ECB Decision

On 15 June 2022 the Governing Council of the European Central Bank (ECB) met to exchange views on the current market situation. Since the gradual process of policy normalisation was initiated in December 2021, the Governing Council has pledged to act against resurgent fragmentation risks. The pandemic has left lasting vulnerabilities in the euro area economy which are indeed contributing to the uneven transmission of the normalisation of our monetary policy across jurisdictions.

Based on this assessment, the Governing Council decided that it will apply flexibility in reinvesting redemptions coming due in the pandemic emergency purchase programme (PEPP) portfolio, with a view to preserving the functioning of the monetary policy transmission mechanism, a precondition for the ECB to be able to deliver on its price stability mandate. In addition, the Governing Council decided to mandate the relevant Eurosystem Committees together with the ECB services to accelerate the completion of the design of a new anti-fragmentation instrument for consideration by the Governing Council.

ECB Monetary Operations

On 13 June 2022, the ECB announced the 7-day main refinancing operation (MRO). The operation was conducted on 14 June 2022 and attracted bids from euro area eligible counterparties of €669.00 million, €222.00 million more than the previous week. The amount was allotted in full at a fixed rate equivalent to the prevailing MRO rate of 0.00%, in accordance with current ECB policy.

On 15 June 2022, the ECB conducted the 7-day US dollar funding operation through collateralised lending in conjunction with the US Federal Reserve. This operation attracted bids of $190.50 million, which was allotted in full at a fixed rate of 1.80%.

During the week under review, participants in the TLTRO-III operations 1 to 10 had the option of terminating or reducing their outstanding amount before maturity. Accordingly, on 29 June 2022 a total of €74,142.74 million will be repaid.

Domestic Treasury Bill Market

In the domestic primary market for Treasury bills, the Treasury invited tenders for 91-day and 182-day bills for settlement value 16 June 2022, maturing on 15 September and 15 December 2022, respectively. Bids of €32.00 million were submitted for the 91-day with the Treasury accepting them all, while bids of €20.00 million were submitted for the 182-day bills, with the Treasury accepting €18.00 million. Since €55.00 million worth of bills matured during the week, the outstanding balance of Treasury bills decreased by €5.00 million, standing at €864.10 million.

The yield from the 91-day bill auction was -0.054%, increasing by 9.0 basis points from bids with a similar tenor issued on 9 June 2022, representing a bid price of €100.0137 per €100 nominal. The yield from the 182-day bill auction was 0.290%, increasing by 40.6 basis points from bids with a similar tenor issued on 2 June 2022, representing a bid price of €99.8536 per €100 nominal.

During this week, there was no trading on the Malta Stock Exchange.
This week the Treasury will invite tenders for 182-day and 273-day bills maturing on 22 December 2022 and 23 March 2023, respectively.