

Press Statement



**BANK OF
ALBANIA**

Press Office
18 October 2007

Interventions in the money market and foreign exchange market during the second quarter of 2007

1. INTERVENTIONS IN THE MONEY MARKET

1.1 Open market operations.

Table 1: Open market operations volume (in millions of ALL)

DATE	Liquidity injection		Liquidity withdrawal
	One-week R/REPO	Three-month R/REPO	One-week REPO
05.04.2007			1,300.00
12.04.2007			1,400.00
16.04.2007		2,000.00	
19.04.2007	0.00		
26.04.2007	0.00		
03.05.2007	871.50		
10.05.2007	697.06		
17.05.2007	996.85		
24.05.2007	265.23		
31.05.2007			6,467.00
07.06.2007			5,501.00
14.06.2007			4,879.00
21.06.2007			2,117.00
28.06.2007			1,984.00

Over the second quarter of 2007, the interventions of the Bank of Albania in the money market consisted in liquidity injection and withdrawal operations, in view of the liquidity situation of the market.

In order to inject liquidity, the Bank of Albania has used the reverse repurchase agreement of three-month maturity once, amounting to ALL 2 billion; and for 6 consecutive weeks (in the April-May period) it aimed to execute the liquidity injection through reverse repurchase agreements of one-week maturity. On weekly basis, there has been injected on average ALL 0.5 billion.

The Bank of Albania employed the repurchase agreement of one-week maturity instrument in seven cases in order to withdraw liquidity. On each week of this operation execution, the liquidity withdrawn has been on average ALL 3.4 billion.

1.2 Use of standing facilities

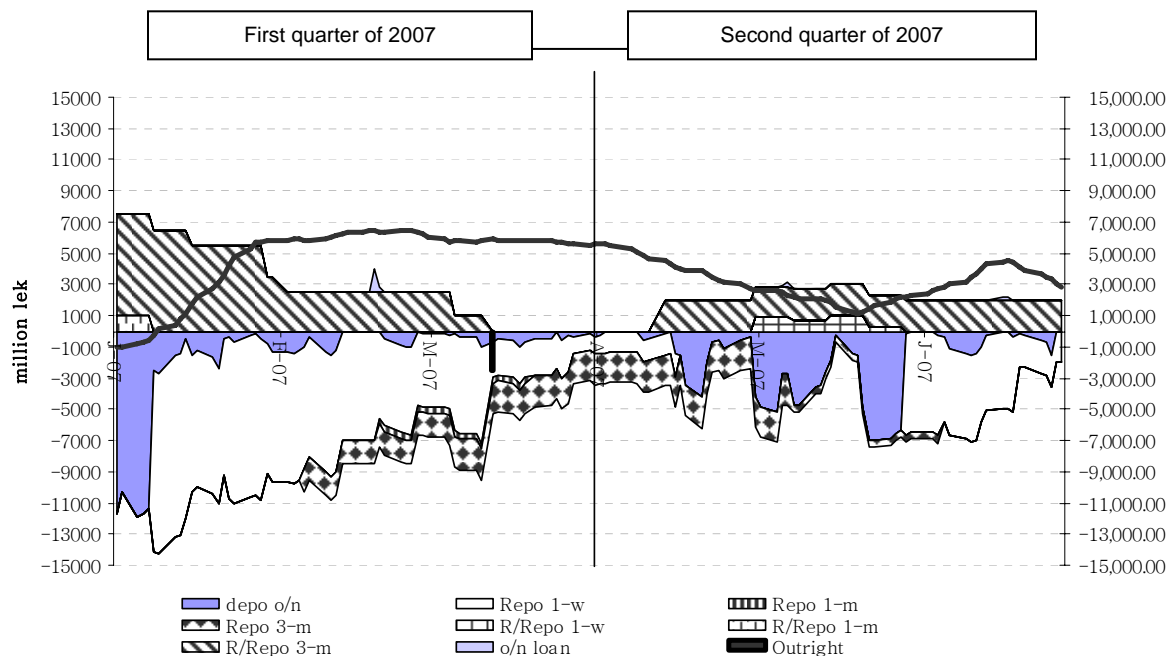
Money market and foreign exchange market interventions over the second quarter of 2007

Over the second quarter of 2007, for the investment of free liquidities, the banks employed the overnight deposit, whose average daily level amounted to ALL 1.78 billion, almost the same level of the previous quarter.

