

1. BANK OF ALBANIA INTERVENTIONS IN THE MONEY MARKET DURING 2014 Q2

Table 1: Temporary open market operations
(in ALL million*)

DATE	R/REPO overnight	R/REPO 1-week	R/REPO 1-month
03.04.2014		15,750.00	3,000.00
10.04.2014		6,900.00	2,000.00
17.04.2014		15,500.00	2,000.00
18.04.2014	1,500.00		
21.04.2014	1,500.00		
22.04.2014	8,000.00		
23.04.2014	250.00		
24.04.2014		20,420.00	2,000.00
02.05.2014		8,500.00	2,000.00
08.05.2014		10,000.00	2,000.00
15.05.2014		9,200.00	2,000.00
22.05.2014		11,500.00	2,000.00
29.05.2014		20,000.00	2,000.00
05.06.2014		13,670.00	2,000.00
12.06.2014		16,500.00	2,000.00
19.06.2014		18,340.00	2,000.00
26.06.2014		19,500.00	2,000.00

1.1 Open market operations

Money market interventions during 2014 Q2 consisted of open market operations for injecting liquidity and permanent operations for structuring Bank of Albania's portfolio.

The total amount of injected liquidity averaged ALL 20.61 billion, from ALL 21.22 billion injected in 2014 Q1. **Average injected liquidity was around 9.6% higher than in the previous year, when it amounted to around ALL 18.8 billion.**

During 2014 Q2, liquidity in the banking system was affected negatively (- ALL 3.27 billion) by the cash effect, and positively (ALL 4.7 billion) by the budget effect.

To inject temporary liquidity, the Bank of Albania employed its main instrument, the one-week reverse repurchase agreement, on average, ALL 14.29 billion a week*, and the one-month reverse repurchase agreement, on average, ALL 2.07 billion a week*. Overnight injection operations on 18-23 April 2014 aimed at

supplementing the difference created on the last days of the reserve maintenance period.

In 2014 Q2, outright transactions continued, aiming at lowering BoA's participation in T-bills up to 70% of total issue. Since BoA's portfolio during the first quarter of 2014 was up ALL 100 million from end-2013, in the second quarter of 2014 Bank of Albania intervened to purchase 12-month newly issued T-bills for the announced amount of ALL 300 million, followed by downward reinvestment in 6-month Treasury bills for ALL 200 million. The purchase intervention was realised for only ALL 150 million. Therefore, during the second quarter, the increase in BoA's portfolio was adjusted for ALL 50 million.

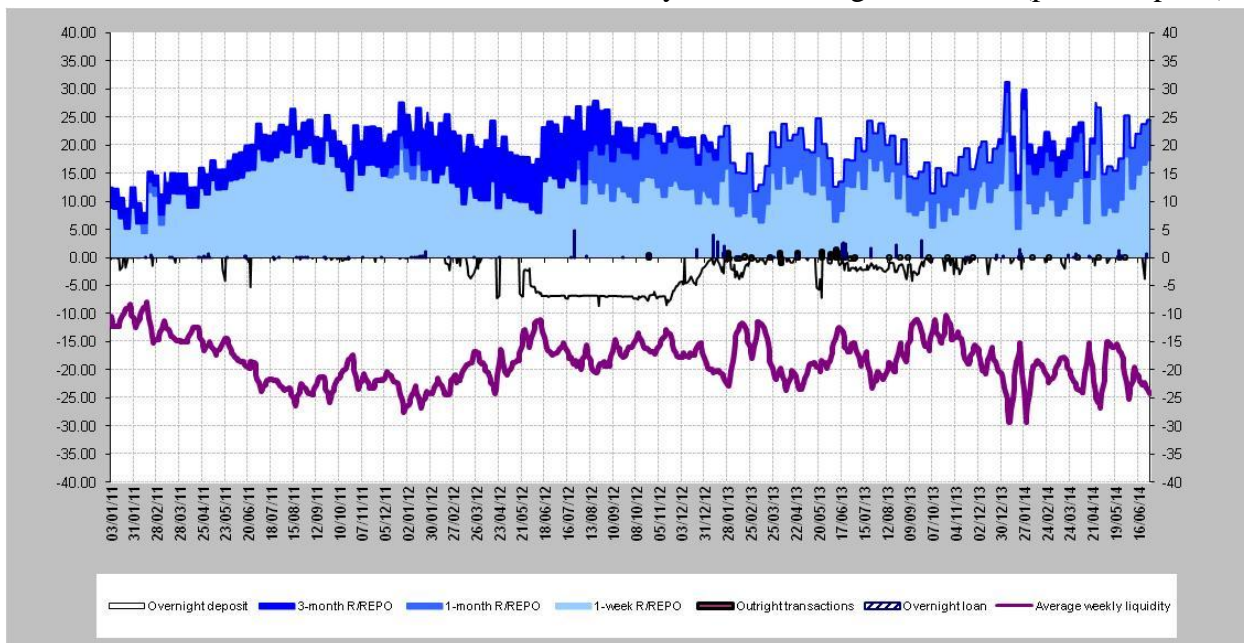
* The figures are expressed in nominal value.

