

Money Market Report for the week ending 27 September 2019

ECB Monetary Operations

On 23 September 2019, the European Central Bank (ECB) announced its weekly main refinancing operations (MRO). The operation was conducted on 24 September 2019, and attracted bids from euro area eligible counterparties of €2.80 billion, €0.78 billion more 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 25 September 2019, the ECB conducted a three-month, longer-term refinancing operation to be settled as a fixed rate tender procedure with full allotment, with the rate fixed at the average rate of the MROs over the life of the operation. The operation attracted bids of €0.85 billion from euro area eligible counterparties. The amount was allotted in full in accordance with current ECB policy.

Also on 25 September 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 \$0.97 billion, which was allotted in full at a fixed rate of 2.41%.

Domestic Treasury Bill Market

In the domestic primary market for Treasury bills, the Treasury invited tenders for 92-day and 364-day bills for settlement value 26 September 2019, maturing on 27 December 2019 and 24 September 2020, respectively. Bids of €50.00 million were submitted for the 92-day bills, with the Treasury accepting €20.00 million, while bids of €50.00 million were also submitted for the 364-day bills, with the Treasury accepting €3.00 million. Since €30.00 million worth of bills matured during the week, the outstanding balance of Treasury bills decreased by €7.00 million, at €279.30 million.

The yield from the 92-day bill auction was -0.401%, a decrease of 0.5 basis point from bids with a similar tenor issued on 19 September 2019, representing a bid price of €100.1026 per €100 nominal. The yield from the 364-day bill auction was -0.315%, an increase of 1.4 basis points from bids with a similar tenor issued on 25 July 2019, representing a bid price of €100.3195 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 28-day and 91-day bills maturing on 31 October 2019 and 2 January 2020, respectively.