

# Press Release

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7 DECEMBER NO. 79

## The Riksbank's deposit and lending rates no longer signal monetary policy

The Executive Board has decided that in future the Riksbank's deposit and lending rates, which together comprise what is known as the interest rate corridor, will not constitute an instrument for signalling the direction of monetary policy. The Board decided that until further notice the width of the corridor is to be 150 basis points.

At the meeting on 6 December the Board also decided to raise the deposit and lending rates to 3.25 and 4.75 per cent, respectively, with effect from 13 December 2000. This is a consequence of the monetary policy decision to raise the repo rate to 4 per cent.

The repo rate is accordingly in the middle of the interest rate corridor, with the deposit rate 75 basis points below it and the lending rate 75 basis points above it.

The main motive behind the change is that the Riksbank considers that there is no need to signal the long-term direction of monetary policy via the interest rate corridor. The change that is now made represents an adaptation to practice in recent years.

In future the Riksbank's decisions regarding the deposit and lending rates will be announced in press releases and on the Riksbank's web site. The interest rate terms will no longer be published in the Riksbank's statute book.

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