

OFR U.S. Repo Market Data Release Methodology for Tri-party Repo

Source

The Board of Governors of the Federal Reserve System, through the Federal Reserve Bank of New York, collects supervisory data from tri-party clearing banks on repurchase agreements (repos) cleared by those firms. These data are made available to the Office of Financial Research (OFR), and are used in the calculation of the OFR's U.S. Repo Market Data Release.

Series Definitions

Two types of series are reported for tri-party repo:

- 1) **Transaction volume:** the total principal amount exchanged in tri-party on that day, including open trades.
- 2) **Average rate:** the average rate on tri-party repo transactions weighted by the principal amount of the repo agreement.

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Volumes

Volumes are reported as the principal amount of each repo transaction, which is the amount of cash lent by the cash lender at the initiation of the trade. Transaction volume reflects all transactions that were initiated on a given day. Any forward trades (trades that are agreed to in advance of the start date) are recorded on the start date of the trade. Outstanding volume reflects the volume of all trades from their start dates up until their end dates.

Rates

Rates are reported as principal-weighted mean rates.

Tenor

Tenor is the amount of time before a contract expires. Tenor for these series is defined as the minimum contractual maturity, which for fixed-term contracts with no optionality is the number of days between the start date of a trade and the end date. For open repos and repos with embedded optionality, tenor is the

difference between the start date of the trade and the first date at which the dealer or the lender first has the option to end the trade.

To determine whether trades are overnight, weekends and holidays are excluded from the calculation of days between start and end dates. For term repo, the simple difference between the start and end dates is used to calculate the tenor.

- 1) **Overnight/open:** trades with a minimum contractual maturity of one business day.
- 2) **Less than or equal to 30 days:** trades with a minimum contractual maturity of 30 or fewer calendar days but more than one business day
- 3) **Greater than 30 days:** trades with a minimum contractual maturity of greater than 30 calendar days.

Collateral Class

The tri-party data used in the U.S. Repo Market Data Release include the agreed-upon class of collateral that can be allocated to a repo transaction. Collateral allocation in tri-party repo generally occurs on an “as-good-or-better” basis, so the actual securities ultimately allocated to a particular transaction may not exactly match the class of collateral indicated on that transaction. The OFR maps these collateral classifications to four broad classes of collateral: U.S. Treasury securities, U.S. Agency and Government-sponsored Enterprise securities, corporate bonds, and all other collateral.

Disclosure Edits

To ensure that individual positions cannot be inferred from the aggregations the OFR reports, the OFR applies disclosure edits to the series it publishes. As a result, data will not be reported for any day in which the OFR judges that volumes or numbers of unique participants fail to ensure the protection of individual firms’ data.