



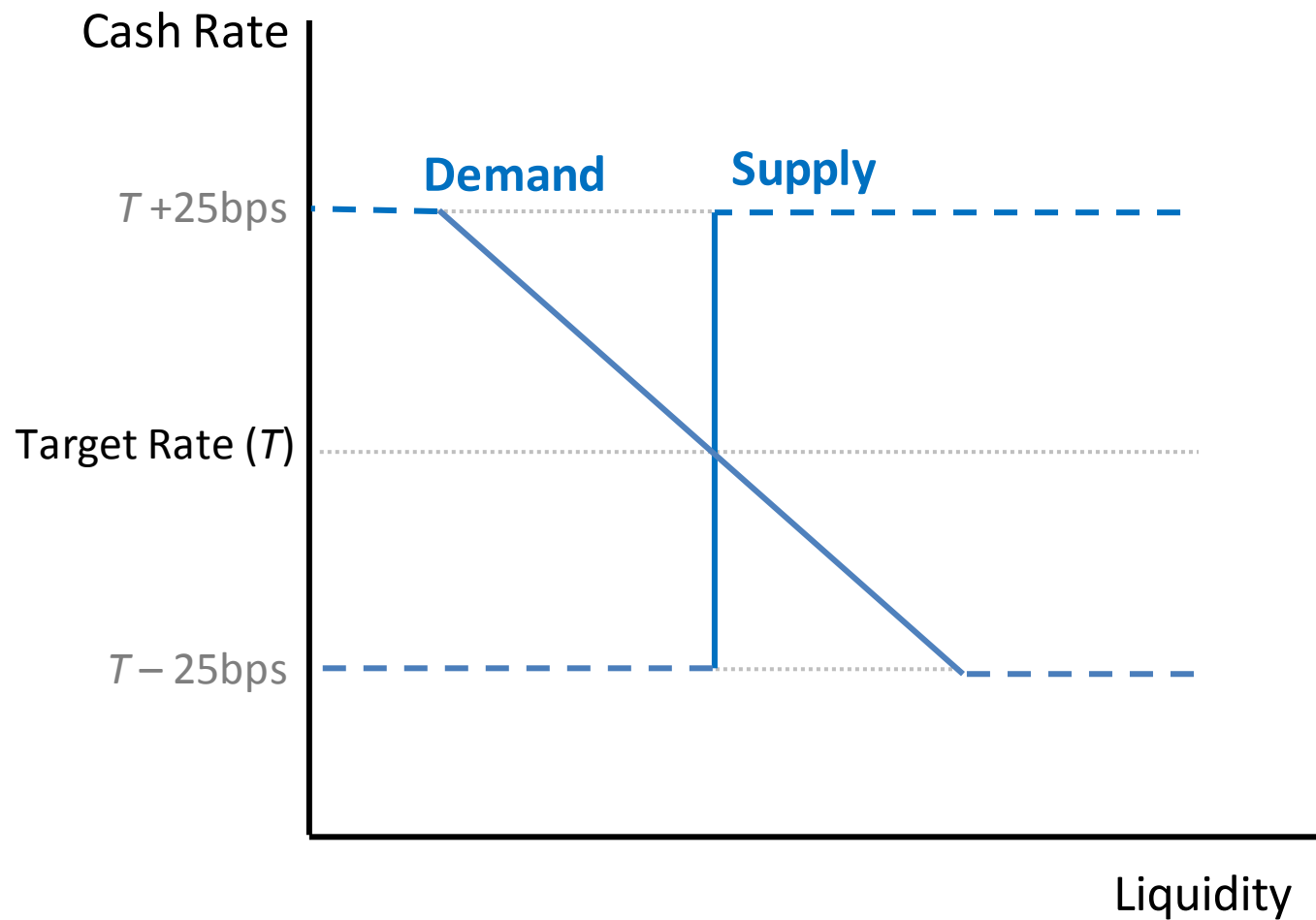
RESERVE BANK OF AUSTRALIA

How the Reserve Bank implements monetary policy

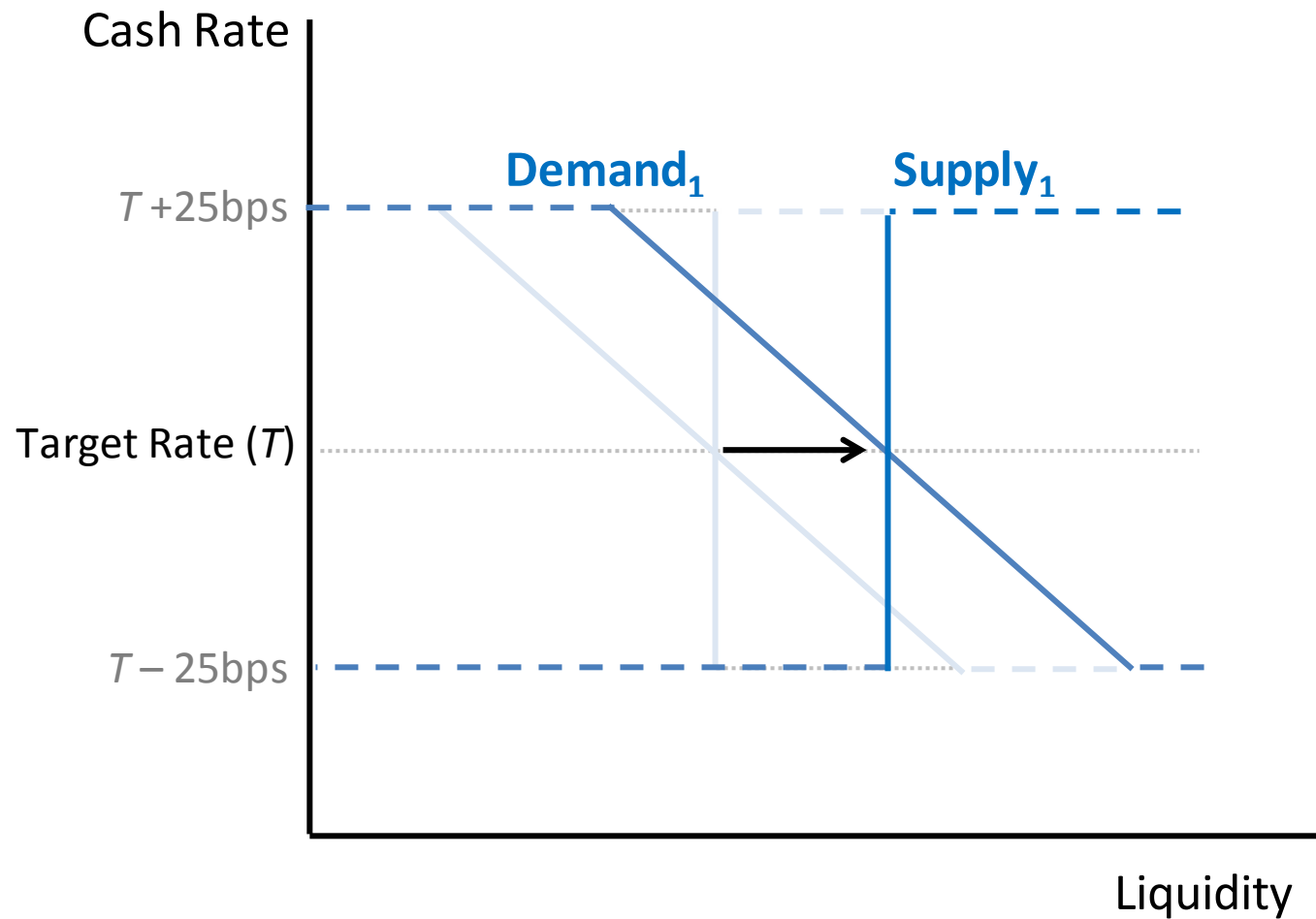


Education

