

**1. BANK OF ALBANIA INTERVENTIONS IN THE MONEY AND FOREIGN EXCHANGE MARKET OVER 2012 Q4**

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

DATE	1-week R/REPO	Overnight R/REPO	1-month R/REPO	3-month R/REPO
04.10.2012	11,420.00	1,280.00	1,980.00	
05.10.2012		1,280.00		
11.10.2012	15,870.00		2,000.00	
18.10.2012	16,700.00		2,000.00	2,000.00
26.10.2012	16,500.00		3,000.00	
01.11.2012	14,500.00		2,000.00	
08.11.2012	12,500.00		2,000.00	
15.11.2012	14,800.00		2,000.00	
22.11.2012	15,800.00		3,000.00	
23.11.2012		1850,00		
30.11.2012	14,100.00		1,580.00	
06.12.2012	13,950.00		2,000.00	
13.12.2012	14,130.00		2,000.00	
20.12.2012	11,070.00		2,400.00	
27.12.2012	13,610.00		3,000.00	

Money market interventions over 2012 Q4 consisted of open market operations for the injection of liquidity.

Injected liquidity amounted to about ALL 16 billion in 2012 Q4, from ALL 17.7 billion in Q3.

To inject liquidity, the Bank of Albania employed its main instrument, the one-week reverse repurchase agreement - on average, ALL 14.23 billion per week\* - and one-month reverse repurchase agreement - on average, ALL 2.23 billion per week\*. The three-month reverse repurchase agreement was employed only in one case and amounted to ALL 2.00 billion\*.

The amount of liquidity not withdrawn from the one-week reverse repo auction of 4 October 2012 was injected on 4-5 October 2012 through overnight

operations, sufficient to keep the system's average excess reserves in line with projections. On 23 November 2012, which corresponded to the end of the required reserve maintenance period, the Bank of Albania injected daily liquidity amounting to ALL 1.85 billion\* in order to end the period with a positive average balance.

Following the structural open market operations conducted in 2012 H1, which increased Bank of Albania's net portfolio by ALL 6.01 billion\*, this effect began to sterilise in Q3 through maturities in the primary market. Bank of Albania's portfolio reinvestment fell ALL 1.40 billion\* in Q3, whereas, as expected, maturities in Q4 totalled ALL 4.61 billion\*, and concentrated in 3- and 6-month T-bills.

**1.2. Use of standing facilities**

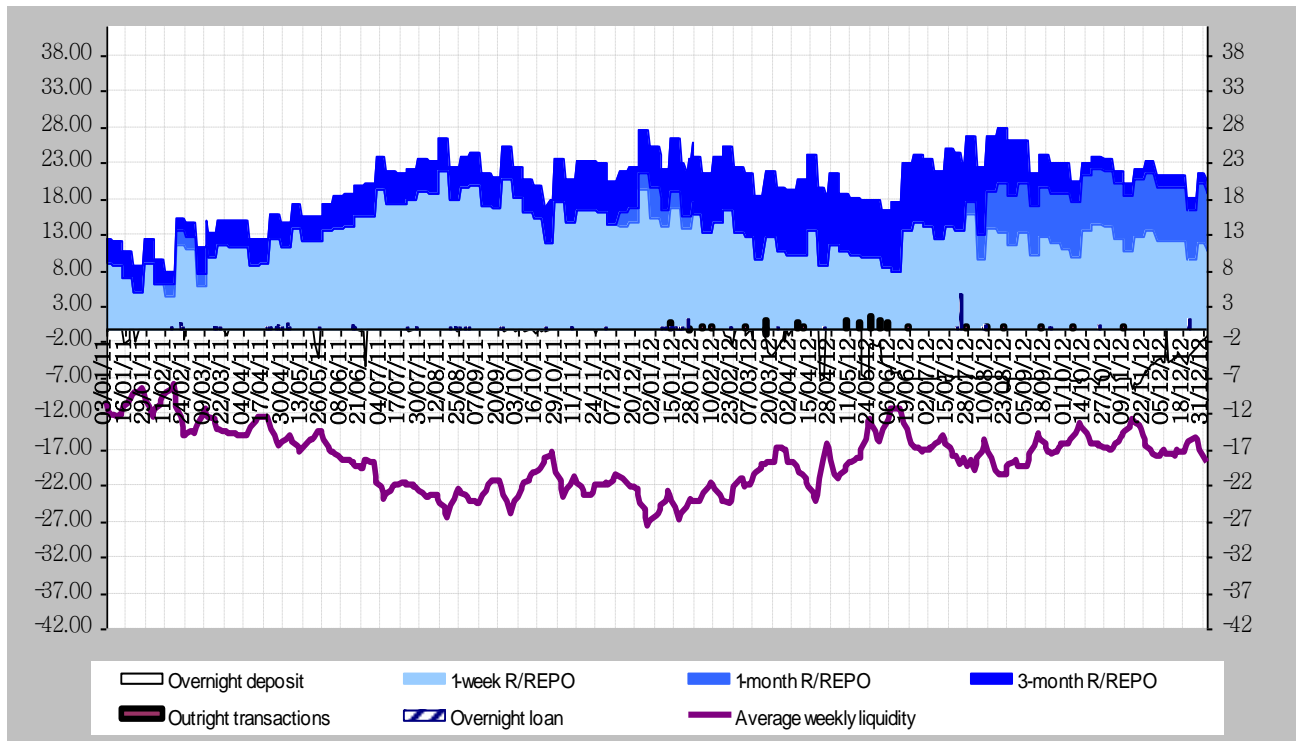
During 2012 Q4, the overnight deposit facility was employed in 60 cases and averaged ALL 5.96 billion or about ALL 0.99 billion less than in Q3, when this facility was employed in 65 cases and averaged ALL 6.95 billion.

