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ROOM C-120

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EBD/85/43

February 1, 1985

To: Members of the Executive Board
From: The Secretary
Subject: Netherlands - Interest Rates

The Secretary has received the following memorandum dated January 31, 1985 from Mr. Polak:

The following communication has been received today from the Netherlands Bank:

The Netherlands Bank has decided to raise its rates by 1/2 percentage point. This increase has been decided upon in view of international interest rate movements and the situation in the foreign exchange market.

The persistently high level of the dollar's exchange rate against the European currencies has led to a raise in market rates and to an official rate increase abroad. The guilder's market position within the European monetary system has prompted the Bank to follow this increase, also in view of the low level of domestic interest rates compared to most European countries.

As from Friday, February 1, 1985, the following rates will apply:

discount on bills of exchange	5 1/2 percent
interest rate on advances	6 percent
discount on promissory notes	6 1/2 percent

Other Distribution:
Department Heads