

DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE

MASTER FILES  
ROOM C-525

0401

EBD/89/306

October 6, 1989

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

The Secretary has received the following memorandum dated October 5, 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 October 5, 1989 the Central Bank Council of the Deutsche Bundesbank took the following decision:

The discount rate of the Bundesbank is being raised from 5 percent to 6 percent and the Lombard rate (the rate for advances against securities) from 7 percent to 8 percent with effect from October 6, 1989. The next four-weekly securities repurchase agreement will be offered on October 10 this year as a "volume tender" at a fixed interest rate of 7.3 percent.

By taking this decision the Bundesbank is continuing its policy of counteracting any tendency for business activity to get out of hand, countering the threat of price and cost rises, strengthening the external purchasing power of the deutsche mark and aiming for the rest of the year at as moderate as possible a growth rate of the money stock, which (inclusive of the funds held by German enterprises in the Euro-Market) is still rather high."

Other Distribution:  
Department Heads

