



**REPUBLIC OF ALBANIA**  
**BANK OF ALBANIA**



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## **PRESS RELEASE**

### **BANK OF ALBANIA INTERVENTIONS IN THE MONEY AND FOREIGN EXCHANGE MARKET DURING THE SECOND QUARTER OF 2004**

**OCTOBER 14, 2004**

#### **1. INTERVENTION IN THE MONEY MARKET**

##### **1.1 Open-market operations**

Liquidity situation over the second quarter of 2004 resulted in excess liquidity. The Bank of Albania intervened mainly through the main market instrument, on an average of LEK 3.4 billion. For managing the interest rates of inter-bank market and yields within the level established by the monetary policy, the Bank of Albania restricted the amount withdrawn in the two last auctions of one- week maturity repurchase agreements of this quarter.

The following table shows the liquidity volume withdrawn (in millions of LEK) through open - market operations.

<b>Date</b>	<b>One-week REPO</b>	<b>Overnight REPO</b>	<b>One-month REPO</b>
01.04.04	3,983.00		
08.04.04	5,040.00		
15.04.04	3,950.00		
22.04.04	1,545.00		
29.04.04	3,565.00		
06.05.04	3,120.00		
13.05.04	4,308.00		
20.05.04	2,950.00		
27.05.04	5,275.00		
03.06.04	2,600.00		

10.06.04	3,980.00		
17.06.04	2,000.00		
24.06.04	1,500.00		
25.06.04	1,500.00	6,003.00	
29.06.04	1,500.00		4,000.00

## 1.2 Use of facility instruments

In supporting the open market instruments, overnight deposit was also used for investing free assets, whose daily average level was LEK 715 million. Lack of liquidity in certain days brought about even the use of overnight credit, at Lek 98 million on average.

## 2. INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET

During the second quarter, the Bank of Albania was present in the domestic foreign exchange market through the active intervention only over the last days of June. This intervention derived due to the developments in the exchange rate of the LEK against the foreign currencies USD and EUR, and is performed through the withdrawal of EUR from the domestic foreign exchange market. The total volume of inflows into the Bank of Albania accounts in EUR as of end of June deriving from the purchasing operations is EURo 3.345 million, while about LEK 410.51 million has entered into the banking system.