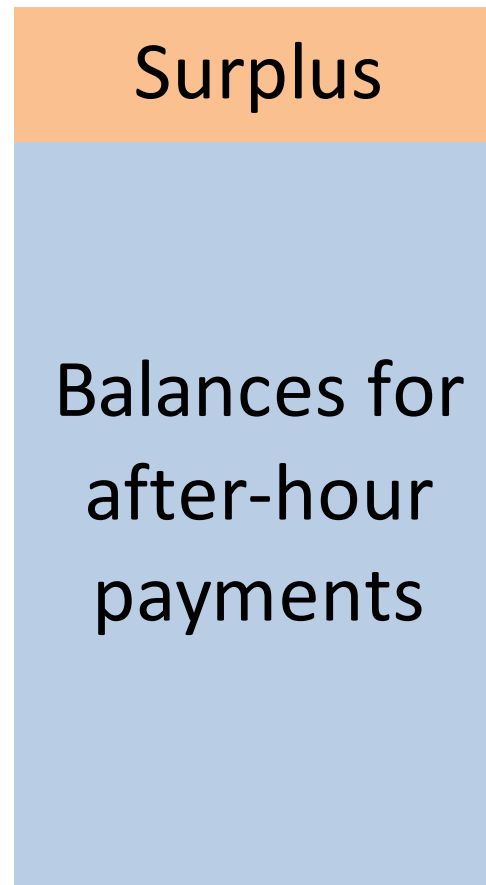
The Australian Cash Market



The Australian Cash Market

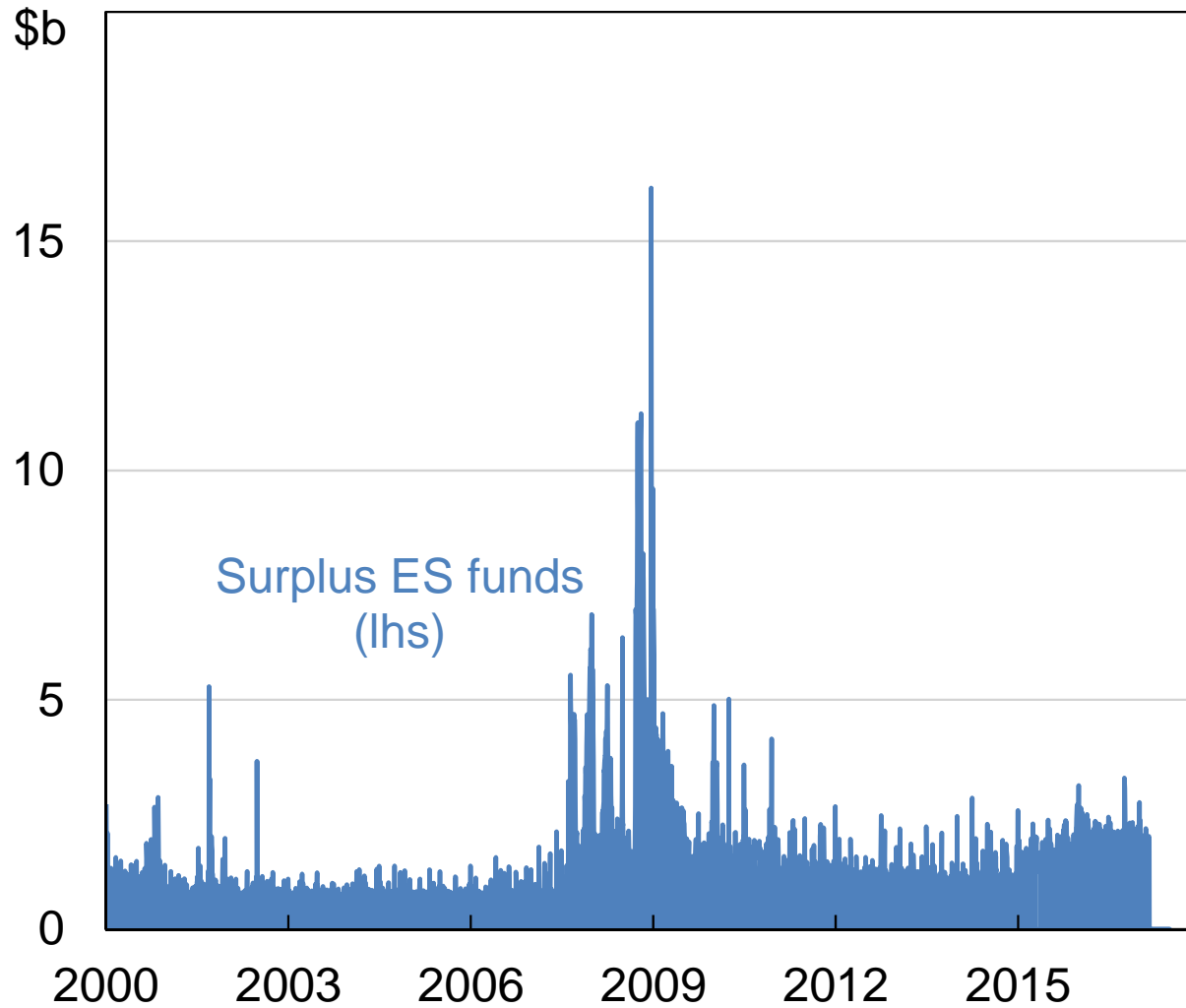


Exchange Settlement (ES) Balances



Surplus ES Balances and Cash Rate Target

