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April 18, 1994

To: Members of the Executive Board
From: The Secretary
Subject: Germany - Interest Rate Action of the Deutsche Bundesbank

The Secretary has received the following memorandum dated April 14, 1994, from Mr. Schoenberg:

I should be grateful if you could bring the attached press release of the Deutsche Bundesbank of April 14, 1994 to the attention of Executive Directors.

Attachment

Other Distribution:
Department Heads

Frankfurt am Main, April 14, 1994

I At its meeting today, the Central Bank Council of the Deutsche Bundesbank took the following decision:

1. The discount rate of the Deutsche Bundesbank will be lowered from 5.25 % to 5.0 % with effect from April 15, 1994.
2. The lombard rate of the Deutsche Bundesbank will be lowered from 6.75 % to 6.5 % with effect from the same date.

In taking this decision, the Central Bank Council took due account of the fact that the prospects for a further decline in the rate of inflation have improved. It also assumes that monetary growth will continue to slow down in the next few months, after the distortions around the turn of the year due to special factors.

II In addition, the Central Bank Council of the Deutsche Bundesbank approved the annual accounts for the financial year 1993. The net profit amounts to DM 18.83 billion. DM 0.55 billion of this sum will be transferred to the legal reserves and a further DM 30 million to the Fund for the Purchase of Equalisation Claims. The balance of DM 18.26 billion has been paid over to the Federal Government today.

Further particulars are contained in the Deutsche Bundesbank's Annual Report for 1993, which analyses both the annual accounts and the central bank's policies last year; it will be made available to the press in the form of an advance copy on April 18, 1994. Interested parties can obtain the notes on the annual accounts from the Press Division of the Bundesbank immediately.

