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May 12, 1994

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

The Secretary has received the following memorandum dated May 11, 1994, from Mr. Schoenberg:

I should be grateful if you would bring the attached Press Release of the Deutsche Bundesbank of May 11, 1994 to the attention of Executive Director.

Attachment

Other Distribution:
Department Heads

Frankfurt am Main, May 11, 1994

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 5.0 % to 4.5 % with effect from May 13, 1994.
2. The lombard rate of the Deutsche Bundesbank will be lowered from 6.5 % to 6.0 % with effect from the same date.

This decision takes account of the fact that the prospects for stability in Germany have improved. By this interest rate reduction, conditions have been ensured which pave the way for a gradual dissolution of the liquidity tailback and increased monetary capital formation.

