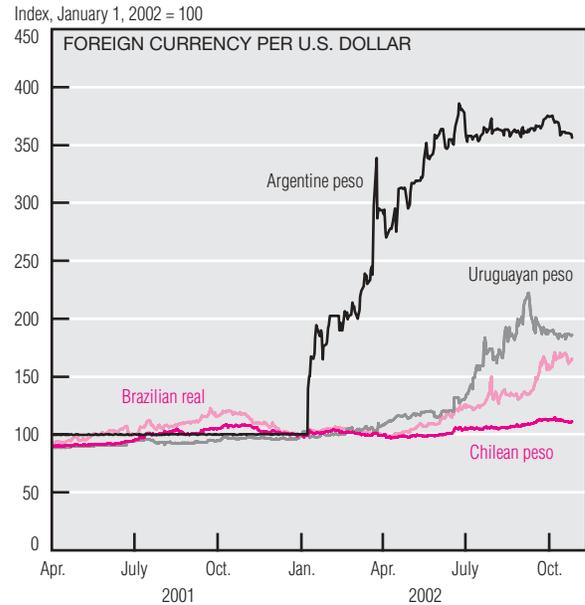
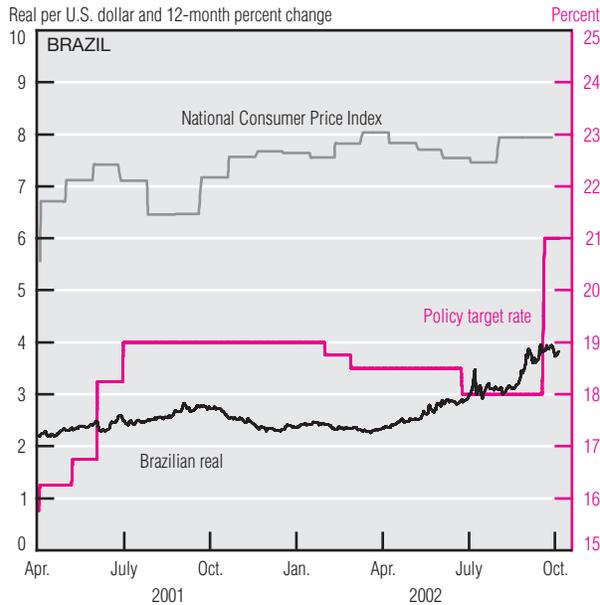
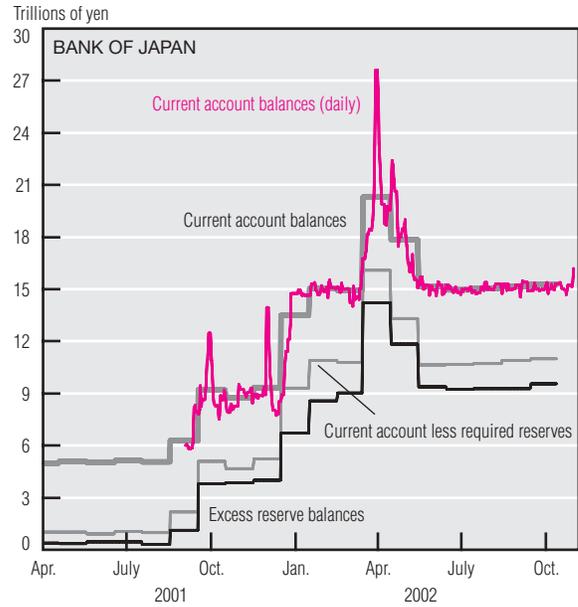
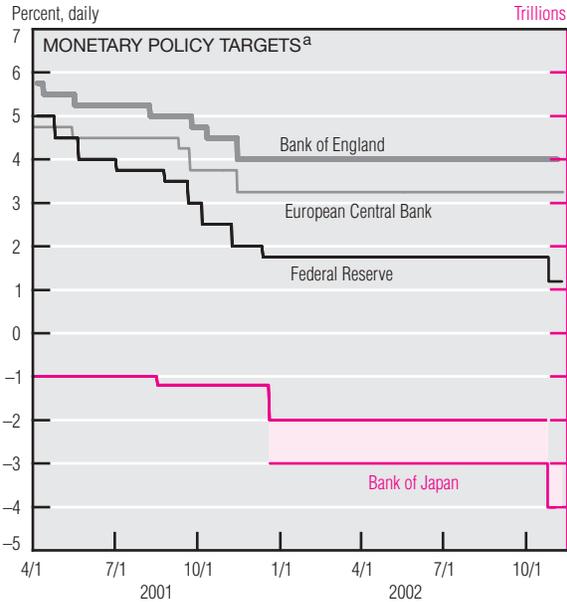


# Foreign Central Banks



a. Federal Reserve: overnight interbank rate. Bank of Japan: a quantity of current account balances (since December 19, 2001, the range of a quantity of current account balances). Bank of England and European Central Bank: two-week repo rate.  
SOURCES: Board of Governors of the Federal Reserve System; Bank of Japan; European Central Bank; Bank of England; Banco Central do Brasil; and Bloomberg Financial Information Services.

Views of the global economic outlook seemed to consolidate recently around a longer period of weakness.

On November 6, the Federal Reserve reduced its target for the federal funds rate by 50 basis points to 1.25% and now sees risks as balanced with respect to its long-run goals of price stability and sustainable economic growth. On October 30, the Bank of Japan adopted a more accommodative policy position, noting increasing economic uncertainties resulting from “global economic developments, ... likely acceleration

in the pace of dealing with the non-performing loan problem,” and volatile stock prices. It adopted measures that included raising the target for money market operations to between ¥15 trillion and ¥20 trillion in current account balances, increasing outright purchases of long-term government bonds to ¥1.2 trillion per month, and extending the maturity of bills purchased to one year.

Brazil’s central bank raised its target for the SELIC money market rate by 300 basis points before the country’s recent presidential election.

Previously, it had raised capital requirements against banks’ long dollar positions as well as reserve requirements. The higher target came after an increase in the inflation rate in August and a sharp movement in the exchange rate. Other exchange rates in the Americas have been relatively stable. The Argentine peso’s recent stability was said to reflect expected agreement with the International Monetary Fund for rescheduling the nation’s payments to multilateral agencies.