

Box 2**Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 August 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	24/07/2002	07/08/2002	108.7	84.0	1.29	319	3.25	3.30	3.31
MRO	31/07/2002	14/08/2002	86.9	55.0	1.58	281	3.25	3.30	3.31
MRO	07/08/2002	21/08/2002	104.3	82.0	1.27	257	3.25	3.28	3.29
MRO	14/08/2002	28/08/2002	85.2	52.0	1.64	256	3.25	3.28	3.29
MRO	21/08/2002	04/09/2002	115.9	82.0	1.41	286	3.25	3.28	3.29
LTRO	24/07/2002	30/10/2002	28.8	15.0	1.9	173	-	3.35	3.37

Source: ECB.

The marginal rate decreased from 3.30% in the first two MROs to 3.28% in the remaining three MROs.

The EONIA decreased smoothly from 3.32% on 24 July, the first trading day of the maintenance period, to 3.28% on Friday, 16 August, with the exception of a temporary increase to 3.34% on 31 July because of the end-of-month effect. On all of the remaining five trading days of the maintenance period the EONIA came out at 3.29%, indicating that market participants were perceiving the liquidity conditions to be broadly neutral. The maintenance period actually ended with a limited net recourse to the deposit facility of €2.6 billion. The average difference between current account holdings and minimum reserve requirements amounted to €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, €64.4 billion. The published estimates of the average liquidity needs stemming from autonomous factors ranged between €56.9 billion and €73.1 billion. The largest deviation between the published estimate and the actual figure occurred in the last week of the maintenance period, amounting to €0.9 billion.

Contributions to the banking system's liquidity

(EUR billions)

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

	Liquidity providing	Liquidity absorbing	Net contribution
(a) Monetary policy operations of the Eurosystem	194.5	0.1	+ 194.4
Main refinancing operations	139.2	-	+ 139.2
Longer-term refinancing operations	55.2	-	+ 55.2
Standing facilities	0.1	0.1	0.0
Other operations	-	-	0.0
(b) Other factors affecting the banking system's liquidity	360.0	424.4	- 64.4
Banknotes in circulation	-	322.7	- 322.7
Government deposits with the Eurosystem	-	50.9	- 50.9
Net foreign assets (including gold)	360.0	-	+ 360.0
Other factors (net)	-	50.8	- 50.8
(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)			129.9
(d) Required reserves			129.3

Source: ECB.

Note: Totals may not add up due to rounding.