

## 1. BANK OF ALBANIA INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET DURING 2017 Q1

### 1.1. Open market operations

Table 1 Temporary open market operations  
(ALL million<sup>1</sup>.) Source: Bank of Albania.

DATE	R/REPO overnight	R/REPO 1-week	R/REPO >1-week <3-month
12.1.17		20,450.00	
19.1.17		24,860.00	
24.1.17			4,000.00
26.1.17		26,300.00	
2.2.17		22,040.00	
3.2.17	1,500.00		
9.2.17		17,900.00	
16.2.17		26,300.00	
23.2.17		20,690.00	
24.2.17			3,000.00
2.3.17		21,600.00	
9.3.17		23,660.00	
16.3.17		26,300.00	
23.3.17	1,400.00	21,700.00	
24.3.17			3,000.00
30.3.17		18,100.00	

Money market interventions of the Bank of Albania during 2017 Q1 consisted in open market operations and transactions aiming at the management of its T-Bills portfolio.

The need of the banking system for liquidity reduced by around ALL 1 billion, compared to 2016 Q4. The total injected amount averaged ALL 30<sup>2</sup> billion.

In open market operations, the Bank of Albania employed its main instrument, the one-week reverse repurchase agreement, to temporarily inject liquidity, on average ALL 20.9 billion, from ALL 23.6 billion in 2016 Q4. To better manage the liquidity in the banking system long-term injections were renovated for higher amounts of at ALL 9.4 billion on average, compared to ALL 6.5 billion on average in the previous quarter.

The one-day liquidity providing fine-tuning operations was employed in two cases, to accommodate the banks' need for liquidity at the end of the reserve maintenance period, in March.

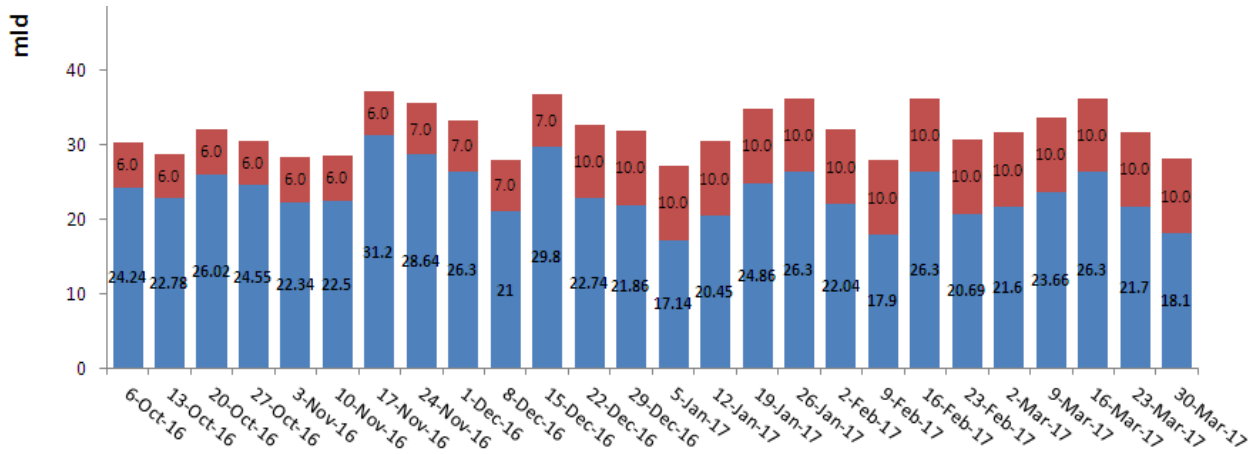
1 The figures are expressed in nominal value.

2 The figures are expressed in liquidity value.

**Bank of Albania interventions in the money market and foreign exchange market during**

With a view to managing its portfolio, the Bank of Albania has conducted outright purchases of 12-month treasury bills in the secondary market and has matured 6-month treasury bills with the net result the reduction of its portfolio by ALL 0.745 billion compared to the level of this portfolio at the end of 2016.

Chart 1 Bank of Albania interventions in the money market 2016-2017 (ALL at nominal value)  
**Reverse repo by maturities and years**



Source: Bank of Albania.

**1.2. Use of standing facilities**

The overnight deposit facility was constantly used for the amounts of ALL 1.7-6.7 billion, trending down towards the end of the period at ALL 4 billion. The overnight loan facility was employed only in three cases, from seven cases in the previous quarter, but at amounts, from ALL 0.08-3 billion to ALL 0.8-2.7 billion, in the last days of the reserve maintenance period.

**2. BANK OF ALBANIA INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET DURING 2017 Q1**

**2.1 2.1 Transactions with commercial banks**

On 4 January 2017, the Bank of Albania published the purchasing calendar of foreign currency during 2017, in accordance with the Decision dated 28.12.2016, of the Monetary Policy Implementation and Advisory Committee, to purchase foreign currency from commercial banks aiming at the increase of the foreign currency reserve. Following is the purchase calendar for 2017:

Date	Amount (mio EUR)
April 10	3-8
June 12	3-8
July 20	3-8
August 11	3-8
October 20	3-8
November 17	3-8
December 15	3-8

**Chart 2: EUR/ALL and USD/ALL in Q1 2017**



Source: Bank of Albania.

**2.2 Foreign currency operations with other institutions**

Foreign currency swap agreements between the Bank of Albania and the Ministry of Finance continued in 2017 Q1, upon the request by the latter, for liquidity management purposes, through the investment of foreign currency outstanding at the Bank of Albania. At the end of the 2017 Q1, swap contracts amounted to EUR 190 million SDR 50 million, standing at a lower level compared to EUR 230 million and SDR 30 million at the end of 2016 Q4. Swap contracts maturities fell at 1-2.5 months from 2.0-2.5 months in the previous quarter, but they are higher than the typically 1-month maturities.

Foreign currency purchased from foreign institutions amounted to ALL 20.00 million, (International Bank for Reconstruction and Development – IBRD).

**Table 2** Foreign currency operations with other institutions

Source: Bank of Albania.

<b>Financial institution</b>	<b>Purchase of foreign currency (in ALL million)</b>	<b>Sale of foreign currency (in ALL million)</b>
Ministry of Finance	20.55	
Other (IDA, IBRD)	20.00	