



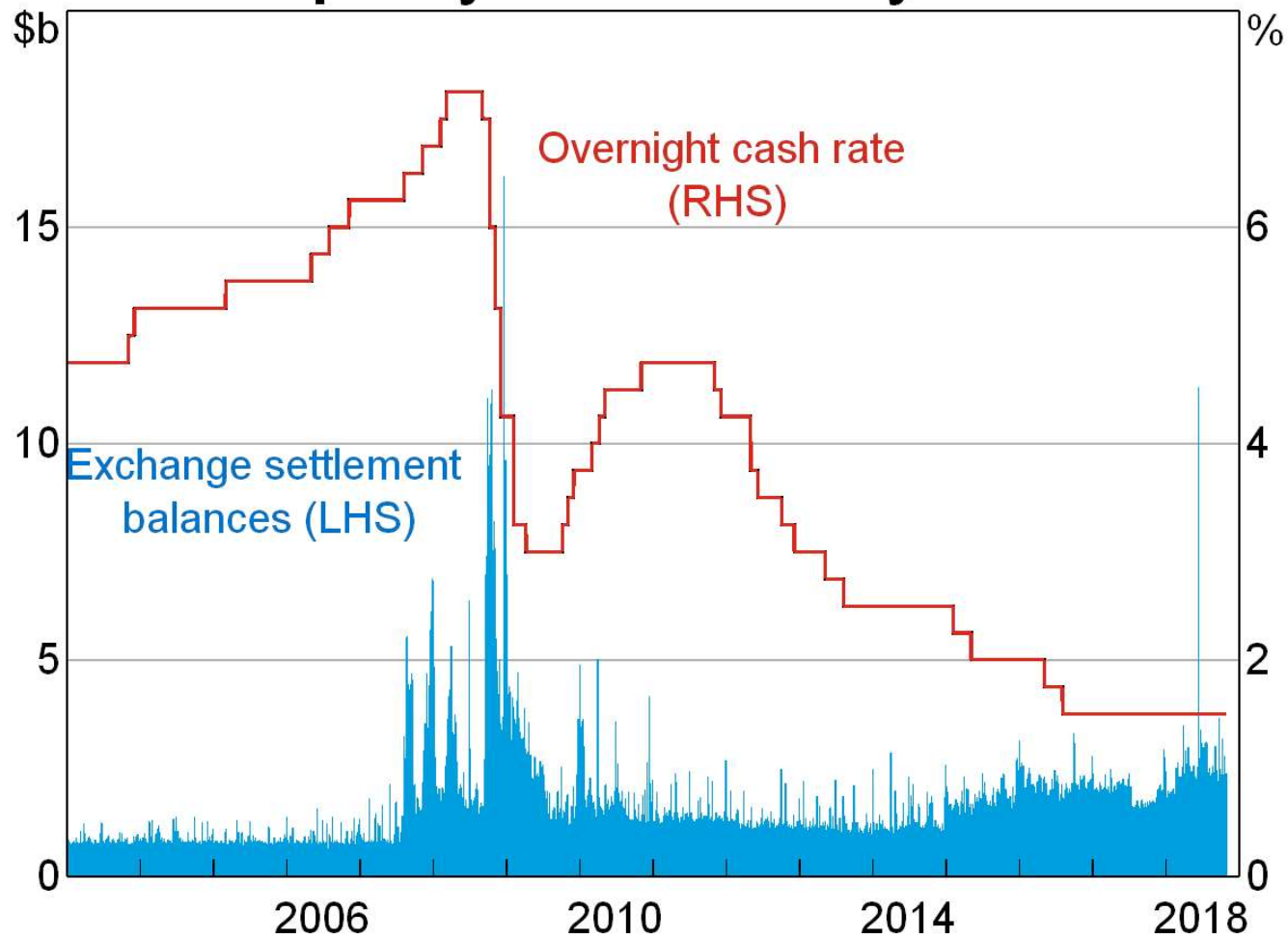
RESERVE BANK OF AUSTRALIA

# A Case Study of Liquidity Management on 3 August 2016

Chris Becker & Stephanie Woon  
Financial Markets Group

Education

