

## **MNB to hold foreign exchange swap tenders providing euro liquidity at the end of June**

7 June 2021

*The Magyar Nemzeti Bank will hold foreign exchange swap tenders providing euro liquidity at the end of June 2021. The purpose behind the announcement of the facility is to ensure that changes in short-term yields continue to be in line with short-term yields deemed optimal by the Monetary Council in every sub-market at all times. The tenders will be announced without a quantitative limit. The Bank may use its international master repurchase agreements to finance the tenders.*

Consistent with the Monetary Council's decision on 8 September 2020 and to ensure that changes in short-term yields continue to be in line with the short-term yield deemed optimal by the Monetary Council at every sub-market at all times, the Magyar Nemzeti Bank will conduct foreign exchange swap tenders providing euro liquidity at the end of June.

The tenders will take place on 23, 28, 29 and 30 June 2021. The first two tender's starting value date will be 25 June and 30 June 2021, their maturity date will be 8 July 2021. The other two tenders' starting value date will be 30 June 2021, the maturity date of them will be Thursday, 1 July 2021. The tenders will be announced with no quantitative limit. The Bank may use its international master repurchase agreements providing euro liquidity to finance the swap instrument.

The announcement containing the parameters of EUR/HUF foreign exchange swap tenders of 23, 28 and 29 June 2021 will be published on the Bank's and agencies' websites at 8 am and that of the 30 June 2021 tender at 10 am on the day of the tender. The notice on the swap facility providing euro liquidity is available at the following link: [Notice](#).

The MNB modifies its one-week deposit instrument's tender and maturity days connecting to FX-swaps providing euro liquidity in order to support the liquidity management of these swaps. The maturity day of one-week deposit tender starting on 24 June 2021 will be 30 June 2021, therefore on the week starting with 28 June 2021 the one-week deposit tender will be held on Wednesday, 30 June 2021, with a maturity day on Thursday, 8 July 2021.

*Dates of central bank FX-swap and one-week-deposit tenders between 23 and 30 June 2021*

Date	Central bank tenders
23-June-2021	I. FX-swap tender providing euro liquidity
24-June-2021	1-week fixed rate deposit tender
28-June-2021	II. FX-swap tender providing euro liquidity
29-June-2021	III. FX-swap tender providing euro liquidity
30-June-2021	IV. FX-swap tender providing euro liquidity; 1-week fixed rate deposit tender
1-July-2021	The maturity date of III. and IV. FX-swap tenders providing euro liquidity
8-July-2021	The maturity date of I. and II. FX-swap tenders providing euro liquidity; 1-week fixed rate deposit tender

In line with the practice of the last three quarters swap tenders providing forint liquidity will not be held between 21 and 30 June 2021. The MNB will return to the current swap tender providing forint liquidity practice from the week starting with 5 July 2021.

On 8 September 2020, the Monetary Council decided to use swap tenders providing central bank foreign currency liquidity, if necessary, in addition to the regular announcement of the swap facility providing forint liquidity, to improve the effectiveness of monetary policy transmission. In the end of September, December 2020 and March 2021 the MNB conducted four-four foreign exchange swap tenders providing euro liquidity to manage tensions in the swap market at the end of the quarters. The tenders met the objectives set by the Monetary Council, as swap quotes were smoothed and the swap market was stabilised.