

Money Market Report for the week ending 24 July 2026

ECB Decisions

On 23 July 2026, 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 2.25%, 2.40% and 2.65%, respectively. The outlook for energy prices, while highly volatile, currently stands close to the baseline of the June Eurosystem staff projections and well above the levels recorded prior to the conflict in the Middle East. Uncertainty remains high and the full inflationary impact of the energy shock has yet to play out. The Governing Council is therefore closely monitoring the intensity and duration of the shock, as well as its indirect and second-round effects. The Governing Council is committed to setting monetary policy to ensure that inflation stabilises at its 2% target in the medium term.

With this decision, the Governing Council remains well positioned to navigate the uncertainty caused by the conflict. 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 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 20 July 2026, the ECB announced the 7-day MRO. The operation was conducted on 21 July 2026 and attracted bids from euro area eligible counterparties of €17,355.00 million, €4,699.70 million more than the previous week. The amount was allotted in full at a fixed rate equivalent to the prevailing MRO rate of 2.40%, in accordance with current ECB policy.

On 22 July 2026, 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 \$130.00 million, which were allotted in full at a fixed rate of 3.88%.

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 23 July 2026, maturing on 22 October 2026 and 21 January 2027, respectively. Bids of €90.00 million were submitted for the 91-day bills,

with the Treasury accepting €41.90 million, while bids of €60.70 million were submitted for the 182-day bills, with the Treasury accepting €16.76 million. Since €46.07 million worth of bills matured during the week, the outstanding balance of Treasury bills increased by €12.58 million, standing at €922.43 million.

The yield from the 91-day bill auction was 2.354%, decreasing by 0.70 basis point from bids with a similar tenor issued on 16 July 2026, representing a bid price of €99.4085 per €100 nominal. The yield from the 182-day bill auction was 2.386%, decreasing by 3.40 basis points from bids with a similar tenor also issued on 16 July 2026, representing a bid price of €98.8081 per €100 nominal.

During the week, secondary market turnover in Malta Government Treasury Bills amounted to €10,240,000 which were 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 29 October 2026 and 28 January 2027, respectively.