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ECB Launches Money Market Operation To Provide US\$40 Bln

FRANKFURT (MNI) - The European Central Bank said Wednesday that it will launch a liquidity-providing operation today to ease pressures in short-term U.S. dollar funding markets.

The ECB will allot up to US\$40 billion in the 1-day operation at a single rate.

The single rate to apply to all funds awarded is equal to the marginal lending rate i.e. to the rate at which the total allotment amount is exhausted.

Bids are due by 07:45 GMT today. Tender results will be announced at 09:45 GMT.

The U.S. dollars will be provided by the Federal Reserve to the ECB by means of a temporary reciprocal currency arrangement (swap line). The funds are available against Eurosystem-eligible collateral.

The ECB has four more outstanding U.S. dollar facilities: two \$10 billion 84-day facilities maturing November 6 and December 4 one \$25 billion 28-day facility maturing October 23 and one \$10 billion 28-day facility maturing October 9.

--Frankfurt Bureau tel.: +49-69-720 142 email: frankfurt@marketnews.com

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