

Box I**Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 April 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	27/03/2002	10/04/2002	121.8	63.0	1.9	369	3.25	3.33	3.34
MRO	04/04/2002	17/04/2002	112.8	55.0	2.1	367	3.25	3.30	3.31
MRO	10/04/2002	24/04/2002	112.8	48.0	2.4	352	3.25	3.29	3.29
MRO	17/04/2002	30/04/2002	102.7	49.0	2.1	361	3.25	3.27	3.28
LTRO	28/03/2002	27/06/2002	40.0	20.0	2.0	216	-	3.40	3.42

Source: ECB.

In the course of the maintenance period, both the marginal and the weighted average rates in the MROs decreased. The spread between the weighted average rate and the marginal rate in the MROs was either zero or one basis point. The bid-cover ratio varied between 1.9 and 2.4.

At the start of the maintenance period, the EONIA stood at between 3.33% and 3.34%, while it increased to 3.39% on Thursday, 28 March, the last business day of the first quarter of 2002. Subsequently, the EONIA declined gradually throughout the maintenance period and fell below the minimum bid rate after the allotment of the last MRO, reaching 3.19% on 18 April, as liquidity conditions were perceived to be ample. Towards the end of the maintenance period, liquidity conditions tightened somewhat and the EONIA increased. On the last business day of the maintenance period, the EONIA came out at 3.90% as the maintenance period ended with net recourse of €5.1 billion to the marginal lending facility. Average daily excess reserves amounted to €0.65 billion (i.e. the difference between average current accounts of €131.2 billion and average minimum reserve requirements of €130.6 billion).

Contributions to the banking system's liquidity

(EUR billions)

Daily average during the reserve maintenance period from 24 March to 23 April 2002

	Liquidity providing	Liquidity absorbing	Net contribution
(a) Monetary policy operations of the Eurosystem	173.1	0.2	+ 172.9
Main refinancing operations	112.7	-	+ 112.7
Longer-term refinancing operations	60.0	-	+ 60.0
Standing facilities	0.4	0.2	+ 0.2
Other operations	-	-	0.0
(b) Other factors affecting the banking system's liquidity	395.4	437.1	- 41.7
Banknotes in circulation	-	285.9	- 285.9
Government deposits with the Eurosystem	-	55.9	- 55.9
Net foreign assets (including gold)	395.4	-	+ 395.4
Other factors (net)	-	95.3	- 95.3
(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)			131.2
(d) Required reserves			130.6

Source: ECB.

Note: Totals may not add up due to rounding.

On average over the maintenance period, the net liquidity-absorbing impact of autonomous factors, i.e. factors not related to monetary policy operations (item (b) of the table above), was €41.7 billion. The estimates of average liquidity needs stemming from autonomous factors, published together with the tender announcements, ranged between €25.7 billion and €56.9 billion. The largest deviation of €1.6 billion between the published estimate and the actual figure occurred at the end of the maintenance period.