collateral Triparty and Australian Repo Markets

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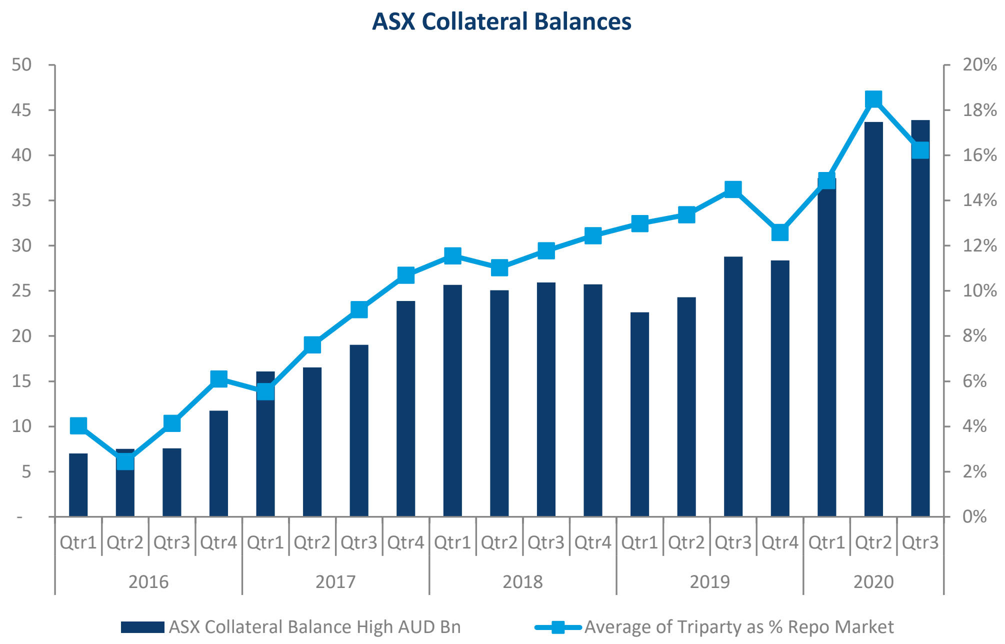
ASX Collateral Triparty Repo users continue to gain efficiency, automation and scale benefits in times of volatility.
ASX Collateral balances reach new record high $43.8bn in July 2020, normalise in line with lower OMO & hit 50% OMO market share



ASX Collateral Growth

$43.8bn

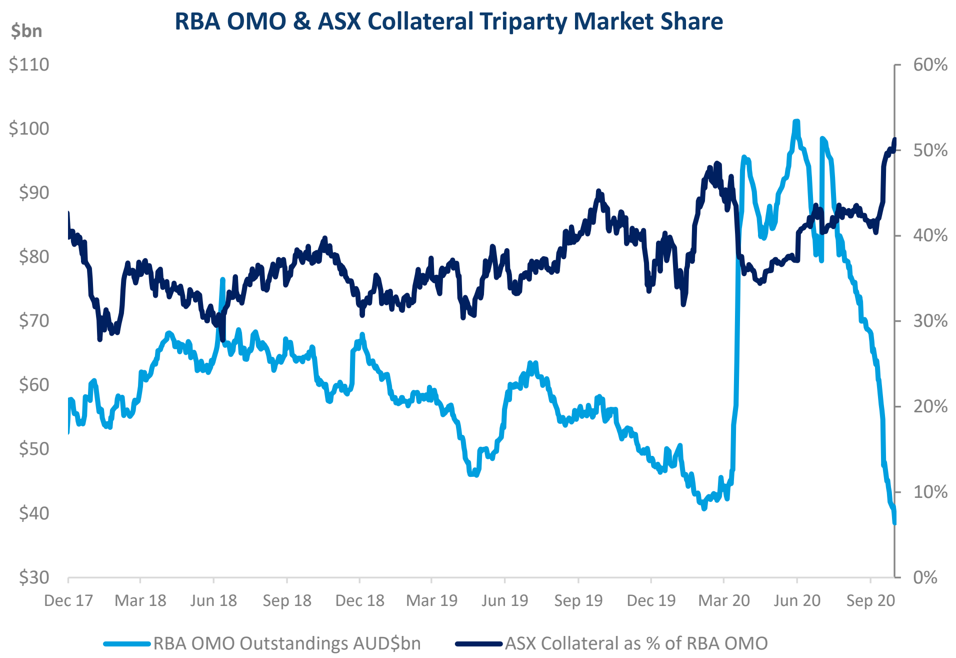
ASX Collateral record high triparty balance reached in 2020

