

Money Market Report for the week ending 26 June 2020

ECB Monetary Operations

On 19 June 2020, the European Central Bank (ECB) announced a 7-day Main Refinancing Operation (MRO). The operation was conducted on 22 June 2020, and attracted bids from euro area eligible counterparties of €0.67 billion, €0.20 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.

Also on 22 June 2020, the ECB conducted the Pandemic Emergency Longer-term Refinancing Operation (PELTRO) maturing on 30 September 2021, which attracted bids from euro area eligible counterparties of €15.61 billion. This operation was carried out through a fixed rate tender procedure with full allotment, with an interest rate that is equal to 25 basis points below the average MRO rate over the life of the PELTRO.

On the 24 June 2020, the ECB conducted an 84-day US dollar funding operation through collateralised lending in conjunction with the US Federal Reserve. This operation attracted bids of \$1.35 billion, which was allotted in full at a fixed rate of 0.32%.

On 25 June 2020, 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 MRO rate over the life of the operation. The operation attracted bids of €1.29 billion from euro area eligible counterparties. The amount was allotted in full in accordance with current ECB policy.

During the week under review, the ECB conducted five 7-day US dollar funding operations through collateralised lending in conjunction with the US Federal Reserve. These operations attracted total bids of \$0.39 billion, at the rates of 0.33% and 0.34%.

Domestic Treasury Bill Market

In the domestic primary market for Treasury bills, the Treasury invited tenders for 91-day bills and 364-day bills for settlement value 25 June 2020, maturing on 24 September 2020 and 24 June 2021, respectively. Bids of €149.50 million were submitted for the 91-day bills, with the Treasury accepting €35.00 million, while bids of €162.00 million were submitted for the 364-day bills, with the Treasury accepting €5.00 million. Since €20.00 million worth of bills matured during the week, the outstanding balance of Treasury bills increased by €20.00 million, standing at €855.00 million.

The yield from the 91-day bill auction was -0.440%, a decrease of 5.4 basis points from bids with a similar tenor issued on 18 June 2020, representing a bid price of €100.1113 per €100 nominal. The yield from the 364-day bill auction was -0.364%, a decrease of 21.3 basis points from bids with a similar tenor issued on 21 May 2020, representing a bid price of €100.3694 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 182-day bills and 364-day bills maturing on 31 December 2020 and 1 July 2021, respectively.