



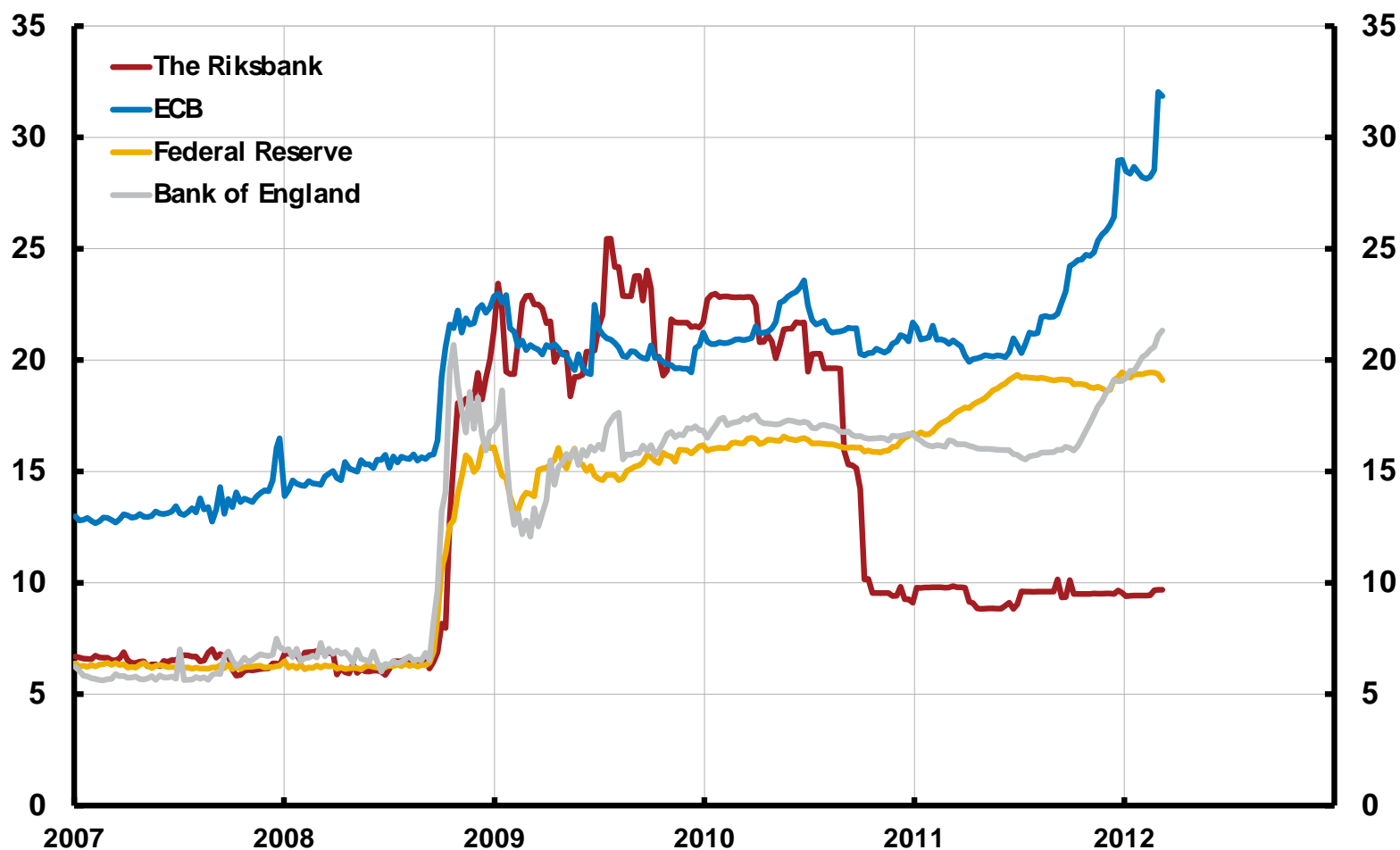
Non-standard
measures and
monetary policy:
what have we learned
from recent experience?

