

**BANK OF ALBANIA INTERVENTIONS IN THE MONEY MARKET AND FOREIGN EXCHANGE MARKET  
DURING 2021 Q2**

## 1. BANK OF ALBANIA INTERVENTIONS IN THE MONEY MARKET DURING 2021 Q2

### 1.1. Open market operations and factors affecting liquidity shortage in the banking system

**Table 1** Temporary open market operations  
(in ALL billion<sup>1</sup>.) Source: Bank of Albania.

DATE	R/REPO 1Day	R/REPO 1W	R/REPO >1W <3MTH	REPO 1Day
<b>1-April -21</b>		20.88		
<b>8-April 21</b>		21.19		
<b>15-April -21</b>		20.40		
<b>22-April -21</b>		27.29		
<b>26-April -21</b>			4.65	
<b>29-April -21</b>		20.90		
<b>06-May-21</b>		15.25		
<b>14-May-21</b>		17.32		
<b>20-May-21</b>		23.64		
<b>24-May-21</b>			5.67	
<b>27-May-21</b>		17.28		
<b>3-June-21</b>		10.35		
<b>10-June-21</b>		12.76		
<b>17-June-21</b>		20.15		
<b>24-June-21</b>		22.81	5.06	

In 2021 Q2, the Bank of Albania intervened in the money market through the open market operations to inject liquidity.

Average daily injections through liquidity injecting operations with maturity 1-13 week amounted to ALL 34.80 billion, slightly up from ALL 33.40 billion in the previous quarter.

The demand for liquidity from banks in the operations of the Bank of Albania fluctuated at the wide operating band ALL 26.10 - 43.70 billion, but the increase above ALL 40 billion was momentary in the period between the two periods of the mandatory reserve. The liquidity need of banks amounted to ALL 37.30 billion at the beginning of the period and ALL 38.20 billion at the end of the period. The effect from the growth of currency in circulation for the cumulative amount ALL 8.60 billion was mainly compensated by the injections of the Bank of Albania through foreign currency purchases in the foreign exchange market for ALL 5 billion, in the auctions organised in the second quarter. In the context of operations for the liquidity management in the banking system, the Bank of Albania employed its main instrument - the one-week reverse REPO - to inject on average ALL 19.20 billion.

<sup>1</sup> The figures are expressed at Purchase Price.

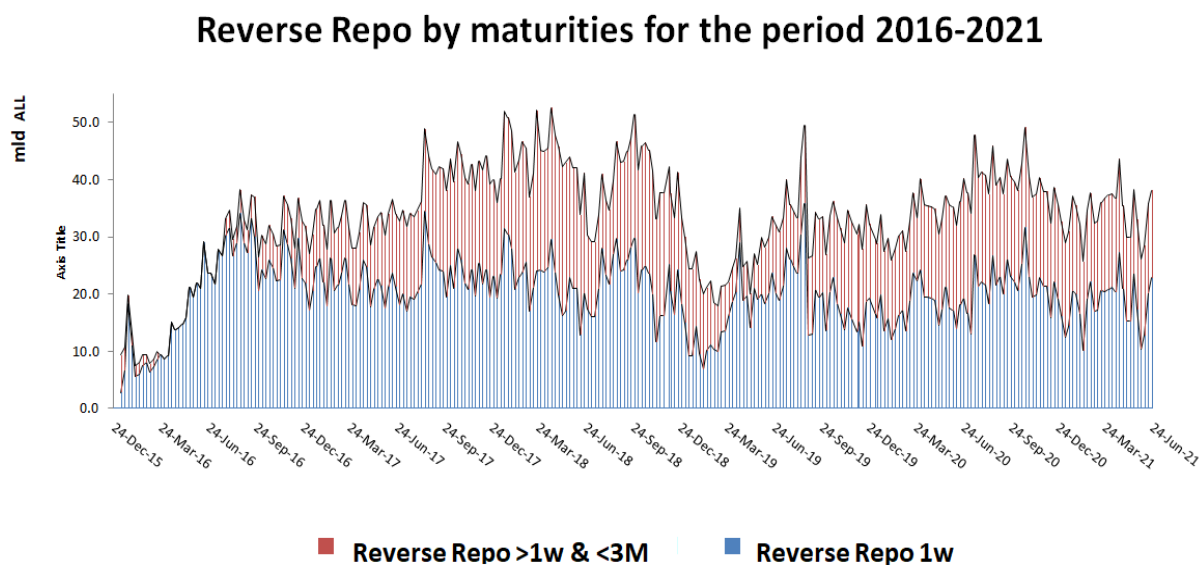
## **Bank of Albania interventions in the money market and foreign exchange market during 2021 Q2**

*Pursuant to the Monetary Policy Implementation and Advisory Committee's Decision, since the second week of March 2020, the Bank of Albania changed the auction form, from “fixed amount auction” to “fixed rate auction”, where banks can borrow unlimited amounts with the same interest rate as the policy rate. This Decision aims at decreasing the uncertainty of the banking system regarding the liquidity situation in every bank.*

This type of auction continued to be organised during the quarter under review.

