

Money Market Report for the week ending 1 May 2026

ECB Decisions

On 30 April 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 2.00%, 2.15% and 2.40%, respectively. While the incoming information has been broadly consistent with the Governing Council's previous assessment of the inflation outlook, the upside risks to inflation and the downside risks to growth have intensified. The Governing Council is committed to setting monetary policy to ensure that inflation stabilises at the 2% target in the medium term.

The war in the Middle East has led to a sharp increase in energy prices, pushing up inflation and weighing on economic sentiment. The implications of the war for medium-term inflation and economic activity will depend on the intensity and duration of the energy price shock and the scale of its indirect and second-round effects. The longer the war continues and the longer energy prices remain high, the stronger is the likely impact on broader inflation and the economy.

The Governing Council remains well positioned to navigate the current uncertainty. The euro area entered this period of surging energy prices with inflation at around the 2% target, and the economy has shown resilience over recent quarters. Longer-term inflation expectations remain well anchored, although inflation expectations over shorter horizons have moved up significantly.

The Governing Council will closely monitor the situation and follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. In particular, its 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 27 April 2026, the ECB announced the 7-day MRO. The operation was conducted on 28 April 2026 and attracted bids from euro area eligible counterparties of €19,676.00 million, €5,189.00 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 April 2026, 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 €3,424.31 million from euro area eligible counterparties

On 29 April 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 \$205.00 million, which were allotted in full at a fixed rate of 3.89%.

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 30 April 2026, maturing on 30 July 2026 and 29 October 2026, respectively. Bids of €119.90 million were submitted for the 91-day bills, with the Treasury accepting €13.72 million, while bids of €46.95 million were submitted for the 182-day bills, with the Treasury accepting €5.69 million. Since €18.65 million worth of bills matured during the week, the outstanding balance of Treasury bills increased by €0.77 million, standing at €825.20 million.

The yield from the 91-day bill auction was 2.084%, decreasing by 5.70 basis points from bids with a similar tenor issued on 23 April 2026, representing a bid price of €99.4760 per €100 nominal. The yield from the 182-day bill auction was 1.985%, increasing by 1.70 basis points from bids with a similar tenor issued on 16 April 2026, representing a bid price of €99.0064 per €100 nominal.

During the week, secondary market turnover in Malta Government Treasury Bills amounted to €78,000, 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 6 August and 5 November 2026, respectively.