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January 10, 1985

To: Members of the Executive Board

From: The Secretary

Subject: Italy - Monetary Measures

The Secretary has received the following memorandum dated January 8, 1985 from Mr. Zecchini:

The Minister of the Treasury, acting on a proposal by the Governor of the Bank of Italy, has decided to reduce the discount rate and the rate on advances from 16.5 to 15.5 percent beginning January 4, 1985.

Although recent monetary and balance of payments developments still contain some element of uncertainty, the Italian monetary authorities have considered that price performance is encouraging and interest rates on financial markets are declining.

The decision also reflects the improvement of the financial outlook connected with the recent approval of the financial law and the decree law containing changes in taxation of self-employed workers.

However, as the present situation still requires additional progress toward stability, the monetary policy will remain prudent as regards interest rates and monetary base growth.

Other Distribution:
Department Heads