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0401

EBD/89/19

January 24, 1989

To: Members of the Executive Board
From: The Acting Secretary
Subject: Federal Republic of Germany - Monetary Measures

The Secretary has received the following memorandum dated January 23, 1989 from Mr. Grosche:

I received the following communication from the Deutsche Bundesbank, which I would like to ask you to kindly circulate to the members of the Executive Board for information:

At its meeting on January 19, 1989, the Central Bank Council of the Deutsche Bundesbank took the following decision:

With effect from January 20, 1989, the Bundesbank's discount rate will be raised from 3 1/2 percent to 4 percent and its lombard rate from 5 1/2 percent to 6 percent.

By adopting these measures, the Bundesbank is continuing its policy of restraining the growth of the money stock as well as counteracting inflationary tendencies and any further weakening in the exchange rate of the deutsche mark.

Other Distribution:
Department Heads

