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November 15, 1991

To: Members of the Executive Board
From: The Secretary
Subject: Finland - Exchange Rate

The Secretary has received the following memoranda dated November 14 and 15, 1991, respectively, from Mr. Fridriksson:

a. Please be informed that earlier today, the Bank of Finland issued the following statement:

Pressures against the Finnish markka have become so strong that the Bank of Finland has decided to allow the markka exchange rate to float temporarily. When the situation has stabilized, the Bank of Finland will propose to the Government a new fluctuation range with the aim of limiting the weakening of the exchange rate to as little as possible.

b. Further to my memorandum of yesterday, please be informed that the following press release was issued today by the Bank of Finland:

The Council of State decided today, on the basis of a proposal by the Parliamentary Supervisory Board of the Bank of Finland, to raise the fluctuation limits of the ECU in terms of the markka by 14 percent, which implies a depreciation in the external value of the markka of 12.3 percent. The new midpoint is 5.55841 (FIM/ECU), and the ECU's markka rate can vary from 5.39166 to 5.72516.

Other Distribution:
Department Heads