

## **Money Market Report for the week ending 31 October 2025**

### **ECB Decisions**

On 30 October 2025, the Governing Council of the European Central Bank (ECB) decided to keep the three key ECB 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 remains close to the 2% medium-term target and the Governing Council's assessment of the inflation outlook is broadly unchanged. The economy has continued to grow despite the challenging global environment. The robust labour market, solid private sector balance sheets and the Governing Council's past interest rate cuts remain important sources of resilience. However, the outlook is still uncertain, owing particularly to ongoing global trade disputes and geopolitical tensions.

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 27 October 2025, the ECB announced the 7-day MRO. The operation was conducted on 28 October 2025 and attracted bids from euro area eligible counterparties of €13,515.60 million, €2,460.10 million more 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.

Also on 28 October 2025, 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 €2,462.20 million from euro area eligible counterparties.

On 29 October 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 \$85.50 million, which were allotted in full at a fixed rate of 4.10%.

## **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 30 October 2025, maturing on 29 January and 30 July 2026, respectively. Bids of €25.21 million were submitted for the 91-day bills, with the Treasury accepting all bids, while bids of €47.47 million were submitted for the 273-day bills, with the Treasury accepting €42.47 million. Since €32.28 million worth of bills matured during the week, the outstanding balance of Treasury bills increased by €35.40 million, standing at €648.68 million.

The yield from the 91-day bill auction was 1.985%, increasing by 1.60 basis points from bids with a similar tenor issued on 23 October 2025, representing a bid price of €99.5007 per €100 nominal. The yield from the 273-day bill auction was 1.981%, increasing by 2.80 basis points from bids with a similar tenor issued on 10 July 2025, representing a bid price of €98.5200 per €100 nominal.

During the week, secondary market turnover in Malta Government Treasury bills amounted to €602,000 which were executed on the On-exchange market of the Malta Stock Exchange and €130,000 which were 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 5 February and 7 May 2026, respectively.