

## Bank of Albania interventions in the money market and foreign exchange market in 2016 Q2

### 1. BANK OF ALBANIA INTERVENTIONS IN THE MONEY MARKET DURING 2016 Q2.

Table 1: Temporary Open Market Operations  
(in ALL million<sup>1</sup>.) Source: Bank of Albania

DATE	R/Repo overnight	R/Repo 1-week
31-Mar-16		8,540.00
7-Apr-16		9,140.00
14-Apr-16		15,150.00
21-Apr-16		13,800.00
22-Apr-16	8,410.00	
28-Apr-16		14,090.00
5-May-16		14,700.00
12-May-16		15,900.00
19-May-16		21,222.00
20-May-16	5,960.00	
23-May-16	12,390.00	
26-May-16		19,385.00
2-Jun-16		21,860.00
9-Jun-16		21,080.00
16-Jun-16		29,110.00
23-Jun-16		23,600.00

#### 1.1. Open Market Operations

Money market interventions during 2016 Q2 consisted in open market operations for temporary liquidity injection and in fine-tuning operations aiming at a better management of liquidity surplus at the end of the period.

The total amount of injected liquidity averaged at ALL 18<sup>2</sup>billion, from ALL 10.2 billion in the previous quarter. The need for liquidity has been upward, stabilizing at the highest levels in the last two months of the period, at around ALL 23 billion.

In open market operations, the Bank of Albania employed its main instrument, the one-week reverse repurchase agreement to inject on average ALL 17.45 billion, from ALL 7.5 billion in the previous quarter. In 2016 Q2, there was no auction for one-month or three-

month injection, from the average ALL 10.8 billion one-month injection in the previous quarter. The one-day injection is used in three cases in the end of the reserve maintenance period, on average ALL 8.7 billion, to meet the liquidity shortage in in the system.

#### 1.2. Use of standing facilities

Banks used the overnight deposit in one case, at 0.25% interest rate, from 0% in the previous quarter, for the total of ALL 0.4 billion. Meanwhile, the overnight loan facility was used in 3 cases, averaging ALL 5 billion, from ALL 3.3 billion in the previous period.

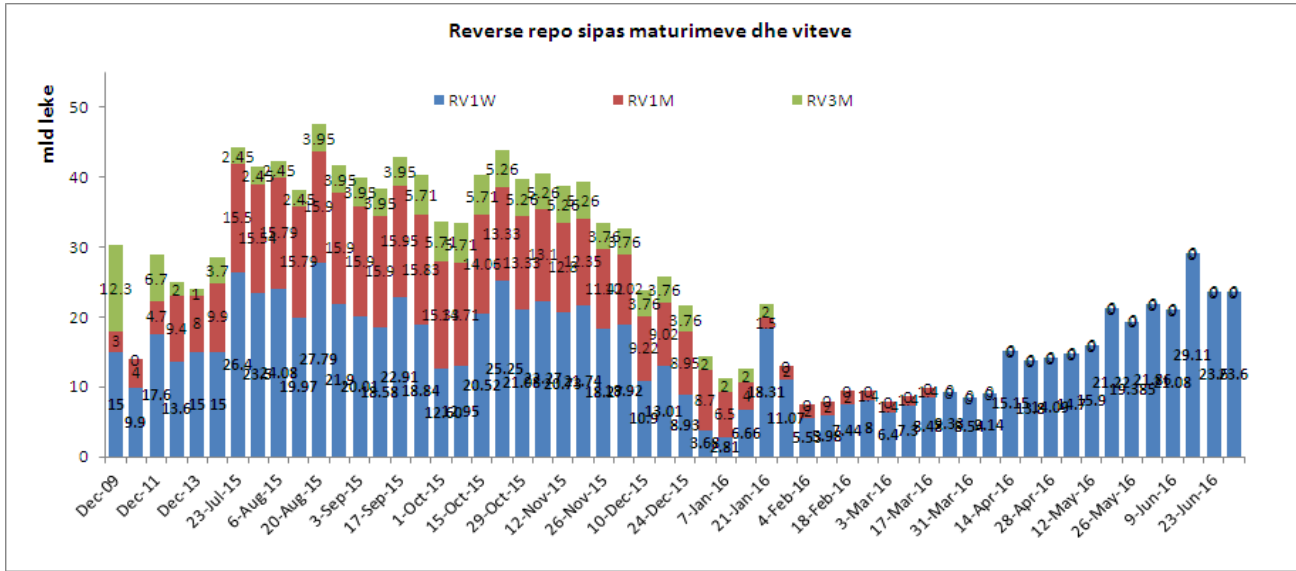
Chart 1 summarizes Bank of Albania's interventions in the money market during the period December 2009-June 2016.

