



Memorandum

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AVDELNING: STA/Informationssekretariatet

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■ Publication of reservations in press releases

Proposed decision

It is proposed that the Executive Board decide:

- in connection with the publishing of the decisions on monetary policy to also present how the members have voted, with their names and the main reasons for their stances.
- to adopt changes in the appendix to the Riksbank's communication policy in accordance with the enclosed proposal.

Considerations

The Riksbank has an individualistic Executive Board. Differences of opinion and different assessments should be made public in order to help the market and the public to understand the degree of uncertainty and to evaluate the arguments themselves. By making this change in the way proposed, the Riksbank will take a further step towards greater openness.

The current process

The Executive Board normally holds six monetary policy meetings per year at which decisions on the repo rate are made. Approximately two weeks after a monetary policy meeting, minutes that record the discussions at the meeting are published. It is only then that it can be seen how the members of the Executive Board have voted and whether any member has entered a reservation. A member may enter a reservation against the repo rate decision and against the Monetary Policy Report as a whole. A member may, for example, wish to adopt a different repo rate path.

The Riksbank's Executive Board is usually described as an individualistic committee in which each of the members makes his or her decision independently. Each of the members may enter a reservation and publish their views and stances. However, the individual stances are published with a time lag of two weeks. During these two weeks, that is until the minutes are published, the Executive Board acts as a collective body. It is only the message of the majority that is communicated.

One argument for the present process, in which there is a time lag of two weeks before the minutes, and thus the individual stances, are published and it is only the majority

■ decision that is communicated, is that it makes it possible to convey a clear and unambiguous message. It is the monetary policy decided on by the majority that applies. It is this information that it is important to the public at large. Once this message has been firmly established, nuances and differences of opinions can then be presented.

Reasons for changing the current process

Publishing whether the decision was unanimous or whether reservations were entered in the press release following a monetary policy meeting would further increase transparency. From the point of view of openness, there is an inherent value in being able to answer the question of whether the decision was unanimous or not. The information is available and should thus be communicated as quickly as possible.

There is an additional argument for publishing any reservations immediately. Information can, and usually does, affect interest rates at different maturities. Information also affects expectations regarding the monetary policy that will be pursued in the period ahead. There is a value in immediately getting a price picture on the market that reflects the decisions made and the balance between the majority and minority.

Reservations with names and main reasons

If the main reason was only to increase openness in general then it would probably be sufficient to publish the number of members that entered a reservation with or without mentioning their names. If the main reason is to give all the relevant information to the financial markets more quickly, then the number of those entering a reservation and some presentation of the reasoning behind the reservations is required. It should be emphasised, however, that the press release must primarily report the reasoning of the majority and the motives behind the monetary policy that will be conducted.

It is therefore proposed that the following information be published in connection with the monetary policy press releases:

- a) The decision was unanimous, or
- b) Members X and Y entered a reservation against the decision and/or the report for the following main reasons.

This addition will follow the information on when the new repo rate will come into force.

Main message in focus

Even if the number of reservations with the names of those entering them and the main reasons behind them are published, a process will still apply, until the minutes are published, in which the members of the Executive Board only communicate the motives behind the decision and the interest rate path, but with the addition concerning unanimity or the reservations and the main reasons for them. It is only after the minutes have been published that individual members may in speeches or interviews, or via other channels of communication, present individual stances and considerations in more detail.