21%

ASX Collateral triparty settlement as % of total AUD repo market

4500+

lines of collateral managed daily in ASX Collateral



$82.2bn

average RBA OMO balance over the last six months

40.6%

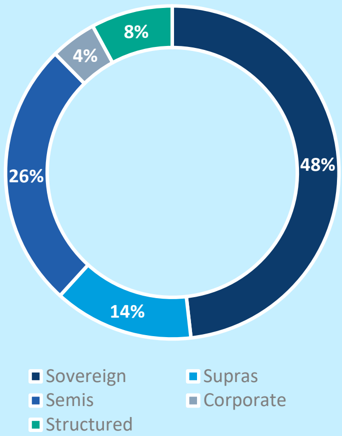
average RBA OMO settled via ASX Collateral triparty over the last six months

50.8%

record high of RBA OMO settled via ASX Collateral in 2020

Collateral - Segmentation, Ratings and Allocation

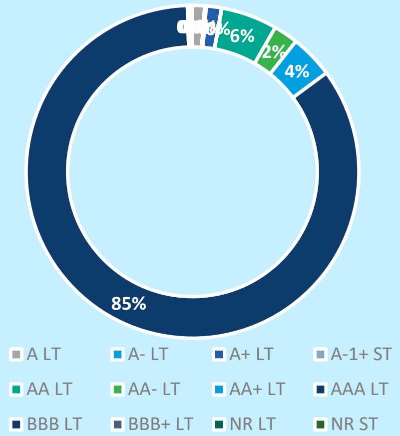
Collateral Segmentation



48% Govt **26%** Semis **4%** Corporates **14%** Supras **8%** Structured

ASX Collateral automates collateral allocation on a 'cheapest to deliver' basis, subject to the Collateral Receivers' eligibility criteria. Collateral Providers can manage HQLA and non-HQLA assets provided as collateral.

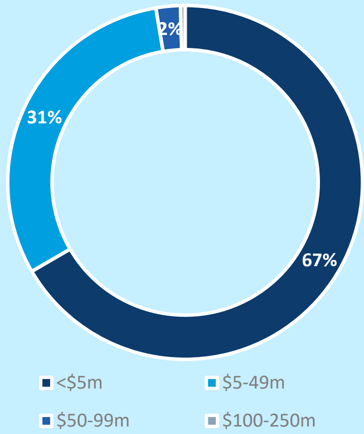
Collateral Ratings



85% AAA rated securites are provided as collateral

ASX Collateral optimises the allocation across a range of Fixed Income instrument types, including Asset/Mortgage Backed securities, Convertible Bonds, Corporates, Supras, Semis and Australian Government Bonds and Notes.

Collateral Allocation



67% of collateral allocated is in sub $5m lines with 4500+ lines of collateral managed daily.

ASX Collateral triparty provides significant efficiencies to collateral management by automating the collateral allocation, mark-to-market and margin call processes, in addition to coupon processing and substitutions.

