

EBD/83/75

MASTER FILES

ROOM C-120

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March 18, 1983

To: Members of the Executive Board  
From: The Acting Secretary  
Subject: Federal Republic of Germany - Monetary Measures

The Secretary has received the following memorandum dated March 17, 1983 from Mr. Laske:

I have received the following communication from the Governor of the Deutsche Bundesbank, which I would like to ask you to kindly circulate to the members of the Executive Board for information.

At its meeting on March 17, 1983, the Central Bank Council of the Deutsche Bundesbank took the following decisions:

1. The discount rate of the Deutsche Bundesbank is lowered from 5 per cent to 4 per cent and the Lombard rate (for loans against collateral) from 6 per cent to 5 per cent with effect from March 18, 1983.
2. The banks' rediscount quotas are reduced by DM 5 billion with effect from April 5, 1983.

The reduction in the rediscount quotas will remove some of the excess liquidity which has arisen at the banks as a result of substantial foreign exchange inflows (over DM 15 billion since the beginning of the year). Following the recent heavy intervention in the foreign exchange market, the banks' unused refinancing facilities have expanded to such an extent that the increase (of some DM 5 billion) in the rediscount quotas as from February 1, 1983, which was decided on in different circumstances, no longer appears to be warranted today.

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Department Heads