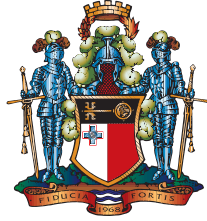




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MARKET FOR MALTA GOVERNMENT STOCKS: 2025 IN REVIEW

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Analytical Article Series 2/2026

MARKET FOR MALTA GOVERNMENT STOCKS: 2025 IN REVIEW¹

Introduction

This report provides an assessment of developments in the primary and secondary markets for Malta Government Stocks (MGS) during 2025. During the year under review, the Treasury offered a total of €1,386.91 million in MGS, out of its €1,500.00 million planned² issuance for the year. The issuances comprised three regular issues and one private placement through a roll-over issue of the 62+ Malta Government Savings Bond (MGSB).

The second section focuses on primary market demand, delving into participation and preferences across bonds from both wholesale and retail investors. Also, allotment decisions by the Treasury are assessed across the three regular issuances. The section covering the primary market continues with an overview of participation and allotments across the five principal investor categories. It then analysis the yields demanded by wholesale investors, with particular emphasis on the spread between the Average-Weighted Yield (AWY) of successful wholesale bids and the yield offered to retail investors.

The final section focuses on the year's secondary-market developments, detailing the most actively traded securities, together with a year-on-year comparison of the distribution of MGS holdings across investor categories.

Primary market developments

MGS primary market demand remained robust in 2025, reflecting continued investor appetite for domestic sovereign debt securities. The Treasury offered a total of €1,386.91 million, of which €1,319.75 million were allotted across a 62+ MGSB rollover and three regular issuances that registered bid-to-cover ratios between 1.55 and 2.01. Maturities offered ranged between four and 15 years with coupon rates between 2.55% and 3.80% per annum. After factoring in the bonds that matured in 2025, the total amount of MGS outstanding increased by €892.84 million, reaching €10,029.06 million.

Table 1 summarises the year's issuance results in terms of amounts offered, applied for and allotted, as well as bid-to-cover ratios.

Overall investor demand decreased in 2025 by €184.66 million when compared to the previous year, even though 2024 offered a lower nominal amount in MGS issuance. While wholesale investors remained the main source of demand, their participation fell by €273.9 million compared to 2024, making them the main contributor to the year's relatively weaker bidding activity. This likely reflects a more selective bidding approach for the longer-term³ issues offered in 2025, compared to the more concentrated selection of short and medium-term bonds in 2024. This aligns with wholesale investors' preference for shorter maturities, which helps in managing duration risk

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² The Treasury of Malta publishes its borrowing plan on its official website at the beginning of each year.

³ Maturity terms between one and six years are categorised as short-term bonds, including both years. Those of seven till 14 years are medium-term bonds, whilst those of 15 years and higher are considered long-term issues.

Table 1					
LIST OF 2025 ISSUANCES					
<i>EUR</i>					
	Feb.	July	July	Nov.	Totals
	3.00% MGS 2030 IV 3.50% MGS 2035 III	3.40% MGS 2035 IV 3.80% MGS 2040 II	62+ MGSB Issue 2025 ⁽¹⁾	2.55% MGS 2030 V 3.40% MGS 2035 IV F.I. 3.80% MGS 2040 II F.I.	
Total amount on offer	450,000,000	400,000,000	86,911,100	450,000,000	1,386,911,100
Original Issue	300,000,000	250,000,000	86,911,100	350,000,000	986,911,100
Overallotment Option	150,000,000	150,000,000	-	100,000,000	400,000,000
Total applications	602,269,400	449,040,900	55,700,000	542,738,800	1,649,749,100
Retail	147,769,400	155,040,900	55,700,000	103,238,800	461,749,100
Wholesale	454,500,000	294,000,000	-	439,500,000	1,188,000,000
Total amount allotted	449,769,400	388,040,900	55,700,000	426,238,800	1,319,749,100
Retail ⁽²⁾	147,769,400	155,040,900	55,700,000	103,238,800	461,749,100
Wholesale	302,000,000	233,000,000	-	323,000,000	858,000,000
Bid-to-cover ratio⁽³⁾	2.01	1.80	-	1.55	

Source: Malta Treasury Department.