The overnight loan facility was employed in two cases and averaged ALL 0.91 billion: on 23 October 2012 and 21 December 2012, which correspond to the end of the required reserve maintenance period. In Q3, this facility was employed in five cases and averaged ALL 1.08 billion.

\* The figures are expressed in nominal value.

Chart 1 summarises Bank of Albania interventions in the money market during 2011-2012.

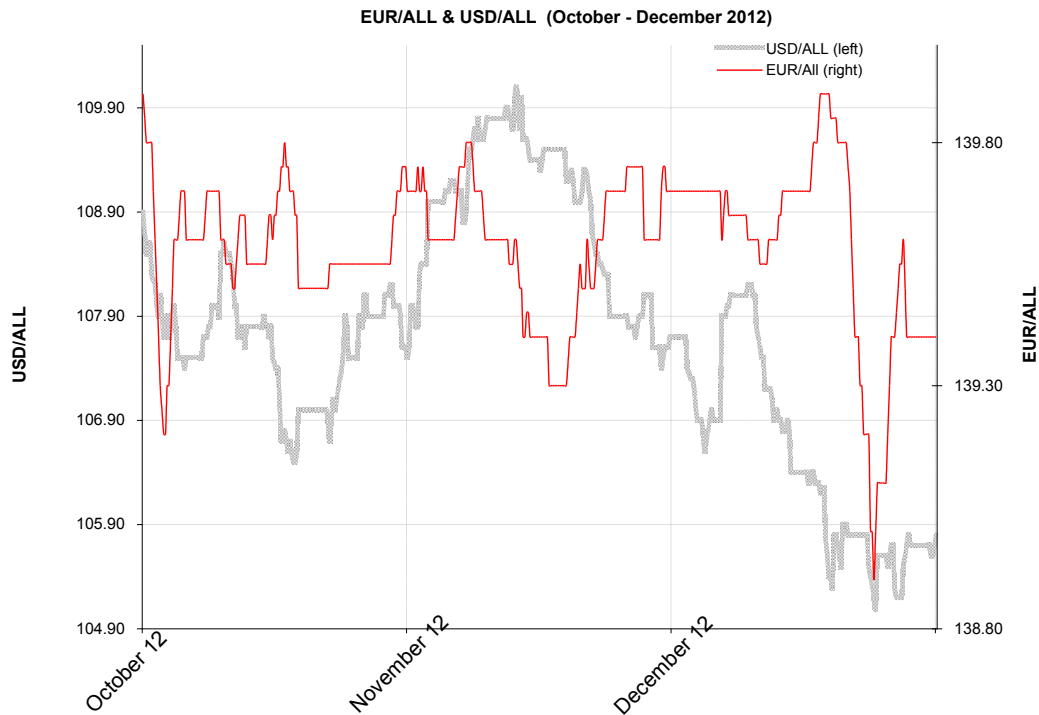
Chart 1 Bank of Albania interventions in the money market during 2011-2012 (purchase price)



**2. BANK OF ALBANIA INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET OVER 2012 Q4**

2.1 Operations with commercial banks

The Bank of Albania did not intervene in the foreign exchange market during 2012 Q4.



## 2.2 Operations with other institutions

The Bank of Albania and the Ministry of Finance continued to conclude swap agreements in lek and foreign currency, driven by the need to manage the Ministry of Finance's foreign currency liquidity. The purchases of Bank of Albania's foreign currency from the Ministry of Finance amounted to ALL 4,116.8 million during this period.

International institutions purchased foreign currency equivalent to ALL 129.76 million (International Bank for Reconstruction and Development – IBRD and International Development Agency – IDA).

Financial institution	Purchase of foreign currency (ALL million)	Sale of foreign currency (ALL million)
Ministry of Finance	4,116.8	4,141.3
Other (IDA, IBRD)	129.76	