

Money Market Report for the week ending 28 August 2020

ECB Monetary Operations

On 24 August 2020, the European Central Bank (ECB) announced a 7-day Main Refinancing Operation (MRO). The operation was conducted on 25 August 2020, and attracted bids from euro area eligible counterparties of €1.63 billion, €0.30 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 26 August 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 MRO rate over the life of the operation. The operation attracted bids of €0.24 billion from euro area eligible counterparties. The amount was allotted in full in accordance with current ECB policy.

Also on 26 August 2020, the ECB conducted an 84-day US dollar funding operation through collateralised lending in conjunction with the US Federal Reserve. This operation was carried out at a fixed rate of 0.32% and did not attract bids from euro area eligible counterparties.

During the week under review, the ECB conducted three 7-day US dollar funding operations through collateralised lending in conjunction with the US Federal Reserve. These operations attracted total bids of \$0.04 billion, at the rate of 0.34%.

Domestic Treasury Bill Market

In the domestic primary market for Treasury bills, the Treasury invited tenders for 91-day bills and 273-day bills for settlement value 27 August 2020, maturing on 26 November 2020 and 27 May 2021, respectively. Bids of €85.00 million were submitted for the 91-day bills, with the Treasury accepting €27.00 million, while bids of €86.00 million were submitted for the 273-day bills, with the Treasury accepting €6.00 million. Since €40.00 million worth of bills matured during the week, the outstanding balance of Treasury bills decreased by €7.00 million, standing at €797.00 million.

The yield from the 91-day bill auction was -0.463%, an increase of 1.7 basis points from bids with a similar tenor issued on 20 August 2020, representing a bid price of €100.1172 per €100 nominal. The yield from the 273-day bill auction was -0.472%, a decrease of 1.1 basis points from bids with a similar tenor also issued on 13 August 2020, representing a bid price of €100.3592 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 3 December 2020 and 4 March 2021, respectively.