## Liquidity and the Policy Rate



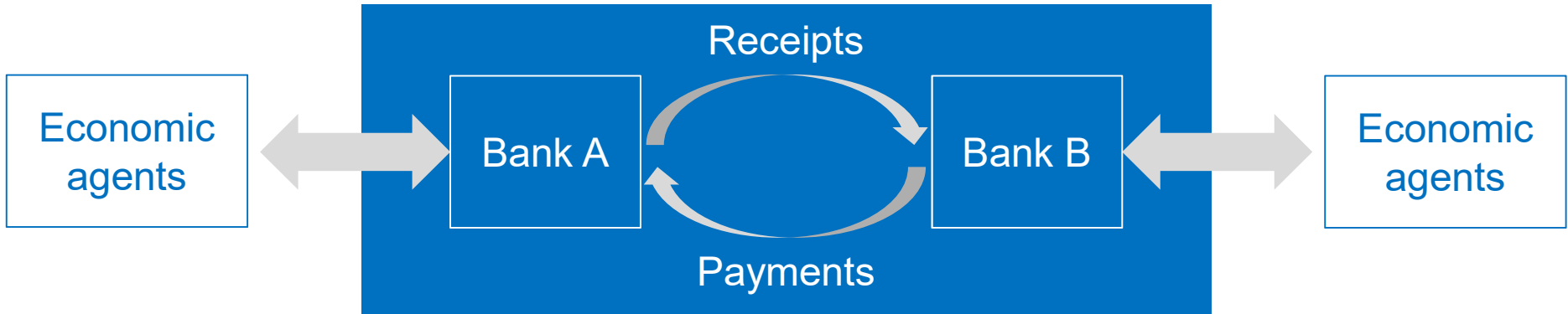
Source: RBA

# Reserve Bank Open Market Operations

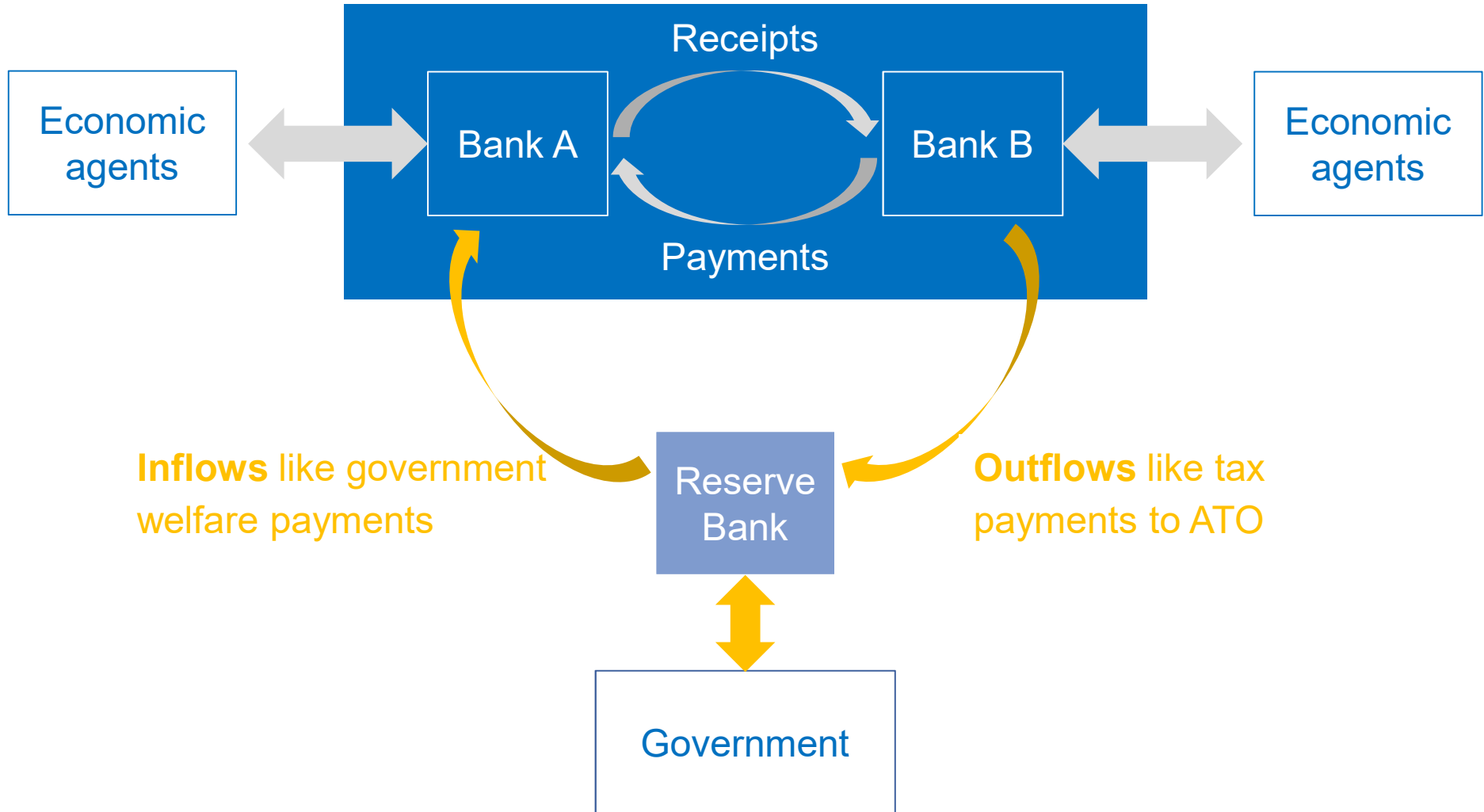
What is the main purpose of the Reserve Bank's open market operations?

