

Money Market Report for the week ending 5 February 2021

ECB Monetary Operations

On 1 February 2021, the European Central Bank (ECB) announced the 7-day Main Refinancing Operation (MRO). The operation was conducted on 2 February 2021, and attracted bids from euro area eligible counterparties of €0.16 billion, €0.08 billion lower 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 3 February 2021, the ECB conducted the 7-day and 84-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 0.32%. The 84-day USD operation attracted bids of \$0.10 billion, also allotted in full 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 273-day bills for settlement value 4 February 2021, maturing on 5 August and 4 November 2021, respectively. Bids of €95.00 million were submitted for the 182-day bills, with the Treasury accepting €20.00 million, while bids of €90.00 million were submitted for the 273-day bills, with the Treasury accepting €10.00 million. Since €27.00 million worth of bills matured during the week, the outstanding balance of Treasury bills increased by €3.00 million, standing at €714.00 million.

The yield from the 182-day bill auction was -0.461%, an increase of 1.0 basis point from bids with a similar tenor issued on 28 January 2021, representing a bid price of €100.2336 per €100 nominal. The yield from the 273-day bill auction was -0.471%, an increase of 0.5 basis point from bids with a similar tenor issued on 21 January 2021, representing a bid price of €100.3585 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 13 May and 12 August 2021, respectively.