

Benchmark Rates Liquidity Monitor

January 2022 | Issue 12

This is the final edition of the Benchmark Rates Liquidity Monitor.

ESTR trading volumes recovered in January, but not as much as EURIBOR did. SOFR trade count increased significantly and for the first time overtook USD LIBOR trade count. GBP LIBOR and JPY LIBOR transitions are now completed; however, some marginal trades were still observed in January post LIBOR cessation.

EUR

ESTR monthly trading volumes in January increased to 1,700bln, all time high figure. (**Chart 1**) according to the Swapsinfo data. EURIBOR volumes moved higher at a faster rate and reached 7,400 bln. USD. Monthly trade count came back to November 2021 levels for both rates: 5,000 and 45,000 respectively (**Chart 2**). EONIA and ESTR to EURIBOR trade count ratios continue slowly trending higher in 5Y+ tenors in the 10% - 20% range (**Chart 10**).

GBP

The transition from GBP LIBOR to SONIA in the GBP is completed. Nevertheless, in January 2022 there were still 4bln. USD notional and 25 trades in GBP LIBOR reported according to the Swapsinfo data.

USD

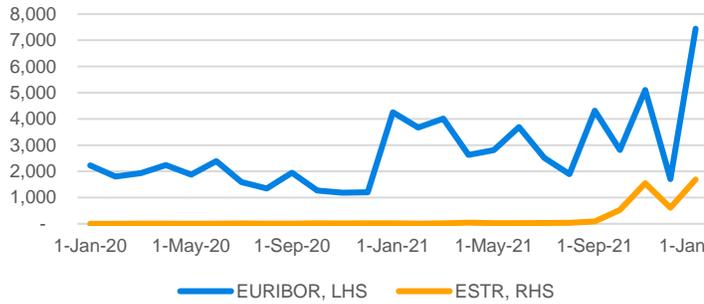
January 2022 marked the end of publishing the lesser-used USD LIBOR settings while the remaining USD LIBOR settings will continue to be published until June 2023. This month U.S. regulator-imposed restrictions on the new use of USD LIBOR, with limited exemptions for unwinds, novations and trades that reduce the USD LIBOR risk of a contract that was entered into on or prior to January 2022. With that SOFR trade volumes and trade count accelerated to new records along with an uptick in LIBOR trades as market participants transacted to reduce their LIBOR exposure (**Charts 5 and 6**). As liquidity in SOFR accelerated in the second half of 2021, market participants have shifted away from Fed Funds into SOFR (**Charts 17 and 18**).

JPY

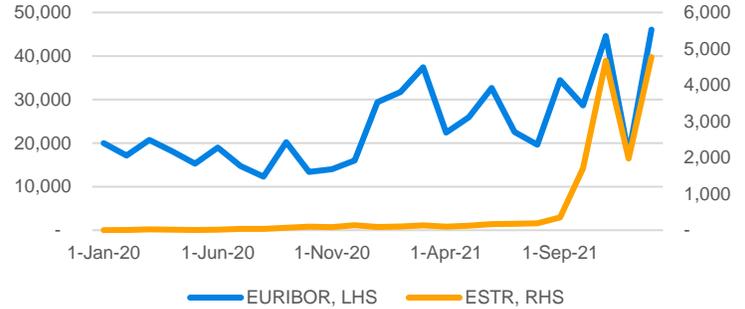
For the JPY LIBOR market, the transition from JPY LIBOR to TONA is now completed. Like the GBP market, in January 2022, there were still 1bln. USD notional and 26 trades in JPY LIBOR reported according to the Swapsinfo data.

