

Money Market Report for the week ending 4 December 2020

ECB Monetary Operations

On 30 November 2020, the European Central Bank (ECB) announced the 7-day Main Refinancing Operation (MRO). The operation was conducted on 1 December 2020, and attracted bids from euro area eligible counterparties of €0.26 billion, €0.34 billion less 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 2 December 2020, the ECB conducted the Pandemic Emergency Longer-term Refinancing Operation (PELTRO) maturing on 29 July 2021, which attracted bids from euro area eligible counterparties of €1.88 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.

Also on 2 December 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 \$0.10 billion, which was allotted in full at a fixed rate of 0.33%. The 84-day USD operation attracted bids of \$0.01 billion, also allotted in full at a fixed rate of 0.33%.

During the week under review, participants in the TLTRO-II.4 had the option of terminating or reducing their outstanding amount before maturity. Accordingly, on 16 December 2020, €5.13 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 3 December 2020, maturing on 4 March and 3 June 2021, respectively. Bids of €110.00 million were submitted for the 91-day bills, with the Treasury accepting €30.00 million. Similarly bids of €110.00 million were also submitted for the 182-day bills, with the Treasury accepting €11.00 million. Since €46.00 million worth of bills matured during the week, the outstanding balance of Treasury bills decreased by €5.00 million, standing at €629.50 million.

The yield from the 91-day bill auction was -0.488%, a decrease of 0.6 basis point from bids with a similar tenor issued on 19 November 2020, representing a bid price of €100.1235 per €100 nominal. The yield from the 182-day bill auction was -0.489%, a decrease of 1.3 basis points from bids with a similar tenor issued on 15 October 2020, representing a bid price of €100.2478 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 273-day bills maturing on 11 March and 9 September 2021, respectively.