⁽¹⁾ Eligible bondholders of this security were offered to rollover their maturing holdings in the new savings bond issue.

⁽²⁾ Total applications from Retail investors were fully allotted.

⁽³⁾ Bid-to-cover ratio is estimated on the original issue amount.

more effectively, as noted in previous reports.^{4,5} Nonetheless, wholesale participation continued to play a central role in absorbing sizeable issuance volumes, despite demand being skewed towards short and medium-dated MGS.

Wholesale investors submitted a total of €1,188.00 million in bids, of which €858.00 million was allotted, implying an overall acceptance ratio of 72.2%. Wholesale interest was strongest in the February issuance that received €454.50 million in bids across one short and one medium-term issue. In contrast, the July issuance of the year saw subdued wholesale interest, particularly in the 15-year tenor, which received just €12.00 million in bids.

Retail participation, however, saw a modest increase to €461.75 million including the rollover of the 62+ MGSB, representing approximately 28.0% of total applications,⁶ up from 20.3% in the previous year. In nominal terms, retail demand increased by €89.24 million compared to 2024. Retail investors displayed a clear preference for medium and longer-dated securities offering relatively higher coupon rates, which accounted for 87.4% of total retail applications. In the February issuance, most of the retail demand was directed towards the 3.50% MGS 2035 III, with €117.71 million in applications. The second issuance of 2025 attracted the highest level of retail interest, with applications totalling €155.04 million and divided almost equally across two new bonds. In contrast, the November issuance saw weaker retail demand compared to the year's other two regular issuances. Retail investors applied for just €103.24 million across three MGS lines, with 79.7% of the total retail amount again concentrated in the two longer-dated bonds. The timing of this issuance, however, coincided with heavy competition from new corporate bond issues in the final two months of the year, totalling €302.59 million (41.8% of the annual corporate issuance amount for 2025). Corporate bonds, usually unrated and mostly absorbed by retail investors, generally offer higher yields than comparable MGS. With 2025 marking a record year for corporate issuances, this likely diverted retail capital away from MGS, which may explain the reduced retail demand in November.

Details of the three regular issuances are reported in Table 2, highlighting coupons, maturity terms, applications and allotments by the two main investor types.

⁴ See [The Malta Government Stocks Market: 2023 in review \(2024\)](#).

⁵ See [Box 6: Market for Malta Government Stocks: 2024 in Review](#), Central Bank of Malta *Quarterly Review* 2025:3, pp. 94-102.

⁶ Terms "applications" and "allotment" will be used interchangeably throughout the report when referring to retail investors.

Table 2
2025 ISSUANCES: MATURITIES, COUPONS, APPLICATIONS AND WHOLESALE ALLOTMENT

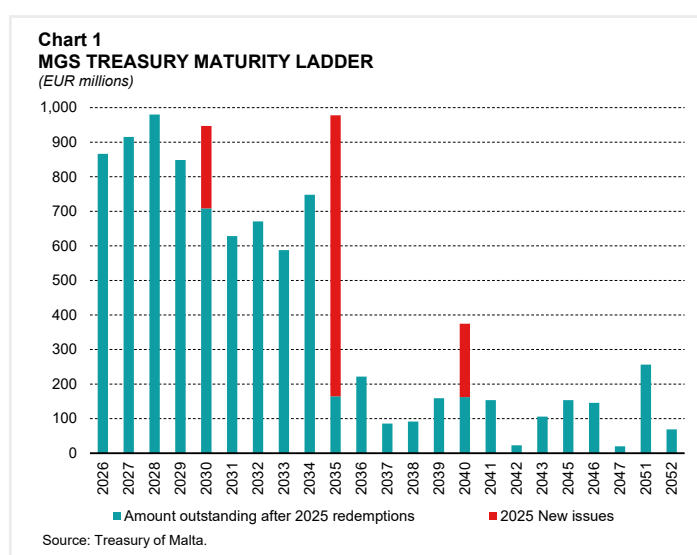
	Coupon		Term to maturity	Total applications		Wholesale allotment	
				Retail	Wholesale	Nominal allotment	Percentage allotment
	%	Years	EUR	EUR	EUR	%	
Feb.	3.00% MGS 2030 IV	3.00	6	30,058,900	206,000,000	81,500,000	39.6%
	3.50% MGS 2035 III	3.50	11	117,710,500	248,500,000	220,500,000	88.7%
July	3.40% MGS 2035 IV	3.40	10	80,700,700	282,000,000	222,000,000	78.7%
	3.80% MGS 2040 II	3.80	15	74,340,200	12,000,000	11,000,000	91.7%
Nov.	2.55% MGS 2030 V	2.55	4	20,910,300	157,500,000	106,000,000	67.3%
	3.40% MGS 2035 IV F.I.	3.40	10	41,689,800	180,500,000	130,500,000	72.3%
	3.80% MGS 2040 II F.I.	3.80	15	40,638,700	101,500,000	86,500,000	85.2%
				406,049,100	1,188,000,000	858,000,000	72.2%

