



Press Release

No 1 2 January 1995

THE RIKSBANK INTRODUCES A PRIMARY DEALER SYSTEM IN THE FOREIGN EXCHANGE MARKET

The Riksbank - the Swedish central bank - has, starting 1 January 1995, introduced a primary dealer system in the Swedish foreign exchange market. Primary dealer contracts have been signed with the following institutions:

Banque Indosuez
Nordbanken
Skandinaviska Enskilda Banken
Svenska Handelsbanken
Sveriges Föreningsbank
Swedbank
Unibank

The purpose of the primary dealer system is to create a well-defined contractual relation between the Riksbank and its counterparties on the foreign exchange market. This will make the market a more effective conduit of foreign exchange rate policies. A primary dealer system has been in place on the Swedish money market since 1991. The experiences from this system have been favourable and the Riksbank sees it as beneficial to have a similar system in the foreign exchange market.

The task of primary dealers is to maintain a well-functioning and liquid market. They will, among other things, continuously quote prices for predetermined volumes in both the spot market and the forward market. The Riksbank also requires that primary dealers maintain a certain volume of active trade in the foreign exchange market.

The decision to introduce a primary dealer system for the trade on the Swedish foreign exchange market was made and published on 16 June 1994. Institutions previously active as market makers were offered to sign primary dealer contracts with the Riksbank that enter into effect on 1 January 1995.

The offer to sign primary dealer contracts with the Riksbank is open to institutions under supervision by the Swedish Financial Supervisory Authority or the corresponding supervisory body in another EEA country. Such institutions are offered a six month trial period. The first opportunity to start such a trial period was on 1 July 1994.

On 16 June 1994, the Riksbank announced that it had proposed, in letter to the Ministry of Finance, that the responsibility to grant permission for an institution to trade in foreign currencies should be transferred from the Riksbank to the Financial Supervisory Authority. However, for legal reason, the Riksbank will continue to be the authority responsible for granting permits to trade foreign currencies during 1995.

For additional information, please contact Richard Gröttheim, phone +46 8 787 04 69.

SVERIGES RIKSBANK



Press Release

No 2 31 January 1995

PRICE STABILITY PAYS

In the last two years industrial production has risen 23 per cent and exports 27 per cent. Capacity utilization in manufacturing has climbed back to levels comparable with the highs in the Eighties. Industrial profits are leading to investment growth of 30 per cent, accompanied by further balance-sheet consolidation.

Secure welfare is generated not by printing money but by utilizing real resources. When the economic recovery takes off it is therefore natural and essential that the monetary conditions are made less expansionary. Demand that exceeds real resources generates inflation, uncertainty and insecurity.

Mr Thomas Franzén, Deputy Governor of Sveriges Riksbank, made these observations in an address today at the "Bourse '95" seminar arranged by Veckans Affärer and the Stockholm Chamber of Commerce.

A damping of the monetary stimulus via a strengthening of the krona, preferably together with a lower long interest rate, would have been desirable. Besides easing the direct inflationary pressure, that would have given the monetary stimulus a better quality - not such an overstimulation of the export sector and a stronger stimulus to investment and expansion of capacity as well as to domestic market production, where capacity is not as strained.

The Riksbank is not master over the exchange rate and accordingly has no specific target in this respect. But fundamental conditions for a stronger krona are in place, for instance a current-account surplus

PRESS COMMUNIQUE

The EMI Council has decided to release to the public a report on "Developments in EU Payment Systems in 1994" which was prepared by the Working Group on EU Payment Systems chaired by Dr. T. Padoa-Schioppa. The Report is a follow-up to an earlier report which was released by the Committee of Governors of the central banks of the Member States of the European Community in November 1993.

The new Report contains a general assessment of the compliance by EU Member States with the ten principles for Interbank Funds Transfer Systems (IFTS) laid down in the 1993 Report. It also includes IFTS operating in the three countries (Austria, Finland and Sweden) which have become Member States of the European Union as of 1st January 1995 and which have now agreed to commit themselves to the implementation of the ten principles.

As in 1993, the report covers the six areas identified by central banks as requiring common or parallel action: access conditions, risk management policies, legal issues, standards and infrastructures, pricing policies and business hours.

The analysis conducted by the Working Group leads to the conclusion that the principles set out in the 1993 Report are only partially met. However, work is in progress in all EU Member States and considerable progress has been made towards ensuring full compliance with them.

The EMI Council considers that the most important work undertaken in the field of payment systems is the design and the implementation of a Real-Time Gross Settlement (RTGS) system in every EU Member State (Principle 4). When the November 1993 Report was approved, RTGS systems were in operation in only six countries and most large-value payments were settled through net settlement systems. It is now envisaged that RTGS systems for large-value payments will be in operation in all EU countries but two by end-1996. In ten EU countries RTGS systems will process virtually all large-value payments. Co-operation will have to continue between banks and central banks in order to avoid delays in the implementation of these systems, which are intended to form the basis of the payment arrangements which EU central banks and the EMI are proposing to implement in view of Stage III of EMU.

In addition, the EMI Council confirms that the prompt and full implementation of the safety standards set out in the Report of the Committee on Interbank Netting Schemes of the central banks of the Group of Ten Countries, released on November 1990, is a major element in the risk reduction

programme for EU net settlement systems which will continue to exist in parallel with RTGS systems (Principle 5).

Principle 1, according to which only credit institutions, public entities and appropriately supervised financial institutions should be authorised to be direct participants in EU IFTS, is already largely met in Member States and should be fully implemented by 1996. The EMI and EU central banks will study further the conditions under which credit institutions which have no physical presence in a Member State can become direct participants in that country's payment system (so-called "remote access") (principle 2).

Work will also continue in order to eliminate legal inconsistencies between the national legal systems which may increase risks in domestic payment systems (Principle 7). Work is in progress to eliminate the effect of the zero-hour clauses for participants in IFTS in the Member States where these clauses still exist. Other legal changes which may be required to promote the smooth functioning of cross-border payment systems will also be addressed as early as possible.

Finally, the EMI and EU central banks, in compliance with the provisions of the EU Treaty, will pay closer attention to issues related to cross-border retail payments, although no collective operational involvement is envisaged by them in this field. The EMI and EU central banks will encourage banks to avoid the proliferation of non-compatible technical standards (principle 8).

The report will be distributed by each of the EU central banks to residents in their respective countries. It will also be available through the EMI, at the following address:

European Monetary Institute
General Secretariat - Payment Systems Section
Eurotower - Kaiser Strasse 29
60311 Frankfurt am Main
Fax: 00 49 69 27 227 227



SVERIGES
RIKSBANK

Press Release

No. 5 9 February 1995

THE RIKSBANK RAISES THE REPO RATE FROM 7.60 TO 7.80 PER CENT AND ADJUSTS THE INTEREST RATE CORRIDOR

The increase in the repo rate - the Riksbank's instrument interest rate - is part of a policy aimed at price stability.

At today's meeting the governing board of the Riksbank - the Swedish central bank - has reviewed the economic situation and the outlook for inflation.

- After having confirmed the guidelines for monetary policy with the governing board, the governor has decided to raise the repo rate from 7.60 to 7.80 per cent. The decision will come into effect at the next repo tender on Tuesday 14 February 1995.

- The Riksbank has also decided to raise the floor and the ceiling of the so-called interest rate corridor by 0.5 percentage points each. This means that the deposit rate is set to 6.50 per cent and the lending rate to 8.50 per cent. This decision will come into effect on Wednesday 15 February 1995.

The increase in interest rates should be seen against the background the strong business cycle upswing in the Swedish economy. It is lead by significant output growth in large sections of Swedish industry. The surge in demand is driven by improved competitiveness, in combination with an international upswing. During a period of time, tendencies of increased inflationary pressures and inflationary expectations have also appeared, however.

To maintain long-term price stability it is natural that monetary policy is made less expansionary. By defending the price stability target, the Riksbank contributes to sustained growth, which in turn is a precondition for a long-term increase in employment.

- At the repo tender on Tuesday 14 February, the Riksbank will introduce variable interest rate repos. In addition to the fixed rate repo at 7.80 per cent, with two weeks' maturity, the Riksbank will on Tuesday invite tenders for a one-week variable rate repo. The volume in the variable rate repo will be SEK 10 billion.

Since the current interest rate system was introduced in June 1994, the Riksbank has consistently made use of fixed rate repos. This means that the Riksbank announces in advance the interest rate that will be paid. The interest rate system also makes it possible for the Riksbank to make variable rate repos. In this case the repo volume is distributed according to the bids of individual agents. In this way, the bids tendered by the market guide the repo rate.

The Riksbank considers current interest rate expectations to be such that variable interest rate repos can be introduced without undesirable or drastic effects on the interest rate level. To smoothen the introduction of the new technique, the first repo with a variable rate will be offered at the same time as the fixed rate repo on Tuesday 14 February. A more detailed description of variable rate repos is enclosed with this press release.

A press conference will be held at the Riksbank (entrance at Malmskillnadsgatan 7) today, Thursday, at 11.30 a.m.
Press ID is required for admittance.

SVERIGES RIKSBANK



9 February 1995

Variable Interest Rate Repos - A Technical Description

On June 1, 1994, the Riksbank instituted a new system for controlling short term interest rates. The reason for this new system was that the transition to a flexible exchange rate required a new method of controlling short term interest rates. The goal of price stability means that monetary policy has a long time horizon. It became therefore more appropriate to carry out more gradual changes in the key interest rates than was the case with a fixed exchange rate when the purpose of changing the interest rate was to remove pressure on the exchange rate.

The governing board of the Riksbank determines the direction of monetary policy by deciding the conditions for deposits and lending from the Riksbank. Deposit and lending interest rates set the upper and lower limits for the repo rate. The actual repo rate is decided upon by the governor of the Riksbank on the basis of guidelines set by the governing board.

In order to withdraw the excess liquidity which the bank system now has, the Riksbank issues Riksbank's liquidity bills at the repo rate once a week. The repo rate determines short term market interest rates which in turn affect aggregate demand and eventually inflationary pressures.

The repo rate can be fixed or variable. A repo with a fixed interest rate, called a fixed repo, gives a clear signal of the level of short term interest rates which the Riksbank wants to see. When it is desirable to draw attention to the monetary policy stance, for example if

the Riksbank wishes to highlight its concern for increased inflation rates or if it becomes necessary to emphasise the Riksbank's focus on the inflation target, fixed repos are preferable. However, if the Riksbank's intentions and current market expectations about desired levels for interest rates are in accord, then repos with variable interest rates, called variable repos may be preferable.

Since the new system of interest rate policy instrument was instituted, the Riksbank has only used fixed repos, in part in order to give clear signals but also to allow participants in the market to become accustomed to the new system.

