

Money Market Report for the week ending 25 January 2019

ECB Decisions

On 24 January 2019, the Governing Council of the European Central Bank (ECB) decided that the interest rate on the main refinancing operations (MRO) and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.00%, 0.25% and -0.40% respectively. The Governing Council expects the key ECB interest rates to remain at their present levels at least through the summer of 2019, and in any case for as long as necessary to ensure the continued sustained convergence of inflation to levels that are below, but close to, 2% over the medium term.

Regarding non-standard monetary policy measures, the Governing Council intends to continue reinvesting, in full, the principal payments from maturing securities purchased under the asset purchase programme for an extended period of time past the date when it starts raising the key ECB interest rates, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation.

ECB Monetary Operations

On 21 January 2019, the ECB announced its weekly MRO. The operation was conducted on 22 January 2019, and attracted bids from euro area eligible counterparties of €6.58 billion, €0.27 billion higher 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 23 January 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 2.91%.

Domestic Treasury Bill Market

In the domestic primary market for Treasury bills, the Treasury invited tenders for 91-day bills and 182-day bills for settlement value 24 January 2019, maturing on 25 April and 25 July 2019, respectively. Bids of €40.00 million were submitted for the 91-day bills, with the Treasury accepting €15.00 million. Bids of €40.00 million were also submitted for the 182-day bills, with the Treasury accepting €10.00 million. Since no bills matured during the week, the outstanding balance of Treasury bills increased by €25.00 million, to stand at €354.00 million.

The yield from the 91-day bill auction was -0.343%, unchanged from bids with a similar tenor issued on 17 January 2019, representing a bid price of €100.0868 per €100 nominal. The yield from the 182-day bill auction was -0.291%, a decrease of 0.2 basis point from bids with a similar tenor issued on 3 January 2019, representing a bid price of €100.1473 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 and 182-day bills maturing on 2 May and 1 August 2019, respectively.