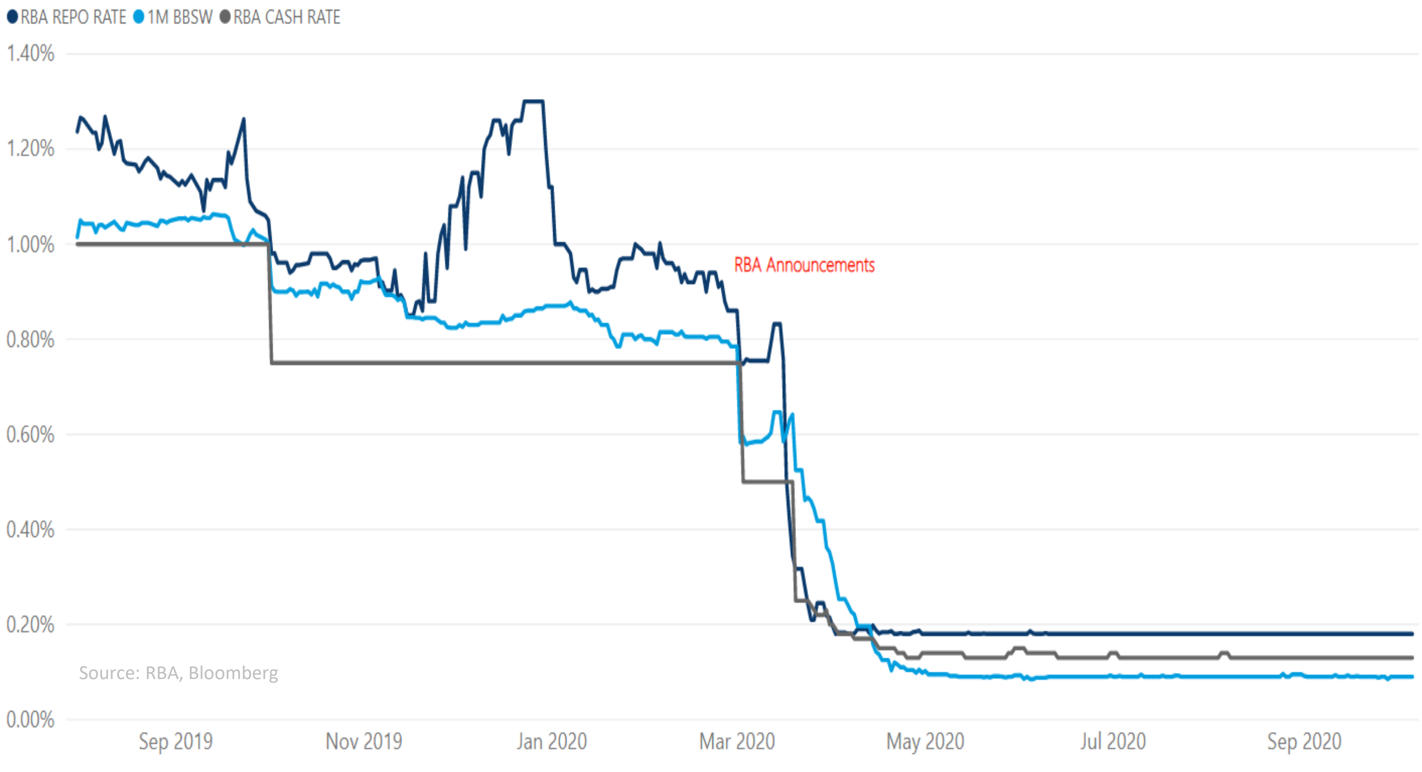
AUD repo rates flat as surplus liquidity is maintained

