

Box 1**Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 June 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	29/05/2002	12/06/2002	114.2	48.0	2.4	386	3.25	3.34	3.35
MRO	05/06/2002	19/06/2002	114.3	65.0	1.8	328	3.25	3.33	3.34
MRO	12/06/2002	26/06/2002	97.5	42.0	2.3	325	3.25	3.31	3.32
MRO	19/06/2002	03/07/2002	112.2	70.0	1.6	339	3.25	3.32	3.33
LTRO	30/05/2002	29/08/2002	37.6	20.0	1.9	198	-	3.45	3.47

Source: ECB.

The marginal rate decreased gradually from 3.34% to 3.31% in the first three MROs of the maintenance period, and increased by one basis point in the last one. The weighted average bid rate in each MRO was one basis point above the respective marginal rate.

During the first week of the maintenance period the EONIA stood at 3.34-3.35%, increasing to 3.36% on 31 May because of the end-of-month effect. From 4 until 10 June it was unchanged at 3.33%. The EONIA then gradually declined, reaching 3.30% on 18 and 19 June. After an increase by two basis points on the following day, it then rose to 3.58% on Friday, 21 June, the last business day of the maintenance period. The period finished with a net recourse to the marginal lending facility of €3.6 billion. Average daily excess reserves amounted to €0.8 billion (i.e. the difference between average current accounts of €131.8 billion and average minimum reserve requirements of €131.0 billion). The slightly higher than usual excess reserves resulted from the maintenance period ending on a Sunday.

The net liquidity-absorbing impact of the autonomous factors, i.e. factors not related to monetary policy operations (item (b) of the table below), was, on average, €40.9 billion. The published estimates of the average liquidity needs stemming from autonomous factors ranged between €37.6 billion and €44.1 billion. The largest deviation between the published estimate and the actual figure occurred in the second week of the maintenance period and amounted to €1.3 billion.

Contributions to the banking system's liquidity

(EUR billions)

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

	Liquidity providing	Liquidity absorbing	Net contribution
(a) Monetary policy operations of the Eurosystem	173.1	0.4	+ 172.7
Main refinancing operations	112.6	-	+ 112.6
Longer-term refinancing operations	60.0	-	+ 60.0
Standing facilities	0.5	0.4	+0.1
Other operations	-	-	0.0
(b) Other factors affecting the banking system's liquidity	396.2	437.1	- 40.9
Banknotes in circulation	-	300.8	- 300.8
Government deposits with the Eurosystem	-	45.1	- 45.1
Net foreign assets (including gold)	396.2	-	+ 396.2
Other factors (net)	-	91.2	- 91.2
(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)			131.8
(d) Required reserves			131.0

Source: ECB.

Note: Totals may not add up due to rounding.