Repo market update November 2023

Global repo volumes continue to increase as year-end positioning gathers pace.

Over the past month, data from S&P Global Market Intelligence Repo Data Analytics showed that global volumes and average terms in both repo and reverse repo markets increased whilst haircuts remained unchanged.

Repo activity: Volume +5.97%, Weighted Average Haircut unchanged, Average term increased by 0.69 days (87.39 days current average).

Reverse repo activity: Volume +2.8%, Weighted Average Haircut unchanged, Average term increased by 3.79 days (137.32 days current average).

EMEA

Across the EMEA region, government bond repo volumes increased by 7% and reverse repo volumes increased by 3.2% over the month. The largest increases were seen in Spanish and Austrian repo activity with a growth in volumes of 19.2% and 16.9% respectively. Italian government bond repo volumes also increased by 17% and reverse repo volumes increased by 10% over the period. Trading across Gilts also grew during the month with repo volumes increasing by 8.8% and reverse repo volumes increasing by 4.3%. Rates cheapened across both Polish and Greek government bonds, whilst short dated (sub 5yr) Italian government bonds became more expensive in both repo and reverse repo markets. The Italian 1.4% 05/06/25 became more expensive by 29% whilst the Italian 03/28/24 became more expensive by 15.7%.

Across corporate bonds, there was very little change to average haircuts and rates. Volumes did increase by 6% in reverse repo and 11% in repo, however. Italian EUR denominated investment grade and high yield bonds became slightly more expensive over the month and Spanish high yield EUR denominated bonds became 7.5% more expensive across reverse repo markets.

US and Canada

Growth in volumes was also seen across the Americas during the month. Reverse repo volumes increased by 8% and repo volumes grew by 5.3%. This can be broken down further: UST repo volumes +5.3%, reverse repo volumes +7.9%, Canadian government bond repo volumes +9.8%, reverse repo volumes +31%. Despite the growth in flows across the two jurisdictions, average rates remained steady when compared with October, with less than 1% change in both repo and reverse repo rates across both markets. Movement was seen in the rates traded across 2025 US treasury maturities with the 2% 08/15/25 trading deeply negative (change in average rate of 98% over the month). The UST 0.25% 08/31/25 (repo) and the UST 0.25% 09/30/25 (repo and reverse repo) also experienced a change in average rates of over 30%. The UST Bill 07/11/24 also became more expensive over the month with rates in reverse repo moving by 28% and in repo by 12%. The UST Bill 2% 05/31/24 cheapened however moving back to GC.

In the corporate bond markets a small increase of 2% was seen across reverse repo volumes but repo volumes remained unchanged when compared with October. US USD denominated high yield corporate bonds along with US GBP denominated investment grade bonds traded more special by 4.69% and 4.4% respectively. In Canada, Canadian USD denominated investment grade repo cheapened by 13.8% along with Canadian USD denominated high yield reverse repo which cheapened by 6.94%.

APAC

The APAC region bucked the trend over the month, posting a decline in government bond repo (-12%) and reverse repo (-21%) volumes. The largest declines in volumes could be seen across Japanese Government Bonds (JGBs) where repo volumes declined by 12.84% and reverse repo volumes declined by 26%. JGBs traded more special over the month however as volumes declined. Average rates in the repo market moved by 19.6% and reverse repo rates changed by 21.4%. Sub 10-year JGBs started to trade more special over the period with a focus on the 0.1% 03/20/21 where repo rates became more expensive by 15.71% and the 0.2% 06/20/32 where average rates changed by 13.96%. The 0.8% 09/20/33 cheapened significantly however in both repo and reverse repo markets.

Australian government bond volumes were the second largest movers, lower over the month with repo volumes declining by 13.6% and reverse repo volumes falling by 9.1%. Australian government bonds generally cheapened over the month with maturities in the shorter end (sub 10yr) becoming less expensive by 6-7%.

Across APAC corporate bonds, declines in volumes were also seen. Repo volumes declined by 6% and reverse repos volumes declined by 20%. The largest moves were seen across Hong Kong bonds. In this market, USD denominated investment grade repo cheapened by 10% and volumes declined by 16% whilst USD denominated high yield repo (+27%) and reverse repo (+13%) became more expensive. Two bonds to trade special in both repo and reverse repo markets included CGHCL 7.25% 04/08/26 and FOSUI 6.85% 07/02/24 which traded negative over the month.

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