



MEMORANDUM

DATE: 22 October 2008
DEPARTMENT: Monetary Policy Department/General Secretariat

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New loans in US dollars against collateral

■ Background

The turbulence in the international financial market is continuing and has for over a month 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 the supply of credit to Swedish banks.

Considerations

The Riksbank's first loan in US dollars will fall due on 30 October and it is appropriate to renew this loan.

The proposed time to maturity for this new loan is 28 days. The previous loan that will fall due on 30 October also had a maturity of 28 days. The two other loans in US dollars that the Riksbank has provided recently have had maturities of approximately three months. By giving the new loan a maturity of 28 days, the Riksbank continues to offer a certain amount of variation in the US dollar loans that it provides.

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

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 Tuesday, 28 October with a value date of Thursday, 30 October and a time to maturity of 28 days. The maximum amount will be USD 7 billion.
- 2 The Head of the Monetary Policy Department is given the task of determining the more detailed terms for the loan.