

Money Market Report for the week ending 18 December 2020

ECB Monetary Operations

On 14 December 2020, the European Central Bank (ECB) announced the 7-day Main Refinancing Operation (MRO). The operation was conducted on 15 December 2020, and attracted bids from euro area eligible counterparties of €0.34 billion, €0.10 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 December 2020, the ECB conducted the 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 €0.48 billion from euro area eligible counterparties. The amount was allotted in full in accordance with current ECB policy.

Also on 16 December 2020, the ECB conducted the 21-day and 84-day US dollar funding operations through collateralised lending in conjunction with the US Federal Reserve. The 21-day USD operation attracted bids of \$3.13 billion, which was allotted in full at a fixed rate of 0.33%. The 84-day USD operation attracted bids of \$0.51 billion, also allotted in full at a fixed rate of 0.33%.

Domestic Treasury Bill Market

In the domestic primary market for Treasury bills, the Treasury invited tenders for 91-day and 182-day bills for settlement value 17 December 2020, maturing on 18 March and 17 June 2021, respectively. Bids of €121.00 million were submitted for the 91-day bills, with the Treasury accepting €25.00 million, while bids of €113.00 million were submitted for the 182-day bills, with the Treasury accepting €10.00 million. Since €45.50 million worth of bills matured during the week, the outstanding balance of Treasury bills decreased by €10.50 million, standing at €604.00 million.

The yield from the 91-day bill auction was -0.496%, a decrease of 0.3 basis point from bids with a similar tenor issued on 10 December 2020, representing a bid price of €100.1255 per €100 nominal. The yield from the 182-day bill auction was -0.494%, a decrease of 0.5 basis point from bids with a similar tenor issued on 3 December 2020, representing a bid price of € 100.2504 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 25 March and 24 June 2021, respectively.