

Money Market Report for the week ending 9 October 2020

ECB Monetary Operations

On 5 October 2020, the European Central Bank (ECB) announced a 7-day Main Refinancing Operation (MRO). The operation was conducted on 6 October 2020, and attracted bids from euro area eligible counterparties of €1.17 billion, €0.05 billion lower 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 7 October 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 €1.01 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 7 October 2020, the ECB conducted the 7-day and 70-day US dollar funding operations through collateralised lending in conjunction with the US Federal Reserve. The 7-day USD operation attracted bids of \$0.06 billion, which was allotted in full at a fixed rate of 0.33%. The 70-day USD operation attracted bids of \$0.20 billion, allotted in full also at a fixed rate of 0.33%.

Domestic Treasury Bill Market

In the domestic primary market for Treasury bills, the Treasury invited tenders for 28-day bills and 91-day bills for settlement value 8 October 2020, maturing on 5 November 2020 and 7 January 2021, respectively. Bids of €100.00 million were submitted for the 28-day bills, with the Treasury accepting €15.00 million, while bids of €120.00 million were submitted for the 91-day bills, with the Treasury accepting €13.00 million. Since €38.00 million worth of bills matured during the week, the outstanding balance of Treasury bills decreased by €10.00 million, standing at €737.50 million.

The yield from the 28-day bill auction was -0.485%, a decrease of 6.6 basis point from bids with a similar tenor issued on 28 November 2019, representing a bid price of €100.0377 per €100 nominal. The yield from the 91-day bill auction was -0.484%, an increase of 0.1 basis points from bids with a similar tenor issued on 1 October 2020, representing a bid price of €100.1225 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 28-day bills and 182-day bills maturing on 12 November 2020 and 15 April 2021, respectively.