

Money Market Report for the week ending 29 January 2021

ECB Monetary Operations

On 25 January 2021, the European Central Bank (ECB) announced the 7-day Main Refinancing Operation (MRO). The operation was conducted on 26 January 2021, and attracted bids from euro area eligible counterparties of €0.24 billion, almost unchanged from 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 27 January 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 €0.01 billion from euro area eligible counterparties. The amount was allotted in full in accordance with current ECB policy.

Also on 27 January 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 \$0.07 billion, which was allotted in full at a fixed rate of 0.33%. The 84-day USD operation was carried out at a fixed rate of 0.32% and did not attract bids from euro area eligible counterparties.

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 28 January 2021, maturing on 29 April and 29 July 2021, respectively. Bids of €85.00 million were submitted for the 91-day bills, with the Treasury accepting €35.00 million, while bids of €86.00 million were submitted for the 182-day bills, with the Treasury accepting €6.00 million. Since €12.00 million worth of bills matured during the week, the outstanding balance of Treasury bills increased by €29.00 million, standing at €711.00 million.

The yield from the 91-day bill auction was -0.460%, an increase of 1.4 basis points from bids with a similar tenor issued on 14 January 2021, representing a bid price of €100.1164 per €100 nominal. The yield from the 182-day bill auction was -0.471%, a decrease of 0.4 basis points from bids with a similar tenor issued on 21 January 2021, representing a bid price of €100.2387 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 182-day bills and 273-day bills maturing on 5 August and 4 November 2021, respectively.