

MASTER FILES

EBD/84/179

ROOM C-120

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June 29, 1984

To: Members of the Executive Board
From: The Acting Secretary
Subject: Madagascar - Exchange Arrangements

The attached paper on a recent change in the exchange rate of the Malagasy franc is circulated for the information of the Executive Directors.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Madagascar--Exchange Arrangements

Prepared by the African Department and the Exchange
and Trade Relations Department

(In consultation with the Legal Department)

Approved by Oumar B. Makalou and S. Kanesa-Thasan

June 29, 1983

In the attached notification dated June 27, 1984 the Central Bank of Madagascar has notified the Fund that with effect from June 21, 1984 the Malagasy franc was devalued by 2.0 percent vis-à-vis the currency composite to which it is pegged. The middle rate against the U.S. dollar on June 21, 1984 was FMG 581.73 = US\$1, compared with a middle rate of FMG 570.59 = US\$1 on June 20, 1984, representing a devaluation of 1.9 percent in terms of the U.S. dollar.

This action follows depreciations of the Malagasy franc by 13 percent on May 17, 1982 (EBS/82/85), by 5.7 percent on January 31, 1983 (EBD/83/31), by 2 percent on July 8, 1983 (EBD/83/235), by 9.5 percent on October 3, 1983 (EBD/83/255), and by 13 percent on March 17, 1984 (Buff 84/85). A staff team has recently visited Madagascar to conduct a review under the current stand-by arrangement, and the corresponding report (EBS/84/133) is scheduled to be discussed by the Executive Board on July 16, 1984.

ATTACHMENT

INTERFUND
Washington, D.C.

June 27, 1984

THIS IS TO INFORM THE FUND THAT ON JUNE 20, THE GOVERNMENT HAS DECIDED TO DEVALUE THE MALAGASY FRANC (FM) BY 2 PERCENT (TWO PERCENT) IN LOCAL CURRENCY TERMS COMPARED TO THE EXCHANGE RATE CALCULATED ON THE BASIS OF THE CURRENCY BASKET ADOPTED ON APRIL 2, 1982. THE FOLLOWING WERE THE RESULTANT BUYING AND SELLING RATES FOR THE EIGHT CURRENCIES QUOTED BY THE CENTRAL BANK ON THE DAY BEFORE THE DEVALUATION, JUNE 21, DATE ON WHICH THE DEVALUATION BECAME EFFECTIVE AND ON JUNE 22:

	<u>JUNE 20</u>		<u>JUNE 21</u>		<u>JUNE 22</u>	
	B	S	B	S	B	S
DLRS	567.74	573.44	578.82	584.64	582.60	588.46
DM	205.41	207.47	209.84	211.95	209.15	211.25
LSTG	781.02	788.87	796.13	804.13	793.45	802.43
FF	66.89	67.56	68.33	69.01	68.14	68.82
FL	182.34	184.17	186.27	188.14	185.72	187.59
FS	247.73	250.22	252.54	255.08	251.40	253.92
100 LIT	33.31	33.65	34.00	34.34	33.97	34.31
FB	10.09	10.19	10.30	10.41	10.28	10.38

KIND REGARDS

RENEE RAZAFINTSALAMA,
GENERAL MANAGER
CENTRAL BANK OF MADAGASCAR

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