Governor Stefan Ingves

Frankfurt, 16 May 2012

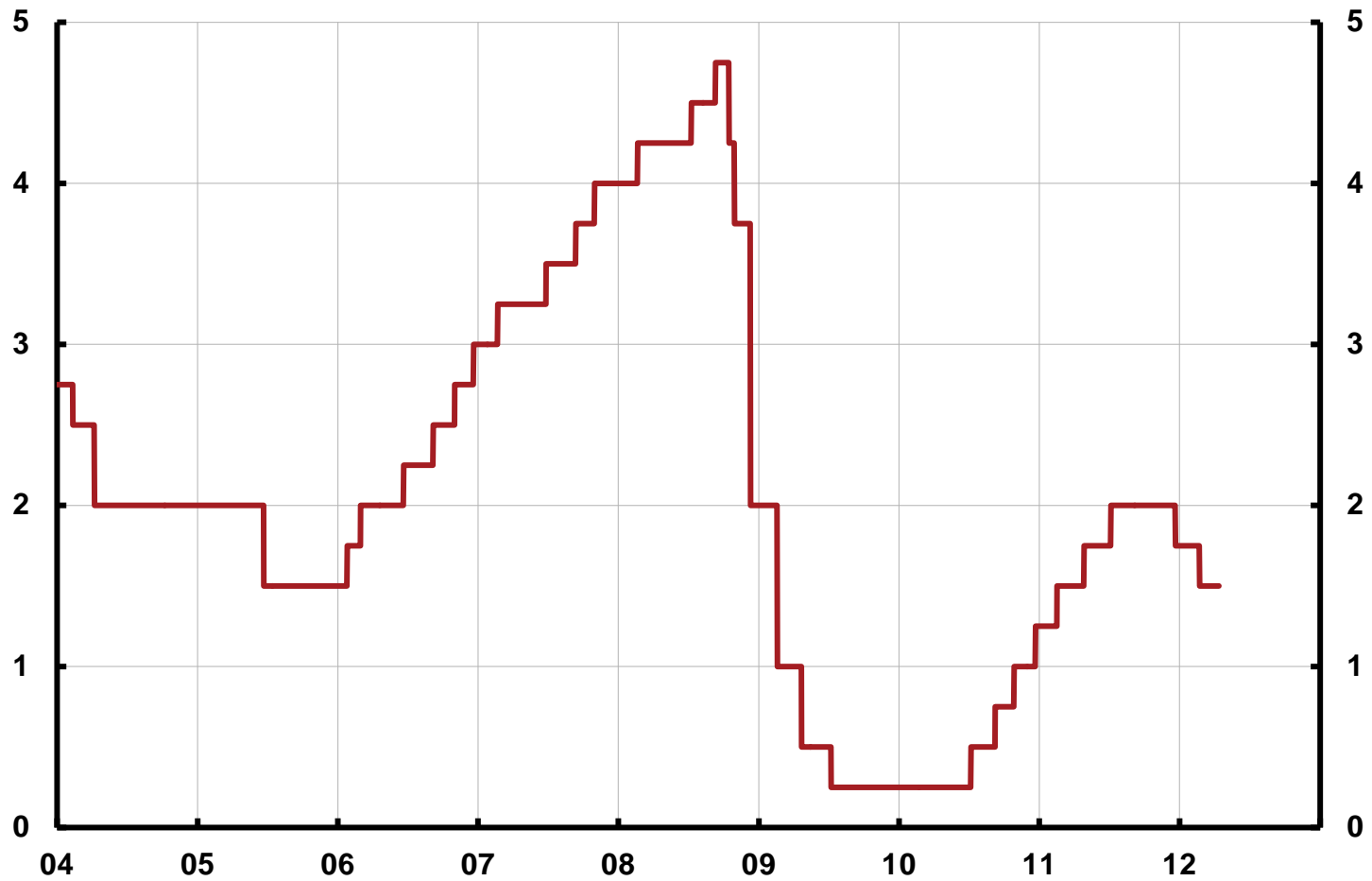
Central banks' balance sheets total

Per cent of GDP



Repo rate

Per cent



Unconventional measure to complement monetary policy stance



- One-year fixed-interest rate loan
 - Loan volume SEK 100 billion
 - Offered through auction, bids on both volume and interest rate
 - Fixed-rate not set by the Riksbank, but stipulated minimum bid rate at 0,40 per cent
 - Loan offered 3 times between July and October 2009
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Effects through several transmission channels