... liquidity management.

# Liquidity Management of Interbank Obligations



# Liquidity Management of Interbank Obligations

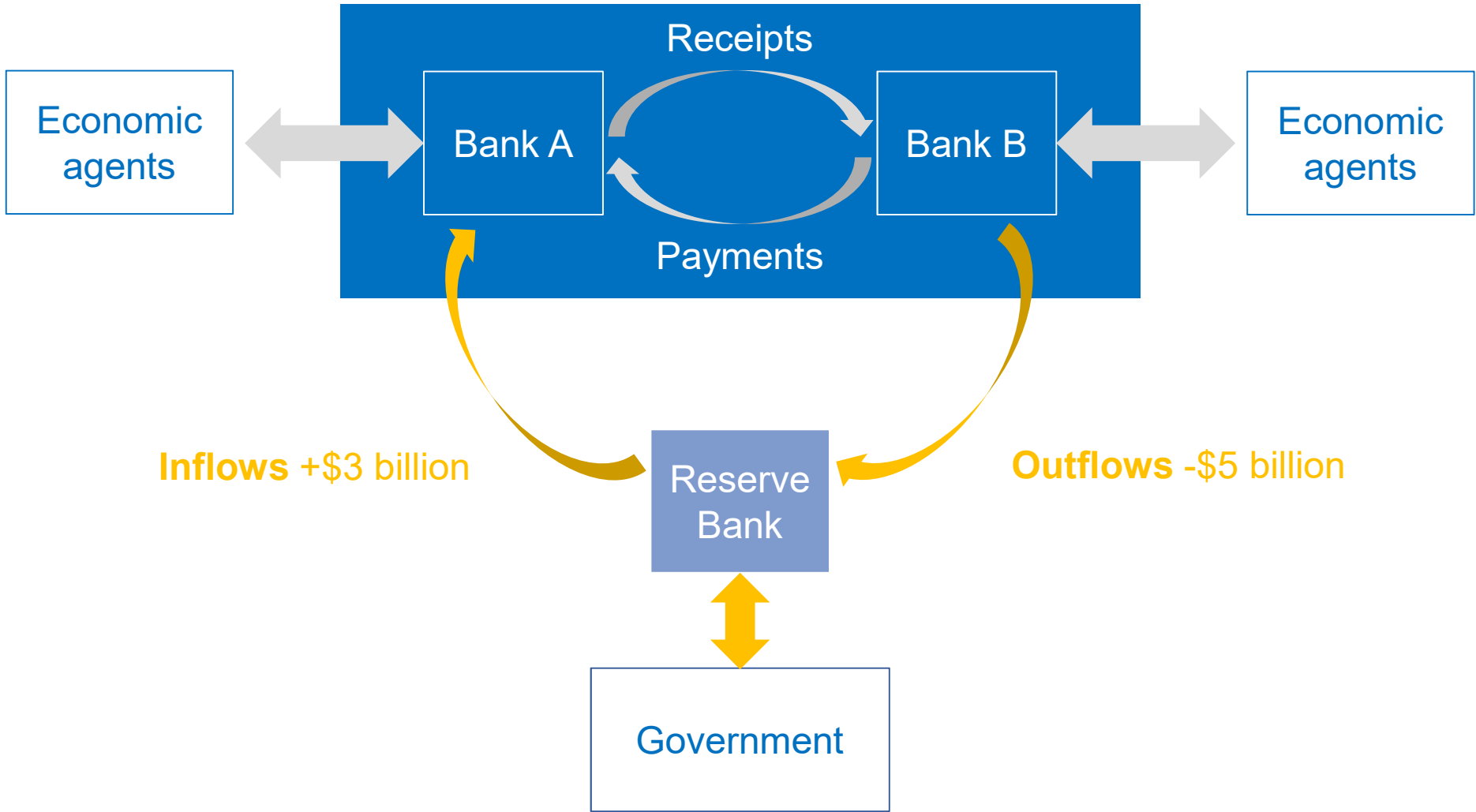