Source: Malta Treasury Department.

The divergence in maturity preferences between retail and wholesale investors reflects differing objectives and risk tolerances in the prevailing interest rate environment. Retail investors are typically income-focused and less sensitive to interim price volatility as hold-to-maturity buyers. By contrast, wholesale investors may adopt a more strategic approach shaped by portfolio objectives over a buy-and-hold stance. In 2024 retail investor applications were evenly split between short-term and medium-term bonds, with 50.0% of demand directed towards each maturity segment. Wholesale investor demand in 2024 showed slight preference toward the short-term MGS offered, submitting 55.9% of total bids. It should be noted, however, that no long-term bonds were issued during the aforementioned year.

In 2025, the Treasury continued to display a consistent tendency to allocate a relatively larger share of wholesale bids toward longer maturities against bids placed in shorter issues as per Table 2 above. This allotment pattern can be better understood when viewed in the context of the existing MGS maturity structure after 2025 redemptions, as illustrated through Chart 1. By the end of 2025, approximately 81.2% of the outstanding MGS was scheduled to mature within the following ten years, and a substantial 49.3% falling due within just five years, pointing to a pronounced concentration of refinancing requirements over the near term.

While shorter-dated MGS, continued to be offered in the February and November issuances, the overall allotment outcome indicates a rebalancing towards medium to long tenors. In particular, the largest share of allotments was directed towards the 2035 and 2040 maturity segments.

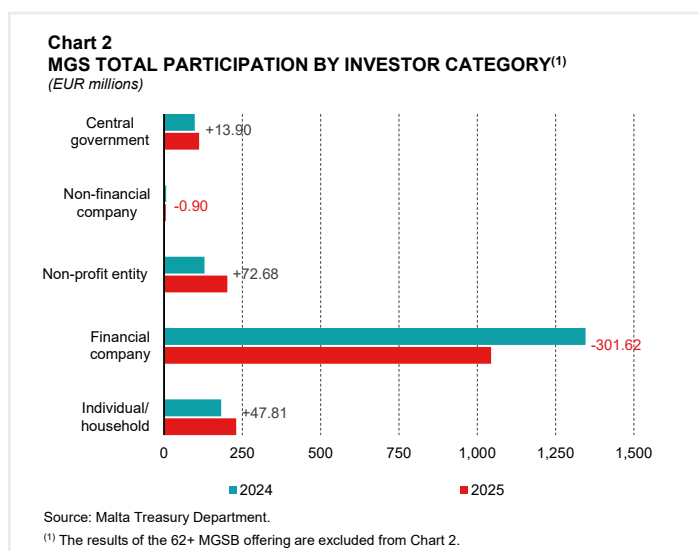


Participation and allotment by investor category

Participating investors in regular MGS issuances are classified into five categories: Financial Companies, Individuals and Households, Non-Profit Entities, Non-Financial Companies, and General Government.^{7,8}

Chart 2 compares participation levels across these categories for all regular issuances conducted in 2025 relative to those recorded in 2024. In 2025, Financial Companies accounted for the largest share of demand, submitting applications totalling €1,044.12 million, equivalent to 65.5% of total applications across regular issuances.

