

## **Money Market Report for the week ending 4 September 2020**

### **ECB Monetary Operations**

On 31 August 2020, the European Central Bank (ECB) announced a 7-day Main Refinancing Operation (MRO). The operation was conducted on 1 September 2020, and attracted bids from euro area eligible counterparties of €1.57 billion, €0.07 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 September 2020, the ECB conducted the Pandemic Emergency Longer-term Refinancing Operation (PELTRO) maturing on 26 August 2021, which attracted bids from euro area eligible counterparties of €0.79 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 September 2020, the ECB conducted the 7-day and 85-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 85-day USD operation attracted bids of \$0.04 billion, which was allotted in full at a fixed rate of 0.32%.

### **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 September 2020, maturing on 3 December 2020 and 4 March 2021, respectively. Bids of €109.00 million were submitted for the 91-day bills, with the Treasury accepting €28.00 million, while bids of €111.00 million were submitted for the 182-day bills, with the Treasury accepting €11.00 million. Since €45.00 million worth of bills matured during the week, the outstanding balance of Treasury bills decreased by €6.00 million, standing at €791.00 million.

The yield from the 91-day bill auction was -0.470%, a decrease of 0.7 basis point from bids with a similar tenor issued on 27 August 2020, representing a bid price of €100.1189 per €100 nominal. The yield from the 182-day bill auction was -0.473%, an increase of 0.6 basis point from bids with a similar tenor issued on 20 August 2020, representing a bid price of €100.2397 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 10 December 2020 and 10 June 2021, respectively.