Measures designed to address elevated pressures in short-term funding markets

12 December 2007

Today, the Bank of Canada, the Bank of England, the European Central Bank (ECB), the Federal Reserve, and the Swiss National Bank are announcing measures designed to address elevated pressures in short-term funding markets.

ECB Decisions
The Governing Council of the ECB has decided to take joint action with the Federal Reserve by offering US dollar funding to Eurosystem counterparties. The Eurosystem shall conduct two US dollar liquidity-providing operations, in connection with the US dollar Term Auction Facility, against ECB-eligible collateral for a maturity of 28 and 35 days. The submission of bids will take place on 17 and 20 December 2007 for settlement on 20 and 27 December 2007, respectively. The operational details can be obtained from the ECB’s website (www.ecb.europa.eu). The US dollars will be provided by the Federal Reserve to the ECB, up to $20 billion, by means of a temporary reciprocal currency arrangement (swap line).

It is reminded that the Governing Council previously decided on 8 November 2007 to renew at maturity the two supplementary longer-term refinancing operations (LTROs) that were allotted in August and September 2007. As an additional measure, the Governing Council decided on 13 November to lengthen the maturity of the main refinancing operation settling on 19 December 2007 to two weeks, thereby maturing on 4 January 2008 instead of 28 December 2007.

Information on Related Actions Being Taken by Other Central Banks
Information on the actions that will be taken by other central banks is available at the following websites:
Bank of Canada (http://www.bankofcanada.ca)
Bank of England (http://www.bankofengland.co.uk)
Federal Reserve (http://www.federalreserve.gov)
Swiss National Bank (http://www.snb.ch)

Statements by Other Central Banks
Bank of Japan (http://www.boj.or.jp)
Sveriges Riksbank (http://www.riksbank.com)

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