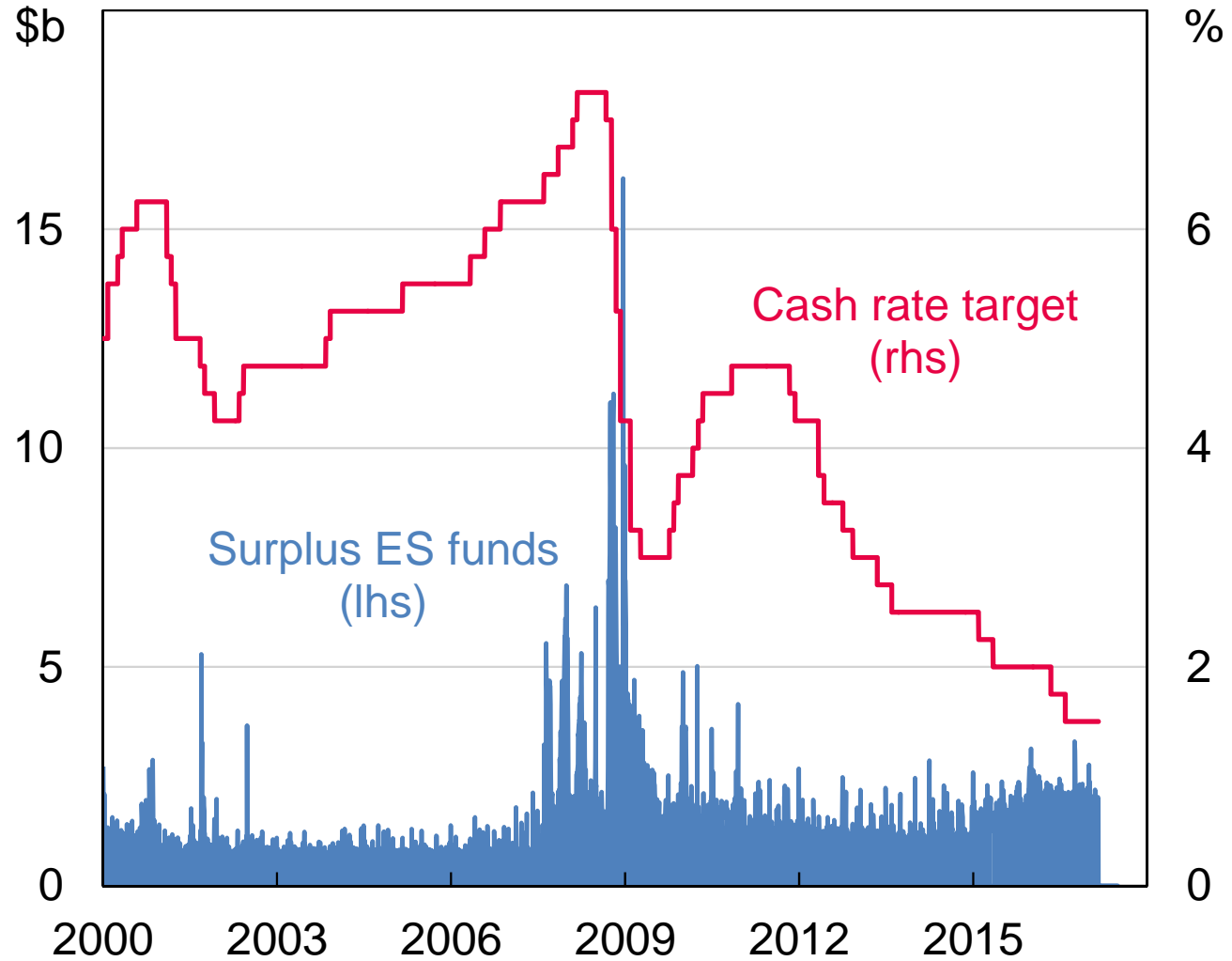
Adjusted end-of-day balances (float)



Source: RBA

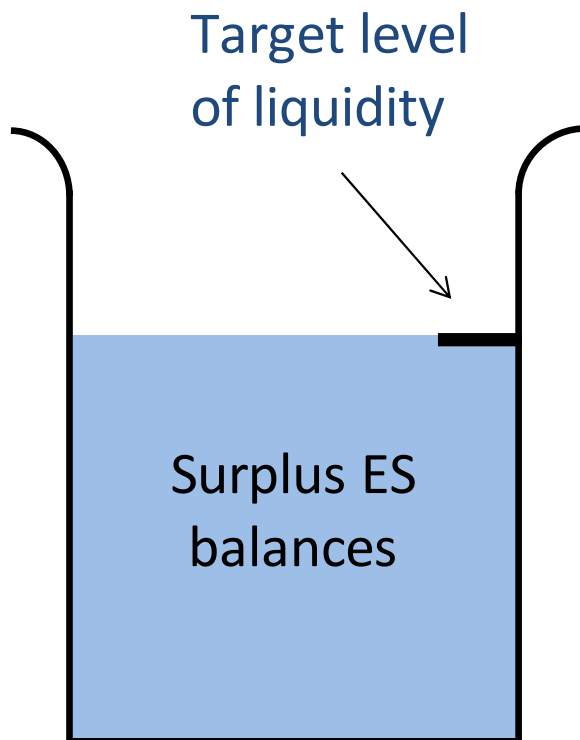
Surplus ES Balances and Cash Rate Target

