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December 24, 1985

To: Members of the Executive Board
From: The Secretary
Subject: Belgium - Interest Rate Policy

The Secretary has received the following memorandum December 20, 1985 from Mr. de Groote's office:

In the light of present tensions in the foreign exchange market, the National Bank of Belgium will increase its official discount rate from 8.75 percent to 9.75 percent, and its rate for advances in current account from 9 percent to 10.25 percent, with effect from December 23, 1985.

These tensions are attributed to sizable movements in the international financial markets triggered by the recent decline of the U.S. dollar, and by unjustified market anticipations which are inconsistent with the further improvement of the 1985 position of the current account of the balance of payments over that of 1984. The present measure is therefore temporary, and will be rescinded as soon as the tensions in the exchange market lessen.

I would appreciate it very much if you would inform the members of the Executive Board of this decision.

Other Distribution:
Department Heads

