



BANK OF ENGLAND

News release

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Coordinated Central Bank Action to Address Pressures in Global Money Markets

Central banks have been employing co-ordinated measures designed to address the pressures in global money markets. Most recently, central banks have acted together to inject dollars into the overnight markets. Using reciprocal currency arrangements (swap lines) with the Federal Reserve, the Bank of England, the European Central Bank (ECB), and the Swiss National Bank today are announcing the introduction of operations to provide U.S. dollar liquidity with a one-week maturity. These operations are intended to address funding pressures over quarter end. Central banks continue to work together closely and are prepared to take further steps as needed to address the ongoing pressures in funding markets.

The Bank of England will increase the term of its existing operations to lend US dollar funds against collateral eligible in the Bank's short-term repos and US Treasuries. An operation to lend \$30bn of funds for one week will take place today, alongside an operation to lend funds overnight. The size of the Bank's overnight dollar repo operation will be \$10bn today.

Bank of England action

In addition, the Bank's long-term repo operations against extended collateral, including mortgage securities, will for a period be held weekly and enlarged. The first such operation will be held on Monday 29 September. It will be an auction for £40bn, for maturity to Thursday 15 January 2009. Consistent with the Bank's objective of keeping overnight market interest rates in line with Bank Rate, the Bank intends to offset the additional reserves taken up in the long-term repo operations in its other operations, if necessary by draining reserves.

For more information please see the Market Notice published by the Bank today (<http://www.bankofengland.co.uk/markets/marketnotice080926.pdf>).

Information on related action to be taken by other central banks

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

European Central Bank (<http://www.ecb.int>)

Federal Reserve(<http://www.federalreserve.gov>)

Swiss National Bank (<http://www.snb.ch/>)