<sup>1</sup> Figures are expressed in nominal value

<sup>2</sup> Figures are at purchasing price.

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Chart 1: Bank of Albania’s interventions in the money market 2009-2016 period (at nominal value).



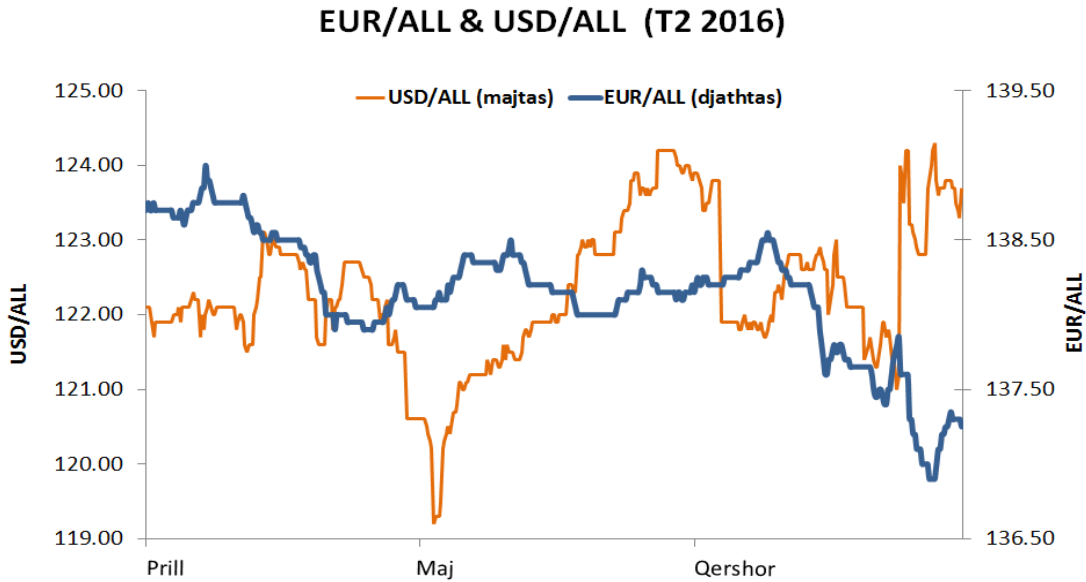
Source: Bank of Albania.

**2. BANK OF ALBANIA INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET OVER 2016 Q2**

**2.1 Transactions with commercial banks**

In 2016 Q2, the Bank of Albania did not intervene in the domestic foreign exchange market.

Chart 2: EUR/ALL and USD/ALL exchange rate in 2016 Q2



Source: Bank of Albania.

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### 2.2 Transactions with other institutions

Foreign currency swap agreements between the Bank of Albania and the Ministry of Finance continued in 2016 Q2, 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 in 2016 Q1, but they fell during the quarter under review, to EUR 250 million. As requested by the Ministry of Finance, the Bank of Albania purchased SDR 45 million and the counter value of this agreement in lek was ALL 7.6 billion. As a result of the swap agreement and the purchase of SDR 45 million, the purchase of the Bank of Albania by the Ministry of Finance during this period was ALL 123,769.20 million and sales were ALL 116,333.06 million.

Foreign currency purchased from international institutions amounted to ALL 40.00 million (International Bank for Reconstruction and Development – IBRD). Purchase and sale of foreign currency from the Albanian Deposit Insurance Agency were ALL 13.84 million.

Table 2: Foreign currency transactions with other institutions

<b>Financial institution</b>	<b>Purchase of foreign currency (in ALL mln)</b>	<b>Sale of foreign currency (in ALL mln)</b>
Ministry of Finance	123,769.20	116,333.06
DEPOSIT INSURANCE AGENCY	13.84	13.84
Other (IBRD)	70.00	

Source: Bank of Albania.