

**1. BANK OF ALBANIA INTERVENTIONS IN THE MONEY MARKET DURING 2013 Q2**

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

DATE	Overnight R/REPO	1-week R/REPO	1-month R/REPO
04.04.2013		18,620.00	1,900.00
11.04.2013		15,000.00	2,000.00
18.04.2013		16,600.00	2,750.00
22.04.2013	1,600.00		
23.04.2013	4,000.00		
25.04.2013		17,700.00	1,950.00
02.05.2013		13,000.00	2,000.00
09.05.2013		12,530.00	2,000.00
16.05.2013		20,490.00	1,880.00
23.05.2013		14,380.00	2,650.00
30.05.2013		11,490.00	1,980.00
06.06.2013		7,040.00	700.00
13.06.2013		9,180.00	700.00
20.06.2013	750.00	14,380.00	2,000.00
21.06.2013	3,220.00		
27.06.2013		14,190.00	2,000.00

Money market interventions during 2013 Q2 consisted of open market operations for the injection of liquidity.

The total amount of injected liquidity increased from an average of ALL 16.93 billion in 2013 Q1 to around ALL 18.81 billion in 2013 Q2. **Unlike 2013 Q1 when the positive performance of liquidity in the system was affected by the high level of cash inflows amounting to about ALL 6.6 billion, in Q2, cash outflows amounting to ALL 12 billion lowered the level of liquidity in the system, hence calling for added liquidity injection by the Bank of Albania.**

To inject liquidity, the Bank of Albania employed its main instrument, the one-week reverse repurchase agreement - on average, ALL 14.20 billion a week\* - and one-month reverse repurchase agreement - on average, ALL 1.88 billion a week\*.

To adjust the amount of liquidity in the system due to the deviation of autonomous factors to the negative side, on 22 and 23 April 2013, a period that corresponded to the last days of the required reserve

maintenance period, the Bank of Albania conducted overnight reverse repo auctions for an announced bid of ALL 1.60 billion and ALL 4.00 billion, respectively.

Overnight injections of 20 and 21 June 2013 contributed to a positive reserve surplus, hence adjusting for the shortage of liquidity in the system caused by the non-completion of injecting auctions in the preceding week, which was accompanied by an excess demand in the one-month reverse repo auction of 20 June 2013, and non-completion of the injected amount in the one-week reverse repo auction of the same date.

1.2. Use of standing facilities

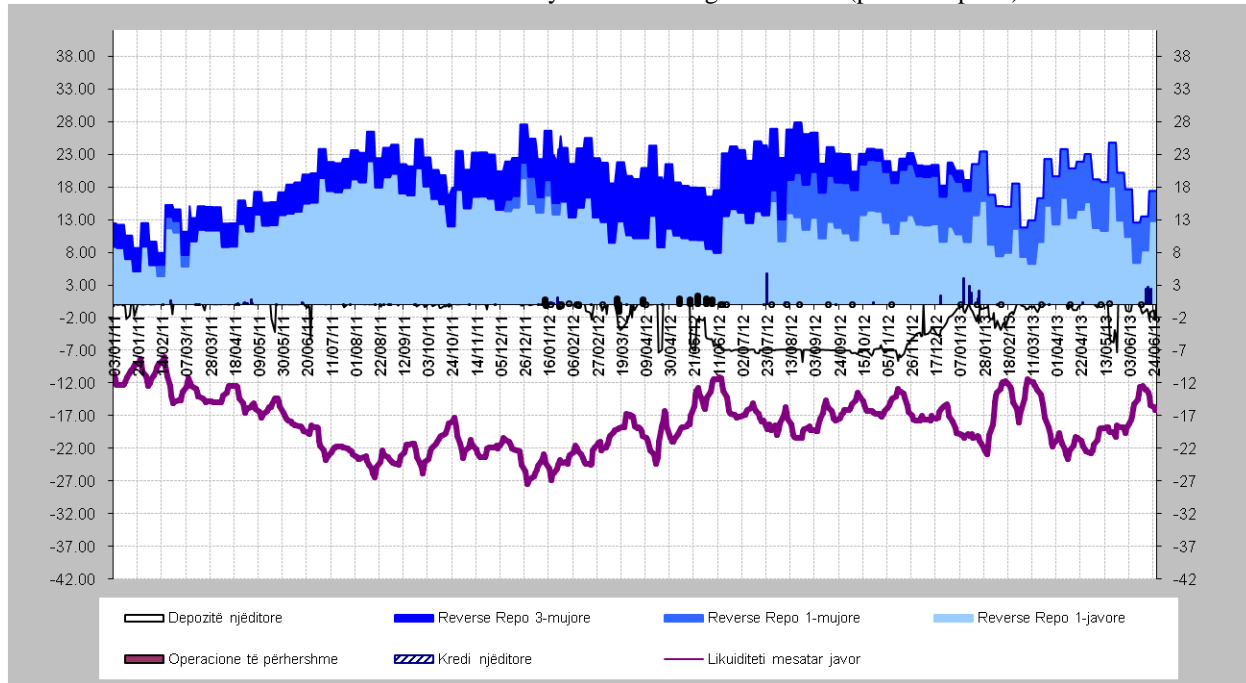
During 2013 Q2, the overnight deposit facility was employed 28 times, averaging ALL 1.98 billion. In Q1, this facility was employed in 45 cases and averaged ALL 1.39 billion. The use of the overnight deposit facility was mainly concentrated during 16-23 May and 13-27 June. The accumulation of excess liquidity at the end of the required reserve maintenance period led to the regular use of the overnight deposit facility during 16-23 May 2013 by six banks a day on average. On the last day of the required reserve maintenance period, the overnight deposit facility was employed by 12 banks.

