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October 10, 1990

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

The Secretary has received the following communication dated October 8, 1990 from the Banco de Portugal:

As announced on September 25, the new regime for the exchange rate management of the escudo was introduced on October 1, using the main currencies of the Exchange Rate Mechanism as a reference for the objectives of Portugal's exchange rate policy.

Following the entrance of the pound sterling in the ERM, we would like to inform you that, as of today, October 8, the Banco de Portugal will also include that currency in the "basket" used to monitor the exchange rate policy.

The basket now consists of the Deutsche mark, the Spanish peseta, the French franc, the pound sterling, and the Italian lira.

Other Distribution:  
Department Heads

