

**RESERVE BANK INFORMATION & TRANSFER SYSTEM****ESA Interest Rates****Daily Interest Calculation**

Effective 4 November 2020, the interest rate on ESA balances as set by the Reserve Bank Board (**Rate on Surplus ESA Balances**) will be 0.00% until further notice.<sup>1</sup>

The daily interest on ESA balances is calculated as follows:

**Daily interest = (ESA x Rate on Surplus ESA Balances + (ESA – Open SF Repo – after-hours DE – after-hours NPP) x p) / 365**

where

**ESA** represents the balance of the ESA holder's ESA as at midnight

**p** = +0.0035 if (ESA – Open SF Repo – after-hours DE – after-hours NPP) < 0, which is '**p positive**' in the historical rate information table below

**p** = 0 if (ESA – Open SF Repo – after-hours DE – after-hours NPP) ≥ 0, which is '**p negative**' in the historical rate information table below

and other parameters are as detailed in [www.rba.gov.au/mkt-operations/resources/tech-notes/standing-facilities.html](http://www.rba.gov.au/mkt-operations/resources/tech-notes/standing-facilities.html).

This formula means that an ESA holder's position in open SF Repos contracted at a pricing rate equal to the Rate on Surplus ESA Balances, and the settlement of after-hours DE and NPP payments, will influence the interest adjustment to balances held in their ESA. ESAs will accrue interest at the Rate on Surplus ESA Balances for closing ESA balances held as at midnight up to the ESA holder's position in open SF Repos contracted at a pricing rate equal to the Rate on Surplus ESA Balances plus net receipts arising from after-hours DE and NPP payments. Any shortfall in ESA balances from this level will attract the appropriate standing facility rate, being 25 basis points above the cash rate target. Any surplus ESA balances will accrue interest at the Rate on Surplus ESA Balances.<sup>2</sup>

**Overnight Repo Rate**

Effective 4 November 2020, if the term of an intraday RBA Repo (i.e. not an Open Repo) is extended overnight, the Overnight Repo Rate of 0.35% will apply until further notice.

**Clearing System Interest**

The ESA interest rate is also used for the calculation of daily clearing system interest adjustments in the Low Value Settlement System (these adjustments are applied to ESAs on the next working day). Effective 4 November 2020, the daily clearing system rate of 0% will apply until further notice.

**Historical Interest Rate Information**

From	To	CRT (%)	p positive (%)	p negative (%)	Rate on Surplus ESA Balances (%)	Overnight Repo Rate (%)
13/11/20	Present	0.10	0.35	0.00	0.00	0.35
04/11/20	12/11/20	0.10	0.25	-0.10	0.00	0.35

<sup>1</sup> Refer [RBA Media Release 2020-28](#) dated 3 November 2020

<sup>2</sup> Prior to 13 November 2020, the daily interest was calculated as follows: Daily interest = (ESA x CRT + (ESA – Open SF Repo – after-hours DE – after-hours NPP) x p) / 365, where CRT is the Cash Rate Target as set by the Reserve Bank Board.

From	To	CRT (%)	p positive (%)	p negative (%)	Rate on Surplus ESA Balances (%)	Overnight Repo Rate (%)
20/03/20	03/11/20	0.25	0.25	-0.15	0.10	0.50
04/03/20	19/3/20	0.50	0.25	-0.25	0.25	0.75
02/10/19	03/03/20	0.75	0.25	-0.25	0.50	1.00
03/07/19	01/10/19	1.00	0.25	-0.25	0.75	1.25
05/06/19	02/07/19	1.25	0.25	-0.25	1.00	1.50
03/08/16	04/06/19	1.50	0.25	-0.25	1.25	1.75
04/05/16	02/08/16	1.75	0.25	-0.25	1.50	2.00
06/05/15	03/05/16	2.00	0.25	-0.25	1.75	2.25
04/02/15	05/05/15	2.25	0.25	-0.25	2.00	2.50
07/08/13	03/02/15	2.50	0.25	-0.25	2.25	2.75
08/05/13	06/08/13	2.75	0.25	-0.25	2.50	3.00
05/12/12	07/05/13	3.00	0.25	-0.25	2.75	3.25
03/10/12	04/12/12	3.25	0.25	-0.25	3.00	3.50
06/06/12	02/10/12	3.50	0.25	-0.25	3.25	3.75
02/05/12	05/06/12	3.75	0.25	-0.25	3.50	4.00
07/12/11	01/05/12	4.25	0.25	-0.25	4.00	4.50
02/11/11	06/12/11	4.50	0.25	-0.25	4.25	4.75
03/11/10	01/11/11	4.75	0.25	-0.25	4.50	5.00
05/05/10	02/11/10	4.50	0.25	-0.25	4.25	4.75
07/04/10	04/05/10	4.25	0.25	-0.25	4.00	4.50
03/03/10	06/04/10	4.00	0.25	-0.25	3.75	4.25
02/12/09	02/03/10	3.75	0.25	-0.25	3.50	4.00
04/11/09	01/12/09	3.50	0.25	-0.25	3.25	3.75
07/10/09	03/11/09	3.25	0.25	-0.25	3.00	3.50
08/04/09	06/10/09	3.00	0.25	-0.25	2.75	3.25
04/02/09	07/04/09	3.25	0.25	-0.25	3.00	3.50
03/12/08	03/02/09	4.25	0.25	-0.25	4.00	4.50
05/11/08	02/12/08	5.25	0.25	-0.25	5.00	5.50
08/10/08	04/11/08	6.00	0.25	-0.25	5.75	6.25
03/09/08	07/10/08	7.00	0.25	-0.25	6.75	7.25
05/03/08	02/09/08	7.25	0.25	-0.25	7.00	7.50
06/02/08	04/03/08	7.00	0.25	-0.25	6.75	7.25
07/11/07	05/02/08	6.75	0.25	-0.25	6.50	7.00
08/08/07	06/11/07	6.50	0.25	-0.25	6.25	6.75
08/11/06	07/08/07	6.25	0.25	-0.25	6.00	6.50
02/08/06	07/11/06	6.00	0.25	-0.25	5.75	6.25
03/05/06	01/08/06	5.75	0.25	-0.25	5.50	6.00
02/03/05	02/05/06	5.50	0.25	-0.25	5.25	5.75
03/12/03	01/03/05	5.25	0.25	-0.25	5.00	5.50
05/11/03	02/12/03	5.00	0.25	-0.25	4.75	5.25
05/06/02	04/11/03	4.75	0.25	-0.25	4.50	5.00
08/05/02	04/06/02	4.50	0.25	-0.25	4.25	4.75
05/12/01	07/05/02	4.25	0.25	-0.25	4.00	4.50
03/10/01	04/12/01	4.50	0.25	-0.25	4.25	4.75
05/09/01	02/10/01	4.75	0.25	-0.25	4.50	5.00
04/04/01	04/09/01	5.00	0.25	-0.25	4.75	5.25
07/03/01	03/04/01	5.50	0.25	-0.25	5.25	5.75
07/02/01	06/03/01	5.75	0.25	-0.25	5.50	6.00
02/08/00	06/02/01	6.25	0.25	-0.25	6.00	6.50
03/05/00	01/08/00	6.00	0.25	-0.25	5.75	6.25
05/04/00	02/05/00	5.75	0.25	-0.25	5.50	6.00
02/02/00	04/04/00	5.50	0.25	-0.25	5.25	5.75
03/11/99	01/02/00	5.00	0.25	-0.25	4.75	5.25