At this point, market participants are well acquainted with the workings of the new system. This makes it a suitable opportunity for the Riksbank to use variable repos without any drastic effect on interest rate levels.

The Riksbank now is removing liquidity from the market and therefore uses reverse repos. As is the case with fixed repos, the Riksbank will sell variable repos through an auction when Riksbank's liquidity bills are issued. The Riksbank's counterparts, the so called Primary Dealers may make bids for volume and interest rates. The repo volume is distributed to individual participants on the basis of their bids. Repos go to the participants who bid the lowest interest rates first. The highest interest rate which is accepted will set the level for short term market interest rates.

The use of variable repos does not mean that the Riksbank will be forced to accept a repo rate which is not in accord with the desired development for the repo rate. The Riksbank need not sell the entire repo volume but can stop at the interest rate level which is

desirable and if necessary adjust liquidity with another instrument.

Normally, variable repos will be announced in the same way as fixed repos are on Tuesdays and tenders must be received by 10:00 on the same day. The result of the tenders will be announced at 13:00 so that the governor of the Riksbank can consider the level of the repo interest rate resulting from the tenders and determine whether additional measures to adjust liquidity are needed.

In order to make the introduction of variable repos as smooth as possible, the first repo with a variable interest rate will be offered at the same time as a fixed rate repo. In addition to a fixed repo with an interest rate of 7.80 per cent and a maturity of two weeks, the Riksbank will announce and invite tenders for a variable repo with a maturity of one week.

The subsequent developments in expectations and experience of the variable repos will determine the future use of variable as opposed to fixed repos.



SVERIGES
RIKSBANK

Press Release

No 6 10 February 1995

THE RIKSBANK'S ANNUAL ACCOUNTS 1994

The Riksbank is transferring SEK 6.2 billion to the Government, according to the Bank's Annual Report for 1994 which is being presented to Parliament today. In addition to the Riksbank's Annual Accounts, the Annual Report also contains an account of operations in 1994.

Rising interest rates in 1994 entailed a fall in the value of the Riksbank's security holdings. The Riksbank's accounting principles mean that securities that have not been sold are given a market value as if they had been sold on the balance sheet date. The change in this market value (i.e. write-up or write-down) is booked in accordance with the Riksbank's principles as a result, even though the securities have not been sold.

As a consequence of rising interest rates in 1994, the Riksbank's result before balance-sheet allocations amounts to SEK -10.1 billion, compared with a positive result of SEK 26.7 billion in 1993.

As the Riksbank's accounting principles can give rise to such variations from year to year, the transfer to the Government is calculated as the average of the results for the last five years. In 1993, the Riksbank supplied SEK 9.5 billion to the Government.

Appropriation of profits

Following dissolving of the balancing account of SEK 18.6 billion, it is proposed that of the result for the year, SEK 6.2 billion be transferred to the Government and SEK 2.4 billion be allocated to the Contingency fund.

Domestic operations resulted in a deficit of SEK 8.9 billion, compared with plus SEK 3.2 billion in 1993. Foreign operations showed a marginal deficit of SEK -0.7 billion, compared with a surplus of SEK 23.7 billion in 1993. The decline in the result is primarily due to higher interest rates at home and abroad, which have resulted in a lower market value of our security holdings. The unrealized loss on market prices owing to this is calculated at SEK -8 billion for security holdings at home, and at SEK -14 billion for security

holdings abroad, i.e. at a total of SEK -22 billion. The corresponding surplus in 1993 was SEK 5 billion for security holdings at home, and SEK 11 billion for security holdings abroad, i.e. a total of plus SEK 16 billion.

Administration costs for 1994 amount to SEK 598 billion, compared with SEK 548 billion in 1993.

The foreign exchange reserve, gross, amounted on average in 1994 to SEK 176 billion. At the same time, the Riksbank had sold foreign currency in forward contracts at an average of SEK 143 billion, which on a net basis during the year restricted currency exposure to SEK 33 billion. The effects of foreign exchange rates led to an improvement of SEK 2.4 billion in the result, even though the krona rose during the year. This is explained by the forward contract premiums which the Riksbank receives for its sale of currency through forward contracts.

At the end of 1994, the balance sheet total amounted to SEK 269.1 billion, compared with SEK 275.0 billion at the end of 1993. The largest assets are the foreign exchange reserve and the holdings of Swedish government securities and bonds. The book value of the foreign exchange reserve increased from SEK 175.7 billion at the start of the year to SEK 178.0 billion at year-end. The book value of Swedish government securities and bonds fell from SEK 97.3 billion at the start of the year to SEK 86.9 billion at year-end.

The Riksbank's fixed assets have been included in the 1994 balance sheet at a value of SEK 0.7 billion. In previous years, investments in fixed assets were written off in their entirety.

Further information can be obtained from Kai Barvèll, tel. 08/787 04 73, or Mats Balke, phone. 08/787 02 88..

The Annual Report can be obtained from the Riksbank's information secretariat, phone. 08/787 01 00.

Press meeting 14.00, Malmskillnadsgatan 7. Press cards required.

ANNUAL ACCOUNTS

PROFIT AND LOSS ACCOUNT, SEK million

	1994	1993	1992
Foreign operations			
Interest received	- 2 966	19 974	11 437
Interest expenditure	- 155	- 214	- 818
Revaluation of foreign currency	2 394	3 941	- 850
Total foreign operations	- 727	23 701	9 769
Domestic operations			
Interest from government securities etc.	694	14 433	12 186
Interest from loans to banks	270	2 549	6 543
Interest expenditure	- 9 814	- 13 788	-24 567
Total domestic operations	- 8 850	3 194	- 5 838
Administrative receipts	131	130	99
Administrative expenditure	- 598	- 548	-606
Other receipts	0	181	0
Other expenditure	- 11	- 4	- 6
Result before balance-sheet allocations	- 10 055	26 654	3 418
Balance-sheet allocations			
From balancing account	+ 18 649		+ 4 798
To balancing account		-12 032	
Result	8 594	14 622	8 216

BALANCE SHEET
Assets, SEK million

	1994	1993	1992
Gold and foreign assets			
Gold	1 167	1 167	1 167
Special drawing rights in the IMF	508	508	359
Reserve position in the IMF	4 930	5 157	4 377
Banks and foreign securities, etc., net	171 359	168 900	157 606
Gold and foreign exchange reserves	177 964	175 732	163 509
Sweden's share of the IBRD's capital stock	593	593	593
Other foreign assets	4	4	3
Domestic assets			
Government securities and bonds	86 937	97 251	145 470
Loans to National Debt Office	-	-	42 131
Loans to banks	10	1 263	18 841
Loans	10	1 263	60 972
Other domestic assets	2 983	131	102
Fixed assets	654	-	-
Total assets	269 145	274 974	370 649

Foreign liabilities, SEK million

	1994	1993	1992
Foreign liabilities			
Net allocation of Special Drawing Rights in the IMF	2 699	2 835	2 413
Other foreign liabilities	222	79	12 623
Domestic liabilities			
Cheque accounts, National Debt office	-	21 791	-
Cheque accounts, banks	1 103	2 903	6 551
Cheque accounts, other	15 084	12 962	11 255
Cheque accounts	16 187	37 656	17 806
Riksbank certificates	107 960	61 986	-
Special deposits, National Debt office	-	-	159 694
Special deposits, banks	-	5 001	16 402
Special deposits	-	5 001	176 096
Cash reserve accounts	-	5 263	2 798
Special accounts	922	1 457	2 386
Other domestic liabilities	177	1 538	18 498

Notes and coins in circulations

Notes	72 992	72 414	70 740
Coins	3 450	3 308	3 205
Notes and coins in circulations	76 442	75 722	73 945

Balancing account and capital

Balancing account	28 149	46 796	34 766
Capital	27 793	22 017	21 102
Balancing account and capital	55 942	68 815	55 868

Result for the year	8 594	14 622	8 216
Total liabilities and capital	269 145	274 974	370 649

SVERIGES RIKSBANK



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Press Release

No 7 21 February 1995

PRICE STABILITY IS A PRECONDITION FOR A FAVOURABLE ECONOMIC DEVELOPMENT

Tonight at 7:00 p.m., Governor Urban Bäckström will give a speech entitled Price Stability and Monetary Policy at the Swedish Economic Association, the Stockholm School of Economics. In his speech, Governor Bäckström discusses, inter alia, the harmful effects of inflation on economic growth.

The Riksbank's price stability objective is not to be viewed as a goal adopted for its own sake, but as a means of creating the preconditions for a stable and favourable economic development in the long run.

Inflation creates an environment of uncertainty for the economic decisions of households and enterprises. Inflation also disrupts the important price mechanism in the economy. It leads to distortions in the distribution of economic resources and increases the risk of wrong investments. Productivity and investments are impeded. In addition, inflation has negative distributional consequences.

In the wake of the 1980s we have had painful experiences of the damages done by inflation. But we also experienced serious economic setbacks in the 1970s as a consequence of inflation. Moreover, there are academic works that highlight the negative effects of inflation.

Estimating the costs of inflation is a difficult problem, to which economists have devoted a great deal of effort. Two of the best researched studies have been made in the last two years by Stanley Fischer, Deputy Managing Director of the International Monetary Fund, and Brian Motley, who is an economist at the Federal Reserve Bank of San Francisco.

Fischer has analyzed some eighty countries and concluded that a reduction in inflation by 5 percentage points increased the annual rate of growth by 0.2 percentage point. Motley has analyzed an equally large number of countries and found that the same reduction in inflation would yield 0.1-0.5 percentage point increase in the annual growth rate.

The higher figure - 0.5 percentage point - applies to developed industrial countries like Sweden.

Sweden's inflation in the 1970s and 1980s of some 8 percent on average per year could, in other words, be part of the explanation for the weaker growth of our economy in recent decades. Conversely, the rate of economic growth could be raised in the future if we pursue price stability with determination and conviction.

Even though the welfare gains can not be calculated with precision, the following rough numerical example is still illustrative:

Over time a 0.5 percentage point higher growth cumulates to large numbers. Over a period of twenty years, total output grows by SEK 150 billion, equivalent to 10 percent of GDP, i.e. SEK 40,000 per employed person, and four times as much as the annual, municipal spending on child care.

Although it is natural for a central bank to strive towards price stability, this ambition must also permeate economic policy in its entirety. Broad popular support for price stability, based on the conviction that it leads to a favourable economic development and growth, is also necessary.

The speech can be collected at the Riksbank entrance, Malmskillnadsgatan 7, or can be ordered from the information center of the Riksbank, telephone 08-787 01 00.

