



South African Reserve Bank

Media statement

25 March 2020

Further amendments to the money market liquidity management strategy of the South African Reserve Bank and additions to the Monetary Policy Portfolio

On 20 March 2020, the South African Reserve Bank (SARB), in response to strains witnessed in various funding markets, reviewed the liquidity management strategy. The amendments announced included the implementation of Intraday Overnight Supplementary Repurchase Operations (IOSROs) and a change in the Standing Facility borrowing and lending rates.¹

As previously communicated, given current market conditions, the liquidity management strategy of the SARB will be assessed on a continual basis. In line with this, the following measures will be implemented until liquidity conditions normalise:

1. The main refinancing operations will be offered for periods of 7 days to longer-term maturities of up to 12 months. On 25 March 2020, the SARB will offer the normal 7-day weekly main refinancing operations at 10:00, as well as a refinancing operation with a term of 3 months at 13:00. The 3-month refinancing operation will be conducted on the same basis as the current weekly main refinancing operations. The interest rate applicable for the 3-month refinancing operations will be the repurchase (repo) rate plus 30 basis points. This measure will add significant liquidity to the money market. The SARB will continue to assess market liquidity conditions and make adjustments as appropriate, including further maturities of up to 12 months.
2. As a further measure to add liquidity to the market, the SARB will commence a programme of purchasing government securities in the secondary market. The purchases will be conducted across the yield curve. In addition to providing liquidity and promoting the smooth functioning of domestic financial markets, this will allow the SARB to enhance its

¹ An explanation can be found [here](#).

Monetary Policy Portfolio (MPP). The MPP is one of the instruments in the SARB's toolkit for managing money market liquidity, and can be used to add or drain liquidity from the market. The amount and maturity of the bond purchases will be at the discretion of the SARB.

3. The daily supplementary repo operations will continue on the same terms as announced on 20 March 2020. The SARB could amend the rates on the Standing Facility borrowing rate (Standing Facility reverse repo rate) should it be evident that liquidity is not being transmitted to other funding markets.

Any changes to the liquidity management strategy by the SARB should not be construed as providing any signals regarding the future monetary policy stance.

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