



# MINUTES OF MONETARY POLICY MEETING

## Executive Board, No. 2

DATE: 12 March 2020  
TIME: 16:00

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Present: Stefan Ingves, Chairman  
Cecilia Skingsley  
Anna Breman  
Martin Flodén, by telephone  
Per Jansson  
Henry Ohlsson  
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Michael Lundholm, Vice Chairperson of the General Council  
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Meredith Beechey Österholm  
Dag Edvardsson  
Henrik Erikson  
Mattias Erlandsson  
Joanna Gerwin  
Anders Gånge  
Jesper Hansson  
Maria Hesselmar  
Martin W Johansson  
Kristian Jönsson  
Maria Kindborg  
Tomas Lundberg  
Pernilla Meyersson  
Ann-Leena Mikiver  
Marianne Nessén  
Jonas Niemeyer  
Bengt Petersson  
Simon Rörborn  
Olof Sandstedt  
Albina Sultanaeva  
Ulf Söderström  
Emre Ünlü  
Fredrik Wallin  
Ingrid Wallin Johansson  
Anna Wilbe  
Anders Vredin  
Per Åsberg-Sommar

It was noted that Bengt Petersson would prepare the draft minutes of the monetary policy meeting.

## §4. Monetary policy review

**Fredrik Wallin** of the Markets Department began by presenting the general situation on the financial markets. The situation has altered rapidly, and many markets are now functioning less efficiently, with increased bid-ask spreads and poor liquidity.

**Ingrid Wallin Johansson** from the Markets Department provided an update on the most recent developments on the financial markets. The financial market turbulence has continued, and equity prices have continued to fall throughout the day. There have also been large price movements on FX- and fixed income markets. However, the Swedish krona has been relatively stable. Earlier in the afternoon, the European Central Bank presented its monetary policy decision with extensive measures to stimulate the economy in light of the continued spread of the coronavirus, and the increased uncertainty over economic developments. The Norges bank has also implemented policy measures to improve liquidity.

**Mattias Erlandsson**, Deputy Head of the Monetary Policy Department, gave an account of the Riksbank's analysis of the situation in the Swedish economy. Over the past week, the Riksbank has been in contact with various agents in the economy, including a number of large corporations. Some sectors are already experiencing considerable disruptions as a result of the spread of the coronavirus, while the effects have been manageable in other sectors. The powerful measures implemented over the past few days in several countries, including Sweden, to slow down the spread of the coronavirus will probably have a clear effect on economic developments, however. Inflation will probably be subdued in the long run, although the short-term effects are more uncertain. At present, it is also very uncertain how deep and how prolonged the downturn will be.

**Olof Sandstedt**, Head of the Financial Stability Department, described developments on the markets important for the major Swedish banks' financing.

**Jesper Hansson**, Head of the Monetary Policy Department, presented a basis for the Executive Board's discussion on monetary policy measures. The spread of the coronavirus is now affecting the global economy to an increasing extent and companies may experience an increased need to borrow money to weather the period of unease. At the same time, the turbulence on the financial markets means that the funding situation for enterprises could rapidly deteriorate, in particular for small and medium-sized enterprises. A significant credit crunch for companies could aggravate and prolong the downturn and increase the risk of long-lasting negative consequences for production and employment in Sweden.

It is therefore necessary that the Riksbank takes targeted measures in this situation to ensure an efficient credit supply for Swedish non-financial companies. A proposal is therefore being put

forward for a measure to launch a programme for corporate loans via the banks. The programme means that:

- Banks that are monetary policy counterparties may borrow altogether up to a total of SEK 500 billion at a maturity of 2 years.
- The loans are granted against the same collateral as for the current requirements for credit in RIX.
- The interest on the loans is variable and equivalent to the repo rate, which is currently at zero per cent.
- To receive loans on these terms, the counterparty's lending to companies at the time of valuation must have increased by at least one fifth of the amount the counterparty has borrowed from the Riksbank, otherwise the cost of the loan will be increased by up to 0.2 percentage points.

## §5 Monetary policy decision

The Executive Board decided

- on monetary policy measures in accordance with Annex A to the minutes.
- to publish the monetary policy decision with the motivation for it in a press release on Friday, 13 March 2020, at 9.30 am.
- to publish the minutes from today's meeting on Friday, 13 March 2020, at 9.30 am.

This paragraph was verified immediately.

Minutes taken by

Maria Kindborg

Verified:

Stefan Ingves

Cecilia Skingsley

Anna Breman

Martin Flodén

Per Jansson

Henry Ohlsson