Under the conditions of meeting interbank market needs, the overnight loan instrument was used at minimum during the second quarter of 2007, around ALL 0.070 billion in 10 cases of its application.

The chart 1 summarizes the Bank of Albania's interventions in the money market over the first semester of 2007.

Chart 1 Bank of Albania's interventions in the money market in the first semester of 2007

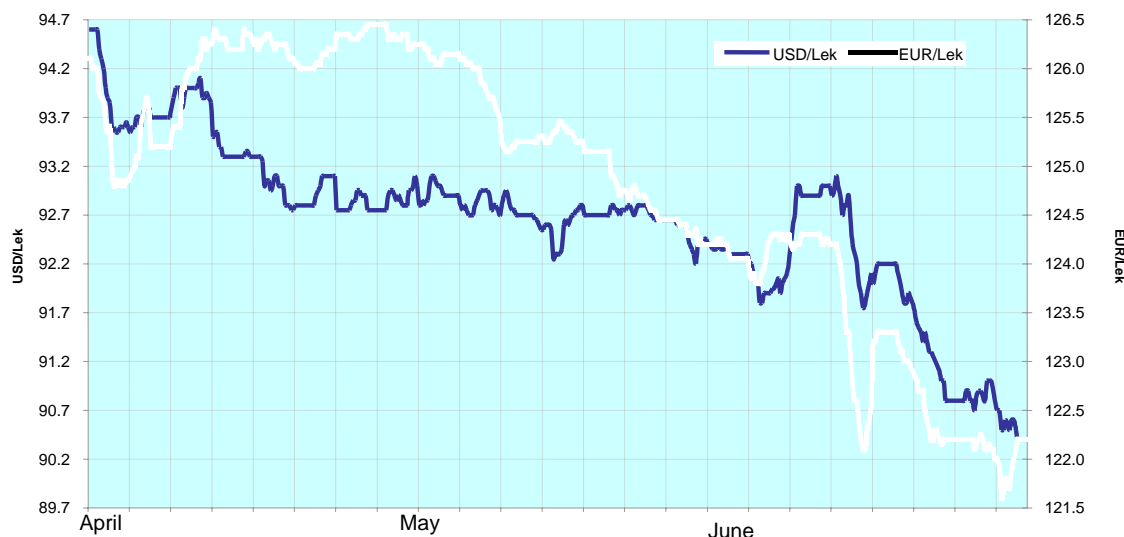


2. INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET

2.1 Operations with commercial banks

Over the second quarter of 2007, the Bank of Albania intervened in the domestic foreign exchange market, purchasing foreign currency, aiming to avoid potential disorders in the domestic foreign exchange market that could bring the positioning toward the high seasonal foreign exchange supply. As a result of the interventions of the Bank of Albania, a total of ALL 0.82 million was sold.

Chart 2 USD/LEK and EURO/LEK trend (April - June 2007)



2.2 Operations with other institutions

Over this period, foreign currency sale and purchase operations with the Ministry of Finance have continued. Foreign currency sales are determined by the obligation of the Albanian Government to settle the external debt instalments, where the payments effected over the second quarter are estimated at ALL 2,011.97 million.

The volume of purchases from the Ministry of Finance for the second quarter of the current year totaled ALL 52.69 million. In the meantime, the amount of foreign currency purchases from foreign institutions consisted of ALL 85.93 million (International Development Agency (IDA) and International Bank for Reconstruction and Development (IBRD)).

Table 2

Financial institution	Foreign currency purchase (in millions of ALL)	Foreign currency sale (in millions of ALL)
Ministry of Finance	52.69	2,011.97
Others (IDA, IBRD)	85.93	-