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ROOM C-120

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EBD/84/50

February 16, 1984

To: Members of the Executive Board

From: The Acting Secretary

Subject: Italy - Monetary Measures

The Fund has received the following communication dated February 15, 1984, from the Director General of the Bank of Italy:

I wish to inform you that the Italian monetary authorities have decided that the base rates for rediscounts and advances by the Bank of Italy are lowered from 17 percent to 16 percent, effective February 16.

This measure is consistent with the progress made in reducing inflation and the improvement in the current account of the balance of payments, and is taking into account the Government's initiatives concerning the containment of the increase of prices and labor costs.

The discount rate had been lowered from 18 to 17 percent in April 1983. Since then, interest rates on government bonds have fallen by two percentage points while their maturity has been lengthened. During the same period the rate of increase of consumer prices has declined from 16 percent to about 12 percent.

Other Distribution:
Department Heads

