

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:

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

Volumes

Volumes are reported as an aggregation of 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. The total volume for all transactions is reported as well as separate volumes by tenor and collateral classes.

Rates

Rates are reported as principal-weighted average of rates recorded on repo transactions that were initiated on a given day. Rates are reported for all transactions as well as separately by tenor and collateral classes.

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.

- **Overnight/open:** trades with a minimum contractual maturity of one business day
- **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
- **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.

Vintage

There are two vintages of data in the OFR U.S. Repo Markets Data Release, preliminary and final. Preliminary releases occur daily, covering transactions for the previous day, except in tri-party where there is a two-day lag. Final releases occur on a quarterly basis, with data covering the previous quarter for all series. These final releases represent revisions to the preliminary series based on a transaction-by-transaction review by OFR staff and will not be revised in subsequent releases.

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.

Series Modifications

From time to time, OFR may update, modify, introduce, or retire series to improve the quality of information provided. This section will list such changes.

The removal of affiliate transactions from rates (beginning July 2024):

OFR has removed rates from transactions judged to be between affiliates from all tri-party repo rate series from July 2024 onwards. Affiliates within an organization's zone of control are not necessarily trading at arm's length. As such, the inclusion of affiliate transactions in rate calculations may introduce a spread between the OFR's reported statistics and the prevailing market rate between non-affiliated entities, which may make the series difficult to interpret for external users. The reported volumes in all tri-party repo volume series still include affiliate repo.