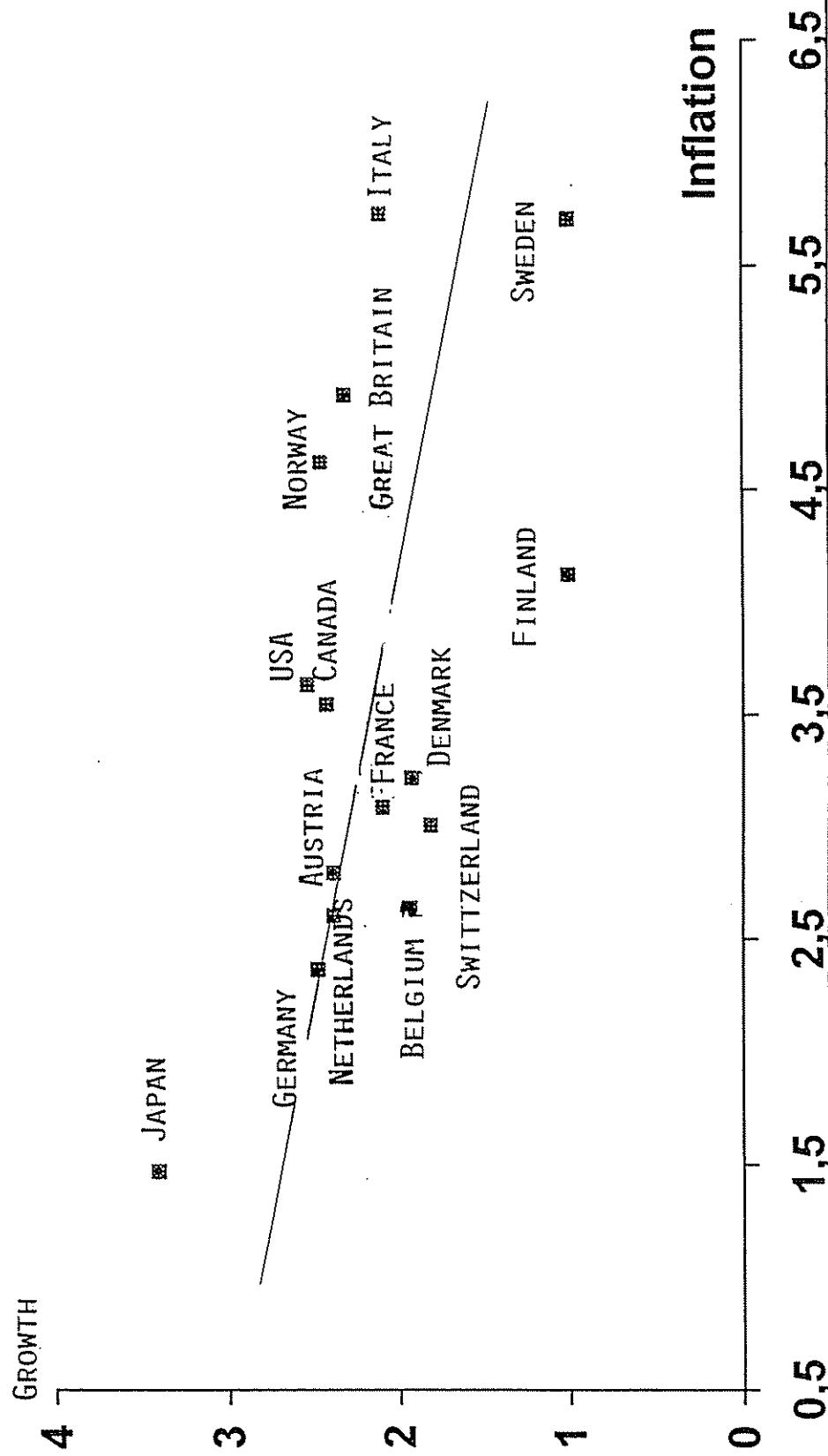
Chart - Inflation and growth in some industrial countries, 1984-1994.

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Inflation and growth 1984-94

Average annual rate in percent



CONTINUED RISK OF HIGHER INFLATION IN THE LONGER RUN

The risk of the inflation target being exceeded in 1995 is still present. This is pointed out by the Riksbank's Economics Department, whose fifth report in the series "Inflation and Inflation Expectations in Sweden" is presented today. But compared with the assessment in the previous inflation report, the evident risk of overshooting the inflation target in 1995 is somewhat smaller. This is due to a number of factors, including monetary policy's more restrictive direction in the autumn and winter as well as a pass-through to consumer prices that has been limited on account of the demand situation.

The increases in the instrumental rate since the October inflation report are to be seen in the light of the vigorous export-led recovery in the Swedish business sector. An improved competitive position, accompanied by a strong international upswing, has generated a large and rapid increase in production in much of the business sector. At the same time, the domestic market has been slack and unemployment remains high.

The dual situation in the Swedish economy has shown up more and more in price and wage formation. Prices for industrial products have been rising considerably faster than consumer prices for goods and services. Under these circumstances it is natural that inflationary tendencies show up first in rising producer prices. A risk exists of a pass-through to consumer prices occurring at a later stage.

Most of the indicators suggest that inflation expectations for the coming years have gone on rising. But the picture is not uniform. Expectations are lowest among households, where they have fallen back to 2.3 per cent, and labour market organizations, where the expected annual price rise in the coming years is around or just above 3.5 per cent. Industries experiencing strong demand and money market agents both foresee a rate of inflation around 4 per cent in 1995 onwards.

Increased confidence in economic policy, leading to a more balanced economic development, would help to counteract the inflationary tendencies. It is also essential that wages in the various parts of the economy develop in line with the growth of productivity so that price stability can continue to be maintained. Otherwise there is a risk that the inflation target will be exceeded, given the present stance of policy.

Additional information can be obtained from Krister Andersson, phone + 46 8 787 01 48, and Jonas Ahlander, phone + 46 8 787 01 44.

The report is available at the Riksbank, Malmskillnadsgatan 7. It can also be ordered from the Riksbank's Information Secretariat, phone + 46 8 787 01 00.

SVERIGES RIKSBANK



Press Release

No 11 8 March 1995

THE RIKSBANK WILL PARTICIPATE IN THE SECONDARY MARKET FOR TREASURY PAPER AT ISSUE

The Riksbank has decided to participate in the secondary market for its purchases of treasury paper and will accordingly cease to purchase such paper directly at issue from the National Debt Office. The decision is occasioned by the EU rule that debars central banks from purchasing treasury paper in the primary market.

The Riksbank holds a stock of treasury paper to ensure the smooth functioning of the domestic market and to conduct intervention operations. The decision concerns a change in the Riksbank's technique by which this stock is replenished. In connection with each issue the Riksbank intends to purchase six- and twelve-month treasury bills for nominal totals of 300 million and 200 million kronor, respectively, and treasury bonds for 150 million kronor. These amounts are the same as the Riksbank's former direct purchases of National Debt Office issues.

The Riksbank's purchases of each issue will be confined to the day of issue and the following two days. As Wednesday is the normal auction day of the National Debt Office, this means that the Riksbank's purchases in the secondary market will be made at some time in the period from Wednesday to Friday in the same week. The purchases will be arranged either with the Riksbank's primary dealers or with brokers. The new technique will start in connection with the auction on 29 March.

Further information can be obtained from Richard Gröttheim, phone + 46 8 787 04 69, or Kjell Nordin, phone + 46 8 787 08 04.

SVERIGES RIKSBANK



Press Release

No 13 16 March 1995

HAGSTRÖMER AND QVIBERG TAKES OVER UNITED SECURITIES' PRIMARY-DEALER AGREEMENT

The Riksbank has decided to accept a transfer of United Securities Fondkommission AB's primary-dealer agreement to Hagströmer & Qviberg Fondkommission AB as of 1st April, 1995. United Securities has been one of the Riksbank's primary dealers for some time.

The National Debt Office has given consent to Hagströmer & Qviberg to take over United Securities' retail dealer agreement for Government Bonds and Treasury Bills. This is a requirement to become a primary dealer with the Riksbank.

United Securities will be taken over by Hagströmer & Qviberg as of 1st April, 1995. The Riksbank believes that the new ownership will not change the long-term strategies, the structure or the risk-control functions within United Securities, which is why the Riksbank sees no difficulties in Hagströmer & Qviberg acting as a primary dealer.

For any questions please contact
Richard Gröttheim phone + 46 8 787 04 69, or
Kjell Nordin phone + 46 8 787 08 04.

SVERIGES RIKSBANK



Press Release

No 14 16 March 1995

THE RIKSBANK TO REDUCE ITS FOREIGN CURRENCY FORWARD POSITION

Starting in week 12, the Riksbank intends to reduce the forward exchange position. This operation is of a technical nature and is motivated by the fact that the foreign currency reserves are at very high levels. It is also desirable to have a smaller balance sheet and, thus, smaller repo volumes. The Riksbank's net foreign currency position, i.e. spot and forward, will not be affected and the operation will therefore not have any effect on the foreign exchange market or the exchange rate.

The Riksbank holds very substantial (spot) reserves of foreign currency. At year end 1994, these reserves totalled the equivalent of SEK 171 billion. During the course of 1995, net issuance of foreign currency debt by the National Debt Office to the equivalent of at least SEK 30 billion will add to these reserves.

A large foreign exchange reserve is equal to a large balance sheet. This requires substantial repo volumes in order to maintain both the liquidity in the banking system as well as key official rates at desired levels. Large repo volumes would not be practical for either the Riksbank or its counterparties.

Consequently, the Riksbank will mature part of its forward book instead of, as previously, regularly rolling every contract. The increase in the Riksbank's net foreign exchange reserves due to net foreign currency debt issuance by the National Debt Office will decrease the Riksbank's forward book rather than increase foreign currency spot reserves.

The reduction of the forward book will not be directly tied to the timing of the National Debt Office's borrowing. At year end 1994 the forward position was equivalent to SEK 145 billion.

Maturing forward contracts are included in the weekly currency flows reported by the Riksbank. In order to facilitate the interpretation of the currency flow figures, the weekly reports will specify the proportion of the weekly flow due to maturing forward currency contracts.

Further information can be obtained from Peter Norman, phone + 46 8 787 86 801 and Richard Gröttheim, phone + 46 8 787 04 69

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Peter Norman, tel 08 / 787 08 01
Richard Gröttheim, tel 08 / 787 04 69

THE REFERENCE RATE - THE DISCOUNT RATE

The Riksbank - the Swedish central bank - has today determined the reference rate - the discount rate - to 7.0 per cent, effective April 4, 1995.

The discount rate is purely a reference rate and not in any way connected with monetary policy. The discount rate has no relevance for Riksbank lending to the banking sector.

The interest rates used for monetary policy purposes by the Riksbank are the lending rate, the deposit rate and the repo rate.

