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Operational Changes in Liquidity Management

With a view to strengthening the Monetary Policy Framework, the Bank of Mauritius has today announced a series of operational changes in its management of liquidity.

2. Henceforth, Bank of Mauritius Bills (BOM Bills) and Government of Mauritius Treasury Bills (GOM Bills) will be auctioned separately. Auctions of BOM Bills will be held on Wednesdays when liquidity conditions would so require and auctions of GOM Bills will be held every week on Fridays.
3. The Bank will also issue BOM Bills with maturities of 28 days and 56 days. The Bank will announce the specific amounts for each maturity. All the Bills will be recorded in Book-Entry form.
4. BOM Bills will be issued either at fixed rates and/or through auction on a yield basis quoted to two decimal places. The minimum allowable bid shall be for Rs10.0 million and in multiples thereof. The aggregate amount of bids submitted by any eligible counterparty for any maturity should not exceed the tender amount for that maturity.
5. Announcement for the issue of BOM Bills will be made on Wednesdays at 10.00 hrs and banks will be required to submit their bids electronically through Reuters or any other means as may be agreed by the Bank, at latest by 10.30 hrs. The results of the auctions will be announced at 11.00 hrs and successful bidders will be required to make payment of the cost price at latest by 13.00 hrs on the same day.
6. Only banks which are members of the Port Louis Automated Clearing House (PLACH) are eligible to submit bids.
7. As a transitional measure, the Special Deposits Facility introduced in November 2007 will continue. However, this facility will henceforth be conducted at 100 basis points below the Key Repo Rate and the current maximum period of 14 days extended to 21 days. This facility will continue to be operated at the discretion of the Bank of Mauritius.
8. The corridor for the Key Repo Rate has been widened from +/- 50 basis points to +/- 125 basis points. Reverse Repurchase transactions will be conducted at 125 basis points below the Key Repo Rate and Repo transactions will be conducted at 125 basis points above the Key Repo Rate.
9. An Overnight Facility against collateral at 150 basis points above the Key Repo Rate will be introduced and will be subject to a borrowing quota to be communicated to banks.
10. As lender of last resort, the Bank will continue to provide a collateralised Standing Facility to banks without any borrowing quota at 400 basis points above the Key Repo Rate.
11. Drawdowns under both the Overnight Facility and the Standing Facility will be at the initiative of banks.

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