

**1. BANK OF ALBANIA INTERVENTIONS IN THE MONEY MARKET DURING 2013 Q3**

**Table 1:** Volume of temporary open market operations  
(ALL million\*)

DATE	Overnight R/REPO	1-week R/REPO	1-month R/REPO
04.07.2013		17,560.00	2,000.00
11.07.2013		13,710.00	1,800.00
18.07.2013		20,060.00	1,850.00
25.07.2013		17,450.00	2,000.00
01.08.2013		19,550.00	1,900.00
09.08.2013		15,160.00	1,700.00
15.08.2013		17,200.00	1,700.00
22.08.2013		11,800.00	1,700.00
29.08.2013		16,690.00	2,000.00
05.09.2013		9,200.00	1,800.00
12.09.2013		8,400.00	2,000.00
19.09.2013		9,400.00	2,000.00
23.09.2013	900.00		
26.09.2013		11,300.00	2,000.00

Money market interventions during 2013 Q3 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 17.38 billion, from ALL 18.89 billion in 2013 Q2. Average injected liquidity was only 2% lower than a year earlier, when it amounted to ALL 17.8 billion.**

To inject liquidity, the Bank of Albania employed its main instrument, the one-week reverse repurchase agreement - on average, ALL 14.42 billion a week\* - and one-month reverse repurchase agreement - on average, ALL 1.88 billion a week\*. The overnight injection operation was only used once to adjust the amount of liquidity in the system on the last day of the required reserve maintenance period, on 23 September 2013.

To structure the Bank of Albania's portfolio, aiming at lowering 3 and 6-month T-bills and increasing 12-month issues, the Bank of Albania conducted outright transactions, which consisted of a transaction for the sale of newly-issued 3-month T-bill at ALL 600 million\*, and four open market interventions for the purchase of 12-month T-bills, followed by attempts to conduct bilateral transactions, which finalised with the purchase of 12-month T-bills amounting to ALL 560 million.

1.2. Use of standing facilities

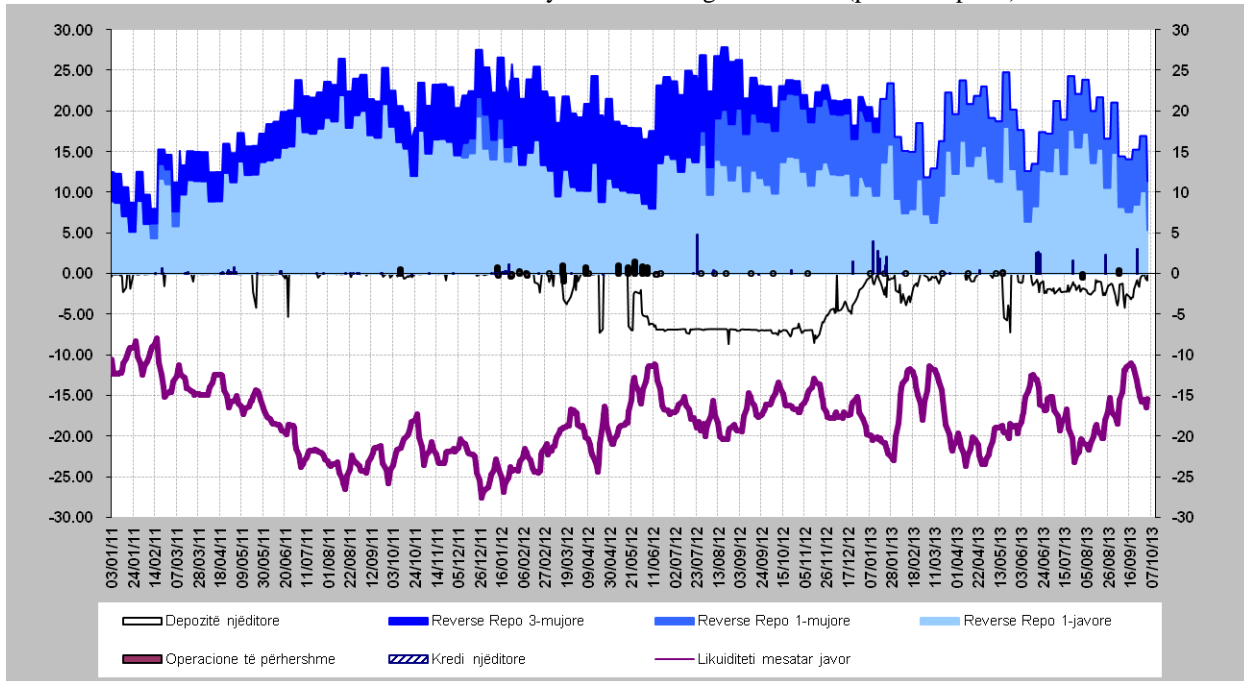
During 2013 Q3, the overnight deposit facility was employed 64 times, averaging ALL 1.98 billion. In Q2, the same instrument recorded similar average but it was employed at a lower frequency, concentrated in only 28 days of the quarter.