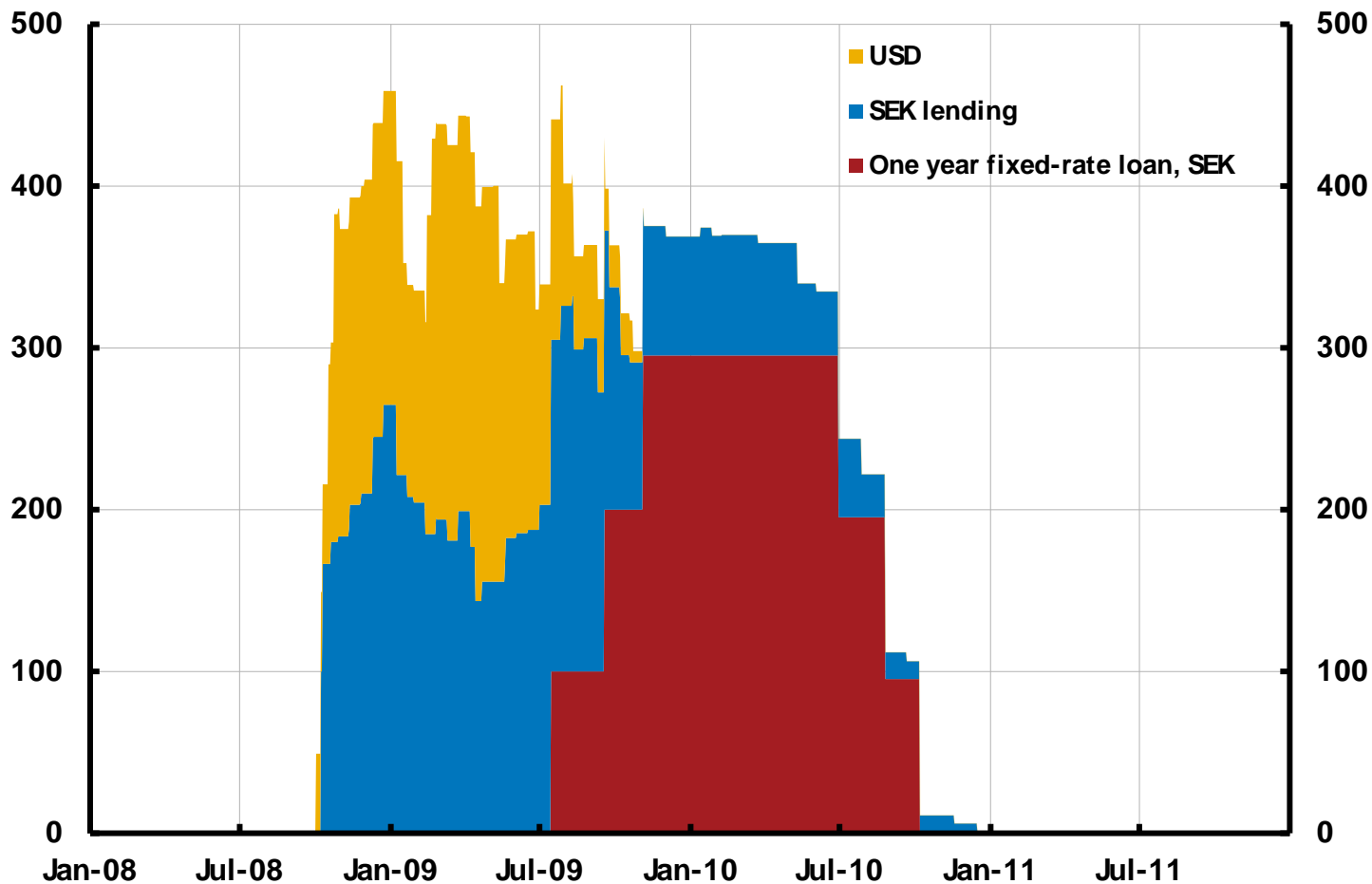
Example:

- Making financing less expensive, risk reduction
- Reducing pressure on bond and certificates markets
- Arbitrage opportunities
- Liquidity buffer: guaranteed excess supply of liquidity to remain a long time