Adjusted end-of-day balances (float)



Source: RBA

Reserve Bank of Australia

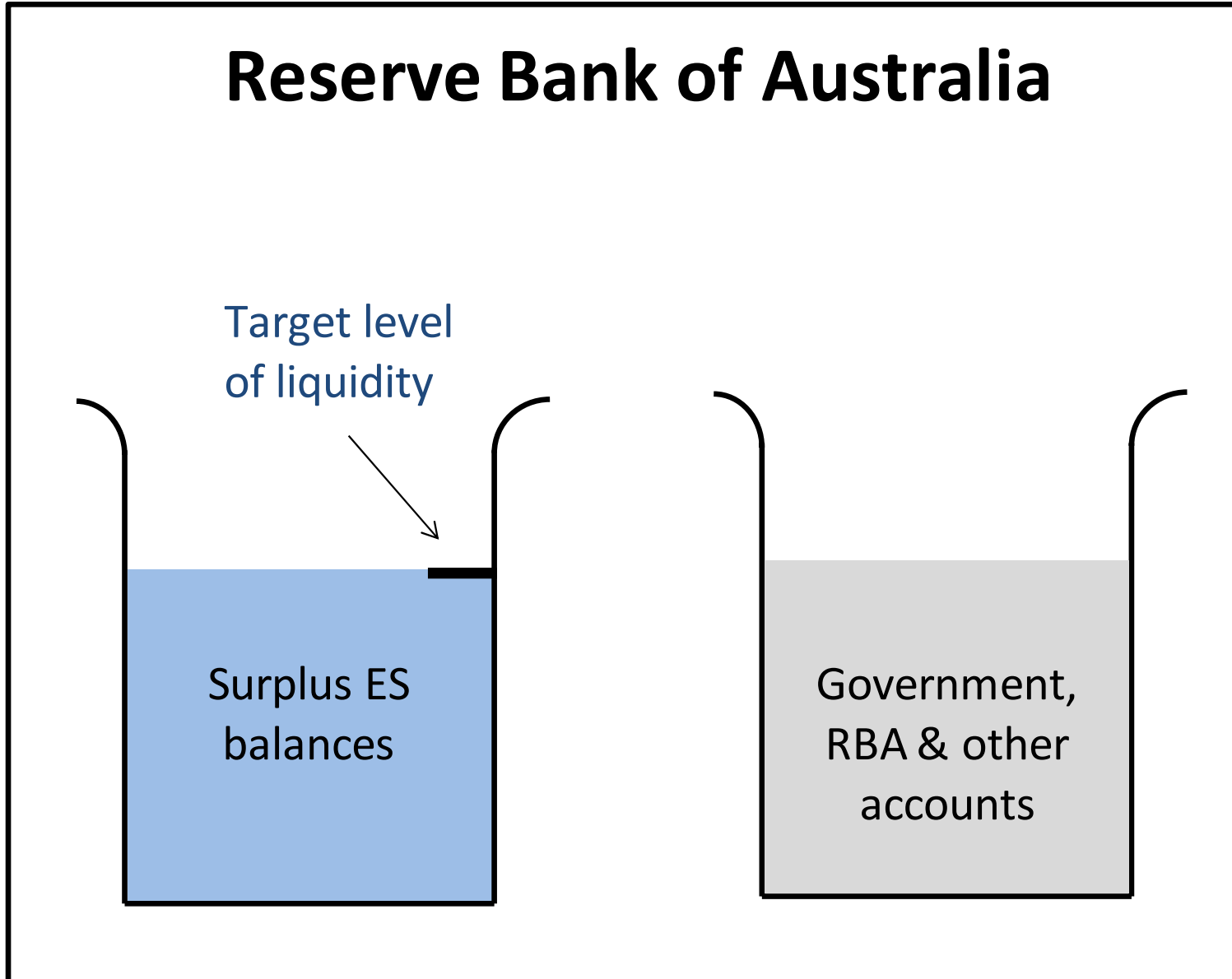


Reserve Bank of Australia

Target level
of liquidity

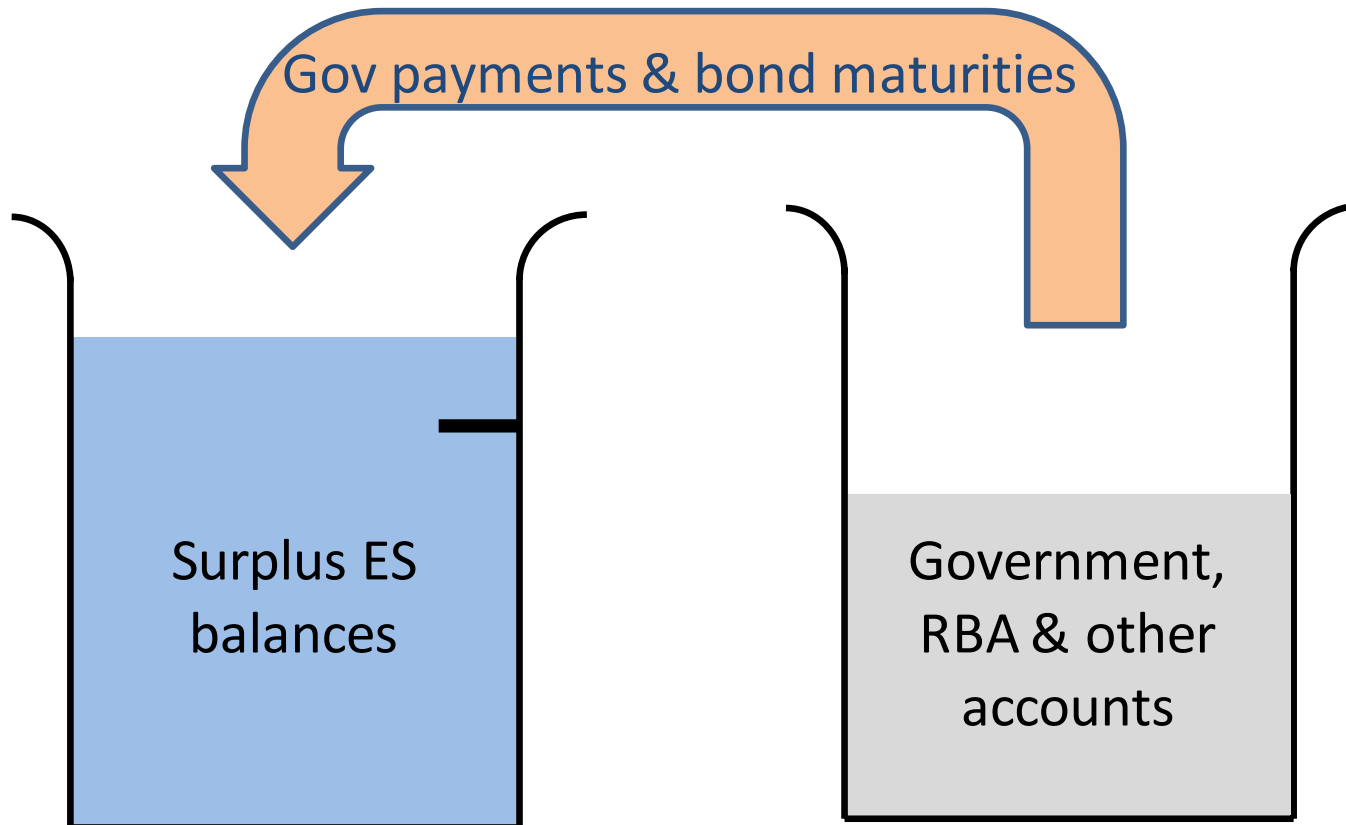
Surplus ES
balances

Government,
RBA & other
accounts



