

Money Market Report for the week ending 1 October 2021

ECB Monetary Operations

On 27 September 2021, the European Central Bank (ECB) announced the 7-day main refinancing operation (MRO). The operation was conducted on 28 September 2021 and attracted bids from euro area eligible counterparties of €147.00 million, €103.00 million more 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 29 September 2021, 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 €2.00 million from euro area eligible counterparties.

In addition on 29 September 2021, the ECB conducted the Pandemic Emergency Longer-term Refinancing Operation (PELTRO) maturing on 29 September 2022, which attracted bids from euro area eligible counterparties of €1,338.70 million. This operation was carried out as 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 29 September 2021, the ECB conducted the 7-day US dollar funding operation through collateralised lending in conjunction with the US Federal Reserve. This operation attracted bids of \$227.50 million, which was 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 bills and 181-day bills for settlement value 30 September 2021, maturing on 30 December 2021 and 30 March 2022, respectively. Bids of €46.00 million were submitted for the 91-day bills, with the Treasury accepting €23.50 million, while bids of €46.00 million were also submitted for the 181-day bills, with the Treasury accepting €6.00 million. Since €51.00 million worth of bills matured during the week, the outstanding balance of Treasury bills decreased by €21.50 million, standing at €720.50 million.

The yield from the 91-day bill auction was -0.395%, decreasing by 0.1 basis point from bids with a similar tenor issued on 23 September 2021, representing a bid price of €100.0999 per €100 nominal. The yield from the 181-day bill auction was -0.371%, decreasing by 0.2 basis point from bids with a similar tenor also issued on 23 September 2021, representing a bid price of €100.1869 per €100 nominal.

During this week, there was no trading on the Malta Stock Exchange.

This week the Treasury will invite tenders for 28-day and 91-day bills maturing on 4 November 2021 and 6 January 2022, respectively.