

1. BANK OF ALBANIA INTERVENTIONS IN THE MONEY MARKET DURING 2016 Q1

Table 1 Temporary open market operations

(in ALL million¹) Source: Bank of Albania

DATE	R/REPO overnight	R/REPO 1-week	R/REPO 1-month	R/REPO 3-months
7-Jan-16		2,810.00		
14-Jan-16		6,660.00		
21-Jan-16		18,312.00		
25-Jan-16			2,000.00	
28-Jan-16		11,070.00		
4-Feb-16		5,530.00		
11-Feb-16		5,980.00		
18-Feb-16		7,440.00		
24-Feb-16			1,400.00	
25-Feb-16		8,000.00		
3-Mar-16		6,400.00		
10-Mar-16		7,300.00		
17-Mar-16		8,480.00		
24-Mar-16		9,330.00		
31-Mar-16		8,540.00		

1.1. Open market operations

Money market interventions during 2016 Q1 consisted in open market operations for temporary liquidity injection and in T-bills outright transactions in the Bank of Albania's portfolio aiming at a better redistribution of liquidity in the banking system.

The total amount of injected liquidity averaged ALL 10.2² billion, from ALL 31.1 billion in the previous quarter. The need for liquidity fell considerably at the beginning of the period, due to government transactions to purchase securities prior to the maturity date and its securities' maturity at the end of 2015 Q4.

To redistribute the liquidity, Bank of Albania conducted outright transactions with commercial banks. Due to the liquidity surplus in the banking system, the net effect of T-bills outright transactions was the fall of Bank of Albania's portfolio by ALL 2.15 billion.

In open market operations, the Bank of Albania employed its main instrument, the one-week reverse repurchase agreement, to temporarily inject liquidity, on average ALL 7.5 billion from ALL 16 billion in the previous quarter. The four one-month injections of December and the three-month injection of October were matured due to the liquidity increase in the banking system. The one-month reverse repurchase agreement was employed only in two cases – injecting on average ALL 2.6 billion, from ALL 10.8 billion in 2015 Q4. The one-day reverse repurchase agreement was not employed in any case in 2016 Q1, compared to three cases in 2015 Q4, at the last day of the reserve maintenance period, on average ALL 3.4 billion.

¹ Figures are expressed in nominal value.

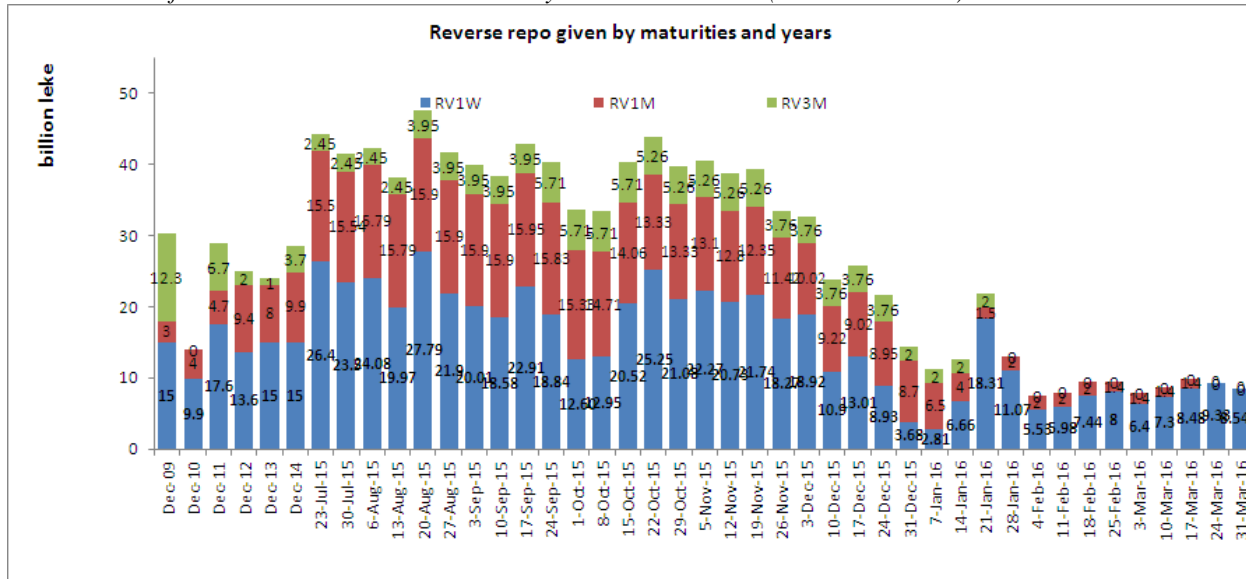
² Figures are at purchasing price.

