

Press Release

November 30, 2011

Coordinated central bank action to address pressures in global money markets

For release at 8:00 a.m. EST

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The Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the Federal Reserve, and the Swiss National Bank are today announcing coordinated actions to enhance their capacity to provide liquidity support to the global financial system. The purpose of these actions is to ease strains in financial markets and thereby mitigate the effects of such strains on the supply of credit to households and businesses and so help foster economic activity.

These central banks have agreed to lower the pricing on the existing temporary U.S. dollar liquidity swap arrangements by 50 basis points so that the new rate will be the U.S. dollar overnight index swap (OIS) rate plus 50 basis points. This pricing will be applied to all operations conducted from December 5, 2011. The authorization of these swap arrangements has been extended to February 1, 2013. In addition, the Bank of England, the Bank of Japan, the European Central Bank, and the Swiss National Bank will continue to offer three-month tenders until further notice.

As a contingency measure, these central banks have also agreed to establish temporary bilateral liquidity swap arrangements so that liquidity can be provided in each jurisdiction in any of their currencies should market conditions so warrant. At present, there is no need to offer liquidity in non-domestic currencies other than the U.S. dollar, but the central banks judge it prudent to make the necessary arrangements so that liquidity support operations could be put into place quickly should the need arise. These swap lines are authorized through February 1, 2013.

Federal Reserve Actions

The Federal Open Market Committee has authorized an extension of the existing temporary U.S. dollar liquidity swap arrangements with the Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, and the Swiss National Bank through February 1, 2013. The rate on these swap arrangements has been reduced from the U.S. dollar OIS rate plus 100 basis points to the OIS rate plus 50 basis points. In addition, as a contingency measure, the Federal Open Market Committee has agreed to establish similar temporary swap arrangements with these five central banks to provide liquidity in any of their currencies if necessary. Further details on the revised arrangements will be available shortly.

U.S. financial institutions currently do not face difficulty obtaining liquidity in short-term funding markets. However, were conditions to deteriorate, the Federal Reserve has a range of tools available to provide an effective liquidity backstop for such institutions and is prepared to use these tools as needed to support financial stability and to promote the extension of credit to U.S. households and businesses.

Information on Related Actions Being Taken by Other Central Banks

Information on the actions to be taken by other central banks is available on the following websites:

[Bank of Canada](#) 

[Bank of England](#) 

[Bank of Japan \(PDF\)](#) 

[European Central Bank](#) 

[Swiss National Bank \(PDF\)](#) 

[Frequently Asked Questions: U.S. Dollar and Foreign Currency Liquidity Swaps](#)

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