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## Repurchase Agreements with Negative Interest Rates

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### Abstract


Contrary to popular belief, interest rates can drop below zero. From early August to mid-November of 2003, negative rates occurred on certain U.S. Treasury security repurchase agreements. An examination of the market conditions behind this development reveals why market participants are sometimes willing to pay interest on money lent.

**Keywords:** repurchase agreements, gcf repo, general collateral, fixed income clearing corporation, dealer finance

**JEL Classification:** G28, G18, H63

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