Of this amount, €335.00 million originated from non-resident investors, representing an increase of 96.1% (€164.20 million) compared with the previous year. Individuals and Households⁹ followed with €230.20 million in applications. Non-Profit Entities submitted €201.97 million of which €169.47 million were channelled through retail submissions. The General Government and Non-Financial Company investor categories together accounted for a relatively limited share of demand, with combined applications amounting to €117.80 million.



A year-on-year comparison indicates that three investor categories increased their level of participation in 2025. Submissions from Individuals and Households rose by €47.81 million in nominal terms, while applications from Non-Profit Entities increased by €72.68 million. Participation by General Government entities also expanded, rising by €13.90 million. In contrast, the two remaining categories recorded a decline in demand, with the Financial Companies category experiencing the most pronounced reduction of €301.62 million.

Regarding wholesale allotments,¹⁰ the Treasury accepted bids from four principal investor categories. Non-Financial Companies recorded the highest allotment ratio, with 100.0% of bids accepted, corresponding to a nominal amount of €2.50 million allotted to resident investors. This was followed by Non-Profit Entities and General Government investors, with acceptance ratios of 95.4% (€31.00 million) and 95.1% (€105.50 million), respectively. Financial Companies recorded the lowest allotment ratio, with 69.0% of submitted bids being accepted, corresponding to an allotted amount of €719.00 million. All applications submitted under Individual/Household category were done under retail submissions.

⁷ The largest portion of the Non-Profit Entities classification is made up of resident nominees who are not necessarily non-profit. These investors do not hold a direct account with the Malta Stock Exchange (MSE) and submit applications through licensed intermediaries.

⁸ The General Government category mainly refers to government agencies and public sector entities.

⁹ The Individuals and Households category accounted for 14.4% of total applications, while Non-Profit Entities represented a further 12.7%. The remaining 7.4% was distributed between General Government and Non-Financial Companies, at 0.4% and 7.0%, respectively.

¹⁰ The Treasury's wholesale allotment decisions are determined by the yield levels at which bids are submitted, whilst also considering its refinancing considerations.

Wholesale investor demand reflected through AWY trends

Wholesale investor demand for MGS in 2025 occurred in an environment where policy rates transition from an easing to a holding phase and in a context of renewed sources of uncertainty on both sides of the Atlantic. Following the rate cuts initiated in 2024, the European Central Bank (ECB) implemented its final policy rate reduction in June 2025 and kept rates unchanged for the remainder of the year.¹¹

Despite the stabilisation of policy rates, euro-area sovereign yield curves steepened over the course of 2025. Elevated public financing requirements across several euro area economies, reinforced expectations of structurally higher sovereign issuance, contributing to an upward repricing of yields and term premia. Several euro area governments announced sizeable increases in defence and security-related expenditure,¹² reflecting heightened geopolitical risks and commitments under NATO and EU defence initiatives.

Developments in the United States also contributed to higher euro area term premia. The Federal Reserve initiated a cautious easing cycle in the second half of 2025, lowering the Federal Funds Target rate in September, October and December.¹³ At the same time, the US administration introduced broad-based tariff increases from early 2025 and, in April, rolled out a sweeping regime of “reciprocal tariffs” with additional tariff actions later in the year. These measures, along with associated retaliatory steps by trading partners, contributed to higher global term premia, bouts of volatility in US Treasuries and spillovers to euro-area sovereign yields.

Accordingly, the prevailing market conditions continued to guide the Treasury’s selection of coupon rates for its 2025 MGS issuances, through reference to the secondary market yields on comparable maturities and the broader interest rate environment at the time of issuance. Wholesale investors’ pricing behaviour, as captured by the successful AWY and Average-Weighted Price (AWP) provides a useful indication of institutional investors’ required compensation for interest rate and duration risk at different points in the year. Comparing the retail price guidance with wholesale outcomes, as detailed in Table 3, allows for an assessment of the risk premia embedded in wholesale bidding.

