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October 11, 1989

To: Members of the Executive Board  
From: The Acting Secretary  
Subject: Japan - Discount Rate

The Secretary has received the following memorandum dated October 11, 1989 from Mr. Yamazaki:

I have received the following communication from the Bank of Japan, which I would like to ask you to circulate to the members of the Executive Board for their information:

The Bank of Japan today decided to raise its official discount rate by 0.5 percent point from 3.25 percent to 3.75 percent, effective October 11.

Chairman of the Policy Board, Satoshi Sumita, commented as follows:

The decision was taken to ensure an appropriate and flexible management of monetary policy with a view to the developments of foreign exchange rate, interest rates abroad, domestic business activity, prices, and money supply as well as a rise in market interest rates reflecting these developments.

The Bank of Japan hopes that this action will contribute to a sustainable growth led by domestic demand while maintaining price stability.

Other Distribution:  
Department Heads