# Liquidity Management Illustration

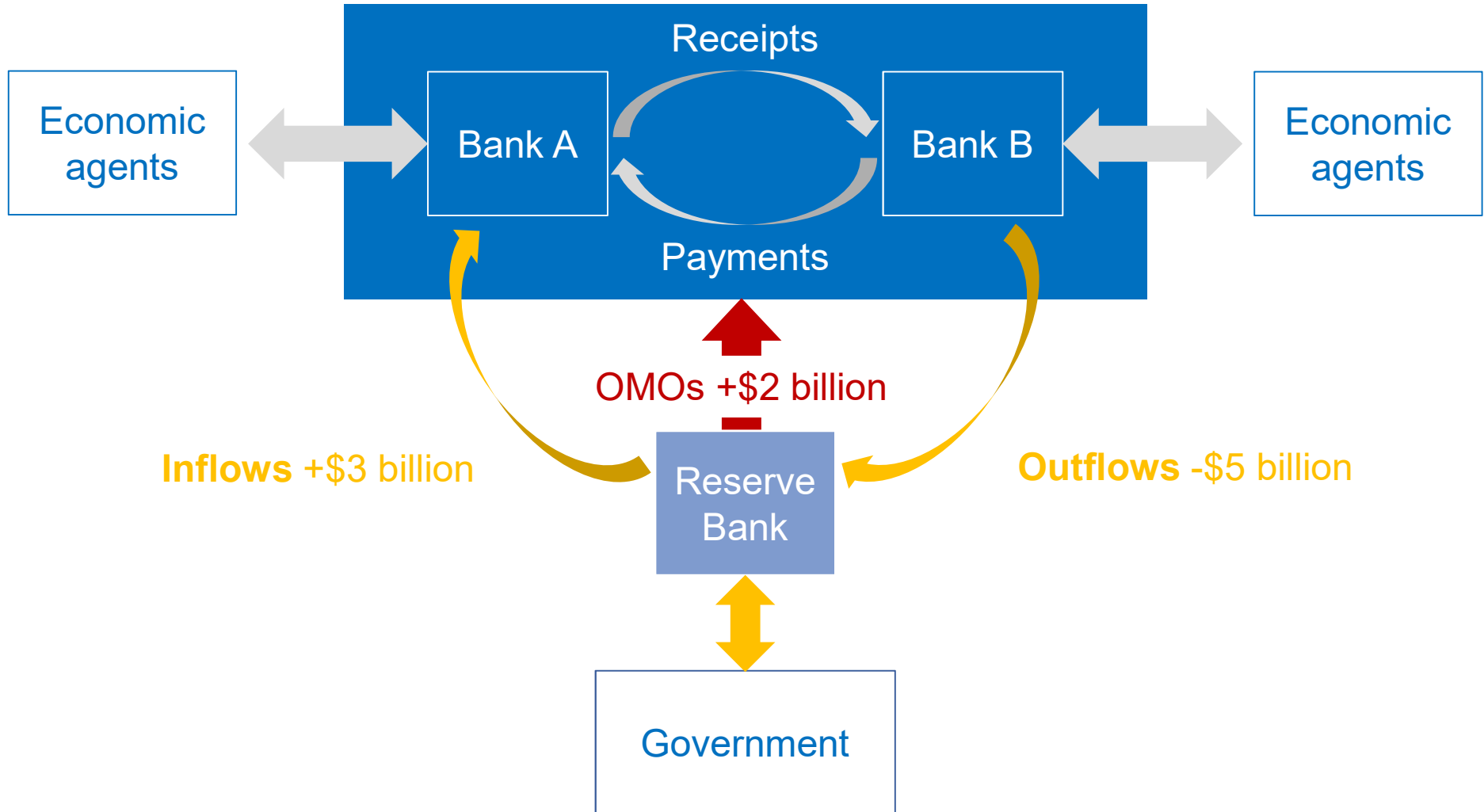
What did the Reserve Bank do in open market operations on a day the target cash rate was changed?

