

Bank of Albania interventions in the money market and foreign exchange market over the third quarter of year 2010

1. The Bank of Albania interventions in the money market over the third quarter of year 2010

Table 1: Temporary open market operations' volume (in ALL million¹)

DATA	One-week R/REPO at flexible price	1-month R/REPO	3-month R/REPO
01.07.2010	15,060.00		3,000.00
08.07.2010	13,150.00		
15.07.2010	18,500.00		
22.07.2010	23,000.00		
29.07.2010	19,390.00		
05.08.2010	17,210.00		
12.08.2010	19,000.00		
19.08.2010	19,120.00		
26.08.2010	17,500.00		
02.09.2010	18,500.00		
10.09.2010	17,600.00		
16.09.2010	19,200.00	4,000.00	
23.09.2010	15,050.00	3,000.00	

1.1. Open market operations

The money market interventions over the third quarter 2010 consist of open market operations to supply liquidity.

In supplying liquidity, the Bank of Albania operated primarily through its main instrument, the one-week Reverse Repurchase Agreement (R/REPO), averagely ALL 17.86 billion¹. The 3-month R/REPO was employed in July, by ALL 3.0 billion, whereas one-month R/REPO was used in 2 cases during September, at ALL 4 billion and ALL 3 billion, respectively.

¹ Figures expressed at nominal value.

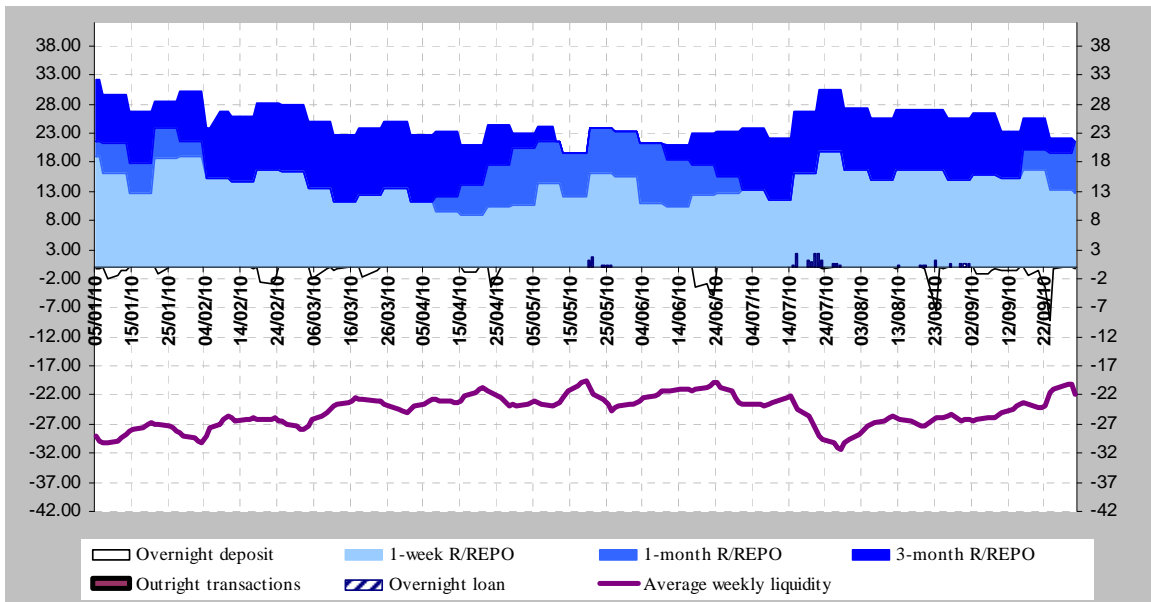
1.2 Standing facilities

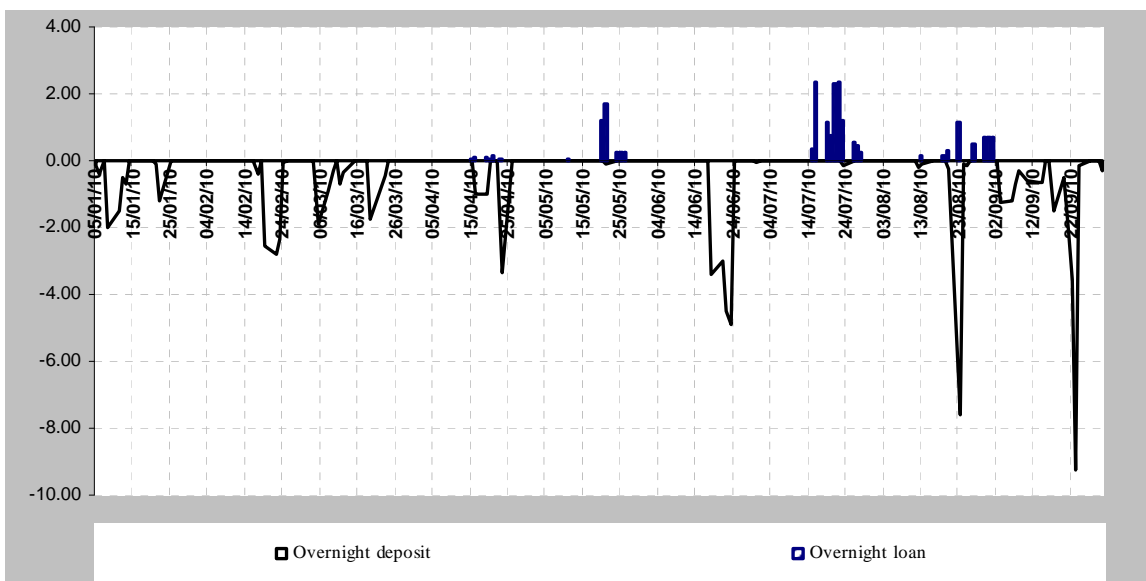
The overnight deposit instrument was employed in 26 cases over the third quarter of year 2010, averagely by ALL 0.48 billion, about ALL 0.15 billion higher relative to the previous quarter. Also, the use of overnight deposit occurred more intensively during the last days of the period, to maintain the required reserve.

The overnight loan instrument was employed in 18 cases, averagely ALL 0.89 billion, over the third quarter of 2010.

The following chart provides a summary of the Bank of Albania's interventions in the money market during the first 9-month period of year 2010.

Chart 1: The Bank of Albania interventions in the money market over the year 2010 (at purchase price)





2. The Bank of Albania interventions in the domestic foreign exchange market over the third quarter of year 2010

2.1 Operations with commercial banks

The Bank of Albania intervened in the foreign exchange market, by returning at the foreign currency purchase direction, for the first time since August 2008. The interventions conducted by the Bank of Albania have initially aimed to avoid the disequilibrium of the domestic foreign exchange market, and after that, the increase of the foreign exchange reserve. Bank of Albania, over the third quarter, has sold ALL 1,597.63 million.

2.2 Operations with other institutions

The operations, for the sale and purchase of foreign currency with the Ministry of Finance, persisted to be conducted during this period. Therefore, the purchases from the Ministry of Finance, over this period, account for ALL 1,371.73 million, while the sales ALL 1,362.00 million.

The foreign currency purchases from international institutions account for ALL 26.02 million (International Development Agency – IDA and the International Bank for Reconstruction and Development - IBRD).

Financial institution	Foreign currency purchases (in ALL million)	Foreign currency sales (in ALL million)
MINISTRY OF FINANCE	1,371.73	1,362.00
OTHER (IDA, IBRD)	26.02	