

Co-operation or co-ordination between DMOs and Central Banks

Hans J. Blommestein
OECD

Session 3, topic 1

19th OECD Global Forum on Public Debt Management, 25-26 November 2009

Questions for discussion

- **Crisis has generated new questions regarding new actual or potential policy conflicts**
- **Broader mandate for DMOs?**
- **New questions regarding liquidity**

Background new challenges

DMOs

- **Scale of challenge: massive increase in government issuance**
- **Emerging risks.....**
- **Including roll-over risk**
- **Exit strategy DMO?**

Exit and the supporting role of fiscal policy

- **Clever debt management is not enough**
- **Why prudent fiscal policy?**

Exit and implications of monetary policy shifts for the debt strategy (1)

- **Objective of lowest borrowing costs could lead to maturities and yields that conflict with monetary policy goals**
- **Another source of market stress or policy conflicts is related to higher real-interest rates associated with central bank's exit strategy**

Exit and implications of monetary policy shifts for the debt strategy (2)

- **Different exit programmes (reverse repos, unwinding asset purchases and increase in official rates) have a different impact on government securities market dynamics**
- **Complications in exit programmes for CBs and additional challenges for DMOs require information exchange about policy moves that will have significant market impacts**