

DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE

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ROOM C-120

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EBD/84/268

October 10, 1984

To: Members of the Executive Board
From: The 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

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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 J.B. Zulu and S. Kanesa-Thasan

October 10, 1984

In the attached communication the Central Bank of Madagascar has notified the Fund that as of September 24, 1984 the Malagasy franc was appreciated by 1.1 percent vis-à-vis the currency composite to which it is pegged. Madagascar is following a flexible exchange rate policy as described in EBS/83/235 (November 2, 1983) and EBS/84/195 (September 12, 1984), scheduled for Board discussion on October 9, 1984, along with the second review under the current stand-by arrangement. In keeping with that policy the September change was made in response to a similar decline in the consumer price index between end-March and end-June, 1984. This action follows depreciations of the Malagasy franc in foreign currency terms by 13.0 percent on March 17, 1984 (Buff 84/85), by 2.0 percent on June 21, 1984 (EBD/84/179) and by 2.0 percent on July 2, 1984 (EBD/84/185).

Attachment

INTERFUND,
WASHINGTON, DC

SEPTEMBER 25, 1984

THIS IS TO INFORM THE FUND THAT ON SEPTEMBER 22 THE GOVERNMENT HAS DECIDED TO REVALUE THE MALAGASY FRANC (MF) BY 1.1 PERCENT (ONE POINT ONE) 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 SEPTEMBER 21, THE DAY BEFORE THE REVALUATION, ON SEPTEMBER 24, DATE ON WHICH THE REVALUATION BECAME EFFECTIVE, AND ON SEPTEMBER 25, RESPECTIVELY:

	<u>SEPTEMBER 21</u>		<u>SEPTEMBER 24</u>		<u>SEPTEMBER 25</u>	
	B	S	B	S	B	S
US DOLLARS	634.51	640.89	636.46	642.78	617.78	623.99
DEUTSCHE MARK	205.21	207.27	200.88	202.87	204.61	206.66
POUND STERLING	785.03	792.92	772.00	779.66	773.50	781.27
FRENCH FRANC	66.87	67.54	65.49	66.14	66.64	67.33
NETHERLANDS						
GUILDER	182.03	183.86	178.22	179.99	181.41	183.23
SWISS FRANC	250.50	253.02	247.45	249.91	248.40	250.90
100 ITALIAN LIRE	33.27	33.60	32.60	32.92	32.95	33.28
BELGIAN FRANC	10.18	10.28	9.97	10.07	10.11	10.21

KIND REGARDS

GASTON RAVELOJAONA
GENERAL MANAGER A.I.
CENTRAL BANK OF MADAGASCAR

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