



Monetary policy minutes

19 March 2020



MINUTES OF MONETARY POLICY MEETING

Executive Board, No. 4

DATE: 19 March 2020
TIME: 18:00

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

PRESENT: Stefan Ingves, Chairman
Cecilia Skingsley
Anna Breman, by telephone
Martin Flodén, by telephone
Per Jansson
Henry Ohlsson

Michael Lundholm, Vice Chairman of the General Council

Carl-Johan Belfrage
Susanne Bohman
Heidi Elmér, by telephone
Henrik Erikson
Eric Frieberg
Joanna Gerwin
Anders Gånge
Sebastian Hall
Jesper Hansson
Mia Holmfeldt
Martin W Johansson
Kristian Jönsson
Tomas Lundberg
Pernilla Meyersson
Ann-Leena Mikiver, by telephone
Johan Molin
Cecilia Roos-Isaksson
Olof Sandstedt, by telephone
Lena Strömberg
Mithra Sundberg
Ulf Söderström
Fredrik Wallin
Ingrid Wallin Johansson

It was noted that Carl-Johan Belfrage would prepare the draft minutes of the monetary policy meeting.

§3. Monetary policy review

Ingrid Wallin Johansson from the Markets Department reported on developments on the financial markets during the course of the day. There have been substantial price fluctuations on the fixed-income and foreign exchange markets. German and to some extent Swedish government bond yields have risen sharply, while yield differentials in the euro area have declined following the announcement by the ECB of extended asset purchases. Small currencies, particularly commodity currencies, have weakened. Danmarks Nationalbank and Norges Bank have acted in different ways to support their currencies. The Bank of England has cut its policy rate and announced new asset purchases. Access to short-term financing in US dollars is still perceived to be tight, but may be made easier by the Federal Reserve's establishment of so-called swap lines with a further number of foreign central banks, including the Riksbank. During the day the krona has continued to trade at weak levels, but some appreciation can be noted following the Federal Reserve's information on swap lines.

Jesper Hansson, Head of the Monetary Policy Department, gave an account of the Riksbank's analysis of the economic situation. The closing down of economies is continuing in many countries. There is considerable uncertainty over the size of the economic consequences. Every day we are seeing large-scale notices of redundancy both in Sweden and abroad. The statistics are lagging behind, but data from our neighbouring countries points to a sharp rise in unemployment. Contacts with the companies in the Riksbank's own business survey indicate a much worse situation than was indicated in the survey two weeks earlier.

Mia Holmfeldt, Deputy Head of the Financial Stability Department, presented background material for the Executive Board's decision on offering loans in US dollars. The proposal entails the Riksbank offering, during the period from 19 March 2020 up to and including 18 September 2020, loans amounting to a maximum of USD 60 billion, against collateral, to monetary policy counterparties.

Anders Gånge, Deputy Head of the Markets Department, presented background material for the Executive Board's decision to deviate from the Riksbank's internal financial regulations and to amend the rules limiting the use of covered bonds as collateral for credit with the Riksbank. The proposal regarding a departure from the internal financial regulations entails the Riksbank being able to implement transactions in connection with general lending in US dollars during the period up to and including 18 September 2020, even if these are in conflict with the internal regulations regarding the gold and foreign currency reserve's market risk and the lowest permitted shares of the respective currencies in the reserve. The proposal regarding amendments to the rules limiting the use of covered bonds entails extended possibilities to use covered bonds as collateral for credit with the Riksbank.

Jesper Hansson presented background material for the Executive Board's decision to purchase corporate bonds and commercial paper for monetary policy purposes. The proposal entails the Riksbank purchasing, during the period March-December 2020, bonds and commercial paper issued in Swedish krona by Swedish non-financial corporations within the framework of the bond purchase programme.

§4. Monetary policy decision

The Executive Board decided

- to offer loans in US dollars in accordance with [Annex A to the minutes](#),
- to make a departure from the internal financial regulations in accordance with [Annex B to the minutes](#),
- on amendments to the limitations regarding covered bonds in accordance with [Annex C to the minutes](#),
- on purchases of corporate bonds and commercial paper for monetary policy purposes in accordance with [Annex D to the minutes](#),
- to publish the monetary policy decision with the motivation for it in a press release on Thursday, 19 March 2020, no later than 8 pm,
- to publish the minutes from today's meeting on Monday, 30 March 2020, at 9.30 am.

This paragraph was verified immediately.

Minutes taken by

Sebastian Hall

Verified by:

Stefan Ingves

Cecilia Skingsley

Anna Breman

Martin Flodén

Per Jansson

Henry Ohlsson



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