The overnight loan facility was employed four times and averaged ALL 2.02 billion. It was concentrated during 22-23 April and 20-21 June, in parallel with Bank of Albania's overnight injections in the last days of the required reserve maintenance period. In 2013 Q1, this instrument was employed eight times and averaged ALL 1.47 billion.

\* The figures are expressed in nominal value.

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

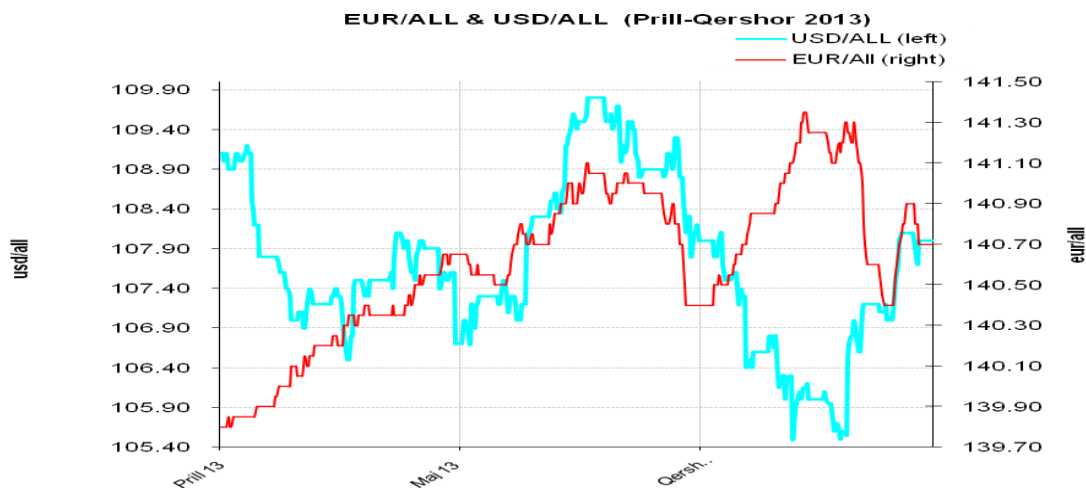
Chart 1 Bank of Albania interventions in the money market during 2011-2013 (purchase price)



## 2. BANK OF ALBANIA INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET DURING 2013 Q2

### 2.1 Operations with commercial banks

The Bank of Albania did not intervene in the foreign exchange market during 2013 Q2.



2.2 Operations with other institutions

During 2013 Q2, the Bank of Albania permanently purchased EUR 50 million from the Ministry of Finance. Driven by the need to manage Ministry of Finance's liquidity, the Bank of Albania and the Ministry of Finance continued to conclude swap contracts through foreign exchange spot purchase and future sale with one-week to two-month maturity. Bank of Albania's purchase of foreign currency from the Ministry of Finance in the framework of *swap* agreements amounted to ALL 22,979.27 million, whereas sales amounted to ALL 23,058.25 million. As of the end of 2013 Q2, non-matured *swap* contracts totalled ALL 8,792.8 million, from ALL 981.3 million as of the end of Q1.

International institutions purchased foreign currency equivalent to ALL 181.11 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)	22,979.27	23,058.25
Other (IDA, IBRD)	181.11	