

Money Market Report for the week ending 8 December 2023

ECB Monetary Operations

On 4 December 2023, the European Central Bank (ECB) announced the 7-day main refinancing operation (MRO). The operation was conducted on 5 December 2023 and attracted bids from euro area eligible counterparties of €6,508.00 million, €1,963.50 million less than the previous week. The amount was allotted in full at a fixed rate equivalent to the prevailing MRO rate of 4.50%, in accordance with current ECB policy.

On 6 December 2023, the ECB conducted a 7-day US dollar funding operation through collateralised lending in conjunction with the US Federal Reserve. This operation attracted bids of \$338.00 million, which were allotted in full at a fixed rate of 5.58%.

During the week under review, participants in the third series of targeted longer-term refinancing operations 7 to 10 had the option of terminating or reducing their outstanding amount before maturity. Accordingly, on 20 December 2023 a total of €61,668.33 million will be repaid.

Domestic Treasury Bill Market

In the domestic primary market for Treasury bills, the Treasury invited tenders for 91-day and 182-day bills for settlement value 7 December 2023, maturing on 7 March and 6 June 2024, respectively. Bids of €123.08 million were submitted for the 91-day bills, with the Treasury accepting €37.93 million, while bids of €78.80 million were submitted for the 182-day bills, with the Treasury accepting €44.40 million. Since €35.43 million worth of bills matured during the week, the outstanding balance of Treasury bills increased by €46.90 million, standing at €594.33 million.

The yield from the 91-day bill auction was 3.636%, increasing by 3.70 basis points from bids with a similar tenor issued on 30 November 2023, representing a bid price of €99.0893 per €100 nominal. The yield from the 182-day bill auction was 3.498%, decreasing by 4.20 basis points from bids with a similar tenor issued on 23 November 2023, representing a bid price of €98.2623 per €100 nominal.

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

This week the Treasury will invite tenders for 91-day and 182-day bills maturing on 14 March and 13 June 2024, respectively.