

Money Market Report for the week ending 19 February 2021

ECB Monetary Operations

On 15 February 2021, the European Central Bank (ECB) announced the 7-day Main Refinancing Operation (MRO). The operation was conducted on 16 February 2021, and attracted bids from euro area eligible counterparties of €0.46 billion, €0.03 billion higher than 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 17 February 2021, 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 \$0.14 billion, which was allotted in full at a fixed rate of 0.32%. The 85-day USD operation attracted bids of \$0.03 billion, which was allotted in full also at a fixed rate of 0.32%.

Domestic Treasury Bill Market

In the domestic primary market for Treasury bills, the Treasury invited tenders for 182-day bills and 364-day bills for settlement value 18 February 2021, maturing on 19 August 2021 and 17 February 2022, respectively. Bids of €165.00 million were submitted for the 182-day bills, with the Treasury accepting €22.75 million, while bids of €120.00 million were submitted for the 364-day bills, with the Treasury accepting €7.00 million. Since €30.00 million worth of bills matured during the week, the outstanding balance of Treasury bills decreased by €0.25 million, standing at €736.75 million.

The yield from the 182-day bill auction was -0.472%, a decrease of 2.2 basis points from bids with a similar tenor issued on 11 February 2021, representing a bid price of €100.2392 per €100 nominal. The yield from the 364-day bill auction was -0.466%, a decrease of 7.6 basis points from bids with a similar tenor issued on 2 July 2020, representing a bid price of €100.4734 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 27 May 2021 and 26 August 2021, respectively.