		Retail issuances		Wholesale issuances		Wholesale AWY vs. Retail yield
		Price	YTM	Successful AWP	Successful AWY	
		EUR	%	EUR	%	Bps
Feb.	3.00% MGS 2030 IV	101.00	2.81	100.87	2.83	2
	3.50% MGS 2035 III	100.50	3.44	100.26	3.47	3
July	3.40% MGS 2035 IV	100.00	3.40	98.34	3.60	20
	3.80% MGS 2040 II	100.00	3.80	99.46	3.85	5
Nov.	2.55% MGS 2030 V	100.00	2.55	99.00	2.80	25
	3.40% MGS 2035 IV F.I.	100.00	3.40	98.12	3.63	23
	3.80% MGS 2040 II F.I.	100.00	3.80	97.24	4.05	25

Source: Malta Treasury Department.

¹¹ The deposit facility rate was lowered from 2.75% to 2.50% in March, then to 2.25% in April, and finally to 2.00% in June. These adjustments cumulatively reduced the deposit facility rate by 75 bps during 2025.

¹² Developments in Germany’s fiscal framework, including the use of off-budget funds, contributed to higher Bund yields and spillovers across the euro area.

¹³ The rate range was reduced by a cumulative 75 bps in the second half of 2025, which lowered the target range from 5.25%-5.50% to 4.50%-4.75% by year-end.

In the February issuance, wholesale pricing outcomes remained closely aligned with retail guidance, suggesting that wholesale investors viewed MGS valuations as offering a justifiable return. The 3.00% MGS 2030 IV was offered to retail investors at €101.00, corresponding to a yield-to-maturity (YTM) of 2.81%. Successful wholesale bids were submitted at an AWP of €100.87, resulting in an AWY of 2.83%, implying a modest premium of 2 basis points (bps) over the retail yield. Similarly, the 3.50% MGS 2035 III was priced at €100.50 for retail investors, offering a YTM of 3.44%, while wholesale investors secured an AWY of 3.47%, corresponding to a premium of 3 bps. Overall, wholesale investors broadly accepted the Treasury's pricing framework at a time when the ECB's final rate cut was not yet fully in sight, although easing expectations had been firmly embedded.

In the July issuance, wholesale yield premia widened, particularly for the medium-term line, reflecting heightened sensitivity to duration risk as markets digested the implications of the ECB's June rate cut and the subsequent steepening of the yield curve. The 3.40% MGS 2035 IV was offered to retail investors at €100.00, implying a YTM of 3.40%, whereas successful wholesale bids were executed at an AWP of €98.34, resulting in an AWY of 3.60% and a premium of 20 bps relative to the retail yield. By contrast, the longer-dated 3.80% MGS 2040 II, also priced at €100.00 with a retail YTM of 3.80%, was allotted at an AWY of 3.85%, corresponding to a narrower premium of 5 bps. This configuration suggests that wholesale investors demanded a higher premium for medium-term exposure, likely reflecting the uncertainty stemming from ongoing geopolitical tensions. It also underscores their stronger bargaining position, as retail demand alone does not generate sufficient volumes to cover the Treasury's substantially higher funding needs. At the same time, the long-dated bond failed to capture the interest of wholesale investors as participation was largely subdued at just €12.00 million. This low demand, therefore, may have been a major contributor toward the low premia differential locked in by institutional investors of just 5 bps.

By the November issuance, wholesale investors required higher yield premia across all tenors. The 2.55% MGS 2030 V, priced at €100.00 for retail investors and offering a YTM of 2.55%, was allotted to wholesale investors at an AWY of 2.80%, implying a premium of 25 bps. The 3.40% MGS 2035 IV and 3.80% MGS 2040 II fungible issues were both also offered at par to the retail sector. The 3.40% MGS 2035 IV recorded an AWY of 3.63%, 23 bps above the retail yield, while the 3.80% MGS 2040 II was allotted at an AWY of 4.05%, representing a 25 bps premium.

