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EBD/84/185

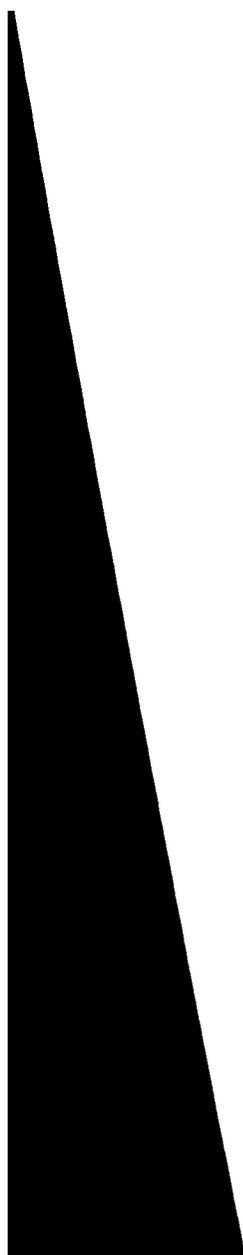
July 6, 1984

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

Attached for the information of the Executive Directors is a paper on a change in the exchange arrangements of Madagascar.

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 Eduard Brau

July 5, 1984

In the attached notification dated July 2, 1984 the Central Bank of Madagascar has notified the Fund that with effect from July 2, 1984 the Malagasy franc was depreciated by 2.0 percent vis-à-vis the currency composite to which it is pegged. The middle rate against the U.S. dollar on July 2, 1984 was FMG 597.640 = US\$1, compared with a middle rate of FMG 588.175 = US\$1 on June 29, 1984, representing a depreciation of 1.6 percent in terms of the U.S. dollar.

As mentioned in EBD/84/179, a staff team has recently visited Madagascar to conduct a review under the current stand-by arrangement; the corresponding report, which contains an assessment by the staff of Madagascar's exchange rate policy, is scheduled to be discussed by the Executive Board on July 16, 1984. In combination with a similar action taken on June 21, 1984--and communicated to the Executive Board in EBD/84/179, 6/29/84)--the above-mentioned measure entailed a depreciation of the Malagasy franc of 3.9 percent in terms of the currency composite to which it is pegged.

ATTACHMENT

Interfund
Washington, D.C.

THIS IS TO INFORM THE FUND THAT ON JUNE 30, THE GOVERNMENT HAS DECIDED TO DEVALUE THE MALAGASY FRANC (MF) 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 JUNE 29 THE DAY BEFORE THE DEVALUATION ON JULY 2, DATE ON WHICH THE DEVALUATION BECAME EFFECTIVE, AND ON JULY 3, RESPECTIVELY:

	JUNE 29		JULY 2		JULY 3	
	B	S	B	S	B	S
DLRS	585.23	591.12	594.65	600.63	596.58	602.57
DM	208.98	211.08	213.55	215.70	213.30	215.45
L STG	786.44	794.34	804.66	812.74	803.94	812.02
FF	68.09	68.77	69.60	70.29	69.50	70.20
FL	185.61	187.48	189.51	191.41	189.21	191.11
FS	249.73	252.24	255.24	257.80	254.46	257.02
100 LIT	33.91	34.25	34.70	35.05	34.66	35.01
FB	10.27	10.37	10.50	10.61	10.49	10.59

KIND REGARDS

RENEE RAZAFINTSALAMA
GENERAL MANAGER
CENTRAL BANK OF MADAGASCAR

Received in Cable Room July 2, 1984