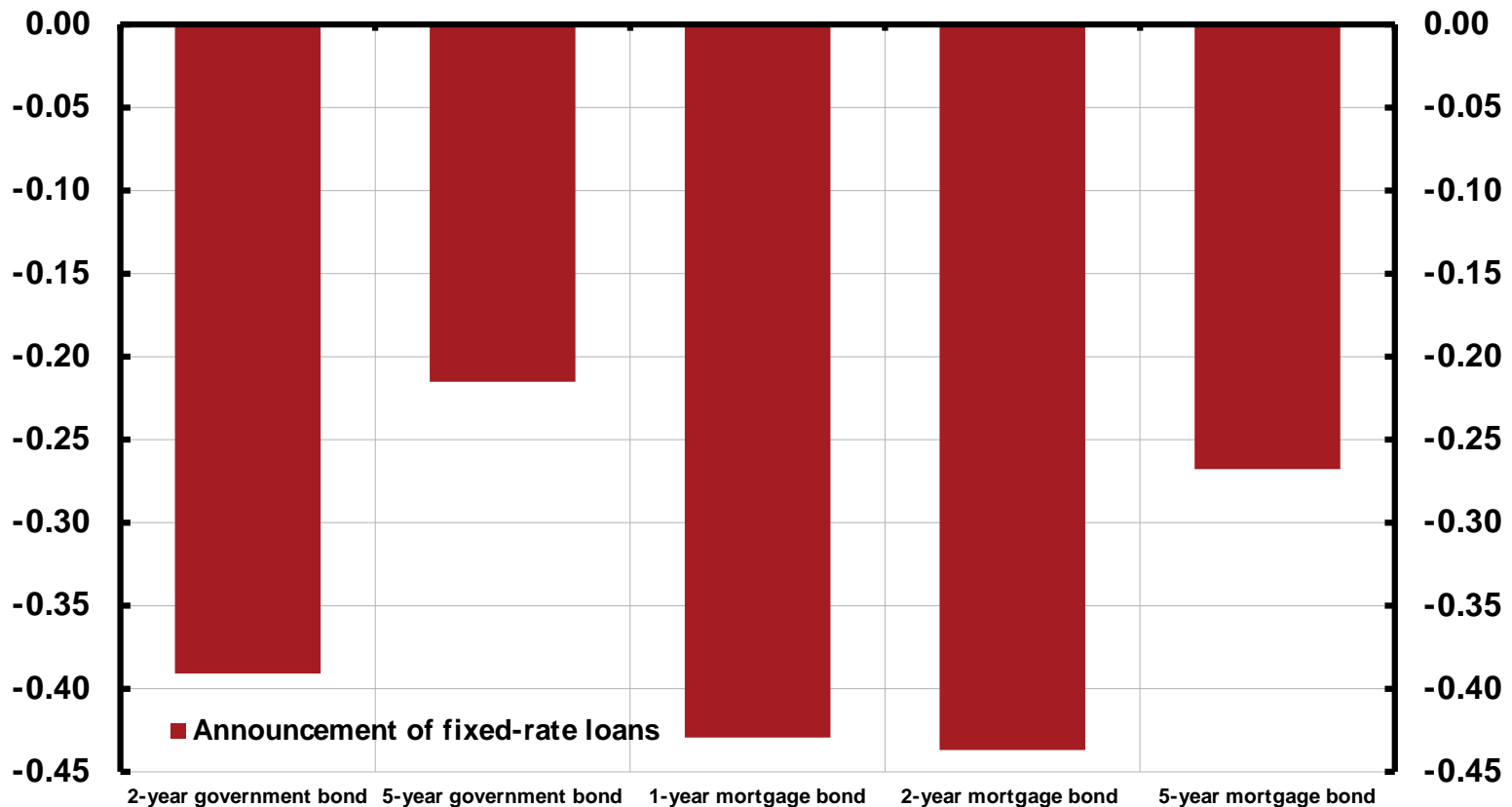
Extraordinary measures – loans in SEK and USD

SEK, billions



Total drop in government and covered mortgage bond yields on announcement of the Riksbank's three fixed-rate loans

