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April 28, 1986

To: Members of the Executive Board  
From: The Secretary  
Subject: Italy - Recent Monetary Measures

The Secretary has received the following memorandum dated April 25, 1986 from Mr. Zecchini:

Please inform the Executive Board that my Italian authorities have taken the following measures:

- As of April 25, the base rates for rediscounts and advances by the Central Bank have been lowered from 14 percent to 13 percent;
- as of the same date, the discount rate applicable to special lending to the agricultural sector has been reduced from 7.5 percent to 7 percent;
- the penalty rate of 3 percent, introduced in 1975 for rediscounts exceeding a given amount, has been abolished.

These measures have been adopted following developments in international economic conditions which have contributed to reducing Italian inflation trends on a yearly basis from 8.6 percent at the end of 1985 to around 6.5 percent at present. Furthermore, the above measures have been favored by the positive response which financial markets have given to the decision of not changing the central rate of the lira in the last realignment of the EMS currencies. These measures also follow the reductions in interest rates and discount rates which took place in some major industrial countries in the last few days.

Other Distribution:  
Department Heads