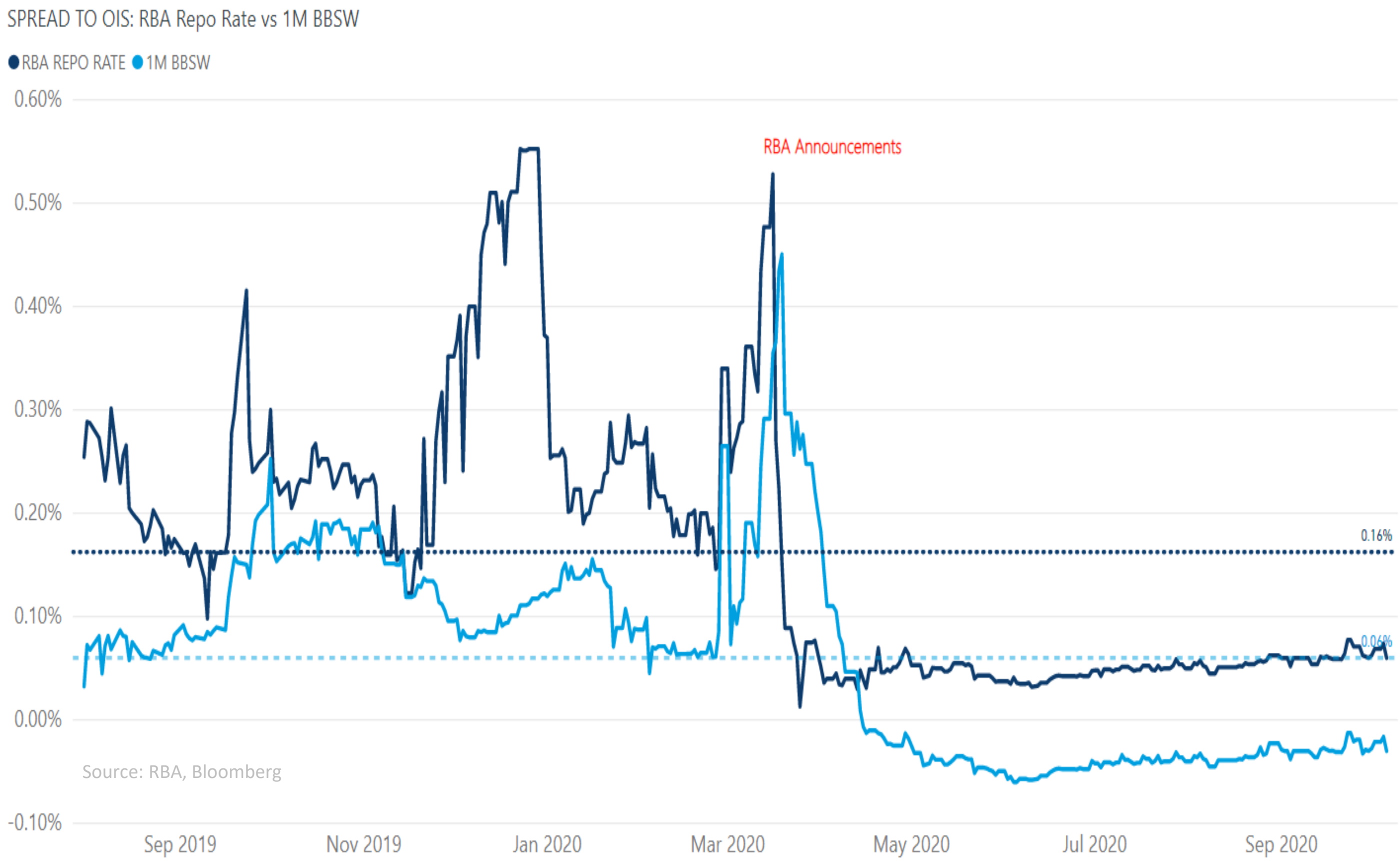
AUD repo rates have remained flat over the past 3 months with the RBA repo rate maintained at 18bps. OMO volumes dropped substantially from the $102bn high in July, back to pre-Covid 19 levels of just under $40bn. Attendance at OMO has been light with 26 term lines unattended in the past quarter and daily volumes around $300m. Surplus liquidity is noted in the surplus ESA balances with an average surplus of $47.5bn in the past quarter.

The decrease in OMO has been offset by the increasing drawndown under the 3 year Term Funding Facility at 25bps with balances now at $83bn, up $70bn in the past quarter.

As per second chart, RBA repo rates continue to trade 9 basis points over unsecured 1 month BBSW levels and BBSW trading below 1 month OIS.

OUTRIGHT RATES: RBA Repo Rate vs 1M BBSW vs RBA O/N Cash Rate





Further information

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