1. Introduction

The (T)LTRO-Tracker gives an insight into the scale and duration of the Eurosystem refinancing operations. Strongly rising refinancing requests of banks are an indicator of financial market distress.

2. The Data

The (T)LTRO-Tracker shows all outstanding refinancing operations of the Eurosystem. Vice versa, it reflects all refinancing operations of euro area banks with the Eurosystem. Originally, the refinancing operations consisted of the one week main refinancing operation (MRO) and the three month longer term refinancing operation (3M LTRO). During the financial crisis from 2008 onwards the Eurosystem switched to a tender procedure with fixed-rate full allotment liquidity provision: all refinancing requests of euro area banks are fulfilled if the collateral requirements are met. The two existing refinancing operations were supplemented by various longer-term refinancing operations (1M, 6M, 1Y & 3Y LTROs). As private funding markets froze these large-scale central bank lending programs (LTROs) helped to avert a collapse of the financial system. The TLTRO programs, initiated in 2014, offer longer-term funding at accommodative terms, if banks subsequently hand out credits to households and enterprises. The borrowing rate for banks in the TLTRO-I program was equal to the main financing rate (by then 0.05%) plus 10 basis points, which in 2015 was adjusted to the main financing rate (by then 0.05%) plus 0 basis points. In the TLTRO-II program the interest rate was changed to the rate of the deposit facility, which equaled -0.4% by then. In the TLTRO-III program banks can access funds as low as -1% (deposit facility rate -0.5% minus 50 basis points), if the ECB’s lending performance criterion is met. On 07.04.2020, the collateral requirements to participate in the refinancing operations were eased.

Recently the refinancing operations grew strongly due to the financial stress caused by the COVID-19 shock. On 20.05.2020 all refinancing operations amounted to roughly €979 billion, having increased by €355 billion since the beginning of the year. This is mainly due to the Bridge LTRO, which was initiated on 12.03.2020 on a weekly basis and ensures sufficient immediate liquidity for banks. The next date for the TLTRO-III offering is the 23.06.2020, which is also the maturity date of the Bridge LTROs. We expect that the Bridge LTROs are then rolled over into the TLTRO-III program. On 30.04.2020 an additional program called pandemic emergency longer-term refinancing operation (PELTRO) was announced, which offers refinancing between 19.05.2020 and 01.12.2021 at -0.25% maturing in the third quarter of 2021. The ECB has announced that “the ECB stands ready to provide additional liquidity, if needed.”

4. Data Sources

The data is compiled from the ECB website. The allotment data can be found here. The repayment data can be found here. Our aggregated data can be downloaded here.

5. Outlook

President Lagarde has argued that the ECB stands ready to provide up to €3 trillion in liquidity through refinancing operations.