



SVERIGES RIKSBANK
SE-103 37 Stockholm
(Brunkebergstorg 11)

Tel +46 8 787 00 00
Fax +46 8 21 05 31
registratorn@riksbank.se
www.riksbank.se

REF.NO. 2021-00969

Annex C to the minutes

DATE: 20/09/2021
DEPARTMENT: The Markets Department, Monetary Policy Department,
Payments Department and Financial Stability Department

The Riksbank stops offering three- and six-month loans

Decision by the Executive Board

The Executive Board decides

1. that the Riksbank shall stop offering three- and six-month loans as from 21 September 2021,
2. to give the Head of the Markets Department the task of determining, with the right to delegate this to another, after consultation with the Head of the Monetary Policy Department, the Head of the Payments Department and the Head of the Financial Stability Department, with the right for each of them to delegate this task to another, the precise details for and information on the discontinuation of these market operations, and
3. to publish the decision at 09.30 on Tuesday 21 September 2021.

Background

As part of the Riksbank's package of measures to mitigate the effects of the coronavirus pandemic on the Swedish economy, the Executive Board decided on 16 March 2020 that the Riksbank should establish weekly extraordinary market operations and, within the scope of these, offer three-month loans at a variable interest rate corresponding to the Riksbank's applicable repo rate at the time with a supplement of 0.20 percentage points (ref.no. 2020-00373). On 30 June 2020, the Executive Board decided that the monetary policy stimulation needed to be expanded further, which meant that, in addition to loans with a maturity of three months, the Riksbank would also offer loans with a maturity of six months as part of its extraordinary market operations. Moreover, the interest rate on these loans was lowered to the applicable repo rate at the time (ref.no. 2020-00745). On 26 April 2021, the Executive Board decided to offer loans on a monthly basis instead of once a week in light of the fact that the financial markets had stabilised and that demand in the programmes had been low for quite a long time (ref.no. 2021-00574).

Considerations

The aim of offering loans with a maturity of three and six months respectively has been to strengthen banks' access to liquidity in Swedish kronor (SEK) and facilitate their funding, which reinforces the role of banks as suppliers of credit to Swedish companies and households and supports the transmission of monetary policy during the coronavirus pandemic. Since the Executive Board's decision in April 2021 to reduce the frequency of these loan offers, the situation on the financial markets has remained stable and loans in the programmes have been in little demand. The Riksbank considers that there is no longer any need for these market operations and is therefore discontinuing the offer of loans to monetary policy counterparties. This means that the last auction procedure was the one that took place on 6 September 2021. The cessation of the current market operations does not affect loans still running as part of each market operation respectively.

It is the responsibility of the Head of the Markets Department, with the right to delegate to another, to determine the precise details regarding the terms for, and information on, the current market operations. The decision will be taken after consultation with the Head of the Monetary Policy Department, the Head of the Payments Department and the Head of the Financial Stability Department, with the right for each of them to delegate to another.

The Riksbank's measures normally have several different, and partly uncertain, consequences for the Swedish economy and the Riksbank's own finances. The benefits of the respective measures have to be weighed against their potential drawbacks and risks. Ceasing to offer three- and six-month loans to the monetary policy counterparties within the framework of monthly market operations in accordance with this decision is expected to have little effect on credit supply in the economy at the same time as it is expected to reduce the risks associated with the Riksbank's finances somewhat.

The current measures have been justified in terms of monetary policy pursuant to Chapter 6, Article 5 of the Sveriges Riksbank Act (1988:1385).