

Money Market Report for the week ending 26 February 2021

ECB Monetary Operations

On 22 February 2021, the European Central Bank (ECB) announced the 7-day Main Refinancing Operation (MRO). The operation was conducted on 23 February 2021, and attracted bids from euro area eligible counterparties of €622.00 million, €163.00 million 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 24 February 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 €30.00 million from euro area eligible counterparties.

Also on 24 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 \$45.00 million, which was allotted in full at a fixed rate of 0.32%. The 84-day USD operation attracted bids of \$14.00 million, 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 91-day bills and 182-day bills for settlement value 25 February 2021, maturing on 27 May and 26 August 2021, respectively. Bids of €113.00 million were submitted for the 91-day bills, with the Treasury accepting €27.50 million, while bids of €97.50 million were submitted for the 182-day bills, with the Treasury accepting €2.50 million. Since €20.00 million worth of bills matured during the week, the outstanding balance of Treasury bills increased by €10.00 million, standing at €746.75 million.

The yield from the 91-day bill auction was -0.470%, a decrease of 1.2 basis points from bids with a similar tenor issued on 11 February 2021, representing a bid price of €100.1189 per €100 nominal. The yield from the 182-day bill auction was -0.480%, a decrease of 0.8 basis point from bids with a similar tenor issued on 18 February 2021, representing a bid price of €100.2433 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 3 June and 2 September 2021, respectively.