



MEMORANDUM

DATE: 19 November 2008

DEPARTMENT: Monetary Policy Department/General Secretariat

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■ Three-month loans in US dollars against collateral

Background

The turbulence in the international financial markets is continuing and has during the autumn tangibly 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

A loan in US dollars will fall due on 28 November and it is appropriate to renew this loan.

The proposed time to maturity for this new loan is 84 days. The previous loan has a maturity of 28 days but lending US dollars again at this time to maturity would not be appropriate on this occasion as the due date would fall just a few days before the turn of the year. The Riksbank is thus making it easier for the market participants to adjust their positions and exposures in good time before the turn of the year and in this way is also reducing the risk of unnecessary turbulence around the turn of the year.

In the previous auction, USD 7 billion was offered and bids totalling USD 4.8 billion were received. Conditions on the financial markets indicate that it may be appropriate to offer USD 5 billion in the new auction.

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

Wednesday, 26 November with a value date of Friday, 28 November and a time to maturity of 84 days. The maximum amount will be USD 5 billion.

- 2 The Head of the Monetary Policy Department is given the task of determining the more detailed terms for the loan.