

PRESS RELEASE



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CONTACT: Press Office, tel. +46 (0)8 787 02 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

Measures to further improve credit supply to companies

To avoid robust companies being knocked out as a result of the corona pandemic, the Riksbank has decided at an extraordinary monetary policy meeting to initiate purchases of commercial paper and to temporarily enlarge the circle of monetary policy counterparties. The aim is to maintain credit supply to Swedish companies and thereby support demand, output and employment in Sweden.

The Riksbank to buy commercial paper

On 16 and 19 March, the Riksbank decided to extend its bond purchases this year by up to SEK 300 billion in order to mitigate the effects of the corona pandemic. The purchases will if necessary include government and municipal bonds, covered bonds, and bonds and commercial paper issued by Swedish non-financial corporations.

The extended government bond purchases were initiated on 18 March and purchases of covered bonds began on 25 March. As a next step in this programme, it is the Riksbank's assessment that it is now appropriate to initiate purchases of commercial paper issued in Swedish kronor by Swedish non-financial corporations. By buying commercial paper, the Riksbank is helping to improve market functionality and thus improve credit supply to companies.

On Thursday 2 April, the Riksbank intends to initiate purchases of commercial paper issued in Swedish kronor by Swedish non-financial corporations to a nominal amount of SEK 4 billion. The purchases will be made on the secondary market and the issuing companies shall have a rating corresponding to Baa3/BBB- or higher.



The Riksbank to temporarily enlarge the circle of counterparties

The Riksbank has also decided to give institutions that are under the supervision of Finansinspektionen but are not monetary policy counterparties the opportunity to participate in the previously decided programme for lending to companies via banks (monetary policy counterparties). By signing a special agreement, these institutions shall be able to become temporary monetary policy counterparties. This is so that the loans reach more non-financial corporations.

A similar arrangement was made during the financial crisis, when the Riksbank also increased the number of counterparties.

On 13 March, the Riksbank announced the decision to lend up to SEK 500 billion to companies via the banks. The first auction of SEK 100 billion was held on 20 March and on the 23 March, the Riksbank decided to offer a total of SEK 400 billion in loans to banks between 27 March and 17 April, with the aim of increasing banks' lending to companies.

The loans are issued against collateral at a variable interest rate corresponding to the Riksbank's repo rate, presently 0 per cent, and will mature over 2 years.

Applications to become temporary monetary policy counterparties will be processed promptly.

The terms for the auction of commercial paper will be announced on 30 March on the Riksbank's website, www.riksbank.se.

The information on the terms for becoming a temporary monetary policy counterparty and on the application procedure will be published as soon as possible, but no later than Monday 30 March at 10.00, on the Riksbank's website, www.riksbank.se.

The minutes from the Executive Board's extraordinary monetary policy meeting will be published on 7 April.