IRS AND OIS TOTAL LIQUIDITY

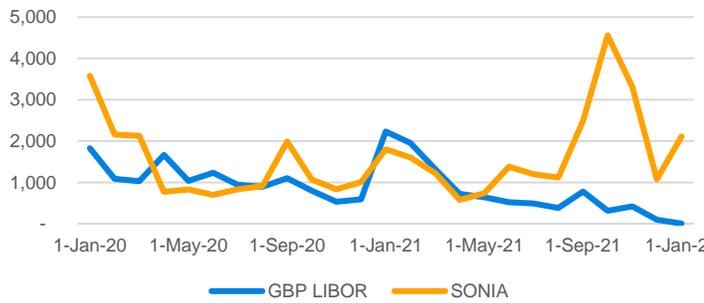
1: EURIBOR AND ESTR MONTHLY TRADING VOLUME (USD BLN)



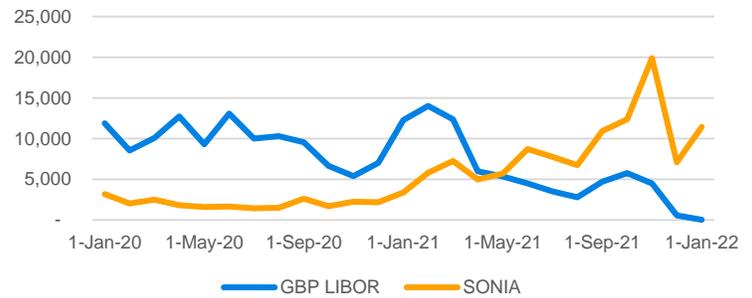
2: EURIBOR AND ESTR MONTHLY TRADE COUNT



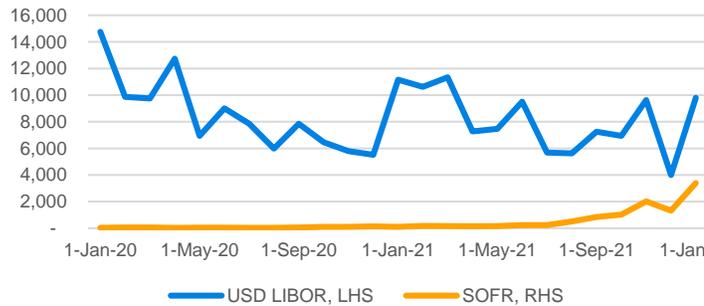
3: GBP LIBOR AND SONIA MONTHLY TRADING VOLUME (USD BLN)



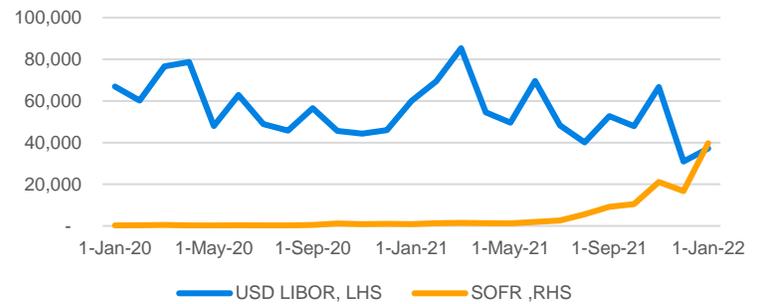
4: GBP LIBOR AND SONIA MONTHLY TRADE COUNT



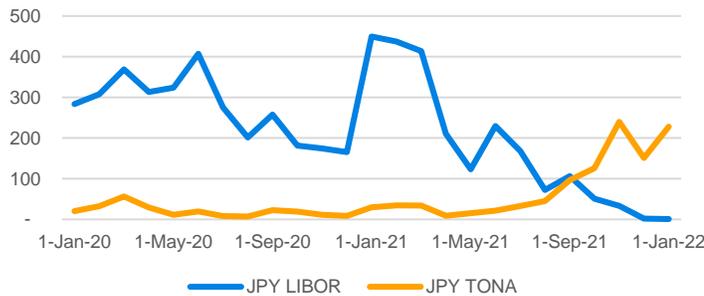
5: USD LIBOR AND SOFR MONTHLY TRADING VOLUME (USD BLN)