The discount rate is determined by the Governing Board of the Riksbank at its first meeting of every quarter solely on the basis of interest rate developments during the preceding quarter.

THE REFERENCE RATE - THE DISCOUNT RATE

As from	Rate of interest Per cent	Change Percentage points
1992-07-03	8.5	0.0
1992-10-02	10.0	1.5
1993-01-05	9.0	-1.0
1993-04-02	7.0	-2.0
1993-07-02	6.0	-1.0
1993-10-08	5.0	-1.0
1994-01-04	4.5	-0.5
1994-04-06	4.5	0.0
1994-07-04	5.5	1.0
1994-10-04	7.0	1.5
1995-01-03	7.0	0.0
1995-04-04	7.0	0.0



Press Release

No 18 12 April 1995

THE RIKSBANK RAISES ITS DEPOSIT AND LENDING RATES

The Governing Board of the Riksbank decided today to adjust the level of the interest rate corridor. The lending rate (the corridor's ceiling) is increased from 8.5 to 9.0 per cent and the deposit rate (the floor) from 6.5 to 7.5 per cent. The decision is effective from 19 April 1995.

The lending rate is the rate paid by banks on overnight loans from the Riksbank. The deposit rate is the rate banks receive on overnight deposits in the Riksbank.

Movements in the Riksbank's instrumental rate, the repo rate, are bounded by the corridor formed by the deposit and lending rates. The recent increases in the repo rate have brought it to 8.34 per cent, close to the corridor's ceiling (the lending rate). The Riksbank therefore perceives a need to raise the ceiling. The increase in the deposit rate is such that the distance between this and the lending rate is restored to 1.5 percentage points, which was the height the corridor had when the present interest rate management system was introduced.

The increases in the repo rate have been made in order to counter inflationary tendencies and inflation expectations. The threat of inflation stems from high industrial capacity utilization and uncertainty about future development.

A press conference will be held at the Riksbank (entrance: Malmskillnadsgatan 7) today, Wednesday, at 12 noon.

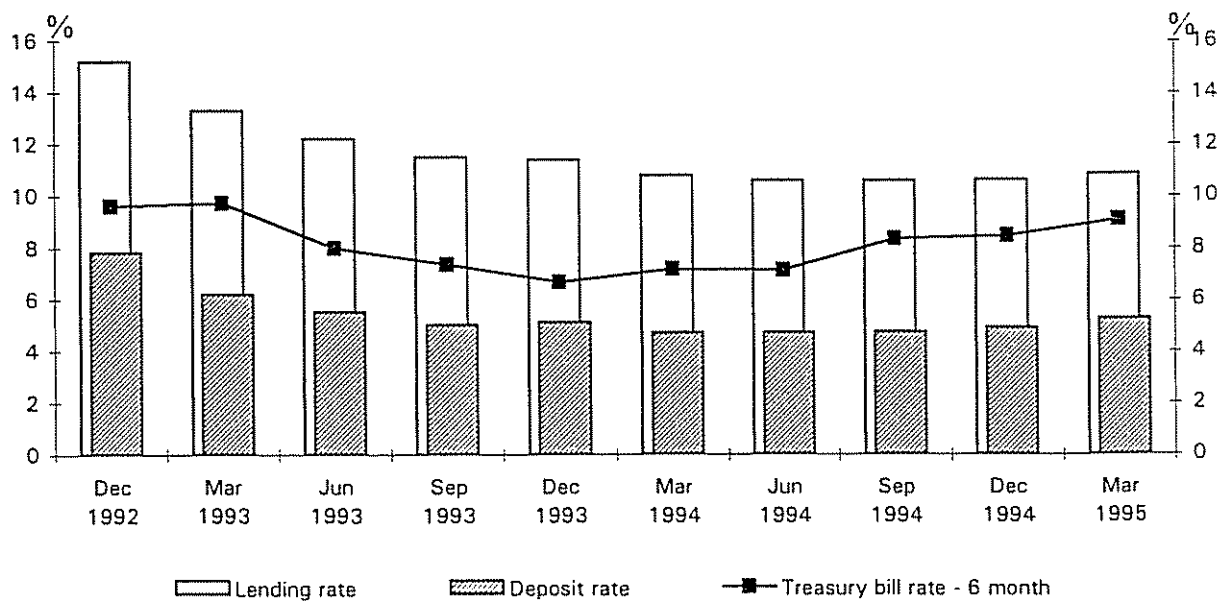
SVERIGES RIKSBANK

INCREASE IN LEVEL OF BANK LENDING AND DEPOSIT RATES

In the first quarter of 1995 the average level of bank lending rates was raised 0.3 percentage points to 10.9 per cent. Deposit rates were increased, on average, by 0.4 percentage points to 5.3 per cent. The average difference between bank lending and deposit rates accordingly narrowed from 5.7 to 5.6 per cent.

The changes in bank rates entailed a reduction of the margin between the average lending rate and the six-month rate for treasury bills. The margin between the treasury bill rate and the deposit rate widened.

The banks' average lending and deposit rates and treasury bill rate



The five banks in the survey all announced increases to lending and deposit rates at the end of March but only two of them actually adjusted the rates before the turn of the month. Consequently the present report does not reflect the full effect of these rate adjustments. All the changes to interest rates around the turn of March will be presented in the next report.

For further information, please contact:

Anna-Karin Nedersjö, phone: + 46 8 787 01 27, and

Björn Hasselgren, phone: + 46 8 787 04 27.

SVERIGES RIKSBANK



Press Release

No 21 1 June 1995

SWEDEN SHOULD MEET THE CONVERGENCE CRITERIA

Sweden's industrial structure is similar to that of the core countries in Europe, says Mr Thomas Franzén, Deputy Governor of Sveriges Riksbank, in an address to the International Chamber of Commerce in Gävle. Moreover, the industrial economy is highly developed and diversified. This affords good opportunities of handling the need for adjustment in that some industries expand when others contract. There is then little risk of the situation in Sweden becoming difficult to manage on account of external asymmetric industrial shocks.

Recent development shows how markedly the Swedish exchange rate and interest rates fluctuate in connection with international turbulence. Together with the high level of bond rates and the very weak exchange rate, this demonstrates the vulnerability that ensues when the stability of economic policy is not perceived as fully credible. The conclusion is that Sweden needs to show it meets the standards of stability expressed by the convergence criteria. This applies regardless of whether or not the Riksdag subsequently decides that Sweden is to participate in the European Monetary Union. The alternative to stability is continued vulnerability.

Concerning the present situation for monetary policy, Mr Franzén notes that the rate of inflation in Sweden has risen above the target range for price stability. The producer price increases, in conjunction with the weak exchange rate and high bond rates, signify that the risks of inflation are still too high. The need to ease inflationary pressure therefore remains.

The inflation tendencies show that Sweden has not yet established confidence in a long-term policy for price stability. The Riksbank would prefer to see a stronger exchange rate that would lessen the excessive stimulation of the export oriented sector and thereby the inflationary pressure that stems from an undervalued currency. That would pave the way for lower bond rates and more balanced growth. Such a development would be facilitated by an ambitious convergence programme with margins for confidence.

Monetary policy must be designed continuously so that inflation is countered. The Riksbank's task is to make its contribution to the work of reducing inflation risks. The series of weekly increases in the repo rate this spring helped to demonstrate that the Riksbank's objective is not a particular level for the exchange rate. The monetary policy objective is price stability. In this way the Riksbank contributes to a policy for promoting stable long-term growth with a lasting increase in employment. This ultimately leads to a more reasonable valuation of the Swedish krona. As regards the technical management of the repo rate in the short run, adjustments will be made by the Riksbank in distinct steps.

SVERIGES RIKSBANK



Press Release

No 22 6 June 1995

THE RIKSBANK RAISES THE REPO RATE BY 0.25 PERCENTAGE POINTS TO 8.66 PER CENT

The Governor of the Riksbank, acting on guidelines that have been confirmed by the Governing Board, has decided, in connection with today's repo auction, to raise the repo rate 0.25 percentage points, from 8.41 to 8.66 per cent. The decision is to be implemented by means of a fixed rate repo.

Commenting on the decision, Mr. Urban Bäckström, the Riksbank's Governor, says:

- The rate of inflation has moved up and is presently above the price stability target. There are also future inflation risks, as we have pointed out on several occasions, not least as a consequence of the high level of industrial capacity utilization and the weak exchange rate. The high bond rates and the weak krona are expressions of a lack of confidence in the direction of economic policy for price stability. It is the Riksbank's task to dampen inflationary tendencies.

For further information, please contact:

Governor Mr. Urban Bäckström, phone: + 46 8 787 01 09,
deputy Governor Mr. Thomas Franzén, phone +46 8 787 01 41
or Director of Information Ms. Gunilla Wikman, phone:
+ 46 8 787 04 18.

SVERIGES RIKSBANK



SVERIGES
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Press Release

No 24 15 June 1995

RIKSBANK SUBMISSION ON THE 1995 MEDIUM TERM SURVEY

The Governing Board of the Riksbank agrees with the general conclusions in the Survey's report. The acute problems lie in the low level of employment and the imbalances in central government finance. A good circle must be restored in economic development so that confidence in budget policy contributes to less uncertainty and lower interest rates. The foundation for such a positive path can be laid with active budget measures and a policy that maintains price stability.

The Governing Board considers, however, that the level of ambition indicated by the Survey for the consolidation of central government finance can be questioned. A greater degree of freedom in economic policy presupposes a credible resolution of the problems with central government finance and a reduction of the debt ratio. The convergence criterion of 60 per cent for accession to the monetary union provides a useful benchmark for the work of consolidation in the coming years. The Board underscores the importance of creating safety margins so that fiscal balance can be maintained even if development are more unfavourable.

For the period up to 1998 the Survey's reference scenario gives an annual rate of inflation of 3.1 per cent. The Governing Board considers that the inflation target should be lower. In the Survey's scenario, inflation exceeds the reference value of 2 per cent for the Riksbank's inflation target and also lies outside the tolerance band of 1 percentage point up or down. It is, moreover, higher than the inflation target in the core countries of the European Union.

The Governing Board considers that monetary policy shall be guided by an explicit target for price stability. Concentrating monetary policy on price stability does not imply that this objective is more important than other economic policy goals. The premise is that conditions for economic policy in general are improved if inflation is low and is expected to remain so.

With reference to the Economic and Monetary Union (EMU), the Governing Board notes that the economic policy which enables Sweden to participate in EMU is essentially the same as the policy that is needed for a lasting recovery in the Swedish economy after the decline in recent years. The Board concludes that a Swedish accession to a European monetary union offers overriding advantages. Economic policy should therefore be designed so that Sweden is in a position to participate in the union from 1999.

