

Money Market Report for the week ending 27 January 2023

ECB Monetary Operations

On 23 January 2023, the European Central Bank (ECB) announced the 7-day main refinancing operation (MRO). The operation was conducted on 24 January 2023 and attracted bids from euro area eligible counterparties of €1.24 billion, €0.39 billion more than the previous week. The amount was allotted in full at a fixed rate equivalent to the prevailing MRO rate of 2.50%, in accordance with current ECB policy.

On 25 January 2023, 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 €0.78 billion from euro area eligible counterparties.

Also on 25 January 2023, 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 \$0.43 billion, which was allotted in full at a fixed rate of 4.58%.

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 26 January 2023, maturing on 27 April and 27 July 2023, respectively. Bids of €211.40 million were submitted for the 91-day bills, with the Treasury accepting €44.40 million, while bids of €21.23 million were submitted for the 182-day bills, with the Treasury accepting €14.90 million. Since €63.70 million worth of bills matured during the week, the outstanding balance of Treasury bills decreased by €4.40 million, standing at €869.15 million.

The yield from the 91-day bill auction was 2.477%, increasing by 4.10 basis points from bids with a similar tenor issued on 19 January 2023, representing a bid price of €99.3778 per €100 nominal. The yield from the 182-day bill auction was 2.672%, decreasing by 0.90 basis point from bids with a similar tenor also issued on 19 January 2023, representing a bid price of €98.6672 per €100 nominal.

During this week, secondary market turnover in Malta Government Treasury bills amounted to €2.00 million, all executed on the Off-exchange market of the Malta Stock Exchange.

This week the Treasury will invite tenders for 91-day and 182-day bills maturing on 4 May and 3 August 2023, respectively.