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September 19, 1992

To: Members of the Executive Board
From: The Secretary
Subject: European Monetary System

The Secretary has received the following memorandum dated September 17, 1992 from the Executive Directors appointed or elected by the member countries of the European Community:

We attach an extract from the statement issued by the EC Monetary Committee today. The new bilateral intervention rates are shown in the attached table.

The Ministers and Central Bank Governors of the member states of the European Community, after consultation with the Monetary Committee of the European Community, have taken note of:

- the decision of the United Kingdom authorities to suspend in present circumstances the participation of their currency in the Exchange Rate Mechanism.
- The subsequent decision of the Italian authorities to abstain temporarily from intervention in the foreign exchange markets.

They all stress their unanimous commitment to the European Monetary System as a key factor of economic stability and prosperity in Europe.

The authorities of those countries which observe the intervention obligations of the Exchange Rate Mechanism urge the resumption of the full participation of the pound sterling and of the lira as soon as possible.

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At the request of the Spanish authorities, the Ministers and Central Bank Governors have further, by mutual agreement following a common procedure involving the Commission, and after consultation with the Monetary Committee, decided on a realignment within the Exchange Rate Mechanism of the EMS.

The bilateral central rates of the Spanish peseta have been reduced by 5 percent.

The new ECU central rates are the following (in units of national currency per ECU).

Belgian Franc	41.9547
Deutschemark	2.03412
Danish Krone	7.75901
Spanish Peseta	139.176
French Franc	6.82216
UK Pound	0.689533
Greek Drachma	250.550
Irish Pound	0.759300
Italian Lira	1632.36
Luxembourg Franc	41.9547
Dutch Guilder	2.29193
Portuguese Escudo	176.844

Attachment

Other Distribution:
Department Heads

BILATERAL CENTRAL RATES AND SELLING AND BUYING RATES IN THE EMS EXCHANGE RATE MECHANISM
FROM 17 SEPTEMBER 1992

		<u>B Fc</u> <u>L Fc 100 =</u>	<u>D Kr 100 =</u>	<u>Fr.fg 100 =</u>	<u>DM 100 =</u>	<u>Itl =</u>	<u>Lit 1,000 =</u>	<u>Fl 100 =</u>	<u>PEsc 100 =</u>	<u>Pr.s 100 =</u>
BELGIUM/LUXEMBOURG:	S	-	553.000	628.970	2109.50	56.5115	26.2867	1872.15	25.1900	32.0080
	C	-	540.723	614.977	2062.55	55.2545	25.7018	1830.54	23.7241	30.1451
B.Fc/L.Fc	B	-	528.700	601.295	2016.55	54.0250	25.1300	1789.85	22.3435	28.3905
DENMARK:	S	18.9143	-	116.320	390.160	10.4511	4.86140	346.240	4.65860	5.91960
	C	18.4938	-	113.732	381.443	10.2186	4.75325	338.537	4.38747	5.57496
D.kr	B	18.0831	-	111.200	373.000	9.9913	4.64750	331.020	4.13210	5.25040
FRANCE:	S	16.6310	89.9250	-	343.050	9.18900	4.27440	304.440	4.09610	5.20480
	C	16.2608	87.9257	-	335.386	8.98480	4.17932	297.661	3.85772	4.90182
Fr.fg	B	15.8990	85.9700	-	327.920	8.78500	4.08610	291.040	3.63320	4.61650
GERMANY:	S	4.95900	26.8100	30.4950	-	2.74000	1.27450	90.7700	1.22100	1.55200
	C	4.84837	26.2162	29.8164	-	2.67894	1.24612	88.7526	1.15023	1.46155
DM	B	4.74000	25.6300	29.1300	-	2.61900	1.21850	86.7800	1.08300	1.37700
IRELAND:	S	1.85100	10.00870	11.3830	38.1825	-	0.475738	33.8868	0.455895	0.579284
	C	1.80981	9.78604	11.1799	37.3281	-	0.465154	33.1293	0.429360	0.545568
It	B	1.76950	9.56830	10.8825	36.4964	-	0.454806	32.3939	0.404371	0.513816
ITALY*:	S	3979.30	21517.0	24472.0	82068.0	2198.73	-	72844.0	980.100	1245.40
	C	3890.77	21038.3	23927.3	80248.8	2149.82	-	71222.3	923.048	1172.87
Lit	B	3804.20	20570.0	23395.0	78462.0	2101.99	-	69638.0	869.300	1104.60
NETHERLANDS:	S	5.58700	30.2100	34.3600	115.2350	3.08700	1.43600	-	1.37600	1.74856
	C	5.46286	29.5389	33.5953	112.6730	3.01848	1.40405	-	1.28601	1.64679
Fl	B	5.34150	28.8825	32.8475	110.1675	2.95100	1.37280	-	1.22100	1.55094
PORTUGAL:	S	447.560	2420.10	2752.40	9233.60	247.299	115.030	8190.00	-	134.920
	C	421.513	2279.22	2592.21	8693.93	232.905	108.337	7715.97	-	127.065
Esc	B	396.980	2146.60	2441.30	8190.00	219.350	102.030	7267.00	-	119.670
SPAIN:	S	352.230	1904.60	2166.10	7262.20	194.623	90.5300	6447.70	83.5630	-
	C	331.729	1793.73	2040.06	6842.07	183.295	85.2606	6072.44	78.6999	-
Pes	B	312.422	1689.30	1921.30	6443.30	172.627	80.2900	5719.00	74.1180	-

S - Exchange rate at which the central bank of the country in the left hand column will sell the currency identified in the row at the top of the table.

C - Bilateral central rate.

B - Exchange rate at which the central bank of the country in the left hand column will buy the currency identified in the row at the top of the table.

* - The Italian authorities have decided to abstain temporarily from intervention in the foreign exchange markets.

