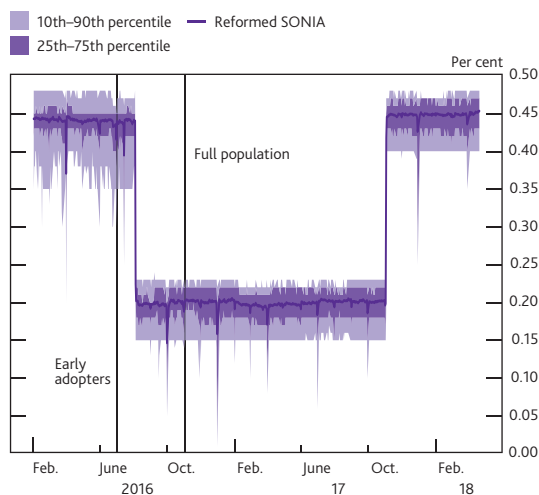


## The characteristics of SONIA under the reformed and previous methodology

This document outlines illustrative statistical characteristics of SONIA under the reformed and previous methodology.<sup>(1)</sup> It compares headline rates and daily volumes for each. The data presented for SONIA under its reformed methodology have been compiled using SONIA-eligible input data reported to the Bank's Sterling Money Market daily data collection, up to and including 20 April 2018, the day prior to the implementation of the reforms.

For a provisional set of 'early adopters', comprising roughly 75% of the full population, data are available from 1 February 2016; the vast majority of the reporting population has been contributing since 1 July 2016; and the full population have been reporting since 2 November 2016.

**Chart A** SONIA rate and percentiles under the reformed methodology



**Chart C** Daily volumes and number of trades in SONIA under each methodology

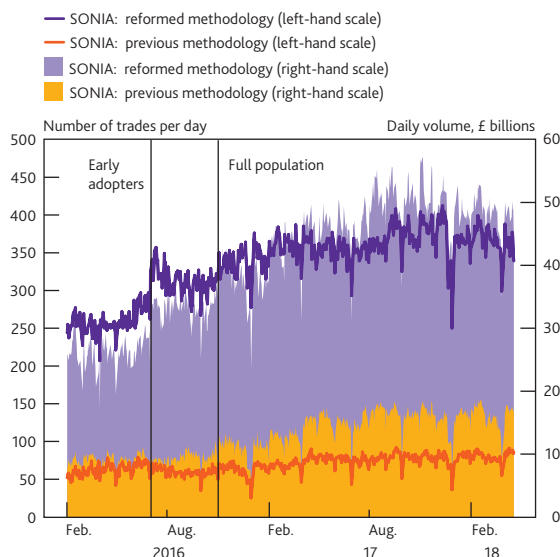
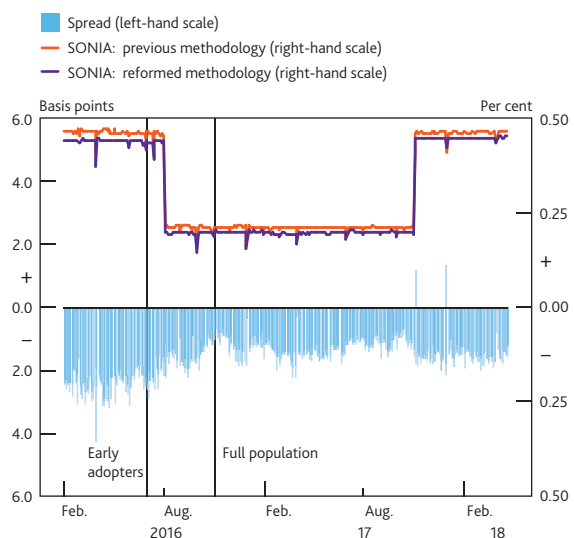


Chart A shows SONIA calculated using the reformed methodology, and the 10th, 25th, 75th and 90th percentile rates of the volume-weighted distribution; the set of interest rates the Bank publishes daily at 09:00.

Over the most recent six months, the indicative data show that reformed SONIA would have been 1.5 basis points below SONIA published using the previous methodology (Chart B). Average daily volumes for reformed SONIA over that period were around £50 billion, or over three times larger than those underlying published SONIA (Chart C). Table 1 presents summary statistics comparing SONIA under each methodology.

(1) All data presented in this box are available on the Bank's website at [www.bankofengland.co.uk/-/media/boe/files/markets/benchmarks/soniareform0518](http://www.bankofengland.co.uk/-/media/boe/files/markets/benchmarks/soniareform0518). Calculations are illustrative, based on the Bank of England's Sterling Money Market data collection, and are intended only to show how the reformed SONIA methodology would have worked, and should not be used for any other purpose.

**Chart B** Comparison of SONIA under each methodology



**Table 1** Summary statistics on SONIA under each methodology

	SONIA: reformed methodology	SONIA: previous methodology
<b>Average spread to SONIA (basis points)</b>		
Since July 2016	-1.39	
Past six months	-1.48	
<b>Correlation of daily changes with daily changes in SONIA</b>		
Since July 2016	0.96	
Past six months	0.96	
<b>Mean daily volumes (£ billions)</b>		
Since July 2016	43.7	13.8
Past six months	48.9	16.1
<b>Mean daily number of trades</b>		
Since July 2016	352	73
Past six months	371	80