

Box 2**Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 May 2002**

During the reserve maintenance period under review, the Eurosystem settled five 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	24/04/2002	08/05/2002	115.6	60.0	1.9	371	3.25	3.30	3.31
MRO	30/04/2002	15/05/2002	106.2	49.0	2.2	352	3.25	3.30	3.31
MRO	08/05/2002	22/05/2002	108.5	66.0	1.6	330	3.25	3.29	3.30
MRO	15/05/2002	29/05/2002	108.7	43.0	2.5	339	3.25	3.30	3.30
MRO	22/05/2002	05/06/2002	112.4	70.0	1.6	351	3.25	3.33	3.34
LTRO	25/04/2002	25/07/2002	40.6	20.0	2.0	227	-	3.35	3.36

Source: ECB.

In the first four MROs, both the marginal and the weighted average rates were stable at around 3.30%, while in the last MRO they increased by 3 and 4 basis points respectively. The bid amounts and number of bidders remained relatively steady.

The EONIA was mostly stable between 3.30% and 3.31% in the first three weeks of the maintenance period. However, it increased temporarily to 3.36% on 30 April because of the end-of-month effect. On 16 May the EONIA started to decline gradually, reaching 3.25% on 21 May, while on the last two days of the period it increased slightly to 3.33% and 3.32%. This increase was nevertheless rather modest, reflecting a fairly neutral ending of the maintenance period with only a €0.2 billion net recourse to the deposit facility on the last day. Average daily excess reserves amounted to €0.69 billion (i.e. the difference between average current accounts of €131.7 billion and average minimum reserve requirements of €131.0 billion).

Contributions to the banking system's liquidity

(EUR billions)

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

	Liquidity providing	Liquidity absorbing	Net contribution
(a) Monetary policy operations of the Eurosystem	170.7	0.3	+ 170.4
Main refinancing operations	110.6	-	+ 110.6
Longer-term refinancing operations	60.0	-	+ 60.0
Standing facilities	0.1	0.3	- 0.2
Other operations	-	-	0.0
(b) Other factors affecting the banking system's liquidity	397.7	436.4	- 38.7
Banknotes in circulation	-	293.7	- 293.7
Government deposits with the Eurosystem	-	49.2	- 49.2
Net foreign assets (including gold)	397.7	-	+ 397.7
Other factors (net)	-	93.5	- 93.5
(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)			131.7
(d) Required reserves			131.0

Source: ECB.

Note: Totals may not add up because of rounding.

The net liquidity-absorbing impact of the autonomous factors, i.e. factors not related to monetary policy operations (see Item (b) of the table above) was, on average, €38.8 billion. The published estimates of the average liquidity needs stemming from autonomous factors ranged between €33.6 billion and €38.0 billion. The largest deviation of €4.4 billion between the published estimate and the actual figure occurred in the second week of the maintenance period owing to a larger than expected increase in the amount of banknotes in circulation.