1.2 Use of standing facilities

The overnight deposit facility was used six times, averaging ALL 0.11 billion, at the same frequency of use as in the previous quarter, when it averaged ALL 0.12 billion. The overnight credit was used six times, averaging ALL 0.45 billion. In 2014 Q2, this facility was employed six times and averaged ALL 0.63 billion.

Chart 1 summarises Bank of Albania interventions in the money market during 2011-2014.

Chart 1. Bank of Albania interventions in the money market during 2011-2014 (purchase price)

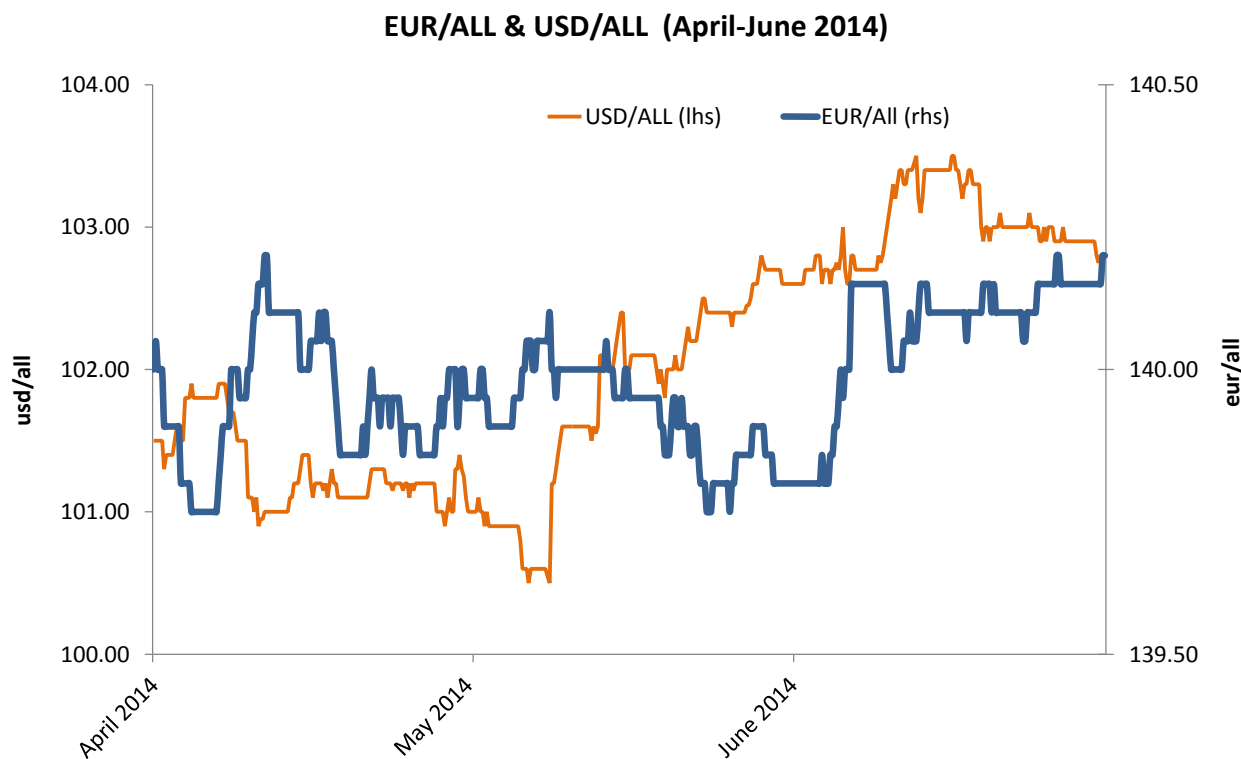


2. BANK OF ALBANIA INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET DURING 2014 Q2

2.1 Transactions with commercial banks

The Bank of Albania continued to not intervene in the foreign exchange market during 2014 Q2.

Chart 2. EUR/ALL and USD/ALL in 2014 Q2



2.2 Transactions with other institutions

Driven by the need for Ministry of Finance's liquidity management, the Bank of Albania and the Ministry of Finance continued to conclude swap agreements in lek and foreign currency during 2014 Q2. At the end of the quarter, outstanding swap agreements were EUR 15 million. During 8 May - 16 June a swap agreement was concluded for SDR 23 million against lek, but as of mid-June all these contracts matured. During this period, the Ministry of Finance sold permanently to Bank of Albania SDR 22 million and purchased from it EUR 2 million. Ministry of Finance foreign currency purchases from the Bank of Albania amounted to ALL 9,970.68 million, whereas sales amounted to ALL 6,832.26 million.

International institutions purchased foreign currency equivalent to ALL 285.89 million (International Bank for Reconstruction and Development – IBRD and International Development Agency – IDA).

Table 2: Foreign currency operations with other institutions

Financial institution	Purchase of foreign currency (in ALL million)	Sale of foreign currency (in ALL million)
Ministry of Finance	9,970.68	6,832.26
Other (IDA, IBRD)	285.89	