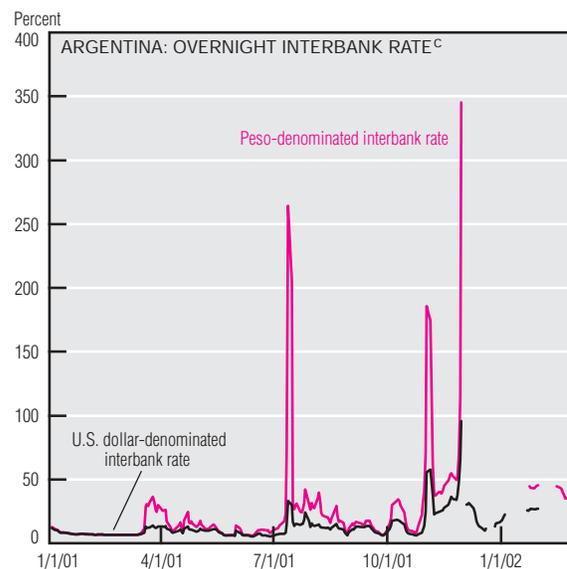
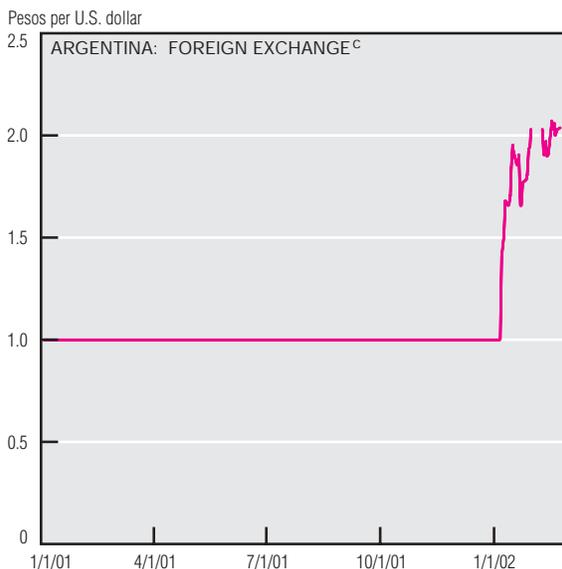
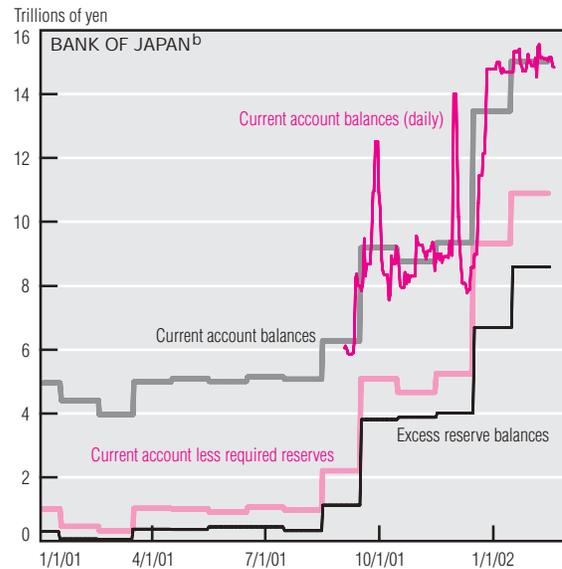
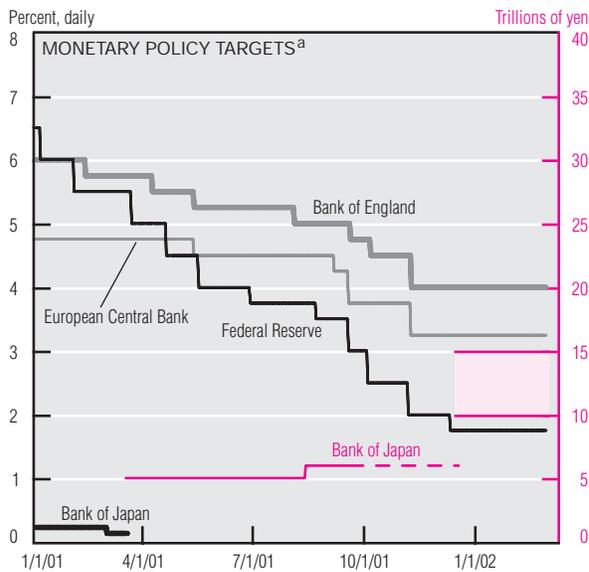


# Foreign Central Banks



- a. Federal Reserve and Bank of Japan: overnight interbank rates (since March 19, 2001, the Bank of Japan has targeted a quantity of current account balances; since December 19, 2001, it has targeted a range for the quantity of current account balances). Bank of England and European Central Bank: two-week repo rate.
- b. Current account balances at the Bank of Japan are required and excess reserve balances of depository institutions subject to reserve requirements plus the balances of certain other financial institutions not subject to reserve requirements. Reserve requirements are satisfied on the basis of the average of a bank's daily balances at the Bank of Japan starting the sixteenth of one month and ending the fifteenth of the next. All observations are maintenance period averages unless otherwise noted.
- c. Gaps in series represent bank and financial market holidays or unreported data. Interbank dollar sales appear to have ceased on February 1, 2002.
- SOURCES: Board of Governors of the Federal Reserve System; Bank of Japan; European Central Bank; Bank of England; and Central Bank of Argentina.

None of the four major central banks has changed its monetary policy operating target so far this year, though the Bank of Japan increased its commitment to purchase long-term government bonds from ¥0.8 trillion to ¥1.0 trillion monthly. The Bank first shifted from an interest rate target to a quantity-of-balances operating target last March. Successive upward adjustments to the target have added about ¥10 trillion to current account balances held at the Bank of Japan: ¥8.2 trillion in additional excess

reserves, ¥1.6 trillion in increased balances of institutions not subject to reserve requirements, and only ¥0.2 trillion in additional reserves required by increased liabilities of credit institutions.

In Argentina, the government presented a new economic plan at the beginning of February. The central bank announced it would limit the creation of base money to 3.5 billion pesos this year, providing credit of 1.0 billion pesos to fund the central government deficit and 2.5 billion pesos to banks. A brief dual-exchange-

rate regime ended February 11 after a weeklong bank and foreign exchange trading holiday. After that, the floating exchange rate traded above two pesos per dollar. Trading, however, remains restricted: Bank customers are subject to limits on monthly deposit withdrawals, banks are prohibited from selling dollars except in rural areas, exchange houses are prohibited from accepting credit card and check payments for dollars, and purchasers are required to present official identification.