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May 20, 1988

To: Members of the Executive Board  
From: The Secretary  
Subject: Iceland - Exchange Rate

The Secretary has received the following communication dated May 17, 1988 from Mr. Ovi:

Please find attached the official communication from the Governor for Iceland regarding yesterday's exchange rate change.

Attachment

Other Distribution:  
Department Heads

May 16, 1988

Mr. Jörgen Ovi, Executive Director  
International Monetary Fund  
Washington D.C. 20431  
U.S.A.

Effective today, May 16, 1988, the exchange rate of the Icelandic króna has been devalued by 10 percent against a trade weighted basket of currencies. At the same time, the Government authorized the Central Bank to allow the króna to depreciate another 3 percent if deemed necessary.

Please inform the appropriate departments of the Fund.

Yours sincerely

/s/

Johannes Nordal  
Governor