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FIRST ADJUSTMENT TAKES PLACE IN
EUROPEAN MONETARY SYSTEM EXCHANGE RATES

On September 23 the European Monetary System (EMS) modified its original parities as set on March 13, 1979. Tensions of the foreign exchange markets during the last few days caused by the movements of currencies outside the EMS led to a meeting of Ministers and Central Bank Governors of the European Community member countries participating in the exchange rate mechanism with the European Communities Commission.

The following adjustments as measured by the cross rates were made:

- of 5 per cent between the German mark on the one hand and the Danish kroner on the other hand,
- of 2 per cent between the German mark on the one hand and the French franc, Luxembourg franc, Dutch guilder, Italian lira and the Irish pound on the other hand.

The cross rates between the French franc, the Belgian franc, the Luxembourg franc, the Dutch guilder, the Italian lira and the Irish pound remain unchanged.

These adjustments are designed to make a positive contribution towards a more orderly development on the exchange markets, at the same time as helping the stability of currencies not in the system. The changes conform to the normal rules of operations foreseen for the EMS.

The decisions demonstrate that the EMS can operate efficiently and quickly in adjusting parities to fundamental market trends.