Reserve Bank of Australia

Liquidity Injection



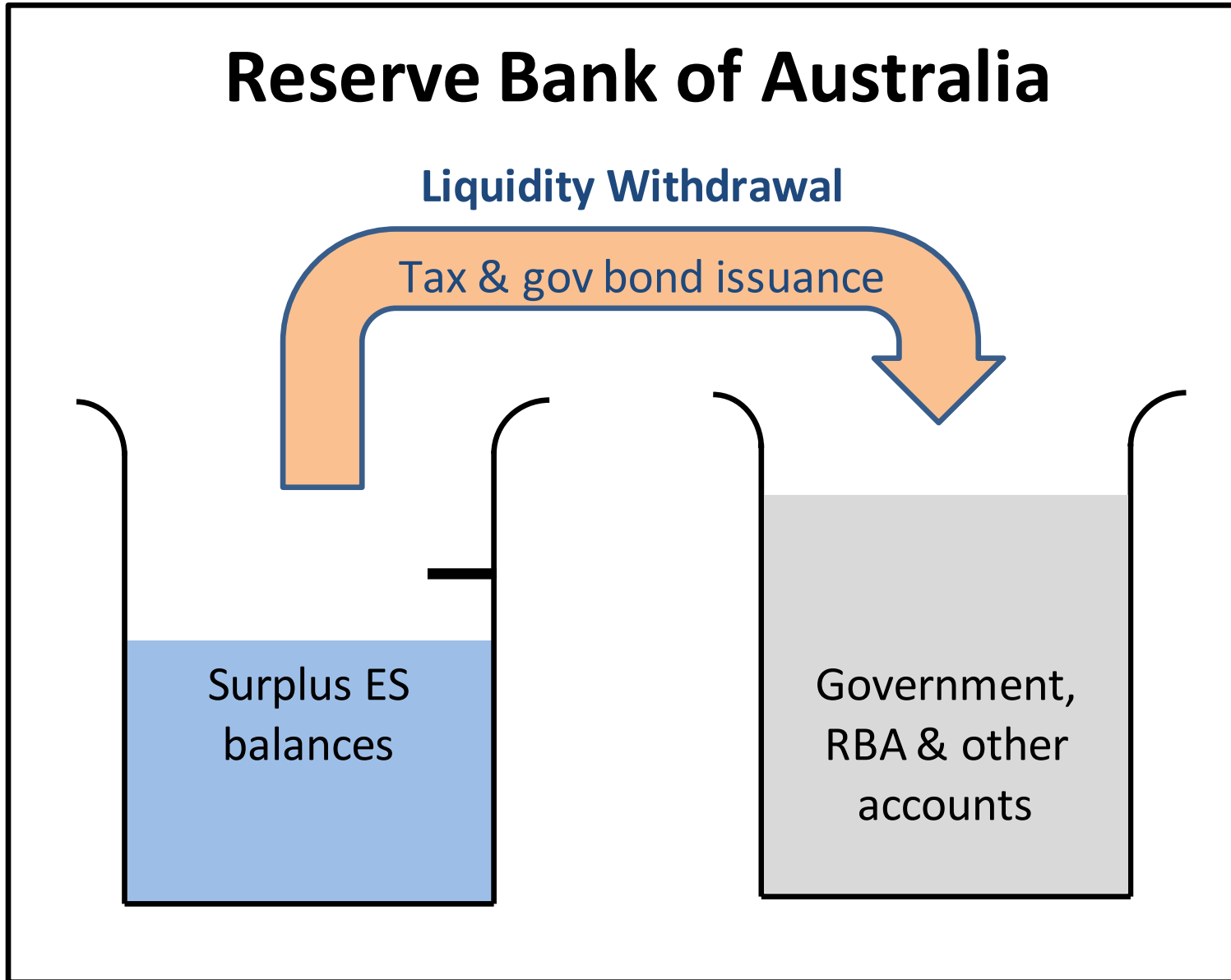
Reserve Bank of Australia

Liquidity Withdrawal

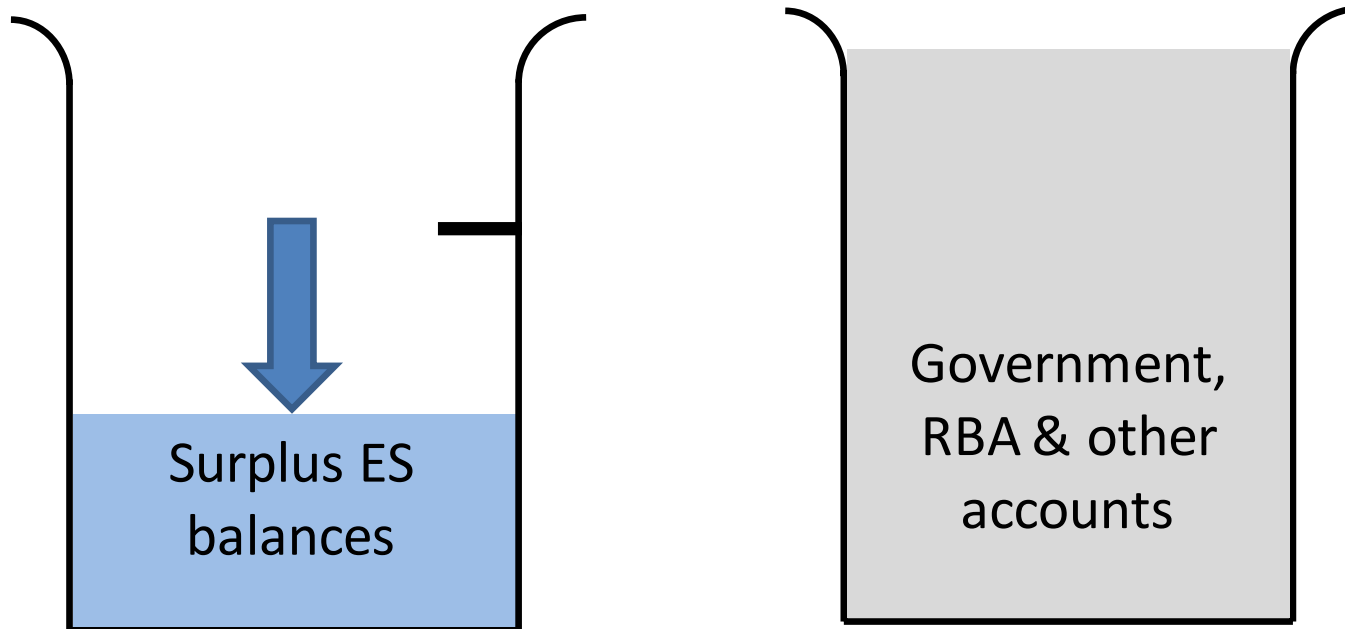
Tax & gov bond issuance

Surplus ES
balances

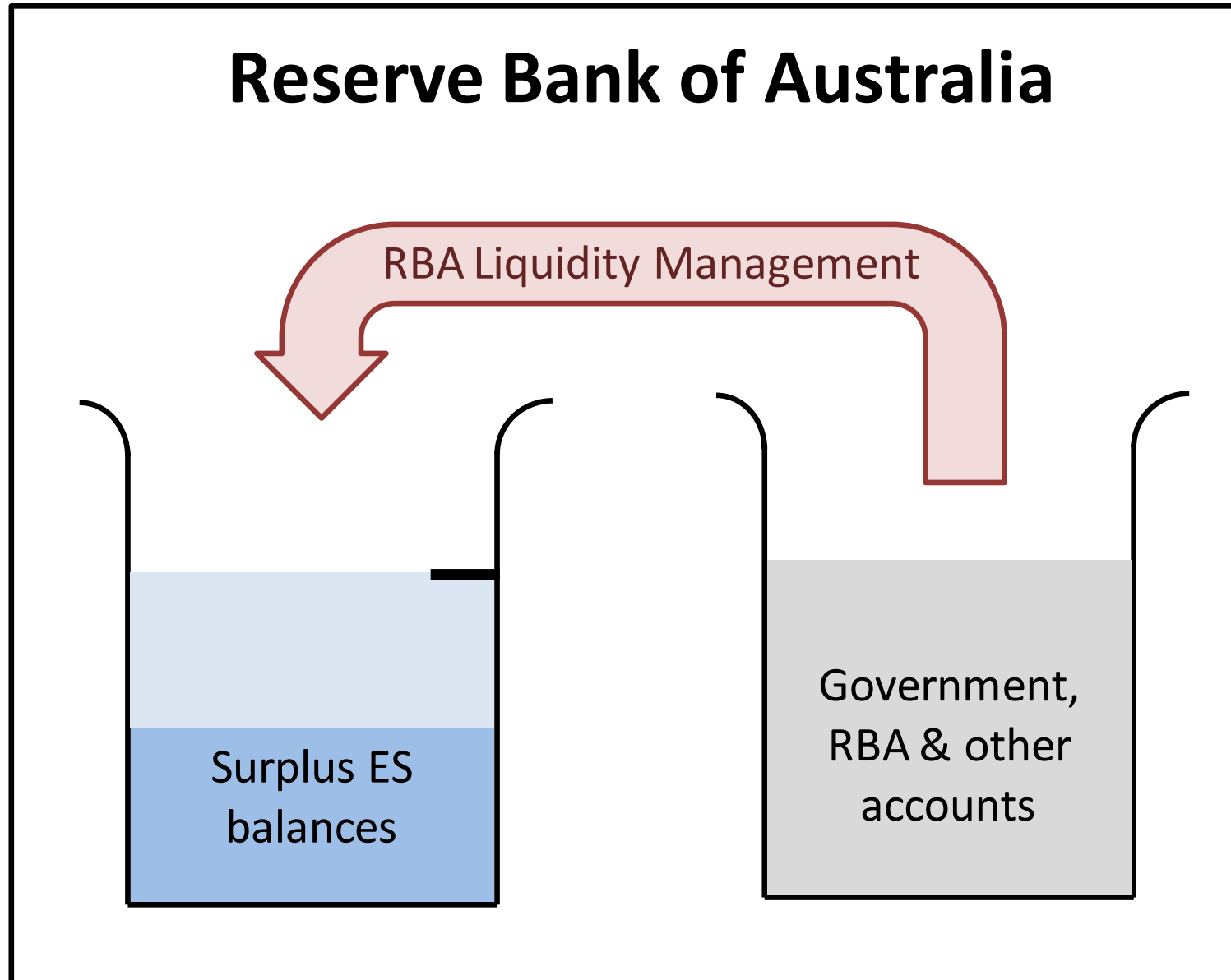
