Only two major central banks took easing actions over the past month. In the U.S., the Federal Open Market Committee reduced the intended level of the overnight federal funds rate from 2% to 1.75% at its December 11 meeting. The Bank of Japan increased its target for the supply of current account balances from “above 6 trillion yen,” established in mid-September, to “around 10 to 15 trillion yen,” adopted on December 19. The Bank also increased the monthly volume of its intended purchases of Japan Government bonds from 600 to 800 billion yen, and adopted several “measures to strengthen money market operations.” So far this year, the Bank’s more abundant supply of current account balances has been reflected almost entirely in banks’ holdings of excess reserves and not at all in required reserves.

Recurrent bouts of anxiety about Argentina’s economy and the durability of its peso–dollar peg have been reflected in volatile—and sometimes very substantial—spreads of peso-denominated interest rates above dollar-denominated rates. By the beginning of December, peso-denominated interbank rates no longer were being quoted. Depositors, seeking to protect themselves against a possible devaluation of the peso, began a run on the banking system that triggered a bank holiday ending December 27. The then-government of Mr. Rodríguez Saa said it would maintain the dollar value of the peso but would issue a new, third fiat currency, the *argentino*. 