Taken together, the 2025 issuance outcomes show that wholesale investors consistently required yields above those offered to retail investors, with no instances of wholesale discounts recorded during the year. While premia were modest in February, they widened in July and more noticeably in November. This pattern points to a progressively more cautious and risk-aware pricing approach by institutional investors, which may be reflective of a heightened focus on duration risk, term premia and global policy uncertainty. There is also the fact that the Treasury's elevated funding needs increases its reliance on wholesale investors, despite the modest retail participation uptick compared to that registered in 2024. Additionally, the strong competition that MGS issuance faced from higher-yielding local corporate bonds during the year may have tightened available retail capital. Even so, the total retail capital invested in local corporate bonds and MGS in 2025 would still remain insufficient to meet the Treasury's funding needs. However, an increased participation from retail investors would still prove beneficial toward the MGS market as it would decrease the current wholesale investor leverage to demand higher premia. The pricing outcomes observed in 2025 indicate a more uniform and consistently positive yield premium demanded by wholesale investors over retail pricing. This contrasts with 2024, when there were

instances in which wholesale investors accepted yields in line with, or even slightly below (notably in the August issuance of the 3.40% MGS 2027 VI F.I.)¹⁴ those offered to retail participants.

Secondary Market

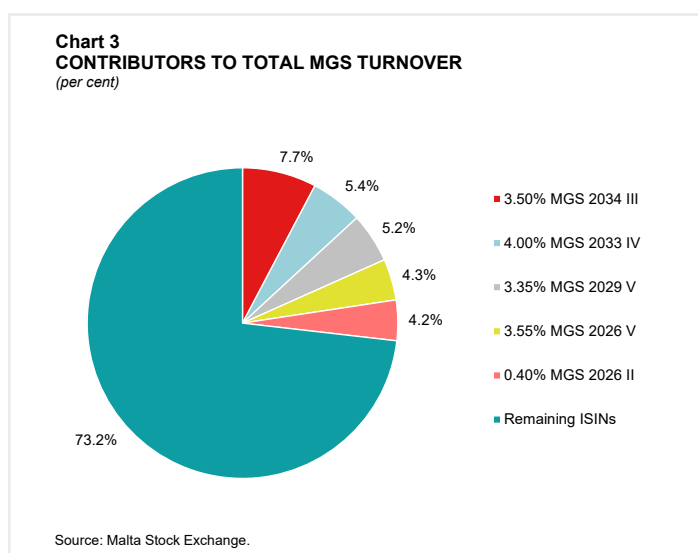
MGS on-exchange trading reached a market value of €208.06 million in 2025 – a six-year high and 16.1% above the level recorded in 2024. MGS remained the most traded security class on the MSE, accounting for 53.0% of total value of on-exchange turnover among the four main markets.¹⁵ Despite this strong ranking, MGS turnover represented just 2.1% of its total outstanding amount, a marginal uptick from 2.0% in 2024.

Chart 3 illustrates the five most actively traded MGS among the 71 issues traded in 2025. Collectively, these bonds accounted for 26.8% of total turnover, equivalent to €55.80 million in value. Profit-taking opportunities may be one of the likely factors that drove the popularity of most of the top-traded MGS.

The 3.50% MGS 2034 III was the most actively traded bond, generating a turnover of €16.07 million across 92 transactions at prices between €99.63 and €103.00. This compares with a 2024 AWP of €99.43 for wholesale investors and an at par price offered to retail investors.

Also likely traded for capital gains, the 4.00% MGS 2033 IV ranked second, with €11.30 million exchanged over 86 transactions within a price range of €103.66 to €110.00. Wholesale investors achieved an AWP of €98.99 whilst retail investors were offered an AWP of €100.75 in 2023. The 3.35% MGS 2029 V recorded €10.74 million in turnover over 94 trades, at prices ranging between €101.70 and €104.50. At issuance, wholesale investors acquired an AWP of €98.04 while the offer was at par for retail investors.

Elevated turnover may partly reflect portfolio adjustments, with investors offloading short-dated MGS in favour of newer longer-dated securities to lengthen portfolio duration as yield-curve conditions normalised. This may have been particularly relevant for the 0.40% MGS 2026 II, a bond offered exclusively to wholesale investors in 2020 followed by two other issues through a fungible tranche within the same year.¹⁶ Wholesale investors notably bid at higher AWPs, reflective of yield discounts across all three issues, two of which recorded negative AWYs. In contrast to the top three traded bonds, this bond recorded only two transactions during 2025, totalling €8.77 million, both executed below par.



¹⁴ The wholesale successful AWY of 2.94% was 16 bps lower than the corresponding retail YTM of 3.10%.

¹⁵ The four main markets are the MGS, Malta Treasury Bills, Corporate Bonds and Equities.

