

Money Market Report for the week ending 18 September 2020

ECB Monetary Operations

On 14 September 2020, the European Central Bank (ECB) announced a 7-day Main Refinancing Operation (MRO). The operation was conducted on 15 September 2020, and attracted bids from euro area eligible counterparties of €1.68 billion, €0.01 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 16 September 2020, the ECB conducted the 7-day and 84-day US dollar funding operations through collateralised lending in conjunction with the US Federal Reserve. The 7-day USD operation attracted bids of \$0.03 billion, which was allotted in full at a fixed rate of 0.34%. The 84-day USD operation was carried out at a fixed rate of 0.33% and did not attract bids from euro area eligible counterparties.

During the week under review, participants from the second series of TLTROs had the option of terminating or reducing their outstanding amount in these operations before maturity. Accordingly, on 30 September 2020, a total of €10.89 billion will be repaid.

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 17 September 2020, maturing on 17 December 2020 and 18 March 2021, respectively. Bids of €87.00 million were submitted for the 91-day bills, with the Treasury accepting €20.00 million, while bids of €82.00 million were submitted for the 182-day bills, with the Treasury accepting €20.00 million. Since €49.50 million worth of bills matured during the week, the outstanding balance of Treasury bills decreased by €9.50 million, standing at €770.50 million.

The yield from the 91-day bill auction was -0.466%, an increase of 1.2 basis points from bids with a similar tenor issued on 10 September 2020, representing a bid price of €100.1179 per €100 nominal. The yield from the 182-day bill auction was -0.450%, an increase of 2.3 basis points from bids with a similar tenor issued on 3 September 2020, representing a bid price of €100.2280 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 and 182-day bills maturing on 24 December 2020 and 25 March 2021, respectively.