

The Discount rate

1st October 1997

October 1997

The Reference rate - The Discount rate

The Riksbank - the Swedish central bank - has today set the reference rate - the discount rate - at 2.5 per cent, effective October 2nd, 1997.

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 computed as an average of the daily market rates for six-month treasury bills and five-year government bonds (based on daily fixing) in the preceding quarter less two-and-a-half percentage points, rounded to the nearest whole or half point.

The discount rate is decided by the Governor of the Riksbank on the first business day in each calendar quarter. For practical reasons the Governing Board of the Riksbank delegated the decision to the Governor last July and the new arrangement applies as of this year's fourth quarter.

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	As from	Rate of interest Per cent	Change Percentage points		As from	Rate of interest Per cent	Change Percentage points
1994	01-04	4.5	-0.5	1996	01-03	6.0	-1.0
	04-06	4.5	0.0		04-02	5.5	-0.5
	07-04	5.5	1.0		07-02	4.5	-1.0
	10-04	7.0	2.0		10-02	3.5	-1.0
1995	01-03	7.0	0.0	1997	01-03	2.5	-1.0
	04-04	7.0	0.0		04-02	2.5	0.0
	07-04	7.5	0.5		07-02	2.5	0.0
	10-06	7.0	-0.5		10-02	2.5	0.0

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