Government,
RBA & other
accounts



Reserve Bank of Australia



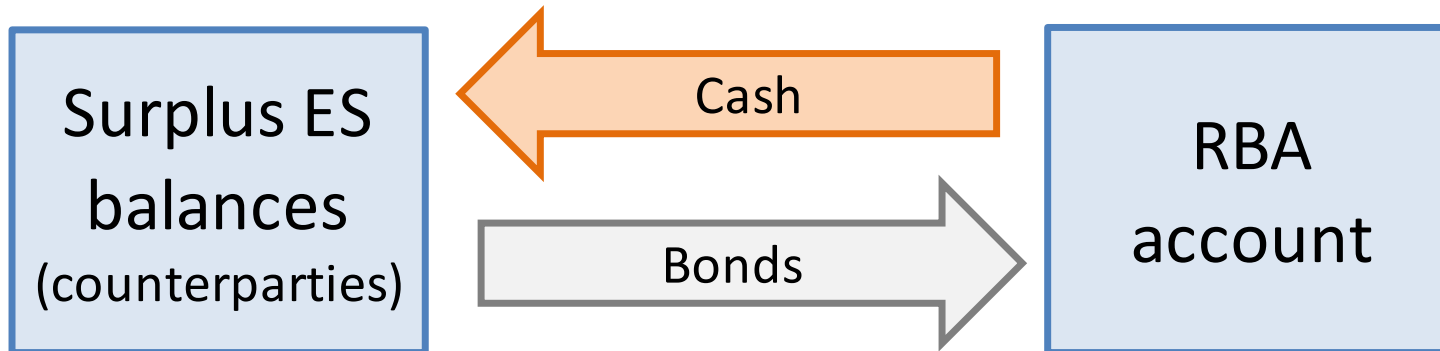
Reserve Bank of Australia



Open Market Operations (OMOs)

- Outright government bond purchases
- Reverse repurchase agreements (repos)
- Foreign exchange (FX) swaps