In the opinion of the Governing Board it would be of value if the Government were now to state the legislative changes which EU membership entails in order to confirm the Riksbank's independent status. An appropriate starting point may be the rules for the European Central Bank. Among other things, this would involve stipulating in the Riksbank Act that the primary objective of monetary policy shall be to maintain price stability.

For further information, please contact:
Thomas Franzén, Deputy Governor,
Phone: + 46 8 787 01 41, and
Lars Hörngren, Senior Adviser,
Phone: + 46 8 787 01 40

Copies of the submission can be ordered from the Riksbank's Information Central
Fax.: + 46 8 787 05 26; Phone: + 46 8 787 01 00 or
collected from the Riksbank entrance at
Malmskillnadsgatan 7.

SVERIGES RIKSBANK



Press Release

No 25 20 June 1995

INFLATIONARY PRESSURE HAS RISEN

Inflationary pressure in Sweden has been rising in 1995. This is evident from the second inflation report for 1995 which the Riksbank is presenting today. As important factors behind the higher inflationary pressure, the report points to the krona's depreciation, persistently high capacity utilization and the acceleration of producer price increases. The upward movement in producer prices, which includes consumption goods, is liable to lead to increased consumer prices and thereby to a higher rate of inflation.

A factor of importance for inflation is the development of wage costs. The ongoing round of wage negotiations includes tendencies that give cause for concern. Some wage agreements have been concluded in the sector exposed to foreign competition. That part of the economy is characterized by high profits and strong labour demand. In negotiations in the protected sector, wage demands of the same magnitude have been signalled despite more subdued demand and strained profit margins. If the overall rate of wage increases, including wage drift, were to follow the exposed sector, risks would arise for the future rate of inflation.

Taken together, the various indicators show that as 1995 continues, the rate of inflation may exceed 3 per cent. A number of indicators also point to a risk of inflation remaining above 3 per cent during 1996, given that overall economic policy and confidence in this are not reinforced.

In the foreword to the inflation report the Governor of the Riksbank, Mr Urban Bäckström, comments the design of the monetary policy.

"Starting from an unchanged economic policy and no shift in confidence in this respect, the assessment is that in the rest of 1995 and 1996 inflation will exceed the upper limit for the inflation target. The Riksbank considers that the monetary conditions, that is, the combination of the exchange rate and interest rates, must have a less expansionary tendency in the coming period. This can be achieved either through an appreciation of the krona or by adjusting the repo rate upwards, or with a combination of the two."

For further information, please contact:
Krister Andersson, chief economist,
Phone: + 46 8 787 01 48, or
Jonas Ahlander, Phone: + 46 8 787 01 44.

Copies of the report, "Inflation and Inflation Expectations in Sweden, June 1995", can be ordered from the Riksbank's Information Central,
Fax: + 46 8 787 05 26, or collected from the Riksbank entrance at Malmskillnadsgatan 7.

SVERIGES RIKSBANK



Press Release

No.26 29 June 1995

THE RIKSBANK RAISES THE DEPOSIT AND LENDING RATES BY 0.50 PERCENTAGE POINTS

The Governing Board of the Riksbank - the Swedish central bank - has today decided to raise the deposit and lending rates by 0.50 percentage points each. The deposit rate is set to 8.00 per cent and the lending rate to 9.50 per cent. The decision comes into effect on Wednesday 5 July 1995.

The deposit rate is the interest rate that banks receive on overnight deposits with the Riksbank. The lending rate is the rate banks pay for overnight loans from the Riksbank. Together these two interest rates form a corridor within which the Riksbank's instrument interest rate, the repo rate, can move. Currently, the repo rate is 8.66 per cent.

Last week, the Riksbank presented its inflation report. The assessment in the report is that with unchanged policy and unchanged credibility the inflation rate in 1996 will exceed 3 per cent, the upper limit of the Swedish price stability target. To counter these inflationary threats monetary conditions must become less expansionary during the upcoming period. This can be achieved through either an appreciation of the krona or increases in the repo rate, or a combination of the two.

For further information, please contact:
Governor Urban Bäckström, tel. +46 8 787 01 09, and
Deputy Governor Thomas Franzén, tel. +46 8 787 01 41.

SVERIGES RIKSBANK



Press Release

No 28 1995-07-03

THE RIKSBANK SIGNS PRIMARY DEALER CONTRACTS WITH MIDLAND BANK

The Riksbank has today signed two primary dealer contracts with Midland Bank plc, Stockholm branch, one for the money and bond markets and one for the Swedish foreign exchange market.

Primary dealer contracts for the money and bond markets have, thereby, been signed with the following institutions:

Alfred Berg Transferator Fondkommission AB
Aragon Securities Fondkommission AB
Consensus Fondkommission AB
Föreningsbanken AB
JP Bank
Midland Bank plc, Stockholm branch
Nordbanken
Skandinaviska Enskilda Banken
Sparbanken Sverige AB
Svenska Handelsbanken
United Securities Fondkommission AB
E. Öhman J:or Fondkommission AB

Primary dealer contracts in the Swedish foreign exchange market have been signed with following institutions:

Banque Indosuez, Stockholm branch
Föreningsbanken AB
Midland Bank plc, Stockholm branch
Nordbanken
Skandinaviska Enskilda Banken
Sparbanken Sverige AB
Svenska Handelsbanken
Unibank, Copenhagen

For further information, please contact:
Kjell Nordin, phone +46 8 787 08 04.

SVERIGES RIKSBANK



Monetary and Exchange Rate Policy Department 1995-04-03

Peter Norman, tel 08 / 787 08 01
Richard Gröttheim, tel 08 / 787 04 69

THE REFERENCE RATE - THE DISCOUNT RATE

The Riksbank - the Swedish central bank - has today determined the reference rate - the discount rate - to 7.0 per cent, effective April 4, 1995.

The discount rate is purely a reference rate and not in any way connected with monetary policy. The discount rate has no relevance for Riksbank lending to the banking sector.

The interest rates used for monetary policy purposes by the Riksbank are the lending rate, the deposit rate and the repo rate.

The discount rate is determined by the Governing Board of the Riksbank at its first meeting of every quarter solely on the basis of interest rate developments during the preceding quarter.

THE REFERENCE RATE - THE DISCOUNT RATE

As from	Rate of interest Per cent	Change Percentage points
1992-07-03	8.5	0.0
1992-10-02	10.0	1.5
1993-01-05	9.0	-1.0
1993-04-02	7.0	-2.0
1993-07-02	6.0	-1.0
1993-10-08	5.0	-1.0
1994-01-04	4.5	-0.5
1994-04-06	4.5	0.0
1994-07-04	5.5	1.0
1994-10-04	7.0	1.5
1995-01-03	7.0	0.0
1995-04-04	7.0	0.0



Press Release

No 29 1 August 1995

THE RIKSBANK SIGNS PRIMARY DEALER CONTRACT WITH CHEMICAL BANK AND CITIBANK

The Riksbank has today signed primary dealer contracts for the Swedish foreign exchange market with two foreign bank's in London, Chemical Bank and Citibank N.A.

Primary dealer contracts for the Swedish foreign exchange market have, thereby, been signed with the following institutions:

Banque Indosuez, Stockholm branch
Föreningsbanken AB
Chemical Bank, London
Citibank N.A., London
Midland Bank plc, Stockholm branch
Nordbanken
Skandinaviska Enskilda Banken
Sparbanken Sverige AB
Svenska Handelsbanken
Unibank, Copenhagen

For further information, please contact:
Kjell Nordin, phone +46 8 787 08 04.

SVERIGES RIKSBANK



Press Release

No 30 10 August 1995

RICHARD GRÖTTHEIM NEW HEAD OF THE RIKSBANK'S MONETARY AND EXCHANGE RATE POLICY DEPARTMENT

The present head of the Monetary and Exchange Rate Policy Department at the Riksbank, Mr Peter Norman, is leaving the Bank to be president of Alfred Berg Transferator AB. His successor, appointed today, is Mr Richard Gröttheim, who has been deputy head of the Department since 1993. Mr Gröttheim has worked for Aragon Fondkommission and was on the staff of the Riksbank in 1984-86.

The new deputy head of the Department is Christina Lindenius. She has been working in the Riksbank's Economics Department as head of the division for international economic analysis. Ms Lindenius has been on the staff of the Riksbank since 1988.

SVERIGES RIKSBANK



Press Release

No 31 29 August 1995

CONTINUED RISKS OF INFLATION

The appreciation of the krona this summer has been welcome and represents a movement in the right direction, said Mr Urban Bäckström, Governor of Sveriges Riksbank, at a breakfast meeting today at JP Bank. The tendency reflects a more favourable international environment but some elements of increased confidence in Swedish economic policy in general are also discernible. But Mr Bäckström issued a warning that the continued presence of cost pressure in the economy entailed risks of inflation.

The conditions for price stability therefore need to be further improved. This would happen if confidence were to go on growing and the krona continued to appreciate. Under the circumstances the future need of increases in the instrumental rate is a topical issue and depends on the course of events. But developments have afforded some possibility to wait a little.

Since the monetary policy realignment in August last year the repo rate has been increased about 2 percentage points to around 9 per cent in order to curb inflationary tendencies. During 1995 inflation expectations for the somewhat longer run have been adjusted downwards but still exceed the price stability target.

Some appreciation of the krona last autumn and winter was followed by a renewed weakening in the spring of 1995 in conjunction with international events and the domestic discussion of government finance. Since then the krona has tended to appreciate again and in effective terms is marginally stronger than last summer.

By means of timely action, economic policy can contribute to more lasting growth and increased employment. This is what lies behind a policy that focuses on price stability.

Copies of the speech can be ordered from the Riksbank's Information Central fax +46 8 787 05 26, phone +46 8 787 01 00 or collected from the Riksbank entrance at Malmskillnadsgatan 7.

SVERIGES RIKSBANK



SVERIGES
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Press Release

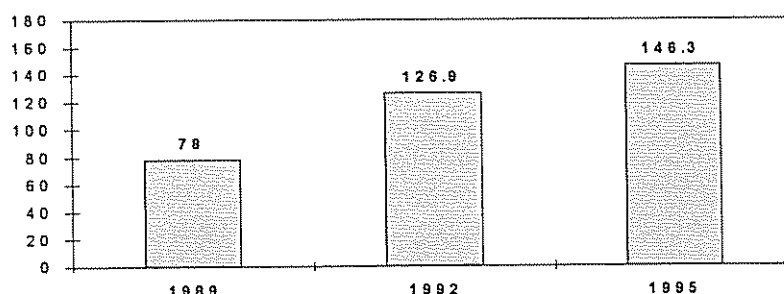
No 32 19 September 1995

THE RIKSBANK'S SURVEY OF THE SWEDISH FOREIGN EXCHANGE MARKET

The Riksbank has completed a survey of the Swedish foreign exchange market in April 1995. The survey is initiated by the Bank for International Settlements (BIS). The previous survey was carried out in April 1992. The 1995 survey is directed at the five biggest Swedish agents in the foreign exchange market. According to the Riksbank's regular foreign exchange market statistics, these agents account for about 90 per cent of the total turnover in the Swedish foreign exchange market.

