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The Board of Directors of Banco de la República (BDBR), in its session today, adopted measures that reinforce those taken in previous days to ensure liquidity of the economy both in US dollars and in pesos.

Measures to reinforce liquidity in US dollars:

- On 30 March 2020 a new auction of FX SWAPS will be held for US $400 million, in which the Central Bank will sell dollars in the spot market and will buy them as futures (at 60 days). The amounts not allotted in the one-day auction will be auctioned on the next day until the allotment is fulfilled, or until the remaining amount is less than US $25 million. This measure brings transitory liquidity in US dollars to a wide group of financial institutions, with the purpose of alleviating possible restrictions to external financing and pressures in the foreign exchange market.
- The mechanism for exchange-rate hedging will be widened by means of a new auction of Non-Delivery Forwards (NDF) for US $1,000 million at 30 days. This new auction will take place on 30 March 2020. The amounts not allotted on a given day will be auctioned on the following day until the allotment is fulfilled, or until the remaining amount is less than US $25 million. Similarly, the amount of Financial Compliance Forwards maturing before 25 April 2020 will be added to the daily allotment of the NDF auction. These measures expand the supply for hedging against the risk of depreciation in an environment characterized by great uncertainty and high volatility of the exchange market.

Thus, the balance of FX Swaps would reach up to US $800 million, and that of Financial Compliance Forwards would reach up to US $2,000 million.

Measures to reinforce liquidity in pesos:
In order to facilitate payments of the economy and the normal operation of public and private debt markets in the extraordinary situation that the country is experiencing, the Board of Directors authorized access to severance funds (through their managers) to the auction for the purchases of private instruments and to repo auctions with private debt instruments. It also authorized access to the Fondo Nacional del Ahorro to participate in repo auctions with public and private debt instruments.

Bogotá.

Fuente: https://www.banrep.gov.co/en/banco-republica-expands-support-liquidity-economy-pesos-and-us-dollars