
MONEY MARKET

Moscow Exchange's Money Market is one of the most important segments of the Russian financial market. The Bank of Russia implements monetary policy via the Money Market, and market participants rely on it for day-to-day cash liquidity management.

The key segment of the Money Market is repo transactions with the Central Counterparty (CCP), performed by NCC, which guarantees fulfillment of obligations before all participants.

Repo with the CCP is now the most widely traded key segment on the MOEX Money Market. Since 2016, the Exchange has offered CCP-cleared repo in general collateral certificates (GCC), and since 2017, provided direct access to GCC repo for Russian companies following the launch of deposits with the CCP.

Trading Volumes

In 2018, total Money Market trading volumes amounted to RUB 364.2 trln, which was 3.4% lower than in 2017. Repo trading volumes for 2018 totaled RUB 309.9 trln, accounting for 85% of total Money Market trading volumes; trading volumes of deposit and credit transactions for 2018 totaled RUB 54.3 trln.

The decrease in total Money Market trading volumes was the result of a reduction of direct repo transactions by the Bank of Russia in the context of the liquidity surplus and by the extension of repo transactions with the CCP. Total trading volumes of repos with the CCP (including GCC repos with the CCP) in 2018 increased by 12% YoY to RUB 259.4 tn, accounting for 84% of repo trading volumes at MOEX. The average daily open interest in repos with the CCP (including GCC repos with the CCP) in 2018 grew by one third, amounting to RUB 2.6 trln, and the average duration of repos with the CCP (including GCC repos with the CCP) increased to 3.5 days from 3.2 days in 2017.

GCC repo with the CCP was the fastest-growing repo product: trading volumes in that segment totaled RUB 46.9 trln, 7.6 times higher than in 2017. The average daily open interest in GCC repos in 2018 increased ten-fold to RUB 336 bln.

GCC is a non-issue security provided by NCC in exchange for assets contributed by a clearing member to the property pool. The market participant retains title to the securities contributed to the pool, including the right to receive profits and take part in corporate actions, while at the same time gaining the right to replace those assets with others, or to use them for fulfillment of obligations related to transactions on the Equity & Bond Market and for repos with the CCP.

Trading volumes of deposits with the CCP in 2018 increased 7.7 times to RUB 19.5 trln, accounting for 26% of total volumes of deposit and credit transactions. Average daily open interest in 2018 increased 3.8 times to RUB 107 bln.

The number of participants on the Deposit Market with the CCP tripled in 2018 to more than 100, including industrial corporates, insurance and asset management companies and international financial organizations. Settlement in USD and Euro became available for participants of the Deposit Market with the CCP.

	2016	2017	2018	Change 2018/2017
Money Market trading volumes, RUB billion	333,883	377,141	364,216	-3.4%
On-exchange repo	296,226	339,509	309,913	-8.7%
Direct repo with the Bank of Russia	54,662	35,575	829	-97.7%
Interdealer repo	65,393	72,397	49,663	-31.4%
CCP-cleared repo	176,171	231,537	259,421	12.0%
including GCC-repo	324	6,170	46,888	659.9%
Credit market	37,657	37,631	54,303	44.3%

Average repo term, number of days

	2016	2017	2018
Direct repo with the Bank of Russia	7.0	2.7	1.5
Interdealer repo	3.3	2.9	2.5
CCP-cleared repo	2.3	3.2	3.5
including GCC-repo	1.6	2.0	3.1

Expanding the Range of Instruments

As part of continual efforts to strengthen the Money Market and provide additional opportunities for participants seeking liquidity management when using GCC repos, in 2018 two new property pools were created: GCC GC Expanded, which covers all bonds admitted for repo with the CCP, including bonds that are not accepted by NCC as collateral; and GCC OFZ which covers only OFZs denominated in Russian rubles. Thus, there are now four property pools available to participants: GCC GC Expanded, GCC OFZ, GCC GC Bonds (which cover all bonds that are accepted by NCC as the collateral and cash) and GCC GC Shares (all shares that are accepted by NCC as collateral and cash).

In 2018, the possibility of settlements in USD and Euro for all GCC materialized. The new settlement modes in foreign currency were only available to banks with the use of proprietary accounts. At the beginning of 2019, settlements in foreign currency became available for all participants of the GCC repo market.

In 2018, over 300 securities were admitted for repo transactions, including 250 securities for repo with the CCP and more than 60 foreign securities for inter-dealer repo. The most liquid securities for repos with the CCP were GCC GC Bonds, which represented 12.6% of total repo trading volumes.