In total, the BIS survey covers 26 countries. Most of the participants have chosen to present results for parts of the foreign exchange market survey today. Note that results from different countries should not be aggregated because double-counting occurs when two reporters each publish their mutual transactions. Adjustments for double-counting are made for intra-country transactions but not for cross-border transactions. Besides foreign exchange market turnover, the BIS survey includes trading in derivatives in other markets. A full account of the survey is to be published by the BIS at a later date.

Diagram 1. Total foreign exchange market turnover, daily average, SEK billion



The average daily turnover in the Swedish foreign exchange market in April 1995 was SEK 146.3 billion. This is an increase of 15.3 per cent since the

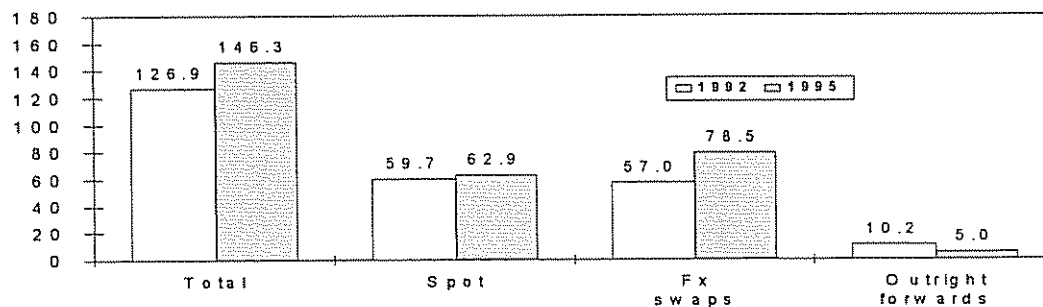
previous survey, from April 1992 (Diagram 1). The reported results refer to spot transactions, outright forwards and foreign exchange swaps but do not include currency options. As the Swedish krona has depreciated markedly in recent years, the results are affected by the currency in which they are reported. Calculated in US dollars, the results show instead that between 1992 and 1995 foreign exchange turnover fell about 6 per cent.

The survey shows that foreign exchange swaps (FX swaps) have become the foreign exchange market instrument with the highest turnover and also have the largest absolute increase in turnover (calculated in kronor). A swap is an agreement to buy foreign currency today, for instance, and to sell the same currency at a future date; thus, a swap consists of two transactions. Spot transactions, on the other hand, have fallen as a share of the total foreign exchange market turnover. A spot transaction is an outright purchase or sale of currency for immediate delivery (in practice within two days). Outright forwards are agreements to buy or sell a currency at some date in the future (Table 1 and Diagram 2).

Table 1. Foreign exchange market turnover by type of instrument, daily average, SEK billion

	SEK billion	Share (per cent)	Change in turnover calculated in SEK since 1992	USD billion	Change in turnover calculated in USD since 1992
Spot	62.9	43.0%	5.3%	8.6	-14.4%
FX Swap	78.5	53.6%	37.6%	10.7	11.9%
Outright forwards	5.0	3.4%	-50.8%	0.7	-60.2%
Total	146.3	100.0%	15.3%	19.9	-6.3%

Diagram 2. Foreign exchange market turnover by type of instrument, 1992 and 1995, daily average, SEK billion



In the spot market the currency pair with the highest turnover is SEK and DEM. In the swap and forward markets the main currency pair is SEK and USD.

Table 2. The most frequent currency pairs, daily average, SEK billion

	Spot		FX swaps	
	SEK billion	Share (per cent)	SEK billion	Share (per cent)
SEK/DEM	23.1	36.8%	SEK/USD	35.9 45.7%
DEM/USD	15.9	25.3%	DEM/USD	12.5 15.9%
SEK/USD	3.2	5.1%	CHF/USD	5.2 6.6%
FRF/DEM	2.7	4.3%	SEK/DEM	2.2 2.7%
JPY/DEM	1.9	3.0%	FRF/USD	1.7 2.2%
JPY/USD	1.2	1.9%	JPY/USD	1.3 1.7%

The largest counterparty of the Swedish banks is the foreign banks. The importance of the foreign banks has grown since the previous survey. Of the total turnover, 70 per cent comes from transactions with a foreign bank as the counterparty, while the share with a Swedish bank as the counterparty is less than 6 per cent (Table 3).

Table 3. Foreign exchange market turnover by counterparty, daily average, SEK billion

Counterparty	SEK billion	Share 1995	Share 1992	Change in share (percentage points)
Swedish bank	8.5	5.8%	10.4%	-4.6%
Foreign bank	100.2	68.5%	58.3%	10.2%
Swedish financial institute	0.8	0.6%	4.0%	-3.4%
Foreign financial institute	7.3	5.0%	5.5%	-0.5%
Swedish customer	24.2	16.5%	19.7%	-3.2%
Foreign customer	5.3	3.6%	2.1%	1.5%
Total	146.3	100.0%	100.0%	0.0%

For further information, please contact Antti Koivisto phone + 46 8 787 05 08.

SVERIGES RIKSBANK



Press Release

No 33 21 September 1995

NEW DEPUTY GOVERNOR

The Governing Board of Sveriges Riksbank - the Swedish central bank - has today appointed Mr. Lars Heikensten as Deputy Governor of Sveriges Riksbank for a five-year term. Mr. Heikensten will, as one of two deputy governors, have special responsibilities for matters concerning monetary policy. He succeeds Mr. Thomas Franzén, today appointed as President of the National Debt Office.

Mr. Heikensten has been Chief Economist at Svenska Handelsbanken since 1992. Before that he worked from 1985 to 1992 in the Ministry of Finance, most recently as Under-Secretary for Economic Affairs.

Mr. Heikensten was born in 1950 and holds a doctorate from the Stockholm School of Economics. He will be taking up the position of Deputy Governor in the near future.

For further information, please contact

Urban Bäckström, Governor, phone: +46 8 787 01 09
Gunilla Wikman, Head of Information Secretariat,
phone: +46 8 787 04 18

SVERIGES RIKSBANK



SVERIGES
RIKSBANK No 352 October 1995

Press Release

RIKSBANKEN SIGNS PRIMARY DEALER CONTRACT WITH ERIK PENSER FONDKOMMISSION AB

The Riksbank has today signed a primary dealer contract for the Swedish money and bond market with Erik Penser Fondkommission AB.

Primary dealer contracts for the Swedish money and bond market have, thereby, been signed with the following institutions:

Alfred Berg Transferator Fondkommission AB
Aragon Securities Fondkommission AB
Consensus Fondkommission AB
Erik Penser Fondkommission AB
Föreningsbanken AB
JP Bank
Midland Bank plc, filial Stockholm
Nordbanken
Skandinaviska Enskilda Banken
Sparbanken Sverige AB
Svenska Handelsbanken
United Securities Fondkommission AB
E. Öhman J:or Fondkommission AB

For further information, please contact:
Kjell Nordin, phone +46 8 787 08 04.

SVERIGES RIKSBANK



Richard Gröttheim, tel 08 / 787 08 01
Christina Lindenius, tel 08 / 787 04 69

THE REFERENCE RATE - THE DISCOUNT RATE

The Riksbank - the Swedish central bank - has today determined the reference rate - the discount rate - to 7.0 per cent, effective Oct 6, 1995.

The discount rate is purely a reference rate and not in any way connected with monetary policy. The discount rate has no relevance for Riksbank lending to the banking sector.

The interest rates used for monetary policy purposes by the Riksbank are the lending rate, the deposit rate and the repo rate.

The discount rate is determined by the Governing Board of the Riksbank at its first meeting of every quarter solely on the basis of interest rate developments during the preceding quarter.

THE REFERENCE RATE - THE DISCOUNT RATE

As from	Rate of interest Per cent	Change Percentage points
1993-01-05	9.0	-1.0
1993-04-02	7.0	-2.0
1993-07-02	6.0	-1.0
1993-10-08	5.0	-1.0
1994-01-04	4.5	-0.5
1994-04-06	4.5	0.0
1994-07-04	5.5	1.0
1994-10-04	7.0	1.5
1995-01-03	7.0	0,0
1995-04-04	7.0	0,0
1995-07-04	7.5	0.5
1995-10-06	7.0	-0.5



Press Release

No. 37 19 October 1995

PROPOSAL CONCERNING A REVIEW OF SWEDISH CENTRAL BANK LEGISLATION

In a submission today the Governing Board of the Riksbank -- the Swedish central bank -- has proposed that the Riksdag requests the Government to present a review of the Swedish central bank legislation. The proposals in the submission, which would make the Riksbank more independent, are in accordance with commitments Sweden has made as part of its membership of the European Union.

The Riksbank already has an independent status, also in an international comparison. The Riksbank is the world's oldest central bank and ever since its inception it has been an authority under the Riksdag, the Swedish parliament.

The submission mainly deals with four matters:

- A statutory objective for monetary policy
- The Riksbank governor's status
- The governing board's status
- The responsibility for exchange rate policy

A statutory objective for monetary policy

Swedish legislation does not contain an explicit objective for monetary policy. In the opinion of the Governing Board it would be appropriate to amend Swedish law so that the Riksbank is given an explicit objective for monetary policy. In accordance with EU rules, the purport should be that price stability is monetary policy's primary objective. Such a statutory provision -- to *maintain price stability* or to *safeguard the value of the currency* -- is to be taken, in the Board's opinion, to mean that the objective is to keep inflation at a stable, low rate. It would not be appropriate, on the other hand, to adopt a formulation whereby the numerical target is enshrined in the law. The introduction of an explicit statutory objective does not motivate any change in the current Swedish inflation target.

The Board emphasises that safeguarding of the value of the currency is a prerequisite for a favourable economic development, including stable growth and high employment. An objective for the Riksbank should be

formulated, in the Board's opinion, so that there can be no doubt about what constitutes monetary and exchange rate policy's primary objective. This shall be to safeguard the value of the currency, while the task of supporting general economic policy in other respects shall be relevant only when this can be done without jeopardising this objective.

The Riksbank governor's status

The EU rules expressly require independence of central bank governors. Those rules stipulate that a governor may be relieved from office only if he no longer fulfils the conditions required for the performance of his duties or if he has been guilty of serious misconduct. In the opinion of the Governing Board the constitution should be amended to include explicit criteria for when a Riksbank governor may be relieved from office.

