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0422

EBD/92/303

December 14, 1992

To: Members of the Executive Board

From: The Secretary

Subject: Kingdom of the Netherlands - Netherlands -
European Monetary System

The Secretary has received the following memorandum dated December 10, 1992 from the office of Mr. Posthumus:

Please inform the Executive Board that De Nederlandsche Bank has decided to lower its official interest rates. I quote:

Against the background of the strong position of the guilder within the European Monetary System, the Nederlandsche Bank has decided to lower the principal official rates, viz., the interest rate on advances and the discount on promissory notes by 0.25 percentage point and the rate for special loans by 0.10 percentage point to 8.60%.

As from Friday, December 11, 1992, the following official rates will apply:

Discount on bills of exchange	7.75%
Interest rate on advances	8.25%
Discount on promissory notes	8.75%

Explanatory note:

For technical reasons pertaining to the money market, the discount rate on bills of exchange remains unchanged. The difference between the interest rate on advances and the discount on bills of exchange has been reduced in order to bring the two forms of borrowing from the Bank more closely into line with each other.

Other Distribution:
Department Heads