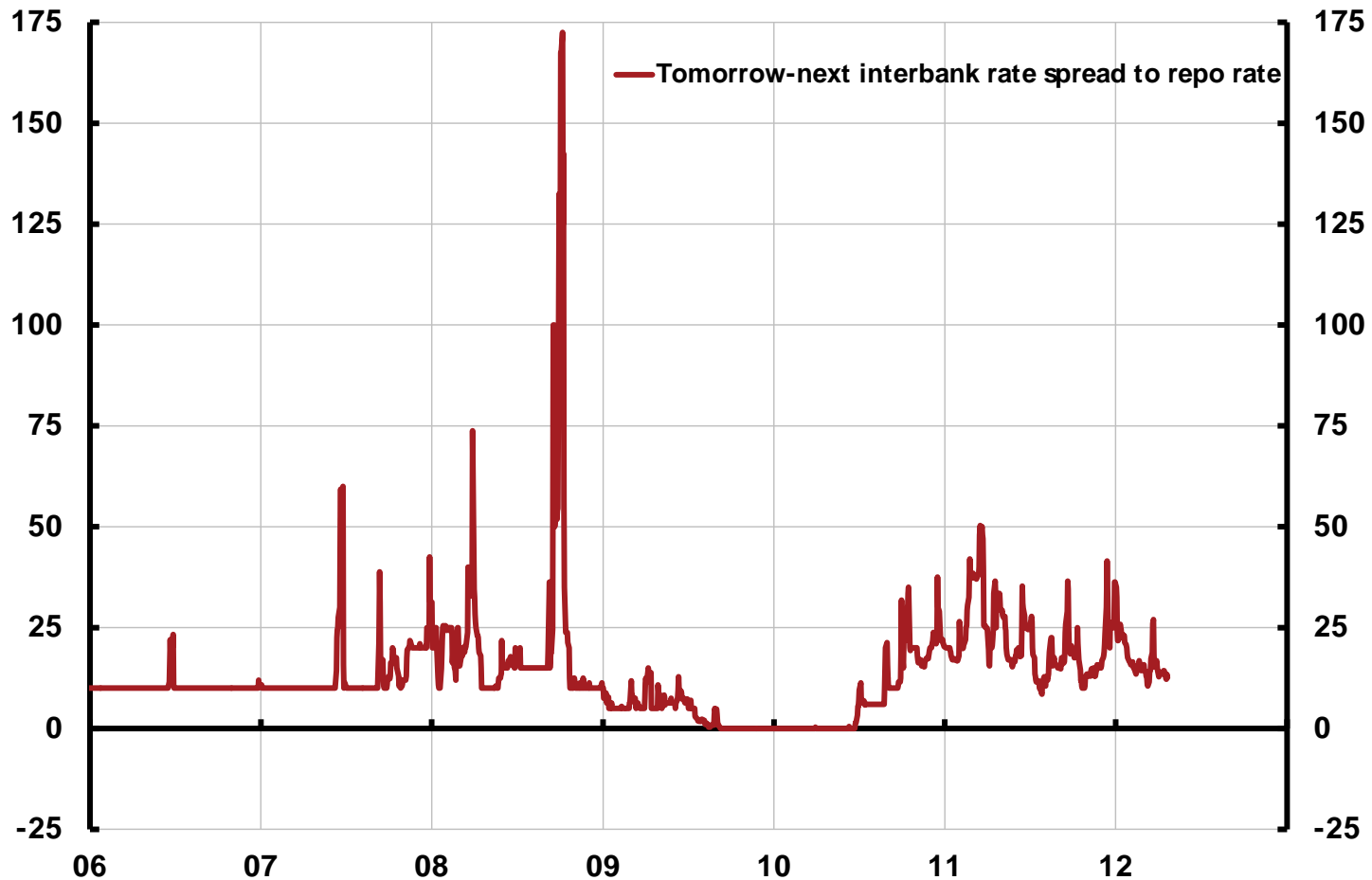
Percentage points



Note: Government bond rates are zero-coupon with constant maturity, calculated from interpolated yield curves. Covered mortgage bond yields are based on quotes for Stadshypotek's covered mortgage bonds.

Spread between Stockholm tomorrow-next interbank lending rate and the Riksbank's policy rate

Basis points



Lessons

- The importance of being prepared
 - New tool in the Riksbank's toolbox; preparation for quantitative measures

 - Exit from measures without turbulence difficult

 - Banks must be OK
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