

Money Market Report for the week ending 31 July 2020

ECB Monetary Operations

On 27 July 2020, the European Central Bank (ECB) announced a 7-day Main Refinancing Operation (MRO). The operation was conducted on 28 July 2020, and attracted bids from euro area eligible counterparties of €1.14 billion, €0.02 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 July 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 €0.15 billion from euro area eligible counterparties. The amount was allotted in full in accordance with current ECB policy.

Also on the 29 July 2020, the ECB conducted an 84-day US dollar funding operation through collateralised lending in conjunction with the US Federal Reserve. This operation attracted bids of \$0.17 billion, which was allotted in full at a fixed rate of 0.32%.

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 0.33%.

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 30 July 2020, maturing on 29 October 2020 and 28 January 2021, respectively. Bids of €105.00 million were submitted for the 91-day bills, with the Treasury accepting €15.00 million, while bids of €105.00 million were also submitted for the 182-day bills, with the Treasury accepting €5.00 million. Since €17.00 million worth of bills matured during the week, the outstanding balance of Treasury bills increased by €3.00 million, standing at €822.00 million.

The yield from the 91-day bill auction was -0.461%, a decrease of 0.7 basis point from bids with a similar tenor issued on 23 July 2020, representing a bid price of €100.1167 per €100 nominal. The yield from the 182-day bill auction was -0.459%, a decrease of 0.4 basis point from bids with a similar tenor also issued on 23 July 2020, representing a bid price of €100.2326 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 maturing on 5 November 2020.