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March 5, 1990

To: Members of the Executive Board  
From: The Secretary  
Subject: Israel - Exchange Arrangements

The Secretary has received the following memorandum dated March 2, 1990 from Mr. Posthumus:

Please inform the Executive Board that the Israeli authorities have taken a number of new economic measures, amongst which the following measures regarding the exchange rate.

1. The new base rate of the new Israeli Sheqel (relative to the basket of currencies) will be 2.1888. This represents a 6 percent devaluation with respect to the previous base rate that was set at 2.0649 on June 23, 1989.

2. The band around the base rate within which the representative rate of the Sheqel can be varied by the Bank of Israel has been widened to  $\pm$  3 percent to  $\pm$  5 percent. The movements of the representative rate around the base rate will reflect the supply and demand for foreign currency and monetary policy considerations.

A staff mission is currently in Israel and will discuss these measures in the report for the interim Article IV consultation

Other Distribution:  
Department Heads

