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**IMMEDIATE
ATTENTION**

SM/85/320
Supplement 5

December 31, 1985

To: Members of the Executive Board
From: The Acting Secretary
Subject: Valuation of the SDR - Rule 0-1

There is attached a report listing the currency amounts in the revised Rule 0-1 which deals with the valuation of the SDR. The currency amounts have been calculated in accordance with Executive Board Decision No. 6631-(80/145) G/S and the revised guidelines endorsed by the Executive Board at EBM/85/186 (12/23/85) and set out in SM/85/320, Sup. 3 (12/26/85). It is not intended to bring this matter to the agenda of the Executive Board for discussion unless an Executive Director so requests before 1:00 p.m. today, December 31, 1985. In the absence of such a request, the amendment to Rule 0-1 set forth in the attached report will be deemed approved by the Executive Board.

Att: (1)

Other Distribution:
Department Heads

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INTERNATIONAL MONETARY FUND

Valuation of the SDR--Amendment to Rule 0-1

Prepared by the Treasurer's Department

(In consultation with the Legal Department)

Approved by Thomas Leddy

December 31, 1985

In accordance with paragraphs 3 and 4 of Executive Board Decision No. 6631-(80/145) G/S, adopted September 17, 1980, and the guidelines set forth in SM/85/320, Sup. 3 (12/26/85), the amounts of each currency to be included in the SDR valuation basket, effective January 1, 1986, have been determined (see Table 1). The currency components are as follows:

U.S. dollar	0.452
Deutsche mark	0.527
Japanese yen	33.4
French franc	1.02
Pound sterling	0.0893

The SDR valuation under the revised basket, shown in Table 1, Col. (7) (i.e., the sum of the equivalents shown at the bottom of that column), is the same as the valuation today, December 31, 1985, under the existing Rule 0-1. In addition, on the basis of the average exchange rates for the October-December period, the shares of the currencies in the value of the SDR, which are shown in parentheses in memorandum Col. (8), fall within the half-percentage point tolerance limit applied to the weights, shown in Col. (2), determined under paragraph 3c of the 1980 Decision. The applicable exchange rates used in the calculation are also shown in Table 1.

In accordance with Executive Board Decision No. 6631-(80/145) G/S, adopted September 17, 1980, and the guidelines set out in SM/85/320, Sup. 3, Rule 0-1 shall read as follows, effective January 1, 1986:

Rule 0-1. The value of the SDR shall be the sum of the values of the following amounts of the following currencies:

U.S. dollar	0.452
Deutsche mark	0.527
Japanese yen	33.4
French franc	1.02
Pound sterling	0.0893

Table 1. Calculation of Amounts of Currency Units to be
Listed in Amended Rule 0-1, Effective January 1, 1986

Currencies (1)	Percentage weights <u>1/</u> (2)	Base period average exchange rates (Oct. 1-Dec. 31) (In U.S. dollars per unit)	Transition date exchange rates (Dec. 31, 1985)	Currency amounts		U.S. dollar equivalents on December 31, 1985 (Col. 4 x Col. 6)	Memorandum: U.S. dollar equiva- lents based on October-December exchange rates (Col. 3 x Col. 6) <u>4/</u> (8)	
		(3)	(4)	Unrounded <u>2/</u> (5)	Rounded <u>3/</u> (6)	(7)		
U.S. dollar	42	1.0	1.0	0.451263	0.452	0.45200	0.45200	(42.1)
Deutsche mark	19	0.386871	0.408247	0.527677	0.527	0.21515	0.20388	(19.0)
Japanese yen	15	0.00482147	0.00499201	33.4266	33.4	0.16673	0.16104	(15.0)
French franc	12	0.126754	0.132890	1.01718	1.02	0.13555	0.12929	(12.0)
Pound sterling	12	1.43601	1.4445	0.0897852	0.0893	<u>0.12899</u>	<u>0.12824</u>	(11.9)
Total						1.09842 <u>5/</u>	1.07445 <u>6/</u>	(100.0)

1/ Determined under paragraph 3c of Decision No. 6631-(80/145) G/S (adopted 9/17/80); see SM/85/163 (6/7/85), EBM/85/102 (7/1/85), and SM/85/163, Sup. 1 (8/7/85).

2/ See Step A, Appendix II, SM/85/320 (12/2/85).

3/ Calculated according to the guidelines contained in SM/85/320, Sup. 3 (12/26/85).

4/ Figures shown in parentheses are the percentage shares of each currency in the SDR valuation based on the average exchange rates in October-December 1985.

5/ U.S. dollar value of the SDR on December 31, 1985, expressed to six significant figures.

6/ SDR valuation based on the average exchange rates in October-December 1985.