The Governing Board's status

The Governing Board considers that one way of making the Riksbank more independent could be to insert a new article in the Riksbank Act to the effect that the Riksbank and members of its governing body may not seek or accept instructions in matters of monetary and exchange rate policy from the Riksdag, the government or any other body. The Riksdag shall be entitled to issue instructions only in the form of law.

The Board considers that the Governing Board should continue to be appointed by the Riksdag as the Riksbank is an authority under the Riksdag. As to terms of office for the Governing Board, the starting point should be that these should be lengthened. The duration of terms requires further consideration.

The responsibility for exchange rate policy

Under the current constitutional rules the Riksbank has full responsibility for exchange rate policy. This is in contrast to the tradition in other EU countries, where the government typically has some influence on exchange rate policy. These differences in tradition may motivate a review of the division of responsibilities in exchange rate policy. However, the Governing Board underscores the importance of ensuring that the division also in the future is such that the Riksbank's possibilities of achieving the objective of safeguarding the value of the currency are retained.



Press Release

No 38 19 October 1995

NEW ORGANISATION AT THE RIKSBANK

A new organisation for the Riksbank has been approved today by the Governing Board.

There are to be three organisational blocks: monetary and exchange rate policy; payment system; and administration.

The block for monetary and exchange rate policy, headed by Deputy Governor Lars Heikensten, comprises a department for financial statistics, the monetary and exchange rate policy department, and the economics department.

The domain of the *Financial Statistics Department* is balance of payments statistics and financial market statistics. The Department consists of the former balance of payments department and parts of the former financial markets department. The head of the new department is to be Mr. Sigvard Ahlzén, formerly head of the balance of payments department.

The payment system block is headed by Deputy Governor Stefan Ingves and comprises two departments: a payment system department and the cashiers' department.

The *Payment System Department* is a new department and covers payment system issues, clearing and settlement, and structural matters in financial markets. The department is responsible for the Riksbank's clearing and settlement system (RIX) and other payment system issues. The head of this new department is to be Mr. Kai Barvéll, formerly head of the accounting department.

The new head of the *Cashiers' Department* is to be Mr. Hans Krook, formerly head of the administration department.

The administration block is headed by a *Director of Administration* with overall responsibility for all administrative functions of the Riksbank. This post is to be held by Ms. Kersti Eriksen, formerly head of the cashiers' department.

The administration block consists of four departments:

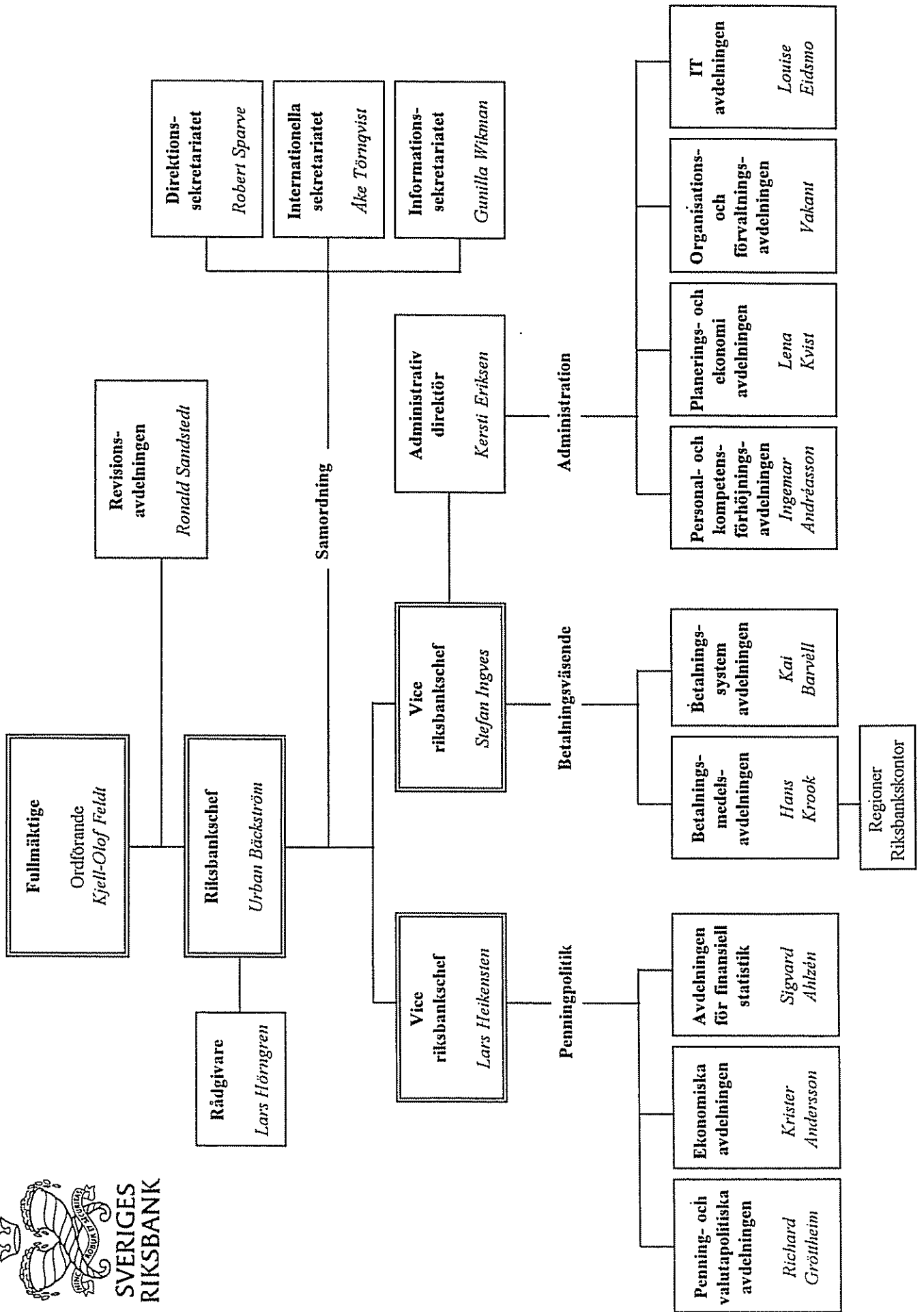
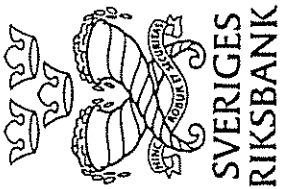
- *Personnel and Competencesupport Department*, responsible for the personnel policies, competencesupport, personnel- and salary administration. Head of department: Mr. Ingemar Andréasson, formerly personnel manager in the administration department.
- *Planning and Accounting Department*, with responsibilities that include planning and budgeting, accounting and the annual report. Head of department: Ms Lena Kvist, formerly head of the secretariat for planning and budget.
- *Organisation and Administration Department*, with responsibilities that include organisational and administrative rationalisation, journals, real estate management, security, transport, etc. Head of department: vacant.
- *IT Department*, primarily responsible for the same matters as the former information systems department plus telephony. Head of department: vacant as of December 1995.

Directly under the Riksbank Governor, Mr. Urban Bäckström, are three secretariats: the secretariat of the Board, the information secretariat and the international secretariat.

The new organisation will come into force as soon as possible.

For further information please apply to the Head of the information secretariat, Ms Gunilla Wikman, phone: +46 8 787 04 18.

SVERIGES RIKSBANK





Press Release

No 41 16 November 1995

THE RIKSBANK'S INFLATION REPORT:

Conditions for price stability have improved

During the summer and autumn of 1995 confidence in Swedish economic policy has grown; inflation expectations have decreased and the krona has appreciated. This is evident from the Riksbank's inflation report, which is being presented today.

In the report it is considered that, with a continuation of stable growth and no change in either economic policy or confidence in this, there is now an increased probability that during 1996 inflation will average between 2.5 and 3 per cent. For 1997 it is judged that inflation on average will be somewhat higher. The assessment inevitably contains an element of uncertainty, upwards as well as downwards, and this uncertainty is greater for 1997 than for 1996.

Stronger growth, particularly in domestic demand, could elicit price increases. This has to do with the cost pressure that now exists in the Swedish economy. Together with a possible increase in wage drift, stronger growth could mean that inflation will be higher than expected, with a risk of exceeding the inflation target's upper tolerance limit. Conversely, inflation could be lower if growth were to be weaker or productivity gains larger than expected.

All in all, the Riksbank considers that since the previous inflation report, the conditions for price stability have improved. The monetary conditions have largely reached a level that implies a rate of inflation during 1996 and 1997 within the tolerance interval. It should be underscored, however, that the forecasts for both 1996 and 1997 point to rates of inflation that are still above the target figure of 2 per cent. Monetary policy has need of a safety margin. This can be achieved with a further appreciation of the krona. In terms of competitiveness, it must be said that the krona is still undervalued.

Monetary policy is based on a continuation of stable growth in 1996-97. The repo rate will be managed in the

light of tendencies in inflation expectations and the exchange rate. These tendencies are highly dependent in turn on the development of confidence in economic policy. But it is not the market's short-run reactions which determine the design of interest rate policy.

With a continued improvement in confidence for economic policy, manifested in a further fall in inflation expectations and an additional strengthening of the krona (compared with the starting point for the inflation report), there would be less need for tightness in interest rate policy. Such a situation would increase the probability of a repo rate reduction because the future rate of inflation is then likely to be well within the inflation target's tolerance interval.

On the other hand, if confidence in economic policy were to weaken again and this were to be manifested in a lasting depreciation of the krona, there would be a risk of the aggregate monetary conditions being too expansionary. In such a situation there would be an increased risk of having to raise the repo rate.

A press conference on the inflation report, with Governor Urban Bäckström and Chief Economist Krister Andersson, will be held at 14.00 hours in the Riksbank, entry from Malmskillnadsgatan 7. Press card required.

Copies of the Inflation Report can be ordered from the Riksbank's Information Centre, telefax: +46 8 787 05 26, telephone: +46 8 787 01 00, or collected from the Riksbank entrance at Malmskillnadsgatan 7.