... 3 August 2016

# Liquidity Management on 3 August 2016



# Liquidity Management on 3 August 2016





# OMO Announcement on 3 August 2016

22:20 GMT  
2-Aug-16

3 August 2016

Previous Day

Closing Total ES Balances \$24,310 MILLION

Closing Surplus ES Balances \$ 1,707 MILLION

Estimated Cash Position A DEFICIT OF \$2,180 MILLION

1st Round Open Market Operations

Reserve Bank Proposing TO BUY SECURITIES UNDER REVERSE REPO AND OUTRIGHT

Intended Size of Operation \$2,170 MILLION

Preferred Term(s) 12  
(days) 65

Approach Deadline 09:45 AEST

# Allocation Screen

RBA Proposing TO BUY SECURITIES UNDER REVERSE REPO AND OUTRIGHT \$2,170 million

Rank	Type	Counterparty	Term in Days	Unwind Date	Bid / Yield (%)	Overnight indexed swap (OIS) (%)	Spread To OIS (BPS)	Amount (\$m)	Accept Bid (\$m)	Cumulative Auction (\$m)
1	Reverse Repo	Bank 1	12 or 65	15-Aug or 7-Oct	1.66	1.500	16	1,000	<input checked="" type="checkbox"/>	1,000
2	Reverse Repo	Bank 2	12 or 65	15-Aug or 7-Oct	1.65	1.500	15	200	<input checked="" type="checkbox"/>	1,200
2	Reverse Repo	Bank 3	12 or 65	15-Aug or 7-Oct	1.65	1.500	15	200	<input checked="" type="checkbox"/>	1,400
3	Reverse Repo	Bank 4	12 or 65	15-Aug or 7-Oct	1.64	1.500	14	200	<input checked="" type="checkbox"/>	1,600
4	Reverse Repo	Bank 5	12 or 65	15-Aug or 7-Oct	1.63	1.500	13	200	<input checked="" type="checkbox"/>	1,800
5	Reverse Repo	Bank 6	12 or 65	15-Aug or 7-Oct	1.62	1.500	12	200	<input checked="" type="checkbox"/>	2,000
6	Reverse Repo	Bank 7	12 or 65	15-Aug or 7-Oct	1.61	1.500	11	170	<input checked="" type="checkbox"/>	2,170
7	Reverse Repo	Bank 8	12 or 65	15-Aug or 7-Oct	1.60	1.500	10	500	<input type="checkbox"/>	2,670
7	Reverse Repo	Bank 9	12 or 65	15-Aug or 7-Oct	1.60	1.500	10	400	<input type="checkbox"/>	3,070
8	Reverse Repo	Bank 10	12 or 65	15-Aug or 7-Oct	1.59	1.500	9	300	<input type="checkbox"/>	3,370
9	Reverse Repo	Bank 11	12 or 65	15-Aug or 7-Oct	1.58	1.500	8	200	<input type="checkbox"/>	3,570
10	Reverse Repo	Bank 12	12 or 65	15-Aug or 7-Oct	1.57	1.500	7	100	<input type="checkbox"/>	3,670

Source: RBA

# Notification of Results

22:42 GMT

2-Aug-16

Page 1 of 1

 OPEN MARKET OPERATIONS  
 Results

 3 August 2016  
 1st Round

Transaction	Term (Days)	Value Dealt (\$m)	Weighted Avg (%)	Cut-off Rate (%)
Reverse Repo	12	880	1.614	1.60
	65	1298	1.640	1.62

Total (\$m)	2178
Outright Transactions (\$m)	NIL
Same Day FX Swaps (\$m)	NIL
Total Amount Dealt (\$m)	2178

# Repurchase Agreement

**First Leg: 3 August 2016**



# Repurchase Agreement

## First Leg: 3 August 2016



## Second Leg: 15 Aug and 7 Oct



## Updates

The Reserve Bank provides different options of media delivery to help you stay current with the latest content on our website.

## Facebook



Visit the Reserve Bank's [Facebook page](#).

## Twitter



The Reserve Bank publishes 'tweets' for latest news.  
Follow [@RBAInfo on Twitter](#).

## YouTube



The Reserve Bank publishes videos about its role, core functions and activities.  
Subscribe to 'RBAInfo' [channel on YouTube](#).

## RSS Feeds

The Reserve Bank has RSS feeds for the following information. Click on the RSS icon below to subscribe to a feed.