



# PRESS RELEASE

DATE 27 August 2008

NO. 30

CONTACT Per Kvarnström, Division for Market Analysis and Operations, tel. +46-(0)8-696 68 16

SVERIGES RIKSBANK  
SE-103 37 Stockholm  
(Brunkebergstorg 11)

Tel +46 8 787 00 00  
Fax +46 8 21 05 31  
registratorn@riksbank.se  
www.riksbank.se

## ■ Riksbank increases size of monetary policy repo

*The Riksbank will over the course of approximately one month make purchases of SEK to the value of SEK 5 billion on the foreign exchange market to increase the volume of the weekly lending to the banks ("repo transactions"). This measure does not have any consequences for monetary policy considerations. The foreign exchange transactions will be executed with the institutions that have primary dealer agreements with the Riksbank on the foreign exchange market.*

As a result of lower demand for banknotes and coins over the past year, the size of the weekly lending to the banks has declined. It amounted to around SEK 1 billion in June.

To avoid a further reduction in the lending, the Riksbank has decided to sell foreign currency and purchase SEK to a value of SEK 5 billion. This will be achieved by means of daily transactions in the foreign exchange market over the course of one month with effect from 8 September. The Riksbank's purchase of SEK will increase the banks' need to borrow SEK in monetary policy repo transactions to an equivalent degree.

The transactions will be evenly distributed over the period and be executed with the institutions that have primary dealer agreements with the Riksbank on the foreign exchange market.

The Riksbank steers the overnight rate by determining the interest rate conditions when the banks either borrow from or deposit money with the Riksbank. Whether the banks borrow from or deposit with the Riksbank does not affect the Riksbank's possibilities to steer the interest rate. However, there are some practical reasons for avoiding a situation where the size of the monetary policy repo is close to zero.