

Money Market Report for the week ending 6 December 2019

ECB Monetary Operations

On 2 December 2019, the European Central Bank (ECB) announced its weekly main refinancing operations (MRO). The operation was conducted on 3 December 2019, and attracted bids from euro area eligible counterparties of €1.39 billion, €1.14 billion less than the bid amount of 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 4 December 2019, the ECB conducted a 7-day US dollar funding operation through collateralised lending in conjunction with the US Federal Reserve. This operation attracted bids of \$0.07 billion, which was allotted in full at a fixed rate of 2.06%.

During the week under review, participants from the second series of targeted longer-term refinancing operations had the option of terminating or reducing their outstanding amount in these operations before maturity. Accordingly, on 18 December 2019, a total of €146.81 billion 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 5 December 2019, maturing on 5 March 2020 and 4 June 2020, respectively. Bids of €65.00 million were submitted for the 91-day bills, with the Treasury accepting €30.00 million, while bids of €60.00 million were submitted for the 182-day bills, with the Treasury accepting €5.00 million. Since €28.00 million worth of bills matured during the week, the outstanding balance of Treasury bills increased by €7.00 million, standing at €286.30 million.

The yield from the 91-day bill auction was -0.417%, a decrease of 0.2 basis point from bids with a similar tenor issued on 28 November 2019, representing a bid price of €100.1055 per €100 nominal. The yield from the 182-day bill auction was -0.401%, a drop of 1.6 basis points from bids with a similar tenor issued on 21 November 2019, representing a bid price of €100.2031 per €100 nominal.

During the week under review, there was no trading on the Malta Stock Exchange.

This week the Treasury will invite tenders for 91-day bills maturing on 12 March 2020.