

Money Market Report for the week ending 4 January 2019

ECB Monetary Operations

On 31 December 2018, the European Central Bank (ECB) announced its weekly main refinancing operation (MRO). The operation was conducted on 2 January 2019, and attracted bids from euro area eligible counterparties of €8.21 billion, €1.36 billion lower 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 3 January 2019, the ECB conducted a 6-day US dollar funding operation through collateralised lending in conjunction with the US Federal Reserve. This operation attracted bids of \$0.08 billion, which was allotted in full at a fixed rate of 2.90%.

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 3 January 2019, maturing on 4 April and 4 July 2019, respectively. Bids of €28.50 million were submitted for the 91-day bills, with the Treasury accepting €19.00 million, while bids of €15.00 million were submitted for the 182-day bills, with the Treasury accepting €1.00 million. Since no bills matured during the week, the outstanding balance of Treasury bills increased by €20.00 million, to stand at €310.00 million.

The yield from the 91-day bill auction was -0.348%, up by 0.4 basis point from bids with a similar tenor issued on 28 December 2018, representing a bid price of €100.0880 per €100 nominal. The yield from the 182-day bill auction was -0.289%, an increase of 6.4 basis points from bids with a similar tenor issued on 20 December 2018, representing a bid price of €100.1463 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 11 April 2019.