¹⁶ Bonds may be reissued via fungible tranches that will merge with the original issue into a single bond on the first interest payment date. The fungible tranches are designed to be identical to an existing series. The bond analysed here resulted from two such merged issues.

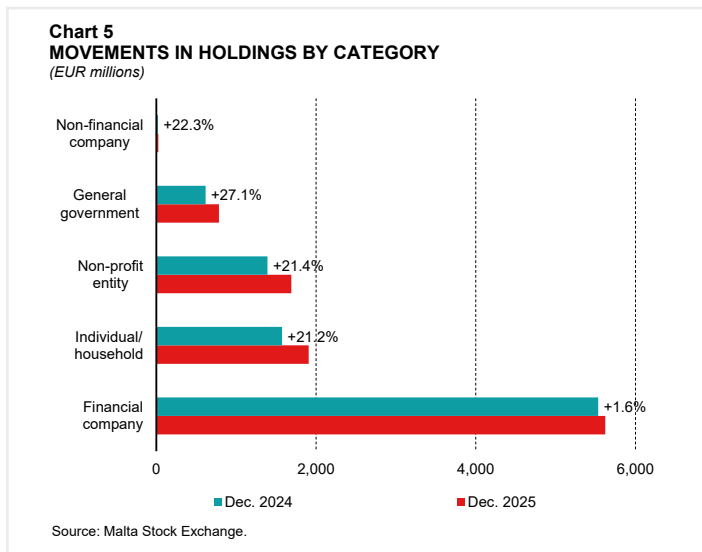
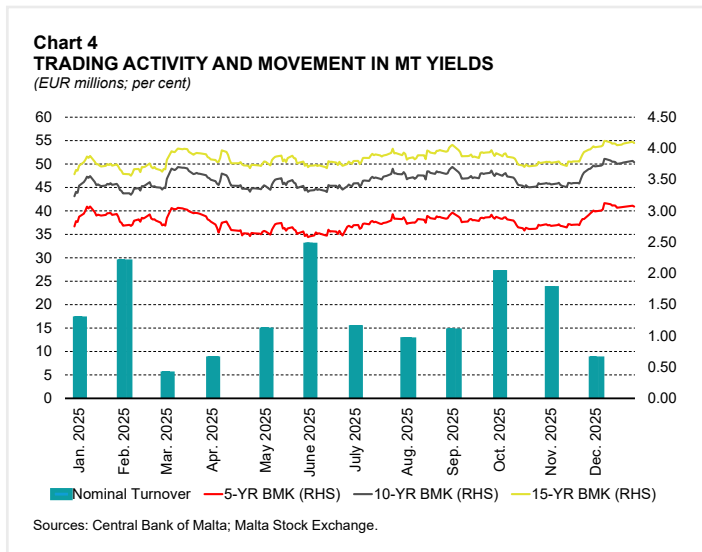
The 3.55% MGS 2026 V, however, likely reflected a combination of profit-taking and portfolio rebalancing motives. Issued in 2023 at an AWP of €99.90 and at par to retail investors, this bond traded consistently above issue levels, within a range of €100.70 to €102.50.

Trading activity in 2025 closely followed movements in domestic sovereign yields, as illustrated in Chart 4. Malta's sovereign yield curve tracked euro area peers, declining in February, June, October, and November. These yield dips likely spurred higher turnover as profit opportunities increased, with peak months of February and June reaching levels of €29.08 million and €33.77 million, respectively.

By contrast, lower turnover coincided with rising yields, which reduced profit opportunities and constrained secondary market activity. The effect was most notable in March and April, following Germany's election, the reform of its constitutionally entrenched debt brake, and President Trump's "Liberation Day" tariff announcements.

As in previous years, the Bank remained a dominant participant in MGS trading in 2025, accounting for 80.2% of total on-exchange activity, up by 3.0% from 2024. This share reflects both trades effected for its market-making portfolio and those brokered for public institutional clients, predominantly on the buy-side. Compared to 2024, the Bank's on-exchange purchases rose by €30.62 million, while sales fell to €0.93 million from €2.46 million.

