

Money Market Report for the week ending 18 August 2023

ECB Monetary Operations

On 11 August 2023, the European Central Bank (ECB) announced the 7-day main refinancing operation (MRO). The operation was conducted on 14 August 2023 and attracted bids from euro area eligible counterparties of €5,152.40 million, €538.10 million less than the previous week. The amount was allotted in full at a fixed rate equivalent to the prevailing MRO rate of 4.25%, in accordance with current ECB policy.

On 16 August 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 \$229.00 million, which was allotted in full at a fixed rate of 5.58%.

Domestic Treasury Bill Market

In the domestic primary market for Treasury bills, the Treasury invited tenders for 91-day and 273-day bills for settlement value 17 August 2023, maturing on 16 November 2023 and 16 May 2024, respectively. Bids of €236.28 million were submitted for the 91-day bills, with the Treasury accepting €14.33 million, while bids of €36.56 million were submitted for the 273-day bills, with the Treasury accepting €5.48 million. Since €44.47 million worth of bills matured during the week, the outstanding balance of Treasury bills decreased by €24.66 million, standing at €719.00 million.

The yield from the 91-day bill auction was 2.671%, decreasing by 10.70 basis points from bids with a similar tenor issued on 10 August 2023, representing a bid price of €99.3294 per €100 nominal. The yield from the 273-day bill auction was 2.702%, decreasing by 46.60 basis points from bids with a similar tenor issued on 27 July 2023, representing a bid price of €97.9921 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 23 November 2023 and 22 February 2024, respectively.