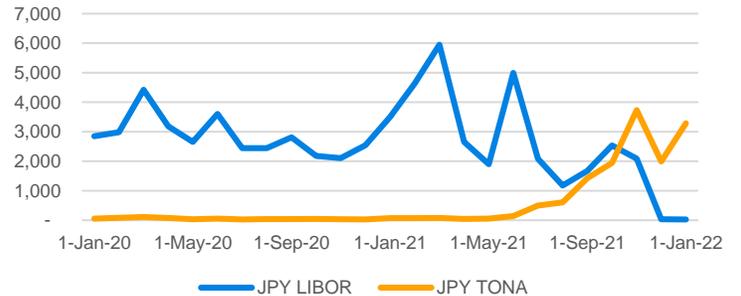
6: USD LIBOR AND SOFR MONTHLY TRADE COUNT



7: JPY LIBOR AND TONA MONTHLY TRADING VOLUME (USD BLN)

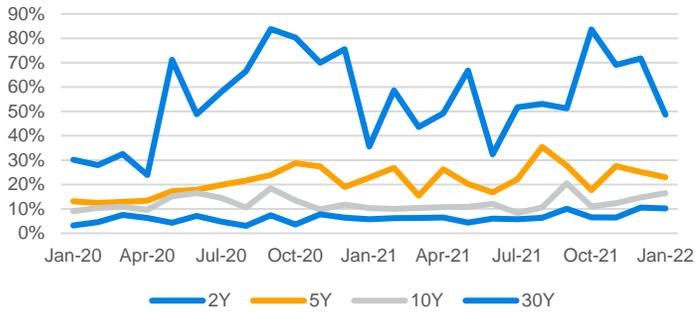


8: JPY LIBOR AND TONA MONTHLY TRADE COUNT

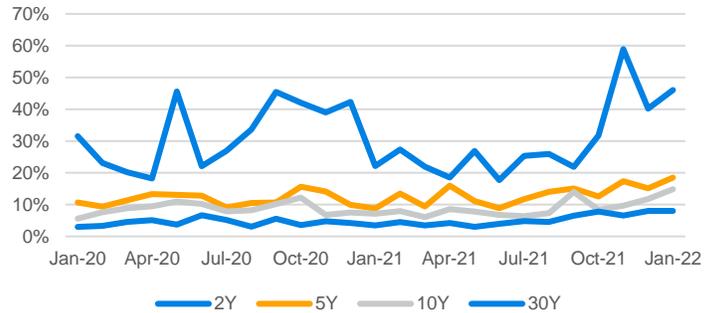


IRS AND OIS LIQUIDITY PER TENOR

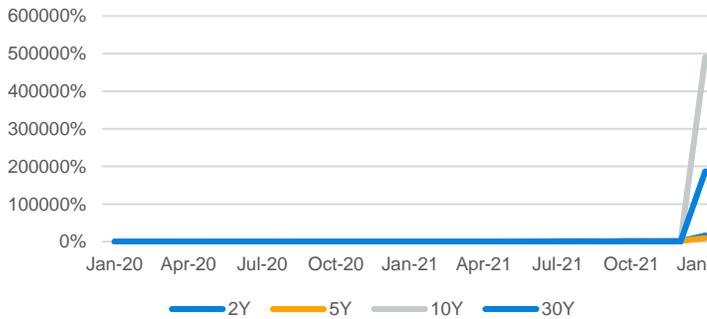
9: ESTR OIS TO EURIBOR IRS MONTHLY VOLUME RATIO



