Box 1

Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 September 2002

During the reserve maintenance period under review, the Eurosystem settled four main refinancing operations (MROs) and one longer-term refinancing operation (LTRO).

Regular monetary policy operations

(EUR billions; interest rates in percentages per annum)

Operation	Date of settlement	Date of maturity	Bids (amount)	Allotment (amount)	Bid-cover ratio	Number of participants	Minimum bid rate	Marginal rate	Weighted average rate
MRO	28/08/2002	11/09/2002	104.8	65.0	1.61	281	3.25	3.28	3.29
MRO	04/09/2002	18/09/2002	124.6	76.0	1.64	274	3.25	3.28	3.29
MRO	11/09/2002	25/09/2002	105.5	60.0	1.76	263	3.25	3.27	3.28
MRO	18/09/2002	02/10/2002	116.3	84.0	1.38	295	3.25	3.28	3.29
LTRO	29/08/2002	28/11/2002	35.5	15.0	2.24	158	-	3.33	3.34

Source: ECB.

The marginal rates in the MROs were stable at 3.27% or 3.28%.

As in the previous maintenance period, the volatility of the EONIA remained low. With the exception of 30 August, when the EONIA increased to 3.34% on account of the regular end-of-month effect, it remained in a narrow range from 3.28% to 3.29% until 19 September. On 20 and 23 September, the last two business days of the maintenance period, the EONIA increased to 3.36% and 3.63% respectively, as counterparties perceived liquidity conditions to be tight. The period ended with a net recourse to the marginal lending facility of €3.0 billion. The average difference between current account holdings and minimum reserve requirements was €0.6 billion.

The net liquidity-absorbing impact of the autonomous factors, i.e. the factors not related to monetary policy operations (item (b) of the table below), was, on average, €62.0 billion. The published estimates of the average liquidity needs arising from autonomous factors were in the range of €54.9 billion to €66.4 billion. The largest deviation between the published estimate and the actual figure occurred in the first week of the maintenance period, and amounted to €2.0 billion.

Contributions to the banking system's liquidity

(EUR billions)

Daily average during the reserve maintenance period from 24 August to 23 September 2002

	Liquidity providing	Liquidity absorbing	Net contribution
(a) Monetary policy operations of the Eurosystem	**191.8**	**0.2**	**+191.6**
Main refinancing operations	140.9	-	+140.9
Longer-term refinancing operations	50.8	-	+ 50.8
Standing facilities	0.1	0.2	-0.1
Other operations	-	-	0.0
(b) Other factors affecting the banking system's liquidity	**362.3**	**424.4**	**-62.0**
Banknotes in circulation	-	323.6	-323.6
Government deposits with the Eurosystem	-	49.1	-49.1
Net foreign assets (including gold)	362.3	-	+362.3
Other factors (net)	-	51.7	-51.7
(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)			**129.6**
(d) Required reserves			**129.0**

Source: ECB.
Note: Totals may not add up due to rounding.