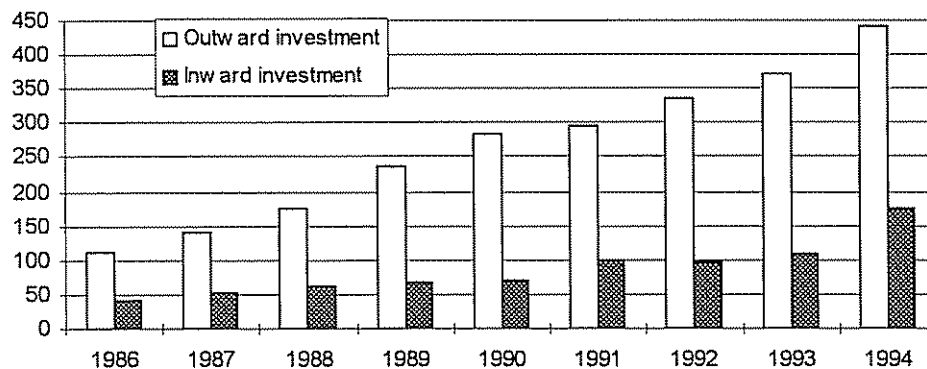
SVERIGES RIKSBANK

GREATLY INCREASED RETURN ON OUTWARD DIRECT INVESTMENT IN 1994

Swedish direct investment assets abroad at end 1994 totalled SEK 442 billion and the return on this stock amounted to 33 billion. The stock of foreign direct investment assets in Sweden at end 1994 totalled SEK 175 billion and the total return was 16.5 billion.

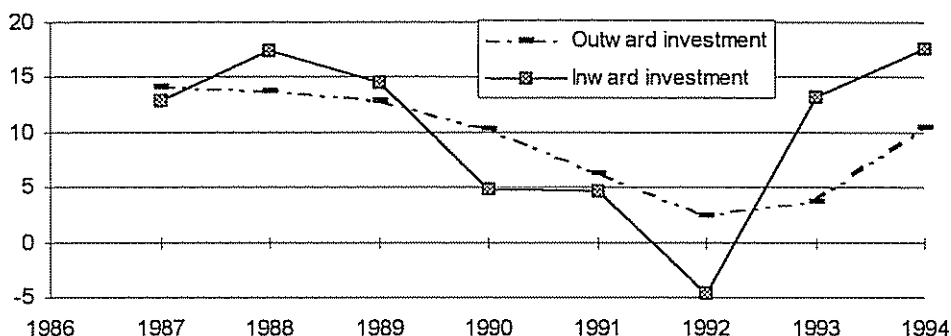
These figures come from a survey of direct investment enterprises and their returns which the Riksbank is publishing today.

Diagram 1. Direct investment assets
SEK billion



The return on Swedish direct investment assets abroad in 1994 is the highest absolute figure in the history of these surveys, which began in 1986. In relation to shareholders' equity, however, the rate of return is below the levels in the late 1980s. The improved profitability in Swedish export industries in 1993 and 1994 has contributed to a sharply increased return on inward direct investment; the rate of return for 1994 is the highest in the Riksbank's series.

Diagram 2. Return on direct investment assets
Per cent of shareholders' equity



The Riksbank's annual direct investment surveys cover investments corresponding to at least 10 per cent of the enterprise's capital. The data are used in the compilation of the current account of the balance of payments and in the presentation of Sweden's total external assets and liabilities.

The returns on inward and outward direct investment are booked in the current account under investment income. Pending the definitive figures for direct investment income, the Riksbank draws up the current account with preliminary monthly data.

The survey presented today occasions only a minor revision of the current account for 1994. Some adjustment is also made to the annual return on direct investment in 1995. Compared with data published earlier, the revisions improve the balance on current account for 1994 by SEK 0.5 billion and weaken it for 1995 by about 1 billion.

Copies of the direct investment report in Swedish are available at the Riksbank entrance at Malmskillnads-gatan 7. The report can also be ordered from the Riksbank's Information Secretariat, phone: + 46 8-787 01 00. An English edition will be available shortly.

For further information please contact:
Maria Falk, phone: + 46 8-787 03 68 and
Mikael Holmberg, phone: + 46 8-787 02 12.

SVERIGES RIKSBANK

THE RIKSBANK'S 1995 SURVEY OF DERIVATIVES

A survey of the Swedish derivatives market was carried out by the Riksbank last spring. The Swedish survey was part of a coordinated international study that comprised 26 countries and was initiated by the central banks. The purpose of the study was to document the size and structure of the international derivatives market, above all in order to assess this market's risks.

The Swedish survey covered eleven banks and securities companies and concerned their derivatives operations based in Sweden. The results have been corrected for the double counting that occurs because in many cases agents in the Swedish survey are counterparties to the same transaction. The survey shows that at end March 1995 and calculated in nominal underlying amounts, the derivatives portfolios of the surveyed agents totalled SEK 7 097 billion.

Derivatives with interest and currency instruments as the underlying assets predominate, while equity-based derivatives are a minor item. Derivatives based on primary products were also included in the survey but turned out to be of negligible importance.

Table 1. The Swedish derivatives market (11 institutions)
Nominal underlying amounts at 31 March 1995
SEK billion and per cent

	SEK bn.	Per cent
Currency	3 117	44
Interest	3 962	56
Equity	18	-
Total	7 097	100

The size of the Swedish derivatives market can also be measured in terms of turnover. For April 1995, the turnover figures for currency and interest derivatives were SEK 1 560 billion and 784 billion, respectively (Table 5).

Among the Nordic countries, Sweden has the largest market in currency and interest derivatives, measured in nominal underlying amounts. In turnover terms, the Swedish derivatives market is less dominant in that turnover in Danish currency derivatives is almost twice the Swedish figure. In a broader international comparison, the Swedish derivatives market is small. Its market share is about one per cent of the aggregate turnover in the 26 participating countries.

The present survey is not fully comparable with the derivatives survey which the Riksbank carried out in 1994, partly because the latter covered a larger selection of firms and also included their operations outside Sweden. As regards turnover in currency derivatives, however, comparisons can be made with earlier BIS studies. They show that growth has been strongest for currency options, for which turnover has doubled since 1992, the year of the latest BIS study of foreign exchange markets (Table 2). An increase of almost 40 per cent has occurred for foreign exchange swaps (agreements to buy currency today, for instance, and sell back the same currency at a later date). Turnover in outright forwards, on the other hand, has halved since 1992 (this instrument involves buying or selling currency for delivery at a future date).

Tabel 2. Currency derivatives, turnover in April 1995
Daily average, SEK billion

	Turnover Sek bn.	Change from 1992, per cent
Foreign exchange swaps	78.5	37.6
Outright forwards	5.0	-50.8
Currency options	3.1	118.3

The dominant derivative instruments, regardless of the underlying asset, are forwards and swaps (Table 3). The use of option instruments, measured in nominal underlying amounts, is rather limited.

The present survey also provides a good deal of information that is useful for risk assessments in the derivatives market.

The aggregate counterparty risk in the derivative market is just a fraction of the nominal value of underlying contracts: the sum of all positive market values is less than 3 per cent of the nominal underlying amount in the currency market and about 0.4 per cent of the corresponding value in the interest market. From the viewpoint of risk it is also an advantage that 70 per cent of the derivative-based portfolio has a remaining time to maturity of less than one year (Table 4). This relatively short planning horizon should facilitate agents' risk assessments.

Tabel 3. Instrument breakdown: currency and interest derivatives, SEK billion and per cent

Instrument	Nominal underlying amounts		Market value	
	Sek bn.	Per cent	Sek bn.	Per cent
Currency	3 117	100	87	100
outright forwards and foreign exchange swaps	2 478	79	53	61
currency swaps*	460	15	32	37
OTC-options	179	6	2	2
Interest	3 962	100	17	100
FRAs **	1 191	30	1	6
Swaps	1 624	41	16	94
OTC-optioner	92	2	0	0
Futures***	1 048	26
Optioner	7	1

* Unlike a foreign exchange swap, a currency swap involves one or more changes of interest payments during the lifetime of the agreement.

** Forward Rate Agreement, traded in the OTC market

***Standardised exchange-traded contract

Tabel 4. Remaining time to maturity at 31 March 1995
Percentage of nominal underlying amount, OTC
instruments

	≤1 year	>1-≤ 5years	>5 years
Currency	80	19	1
Interest	58	38	4
Equity	49	51	0
Weighted average	69	28	3

Another point of interest is the large proportion of turnover in the Swedish derivatives market that involves other financial agents (Table 5). For turnover in currency derivatives, the counterparty in 78 per cent is a Swedish or foreign financial agent, while the corresponding figure for interest derivatives is 67 per cent. In certain respects the trading among financial agents can be likened to insurance companies' practice of reinsurance. Extensive trading between financial agents should promote stability because it enables individual agents to spread their risks to other parties in the market.

The survey also demonstrates the pronounced foreign linkages in the Swedish derivatives market. Foreign financial agents are counterparties in as much as 75 per cent of currency

derivatives turnover; the corresponding figure for interest derivatives is 56 per cent. Like the spot market, the Swedish derivatives market is highly exposed to any disturbances that may occur in financial markets abroad.

Tabel 5. Counterparty breakdown of turnover in the Swedish derivatives market in April 1995, SEK billion and per cent

	Currency		Interest	
	SEK bn.	Amount	SEK bn.	Amount
Financial agents in Sweden	54	3	27	11
Final customers in Sweden	270	17	60	24
Financial customers abroad	1 167	75	138	56
Final customers abroad	69	4	22	9
OTC turnover	1 560	100	247	100
Total turnover	1 560		784	

The results of the survey were published yesterday by the Bank for International Settlements (BIS), which has compiled the results for all of the 26 participating countries. Most of the central banks of those countries will likewise be publishing their national findings. The Riksbank plans to present a more detailed analysis of results from the Swedish derivatives survey at a later date.

For further information about the Riksbank's derivatives survey, please contact:

Antti Koivisto, Phone: + 46 8 787 05 08, or
Marianne Wolfbrandt, Phone: + 46 8 787 01 31.

SVERIGES RIKSBANK



SVERIGES
RIKSBANK

Press Release

No 46 27 December 1995

ARAGON FONDKOMMISSION AB TAKES OVER ARAGON SECURITIES FONDKOMMISSION AB PRIMARY DEALER CONTRACT

The Riksbank has decided to accept a transfer of Aragon Securities Fondkommission AB's primary dealer contract to Aragon Fondkommission AB as of 2nd January, 1996.

Aragon Securities Fondkommission AB will be taken over by Merchant Fondkommission AB as of 2nd January, 1996. Merchant Fondkommission AB will change its name to Aragon Fondkommission AB from that date.

Primary dealer contracts for the Swedish money and bond market have, thereby, been signed with the following institutions:

Alfred Berg Transferator Fondkommission AB
Aragon Fondkommission AB
Consensus Fondkommission AB
Erik Penser Fondkommission AB
Föreningsbanken AB
JP Bank
Midland Bank plc, filial Stockholm
Nordbanken
Skandinaviska Enskilda Banken
Sparbanken Sverige AB
Svenska Handelsbanken
United Securities Fondkommission AB
E. Öhman J:or Fondkommission AB

For further information, please contact:
Kjell Nordin, phone +46 8 787 08 04.

SVERIGES RIKSBANK