The overnight loan facility was employed three times, averaging ALL 2.30 billion. It was concentrated in the last days of the three required reserve maintenance periods. In 2013 Q2, this instrument was employed four times and averaged ALL 2.02 billion.

Chart 1 summarises Bank of Albania interventions in the money market during 2011-2013.

\* The figures are expressed in nominal value.

Chart 1 Bank of Albania interventions in the money market during 2011-2013 (purchase price)

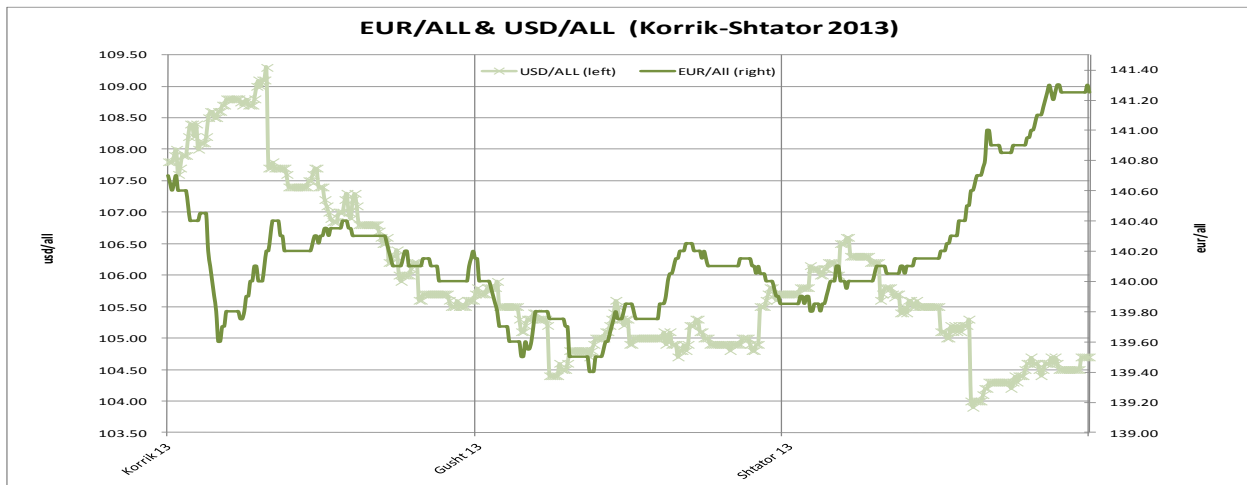


## 2. BANK OF ALBANIA INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET DURING 2013 Q3

### 2.1 Operations with commercial banks

The Bank of Albania intervened in the domestic foreign exchange market during 2013 Q3, by purchasing a total of EUR 3.35 million in two days in August. The purchases aimed at achieving Bank of Albania's objective to increase the international reserve.

In September, the Bank of Albania announced it will hold an auction on 10 October for the purchase of EUR 2-5 million. The amount the Bank of Albania intended to purchase aimed at achieving its objective to increase the international reserve.



2.2 Operations with other institutions

Driven by the need to manage Ministry of Finance's liquidity, the Bank of Albania and the Ministry of Finance continued to conclude swap agreements in lek and foreign currency during 2013 Q3. Ministry of Finance's purchase of foreign currency from the Bank of Albania amounted to ALL 20,910.41 million, whereas sales amounted to ALL 20,965.90 million. As of the end of 2013 Q3, outstanding non-matured swap agreements amounted to EUR 67.0 million, from EUR 62.8 million in Q2.

International institutions purchased foreign currency equivalent to ALL 207.09 million (International Bank for Reconstruction and Development – IBRD and International Development Agency – IDA).

<b>Financial institution</b>	<b>Purchase of foreign currency (ALL million)</b>	<b>Sale of foreign currency (ALL million)</b>
Ministry of Finance (swap)	20,910.41	20,965.90
Other (IDA, IBRD)	207.09	