A year-on-year comparison of holdings in MGS is presented through Chart 5, showing all five main investor categories increased their exposure in MGS holdings in 2025 compared to 2024. Government agencies and public entities within the General Government category recorded the largest percentage year-on-year increase at 27.1%, reflective of a nominal value of €167.29 million. Non-financial companies followed with a 22.3% increase (€4.61 million), while non-profit entities¹⁷ and the



¹⁷ Unlike in the primary market, the largest share of the Non-Profit Entities classification in the secondary market is made up of non-resident nominees, who may also not necessarily be non-profit.

individual/household category grew their holdings by 21.4% (€298.46 million) and 21.2% (€333.92 million), respectively. Financial companies saw the smallest percentage rise at 1.6% (€88.56 million) although they remained the dominant holders of MGS.

Conclusion

During 2025, the Treasury Department offered a total of €1,386.91 million in MGS through three regular issuance operations and a roll-over issue of the non-marketable 62+ MGSB. All regular issuances were opened to both retail and wholesale investors. Robust aggregate demand of €1,649.75 million allowed the Treasury to allot €1,319.75 million. Even though total demand was lower than in 2024, the fact that the bid-to-cover ratios remained strong in all 2025 regular issuances, indicates sustained investor appetite.

Retail investor participation strengthened in 2025, with total applications rising to €461.75 million, accounting for approximately 28.0% of total demand, compared with around 20.0% in the previous year. Retail demand was fully satisfied across all issuances and continued to favour medium and longer-dated securities, reflecting an income-oriented approach. Wholesale investors, as in previous years, remained the primary source of demand, submitting applications totalling €1,188.00 million, of which €858.00 million was allotted. While wholesale demand declined compared with 2024, institutional participation continued to underpin the Treasury's funding operations.

A clear divergence in maturity preferences between investor types persisted throughout the year. Retail investors concentrated demand in longer maturities, consistent with a preference for higher-coupon bonds, while wholesale investors displayed a preference for short to medium-dated securities, reflecting heightened sensitivity to duration risk. In terms of allotment strategy, the Treasury continued to allocate a relatively larger share of issuance at longer maturities, reflecting a deliberate effort to lengthen the debt maturity profile in light of elevated refinancing needs over the short and medium-term.

Wholesale investors consistently demanded a premium over retail pricing throughout 2025, with differentials widening notably in July and November. Post-issuance on both occasions, secondary market yields aligned closely with primary AWYs and AWP, both within the respective tenors and, to a lesser extent, across the broader yield curve. This alignment limited immediate arbitrage opportunities for wholesale investors upon listing.

Unlike 2024, which featured isolated wholesale bids at or below retail yields, 2025 saw consistent positive premia across all auctions. These widening premia generate upward pressure on secondary market yields, which could in turn lead to expectations of higher coupons on new issues.

While retail investors can only accept the prices quoted by the Treasury at issuance, wholesale investors, through auctions may drive yields higher in their favour, negatively impacting the value of retail holdings, though bidders may risk missing out on allocations if their price is uncompetitive relative to other rival bidders. Stronger retail participation would reduce the Treasury's reliance on wholesale investors and help anchor wholesale yield premia by broadening the retail investor base, though this is likely to be more challenging in times of declining interest rates where interest by retail investors tends to diminish. The MGS market also faces competition from higher-yielding but riskier and less liquid local corporate fixed-income issues.

Secondary market activity in MGS continued to expand, with turnover increasing by 16.5% over 2024 to reach a six-year high. On-exchange trading in MGS was the most active among listed instruments, totalling €208.06 million, followed by corporate bonds at €111.50 million and equities at €49.08 million. However, when measured against the outstanding stock, corporate bonds recorded higher, although still modest, activity at 3.3%, compared with 2.1% for MGS, mostly reflective of the smaller outstanding stock of corporate bonds relative to that of MGS. MGS Trading activity was concentrated in a limited number of issues, with the five most traded MGS accounting for 26.8% of total turnover. The CBM remained a key participant through its market-making role, accounting for 80.2% of total on-exchange turnover. Holdings by category increased across all investor groups, with General Government recording the largest percentage increase, while Financial Companies remained the largest holder of MGS in nominal terms.