



Memorandum

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DEPARTMENT: Monetary Policy Department

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■ New loans in SEK and USD

Background

The turbulence in the international financial market is continuing and has in recent weeks significantly affected the financial markets in Sweden, the Swedish banks and other financial market participants. The Riksbank is taking regular measures to facilitate the functioning of the markets and supply of credit to Swedish banks.

Considerations

The situation in the financial markets and in the world around us now warrants the Riksbank issuing further loans in Swedish kronor and US dollars. It is proposed that the maturity of these loans should be three months.

The interest rate on the Swedish loans should be in harmony with the current monetary policy stance. It is difficult to determine a term premium for three-month loans, but 0.25 percentage points can be regarded as a good approximation of normal conditions.

It is difficult to determine the exact terms for these auctions in advance and some flexibility may be needed in the final formulation of the auctions. It is therefore suggested that the Head of the Monetary Policy Department adjusts the scope of the auctions according to the prevailing market conditions and the bids received.

According to an earlier decision, an auction of loans in US dollars will be held on 22 October for a maximum amount of USD 15 billion. This auction remains unchanged.

The Riksbank is also considering measures to facilitate the banks' lending to companies outside of the financial sector.

Proposed decision

It is proposed that the Executive Board decide that

- 1 The Riksbank shall offer loans in US dollars to the Riksbank's primary monetary policy counterparties. The credit amount shall be supplied by an auction on Wednesday, 15 October with a value date of Friday, 17 October and a maturity of 84 days. The maximum amount will be USD 10 billion. The earlier



announced auction of a maximum of USD 15 billion on 22 October will remain unchanged.

- 2 The Riksbank shall offer loans in Swedish kronor to the Riksbank's monetary policy counterparties. An auction regarding an announced amount of SEK 80 billion with a maturity of 92 days will take place on Thursday, 16 October. The value date will be Monday, 20 October.
- 3 The interest rate on these SEK loans shall be at least equal to the prevailing repo rate with an addition of 0.25 percentage points.
- 4 The Head of the Monetary Policy Department is given the task of determining the more detailed terms for the two loans.