**Chart 1 Bank of Albania interventions in the money market during 2016-2021 (nominal value)**

**Source: Bank of Albania.**



### **1.2 Use of standing facilities by the banking system**

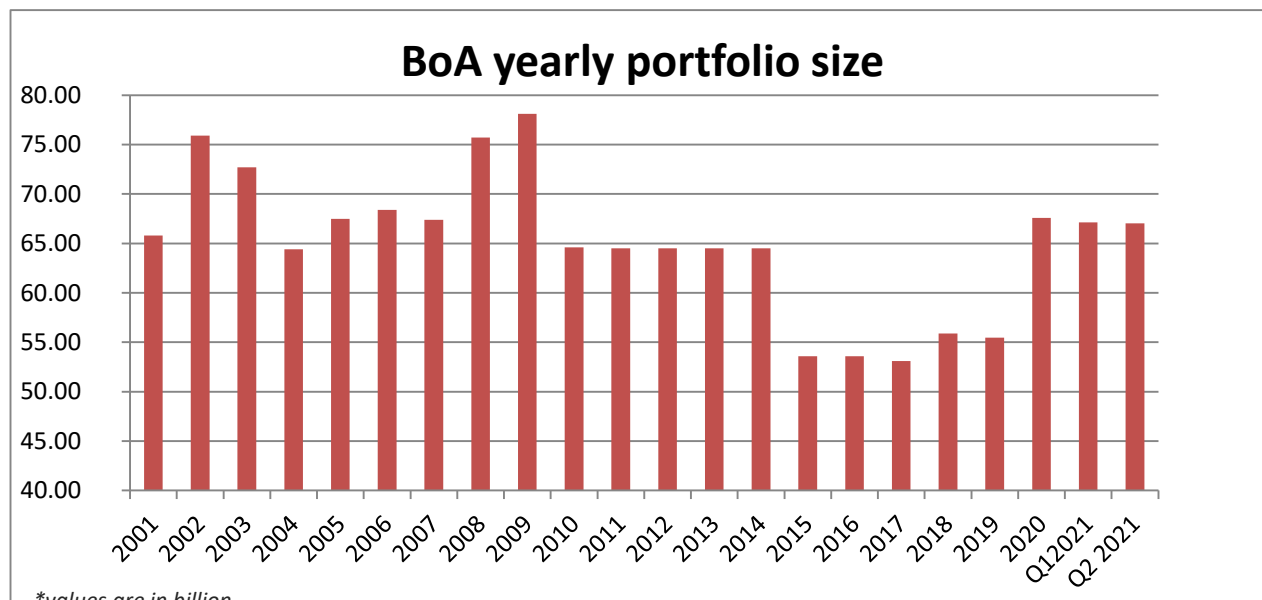
The banking system has used the deposit at the Bank of Albania, on an ongoing basis, for ALL 7.00 billion on average. The overnight loan facility was used in no case.

### **1.3 Operations to manage the banking system liquidity through the Bank of Albania's portfolio**

### **Bank of Albania interventions in the money market and foreign exchange market during 2021 Q2**

In 2021 Q2, the portfolio of the Bank of Albania fell by ALL 100 million after the fall of ALL 550 million in the previous quarter. The value of portfolio decreased at ALL 67 billion.

We have aimed at maintaining a stable level of this indicator, but the non-participation of commercial banks in the outright sale or purchases auctions organised by the Bank of Albania drove to this fall.



### **1.4 Use of fine-tuning operations**

No fine-tuning operations were performed during the period.

## **2. BANK OF ALBANIA INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET DURING 2021Q2**

### **2.1 Transactions with commercial banks**

Pursuant to the Monetary Policy Implementation and Advisory Committee's decision dated 22.12.2020 for purchasing EUR 60-120 million during 2021 and the following schedule published at the same date, four auctions were held in the second quarter. The amount purchased in these auctions was EUR 40.70 million driving the total amount of purchases in 2021 at EUR 56.80 million.

#### **Calendar of interventions for 2021**

Date	Amount in the first round (in euro)
1	19/02/2021 4-6 mln
2	19/03/2021 4-6 mln

**Bank of Albania interventions in the money market and foreign exchange market during 2021 Q2**

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3	15/04/2021	4-6 mln
4	14/05/2021	4-6 mln
5	07/06/2021	4-6 mln
6	21/06/2021	4-6 mln
7	09/07/2021	4-6 mln
8	23/07/2021	4-6 mln
9	06/08/2021	4-6 mln
10	20/08/2021	4-6 mln
11	18/10/2021	4-6 mln
12	18/11/2021	4-6 mln
13	03/12/2021	4-6 mln
14	20/12/2021	4-6 mln

*\* When the auction falls on a public holiday, it will be organized on the next working day.*

Detailed results of all auctions organised by the Bank of Albania are published at:

<https://www.bankofalbania.org/Markets/Operations of the Bank of Albania/Interventions in the foreign exchange market/>

**Operations with other institutions**

In 2021 Q2, the Ministry of Finance and Economy results with a total unmatured SWAP agreements amounting ALL38.55 billion.

In 2021 Q2, the Bank of Albania purchased EUR 5.61 million from IPA programme and EUR 3.71 million from IBRD.