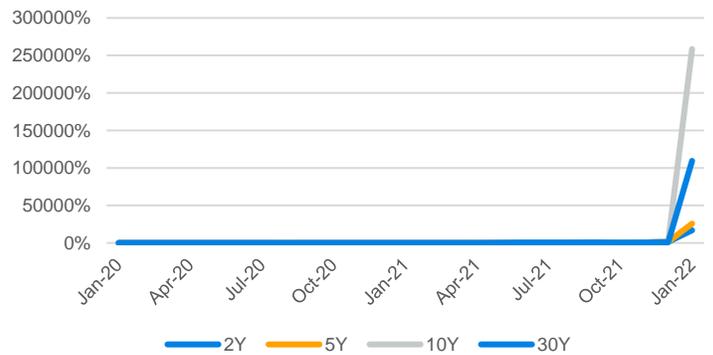
10: ESTR OIS TO EURIBOR IRS MONTHLY TRADE COUNT RATIO



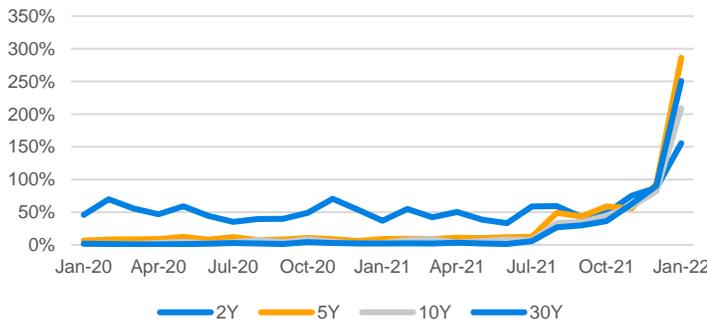
11: SONIA OIS TO GBP LIBOR IRS MONTHLY VOLUME RATIO



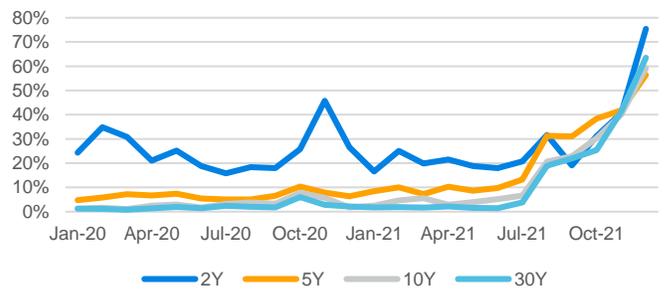
12: SONIA OIS TO GBP LIBOR IRS MONTHLY TRADE COUNT RATIO



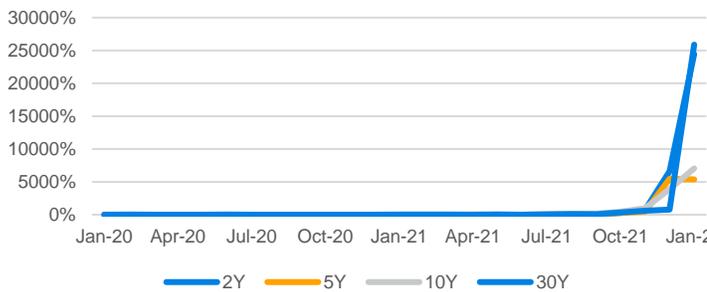
13: OIS TO USD LIBOR IRS MONTHLY VOLUME RATIO



