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December 27, 1989

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

The Secretary has received the following memorandum dated December 26, 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 decided to raise its official discount rate of 0.5 percentage point from 3.75 percent to 4.25 percent on December 25, effective the same day.

Chairman of the Policy Board, Yasushi Mieno, commented as follows:

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

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

Other Distribution:
Department Heads

