

Box 2**Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 October 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	25/09/2002	09/10/2002	105.1	65.0	1.62	287	3.25	3.28	3.29
MRO	02/10/2002	16/10/2002	125.6	80.0	1.57	256	3.25	3.28	3.29
MRO	09/10/2002	23/10/2002	111.8	66.0	1.69	271	3.25	3.27	3.28
MRO	16/10/2002	30/10/2002	106.6	76.0	1.40	268	3.25	3.28	3.29
MRO	23/10/2002	06/11/2002	115.6	88.0	1.31	290	3.25	3.29	3.30
LTRO	26/09/2002	23/12/2002	25.7	15.0	1.72	151	-	3.23	3.26

Source: ECB.

The marginal rates in the MROs were relatively stable, varying between 3.27% and 3.29%.

The EONIA decreased smoothly from 3.31% on 24 September, the first trading day of the maintenance period, to 3.29% on 3 October and it then remained stable until 18 October. The only exception was a temporary increase to 3.42% on 30 September because of the end-of-quarter effect. On the third-to-last and second-to-last business days of the maintenance period, the EONIA increased to 3.35% and 3.37% respectively, as counterparties perceived liquidity conditions to be tight. On the last day, it decreased to 3.32% and the period ended with a limited net recourse to the deposit facility in the order of €1.0 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. factors not related to monetary policy operations (item (b) of the table below), was, on average, €63.1 billion. The published estimates of the average liquidity needs stemming from autonomous factors ranged between €59.7 billion and €70.4 billion. The largest deviation between the published estimate and the actual figure occurred in the second week of the maintenance period, and amounted to €1.6 billion.

Contributions to the banking system's liquidity

(EUR billions)

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

	Liquidity providing	Liquidity absorbing	Net contribution
(a) Monetary policy operations of the Eurosystem	191.5	0.1	+191.4
Main refinancing operations	146.1	-	+146.1
Longer-term refinancing operations	45.3	-	+45.3
Standing facilities	0.1	0.1	0.0
Other operations	-	-	0.0
(b) Other factors affecting the banking system's liquidity	370.0	433.1	-63.1
Banknotes in circulation	-	329.2	-329.2
Government deposits with the Eurosystem	-	45.6	-45.6
Net foreign assets (including gold)	370.0	-	+370.0
Other factors (net)	-	58.2	-58.2
(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)			128.3
(d) Required reserves			127.7

Source: ECB.

Note: Totals may not add up due to rounding.