1.2. Use of standing facilities

The overnight loan facility was used in four cases compared to seven cases in the previous quarter, averaging ALL 3.3 billion, from ALL 2.9 billion in the previous period. Unlike in 2015 Q4, when it was not used at all, the overnight deposit, while at 0.0% interest rate, was used in 21 cases.

Chart 1 below summarises Bank of Albania’s interventions in the money market during the period December 2009 - March 2016.

Chart 1 Bank of Albania interventions in the money market 2009-2016 (at nominal value) Source: Bank of Albania



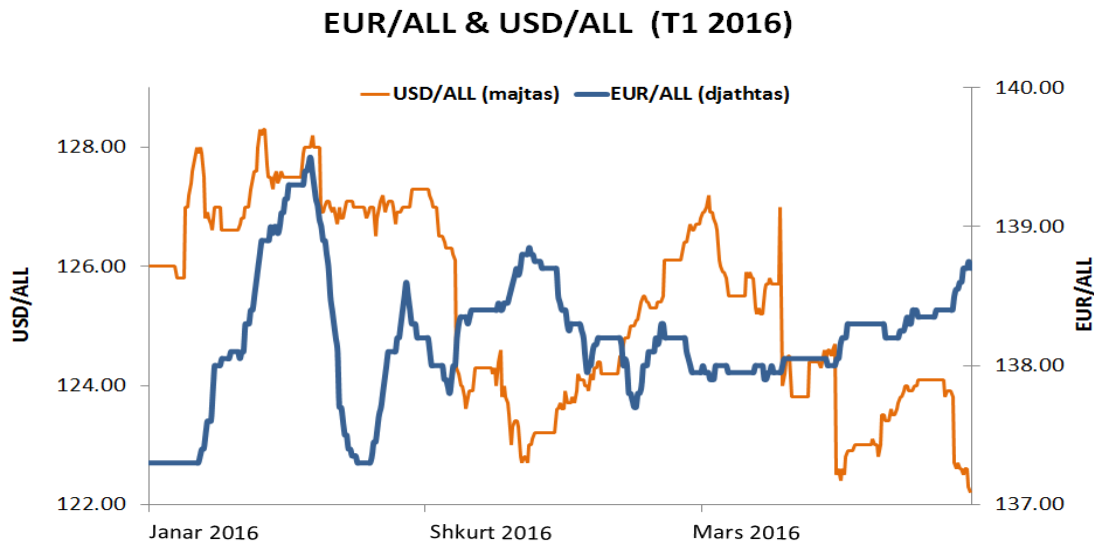
2. BANK OF ALBANIA INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET DURING 2016 Q1

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2.1 Transactions with commercial banks

In 2016 Q1, the Bank of Albania did not intervene in the domestic foreign exchange market.

Chart 2 EUR/ALL and USD/ALL exchange rate in 2016 Q1



2.2 Transactions with other institutions

Foreign currency swap agreements between the Bank of Albania and the Ministry of Finance continued in 2016 Q1, upon the request by the latter, for its liquidity management purposes, through the investment of foreign currency outstanding at the Bank of Albania. The amounts invested in unmatured swap agreements were EUR 345 million and SDR 50 million at the end of this quarter, from EUR 330 million and SDR 50 million at the end of the previous year. During the period, the Bank of Albania’s purchases from the Ministry of Finance amounted to ALL 41,541.00 million, whereas sales amounted to ALL 41,651.92 million, attributable to the swap agreements in the first quarter.

Foreign currency purchased from international institutions amounted to ALL 40.00 million, equivalent (International Bank for Reconstruction and Development – IBRD, and International Development Agency – IDA).

Table 2 Foreign currency transactions with other institutions

Financial institution	Purchase of foreign currency (in ALL million)	Sale of foreign currency (in ALL million)
Ministry of Finance	41,541.00	41,651.92
Other (IDA, IBRD)	40.00	