

PRESS RELEASE



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Self-financing of foreign exchange reserves to be completed earlier

As of 7 February, the Riksbank is increasing the rate of purchases of foreign currency aimed at replacing the external financing of the foreign exchange reserves. The purchases will be completed by 31 December 2022, instead of 31 December 2023. The decision to increase the pace of purchases ensures that the Riksbank's foreign exchange reserves are of the size we need as the last currency loan matures in April 2023.

The Riksbank will purchase the same total amount of foreign currency as previously announced but, from 7 February 2022, the purchases will be made at a higher pace corresponding to SEK 11.6 billion per month instead of the current SEK 5.5 billion per month.

“The purchases have proceeded very well and the Riksbank considers that the pace of purchases can be increased without having any significant effect on the krona exchange rate. The amount exchanged represents only a fraction of the daily turnover in the foreign exchange market. A higher pace accelerates the transition to fully self-financed foreign exchange reserves. This is good from a contingency perspective, and provides the Riksbank with robust financing of the foreign exchange reserves. The change of pace has no monetary policy purpose”, says Heidi Elmér, Head of the Markets Department.

Background

On 12 January 2021, the Executive Board decided that the Riksbank would change the financing method for its foreign exchange reserves with effect from February 2021, by purchasing foreign currency on the foreign exchange market at an even pace and paying for these purchases in Swedish kronor, as well as repaying the currency loans the Riksbank has taken through the Swedish National Debt Office.

The aim of transitioning to self-financed foreign exchange reserves is to secure more robust long-term funding of the foreign exchange reserves. This change thus has no monetary policy purpose.