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0401

EBD/88/24

January 22, 1988

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

The Secretary has received the following memorandum dated January 21, 1988 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 21, 1988, which was attended by Dr. Martin Bangemann, the Federal Minister of Economics, the Central Bank Council of the Deutsche Bundesbank set the monetary target for 1988. Its decision reads as follows:

The Deutsche Bundesbank will conduct its monetary policy in 1988 in such a way as to maintain monetary stability and promote the growth of domestic demand. It considers an increase of 3 percent to 6 percent in the money stock between the fourth quarter of 1987 and the fourth quarter of 1988 to be consistent with this objective. On this occasion, in contrast to previous years, the target is expressed in terms of the broadly defined money stock (money stock M3"), which comprises currency in circulation plus the sight deposits, time deposits for less than four years, and savings deposits at statutory notice held by domestic non-banks with domestic banks.

Other Distribution:  
Department Heads