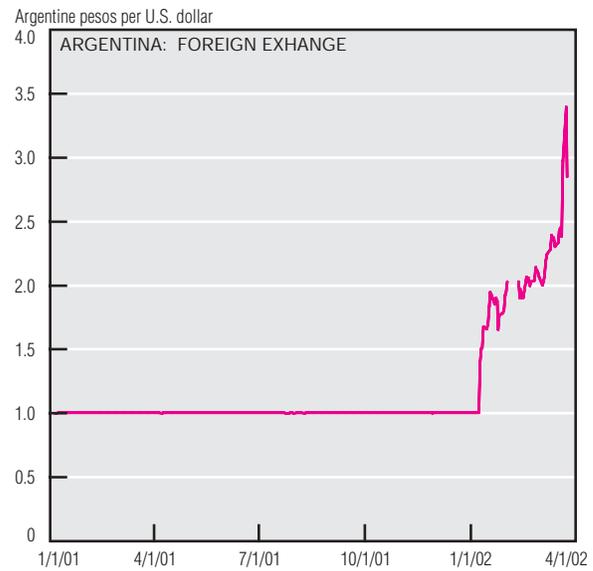
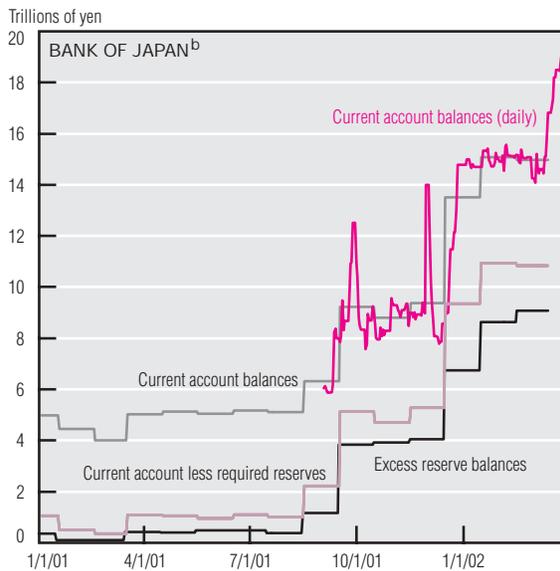
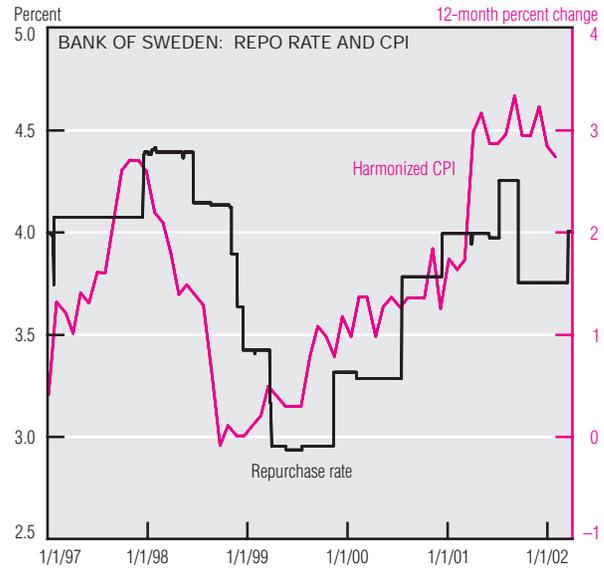
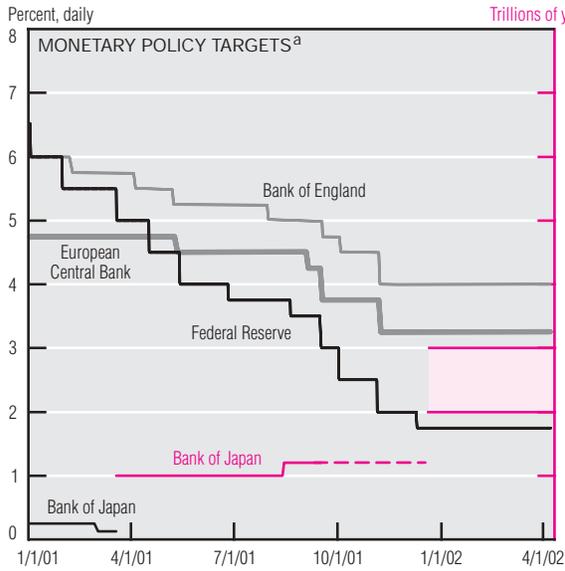


# Foreign Central Banks



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 the range of a 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 at 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.  
 SOURCES: Board of Governors of the Federal Reserve System; Bank of Japan; European Central Bank; Bank of England; and Bloomberg Financial Information Services.

The four major central banks left their policy settings unchanged over the past month. The Bank of Sweden became the first central bank of a developed country to raise its policy rate since the first intimations of economic recovery became widely noted. At its March meeting, the Bank of Japan retained its target of ¥10 billion–¥15 billion for current account balances. Toward the end of March, actual balances exceeded that target, apparently reflecting a decision to ensure “financial market stability

towards the end of a fiscal year” by providing more liquidity. Likewise, for the reserve maintenance period ending April 15, the Bank of Japan temporarily suspended the limit of five days per maintenance period on use of its Lombard-type lending. With reported shortages of collateral contributing to underbidding in open market operations, the bank widened the range of eligible collateral to include loans to the Deposit Insurance Corporation as well as to the government’s special account for the allotment of local allocation tax

and local transfer tax. These are in addition to government bonds, foreign government bonds, international financial institution bonds, debts of special purpose companies (including commercial paper), and loans on deeds to companies. The Argentine exchange rate has continued to depreciate despite continued government sales of dollars. The index of market rates lately has moved close to 3.5 pesos per dollar, with some reported trades exceeding four pesos per dollar.