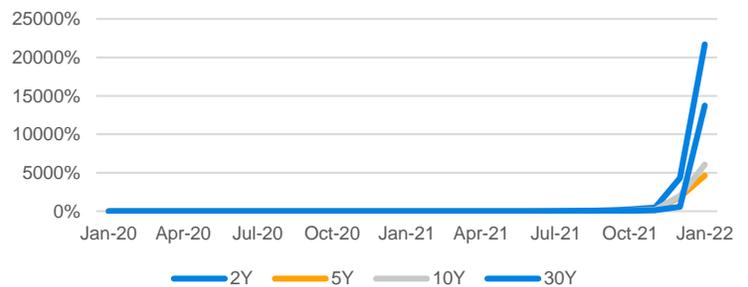
14: OIS TO USD LIBOR IRS MONTHLY TRADE COUNT RATIO



15: OIS TO JPY LIBOR IRS MONTHLY VOLUME RATIO

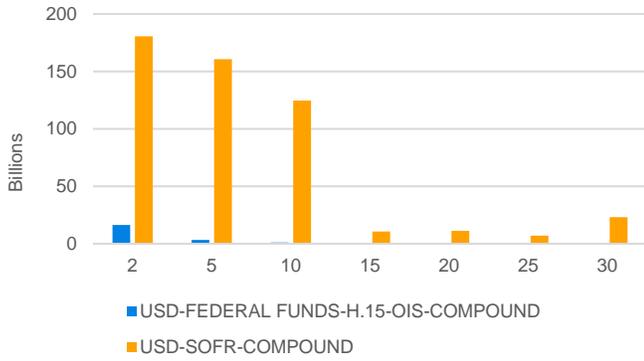


16: OIS TO JPY LIBOR IRS MONTHLY TRADE COUNT RATIO

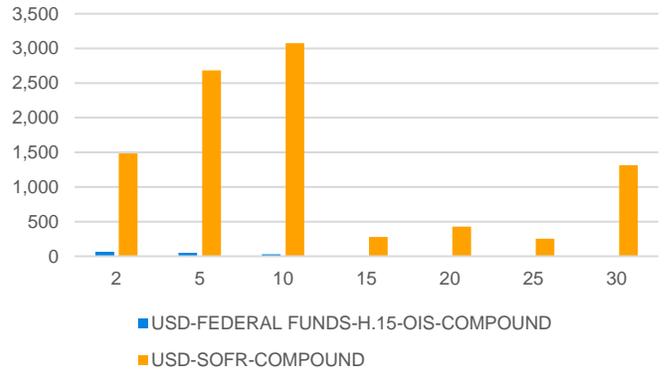


USD OIS LIQUIDITY - JANUARY 2022

17: FED FUNDS VS SOFR TRADE VOLUME PER TENOR (USD BLN)



18: FED FUNDS VS SOFR TRADE COUNT PER TENOR



Disclaimers

Milliman Financial Strategies ("Milliman") has compiled the information in this document with care. This information is only intended for eligible counterparties and/or professional investors as referred to in the Financial Supervision Act ("Wft").

This document does not contain (i) an offer of invitation to buy, sell or trade financial instruments (within the meaning of 1: 1 Wft), (ii) no investment recommendation or investment advice (within the meaning of 1: 1 Wft), and (iii) no legal or tax advice. Consult a legal or tax advisor. Milliman recommends that you not to base any investment or other decision solely on the information contained in this document. Milliman is not liable for damage resulting from such an (investment) decision.

The information in this document is (partly) based on information obtained by Milliman from sources believed to be reliable. Milliman does not warrant the reliability of those sources or the accuracy and completeness of the information obtained from those sources. The information in this document is purely informative and you cannot derive any rights from it. All information is a snapshot, unless expressly stated otherwise. The information is not representative of the views of Milliman or its parent companies, subsidiaries or affiliates. Distribution of this document after the original publication date is no guarantee that the information contained herein is still accurate and complete at that later date. Milliman reserves the right to change this information without notice. The used returns on investments in this document is for the purpose of explanation and explanation only. Milliman does not express any expectations about the return or price development of those investments. The value of your investment may fluctuate and past performance is no guarantee for the future. The information in this document is based on assumptions made by Milliman. Assumptions other than those made by Milliman may be made. The conclusions drawn by Milliman are therefore not necessarily correct and / or complete.

You may copy the information in this document for your own personal use only. You may not copy, reproduce, distribute, or disclose the information without Milliman's written consent. All information (texts, photos, illustrations, graphics, trade names, logos, and marks) remains the property of or licensed to Milliman and is protected by copyright, trademark and / or intellectual property law. No rights or licenses are transferred when using or accessing this information.

Issued by: Milliman Financial Strategies B.V., with its registered office and office in Amsterdam. Milliman is registered with the Netherlands Authority for the Financial Markets ("AFM") in Amsterdam as an investment firm as referred to in Section 2:96 Wft and is authorized under this license to provide investment services as included in the register kept by the AFM.



Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

[milliman.com](https://www.milliman.com)

**For more information, please contact
your Milliman consultant.**