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December 1, 1987

To: Members of the Executive Board

From: The Secretary

Subject: Malta - Recent Changes in the Exchange Rate Formula
for the Maltese Lira

The Secretary has received the following memorandum dated November 30, 1987, from Mr. Zecchini:

I wish to inform the Executive Board that with effect from November 26, 1987, the Maltese lira exchange rate formula has been revised. The SDR has been included in the currency basket which now includes ten units, namely, U.S. dollar, Deutsch mark, French franc, Dutch guilder, Swiss franc, Italian lira, Belgian franc, yen, British pound, and SDR.

The above currency units are weighted in the formula on the basis of all balance of payments flows excluding investment income of the banking sector and transactions on the capital account. As a result, the weights will give due regard to all sectors of the economy by reflecting each sector's relative importance in the balance of payments. The above flows pertain to the period 1984-86 except for travel-related receipts for which the 1987 estimates have been taken. The resulting currency amounts have been calculated on the basis of the closing rates as of November 25, 1987.

Other Distribution:
Department Heads