

Money Market Report for the week ending 31 January 2020

ECB Monetary Operations

On 27 January 2020, the European Central Bank (ECB) announced a 7-day Main Refinancing Operation (MRO). The operation was conducted on 28 January 2020, and attracted bids from euro area eligible counterparties of €1.60 billion, €0.64 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 29 January 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 rate of the MROs over the life of the operation. The operation attracted bids of €0.55 billion from euro area eligible counterparties. The amount was allotted in full in accordance with current ECB policy.

Also, on 29 January 2020, 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 \$0.05 billion, which was allotted in full at a fixed rate of 2.07%.

Domestic Treasury Bill Market

In the domestic primary market for Treasury bills, the Treasury invited tenders for 91-day and 273-day bills for settlement value 30 January 2020, maturing on 30 April and 29 October 2020, respectively. Bids of €51.00 million were submitted for the 91-day bills, with the Treasury accepting €18.00 million, while bids of €35.00 million were submitted for the 273-day bills, with the Treasury accepting €3.00 million. Since there were no maturities, the outstanding balance of Treasury bills increased by €21.00 million, standing at €365.00 million.

The yield from the 91-day bill auction was -0.437%, unchanged from bids with a similar tenor issued on 23 January 2020, representing a bid price of €100.1106 per €100 nominal. The yield from the 273-day bill auction was -0.400%, a decrease of 7.6 basis points from bids with a similar tenor issued on 17 October 2019, representing a bid price of €100.3043 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 7 May and 6 August 2020, respectively.