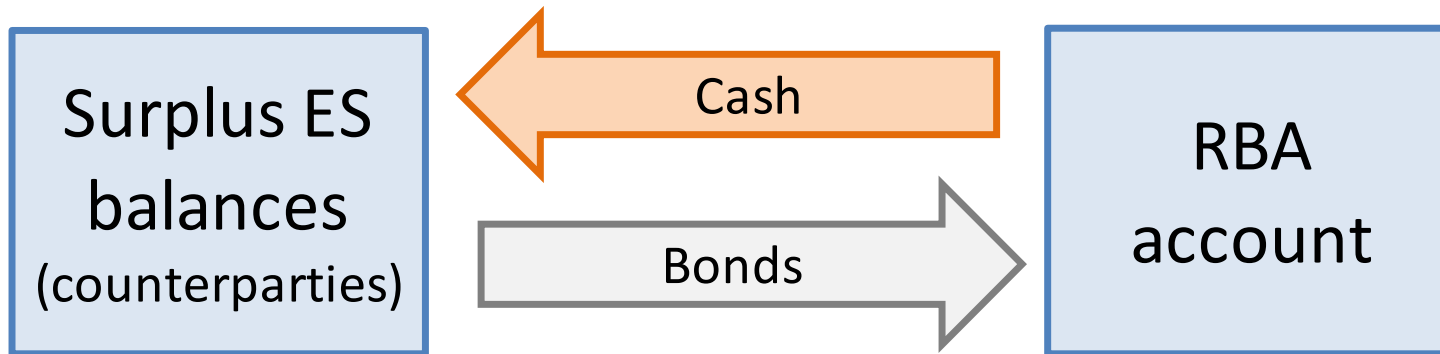
Outright Bond Purchase (Liquidity Injection)



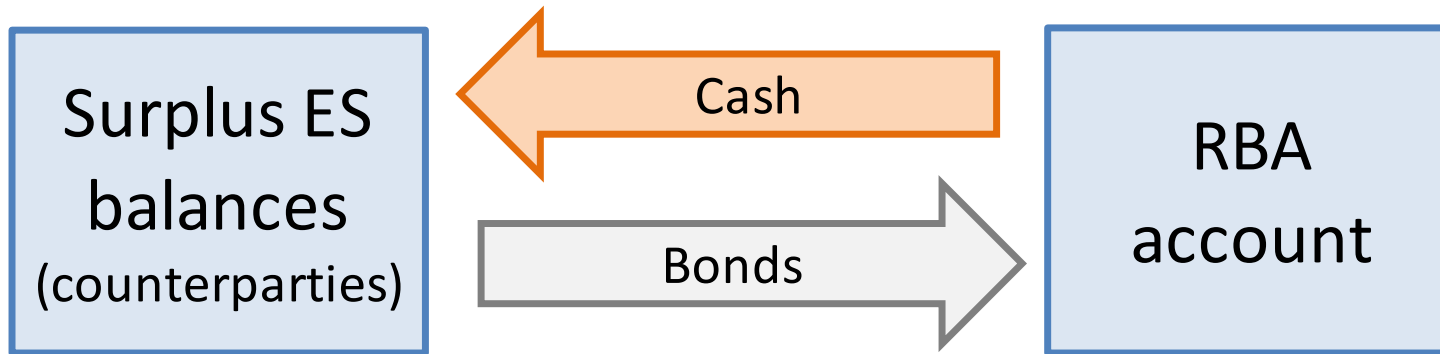
Open Market Operations (OMOs)

- Outright government bond purchases
- Reverse repurchase agreements (repos)
- Foreign exchange (FX) swaps

