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ROOM C-120

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EBD/85/213

August 16, 1985

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

The Secretary has received the following memorandum dated August 15, 1985 from Mr. de Beaufort Wijnholds:

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

The Netherlands Bank has decided to lower its interest rates by 1/2 percentage point. The lowering has been decided upon in view of domestic and international interest rate developments and the situation in the foreign exchange market.

Since the increase of the official interest rates at the end of January, the conditions and expectations in the foreign exchange market have changed. This change was reflected among other things in a stronger market position of the guilder in the European monetary system, which enabled the Bank in the past few months to help achieve a gradual decline in interest rates by means of her money market operations and foreign exchange purchases. The official rates are now being adjusted to this decline.

Consequently, as from Friday, August 16, 1985 the following rates will apply:

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

Other Distribution:
Department Heads