

Money Market Report for the week ending 25 July 2025

ECB Decisions

On 24 July 2025, the Governing Council of the European Central Bank (ECB) decided to keep the three key interest rates unchanged. Accordingly, the interest rates on the deposit facility, the main refinancing operations (MROs) and the marginal lending facility will remain unchanged at 2.00%, 2.15% and 2.40%, respectively. Inflation is currently at the 2% medium-term target. The incoming information is broadly in line with the Governing Council's previous assessment of the inflation outlook. Domestic price pressures have continued to ease, with wages growing more slowly. Partly reflecting the Governing Council's past interest rate cuts, the economy has so far proven resilient overall in a challenging global environment. At the same time, the environment remains exceptionally uncertain, especially because of trade disputes.

The Governing Council is determined to ensure that inflation stabilises at its 2% target in the medium term. It will follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. In particular, the Governing Council's interest rate decisions will be based on its assessment of the inflation outlook and the risks surrounding it, in light of the incoming economic and financial data, as well as the dynamics of underlying inflation and the strength of monetary policy transmission. The Governing Council is not pre-committing to a particular rate path.

The Asset Purchase Programme and the Pandemic Emergency Purchase Programme portfolios are declining at a measured and predictable pace, as the Eurosystem no longer reinvests the principal payments from maturing securities.

The Governing Council stands ready to adjust all of its instruments within its mandate to ensure that inflation stabilises at its 2% target in the medium term and to preserve the smooth functioning of monetary policy transmission. Moreover, the Transmission Protection Instrument is available to counter unwarranted, disorderly market dynamics that pose a serious threat to the transmission of monetary policy across all euro area countries, thus allowing the Governing Council to more effectively deliver on its price stability mandate.

ECB Monetary Operations

On 21 July 2025, the ECB announced the 7-day MRO. The operation was conducted on 22 July 2025 and attracted bids from euro area eligible counterparties of €6,813.50 million, €350.20 million less than the previous week. The amount was allotted in full at a fixed rate equivalent to the prevailing MRO rate of 2.15%, in accordance with current ECB policy.

On 23 July 2025, 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 \$56.40 million, which were 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 24 July 2025, maturing on 23 October 2025 and 22 January 2026, respectively. Bids of €37.42 million were submitted for the 91-day bills, with the Treasury accepting €17.42 million, while bids of €14.75 million were submitted for the 182-day bills, with the Treasury accepting €8.36 million. Since €38.59 million

worth of bills matured during the week, the outstanding balance of Treasury bills decreased by €12.81 million, standing at €643.30 million.

The yield from the 91-day bill auction was 1.992%, increasing by 0.30 basis point from bids with a similar tenor issued on 17 July 2025, representing a bid price of €99.4990 per €100 nominal. The yield from the 182-day bill auction was 1.977%, increasing by 0.90 basis point from bids with a similar tenor also issued on 17 July 2025, representing a bid price of €99.0104 per €100 nominal.

During the week, secondary market turnover in Malta Government Treasury bills amounted to €50,000, all executed on the On-exchange market of the Malta Stock Exchange.

This week the Treasury will invite tenders for 91-day and 182-day bills maturing on 30 October 2025 and 29 January 2026, respectively.