

MASTER FILES

EBD/83/64

ROOM CHIEF

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March 11, 1983

To: Members of the Executive Board  
From: The Acting Secretary  
Subject: Sweden - Monetary Policy Measures

The Secretary has received the following memorandum dated March 10, 1983 from Mr. Tvedt:

Would you please inform the Executive Board about the following cable, which we received from the Sveriges Riksbank today.

- The Sveriges Riksbank has today (March 10, 1983) decided to
- reduce the amount a bank may borrow from the Riksbank at the discount rate from 75 per cent to 25 per cent of the Bank's own capital effective March 11, 1983;
  - lower the so-called penalty rate for bank borrowing from the Riksbank exceeding this level from 12 per cent to 11 per cent effective March 11, 1983;
  - lower the cash reserve requirement for banks from 2 per cent to 1 per cent effective March 14, 1983;
  - change the content of the liquidity ratio in such a way that i.a. bank refinancing with the national pension insurance fund will add to the liquidity requirements;
  - lower the liquidity requirements to neutralize the effects of changing the content of the liquidity ratio.

The National Debt Office has at the same time decided to issue two new interest-bearing bond loans with maturities of 2.5 and 10 years respectively.

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The lowering of the penalty rate and the cash reserve requirement have been made possible due to the easy situation on the Swedish money and foreign exchange markets. In this easier situation, to which the present measures are contributing, the issue rate of the shorter government loan has been reduced by 0.25 per cent in relation to the previous comparable loan of January. The issue rate of the 10-year loan has remained unchanged at 12.50 per cent but this loan does not have the interest rate adjustment clause common in recent years. The interest rate of the new loan is therefore fixed during the entire maturity.

The measures taken do not imply any relaxation as regards the possibilities for the general public to borrow from the banks.

Other Distribution:  
Department Heads