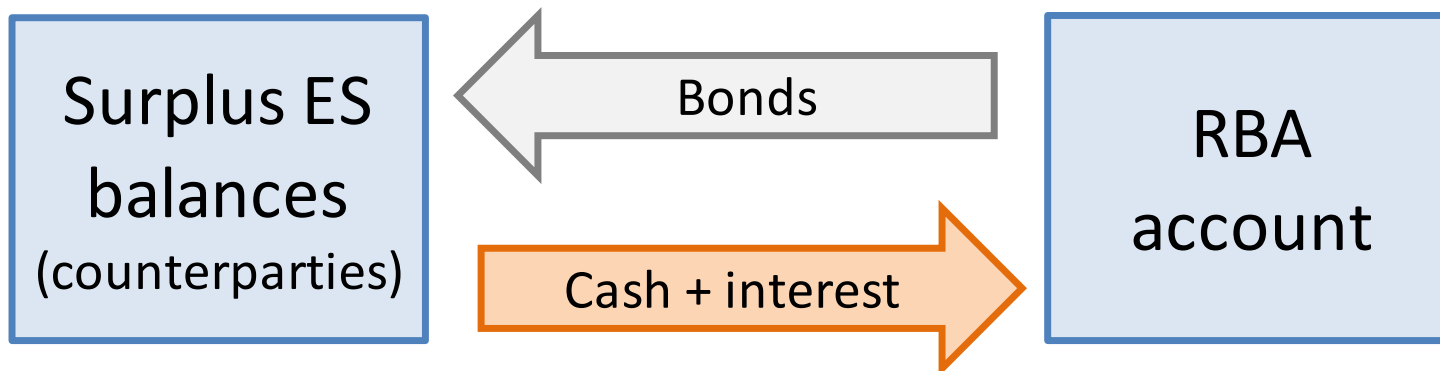
Reverse Repo - First Leg (Liquidity Injection)



Reverse Repo - First Leg (Liquidity Injection)



Reverse Repo - Second Leg (Liquidity Withdrawal)

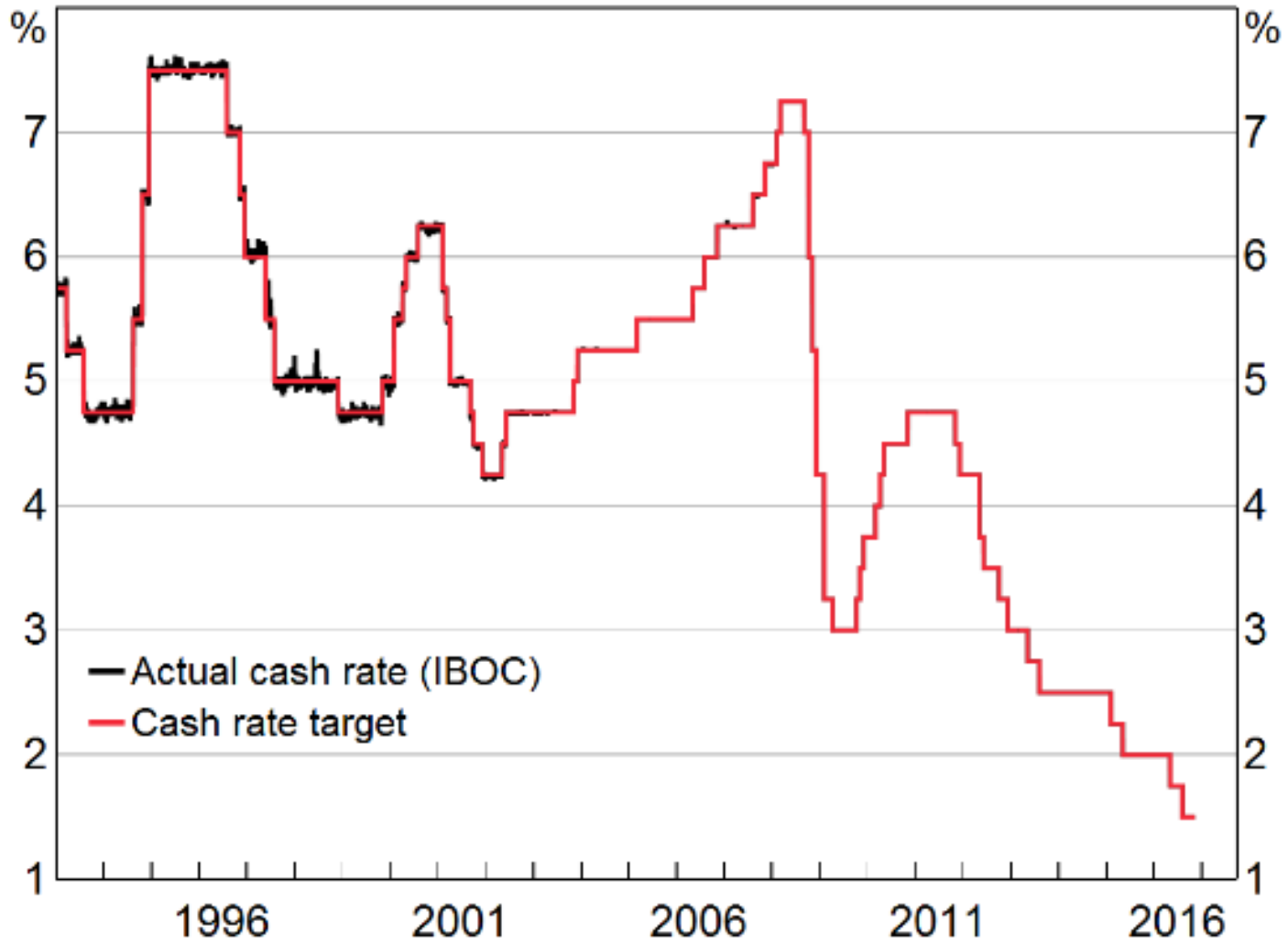


Open Market Operations (OMOs)

- Outright government bond purchases
- Reverse repurchase agreements (repos)
- Foreign exchange (FX) swaps

Cash Rate

Daily



Source: RBA