

EBS/82/85

CONFIDENTIAL

May 21, 1982

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

The attached paper on a change in Madagascar's exchange system is circulated for the information of the Executive Directors.

Att: (1)



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

May 20, 1982

The Governor of the Central Bank of Madagascar has notified the Fund of a change in Madagascar's exchange arrangement, as described in the attached communication received on May 18, 1982.

On May 15, 1982, the Malagasy authorities announced that the Malagasy franc would be devalued by 13.0 per cent in terms of the currency composite to which it is pegged, effective May 17. The middle rate against the U.S. dollar on May 17, 1982 was MFG 350.92 = US\$1.00, as compared with a middle rate of MFG 303.21 = US\$1.00 on May 14, 1982. The rate of May 17, 1982 represented a devaluation of 13.6 per cent in U.S. dollar terms and a 15.7 per cent devaluation in terms of local currency.

Attachment

INTERNATIONAL MONETARY FUND

THIS IS TO INFORM THE FUND THAT ON MAY 15 THE GOVERNMENT HAS DECIDED TO DEVALUE THE MALAGASY FRANC (MF) BY 15 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, ON MAY 17, DATE ON WHICH THE DEVALUATION BECAME EFFECTIVE AND ON MAY 18, RESPECTIVELY:

	MAY 14		MAY 17		MAY 18	
	B	S	B	S	B	S
US DLRS	301.69	304.72	349.17	352.67	347.05	350.74
DM	131.66	132.99	151.02	152.54	151.45	152.97
LSTG	553.53	559.09	634.65	641.24	633.94	640.30
FF	50.45	50.96	57.87	58.45	58.08	58.66
FL	118.43	119.62	136.02	137.38	136.28	137.65
FS	155.88	157.44	179.71	181.51	178.76	180.55
100 LIT	26.09	26.96	27.17	27.44	27.27	27.54
FB	6.97	7.04	8.00	8.08	8.03	8.11

KIND REGARDS

RAJAABELINA

GOVERNOR CENTRAL BANK

Received in Cable Room: May 18, 1982