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January 12, 1990

To: Members of the Executive Board
From: The Secretary
Subject: Spain - European Monetary System - Exchange Arrangements

The Secretary has received the following memorandum dated January 12, 1990 from Mr. Fernández Ordóñez:

On behalf of my authorities I would like to inform you that, following the decision by the Italian Government to reduce the fluctuation margins of the lira within the exchange rate mechanism of the EMS to ± 2.25 percent, the compulsory intervention limits between the Spanish peseta and the lira have been fixed as follows:

Lower limit	8.182 Ptas per 100 Lit
Upper limit	9.224 Ptas per 100 Lit

The new bilateral central exchange rate between the peseta and the lira was set at 8.68726 Ptas per 100 Lit.

The intervention limits against other currencies participating in the exchange rate mechanism remain unchanged.

As a consequence of the reduction in the fluctuation margins and the exchange in the compulsory intervention limits, the central rates for all EMS currencies have been changed against the ECU. For the Spanish peseta the new central rate is 1 ECU = 132.889 Ptas.

Other Distribution:
Department Heads

