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**REVIEW  
OF ECONOMIC CONDITIONS  
IN SWITZERLAND**

*during 1958*

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### General Survey

Like other countries, Switzerland experienced in 1958 a slackening of the boom which had been the characteristic feature of her economic development in the previous years. Actually, the flow of orders reaching most industries had become appreciably slower by the first quarter of the year under review. Thereafter the resulting decrease of order backlogs caused a fall in employment, the only leading industry to escape this being chemicals and pharmaceuticals. Thus at the end of December the number of persons employed was below the level recorded a year earlier by about 5.4% in industry, and by 5.5% in the building trade. Those dismissed were mostly foreign workers, who however still form a relatively large proportion of the total employed. Accordingly unemployment remained within very narrow limits.

Some light on employers' assessment of business prospects is thrown by the so-called "employment coefficient"; at the end of December this stood at 113 (with 150 for good, 100 for satisfactory and 50 for poor), against 136 a year

earlier. Among individual industries, apart from watch-making, textiles felt the recession seriously; since the summer indeed many mills have been working for stock so as to retain their staff as far as possible. In the autumn however there seems to have been here and there a certain revival, due in some cases to seasonal causes and in others—such as home building—to longer-term influences.

The working off of order backlogs was accompanied by shortening of periods for delivery, which especially in the sphere of heavy machinery is likely to strengthen our industry's competitive position on the keenly contested markets. Nearly all the reports, which as in previous years have been kindly supplied to us from the various branches of the economy and which we shall now reproduce in somewhat abridged form, say that the competition has become definitely harder all over the world. Despite the cheapening of important basic materials as well as shipping freights, and despite all efforts to rationalise, production costs have shown a rising tendency. It has however not been possible to find compensation in the selling prices obtain-

able for the products; and consequently profit margins have further narrowed, especially where the extent to which the existing plants were occupied was much reduced. It is not surprising that in these circumstances industry has growing objections to any further cut in working hours which would increase costs.

### Silk and Rayon Weaving

In the Swiss *silk and rayon weaving industry* the incoming orders, and with them the sales, were down by about 10% in comparison with the previous year. Only through the greatest efforts did it prove possible to maintain, at least in export business, the figures achieved in 1957. Although many weaving mills extended their ranges of goods and made them more attractive by including new mixtures, it proved impossible to overcome the sales difficulties which had already become perceptible during the previous year in the case of self-coloured dress materials and staple articles; on the other hand the demand for jacquard materials was good.

Apart from a dull period at the beginning of the year the weavers of tie fabrics were on the whole also quite well occupied. The lining and umbrella cloths trade felt German and Italian competition very strongly. Imports of Japanese fabrics made of silk and synthetic fibres have so far remained within moderate limits; and hence in

the home market, except in the case of silken goods, the so-called Japanese problem has not yet assumed disquieting proportions. East Asiatic offerings on the export markets have however been adversely affecting the flow of orders reaching the Swiss silk and rayon industry.

Although the state of employment is far from uniform as between individual weavers, it has everywhere entailed greater effort than before to keep the existing production capacities anything like fully engaged. In some enterprises production cuts and short-time working became unavoidable, especially towards the end of the year. The general complaint was that net earnings were inadequate; and this produced the unfortunate consequence that fresh capital expenditure was in many cases not undertaken to the extent which would be desirable for the purpose of maintaining the enterprises' competitive potential.

### Silk Ribbon Industry

The caution with which the *silk ribbon industry's* prospects for 1958 were assessed a year ago was unfortunately only too well justified; indeed, under the pressure of world-wide excess production of textiles, coupled with inventory reductions, the business situation has perceptibly deteriorated. Particularly in the case of certain special articles the tendency became more marked for customers to leave the risk of

holding stocks to the manufacturer, and to restock only for short periods. Important markets with a growing production of their own have been able to improve the quality of their manufactures, so that in some cases the advantage held by Swiss ribbons in regard to quality has become smaller. Apart from this some customers are inclined to make price the sole criterion for buying. Since January 1, 1958 moreover it has been necessary in view of the revised collective labour agreement to accept further burdens, especially a shortening of working hours, which most enterprises were unable to compensate through improvement of their productivity.

It was all these unfavourable factors which caused exports to decline by about 10%, and the stock of orders on hand to do so by even more than that. Employment also has been slightly reduced. Towards the close of the year however the situation became somewhat more stable; and hence, while the prospects for the immediate future must be described as uncertain, they need not be put down as definitely bad.

### Cotton Industry

On the whole the Swiss *cotton industry* entered the year 1958 with a substantial amount of work in hand at satisfactory prices; and during the first six months, again regarded as a whole,

it was well employed. But on orders for delivery in the second half-year it was already necessary in the spring, at least in the case of staple articles, to make considerable price concessions; and since July an exceptionally severe depression has occurred. Nothing more has been bought, on the one hand because cheap goods have been offered from Eastern Asia and on the other hand because raw material prices have been dropping sharply.

Production, which up till the middle of the year had been overdone at least in the spinning mills, had to be cut back by 15, 20 and in some cases probably by even more per cent. In the case of new business, moreover, the margins for spinning and weaving are at best enough only to cover wages plus expenses. All this has happened in spite of the fact that fashion has preferred cotton in the same way as for years past; at present however this applies more to the coarse and medium fine fabrics, while the fabrics of really fine quality are badly neglected.

It will probably be possible to remedy the present critical situation only when there is a revival of foreign demand, which however may well take some time. On the other hand the industry could be in some measure helped if the ruinous Asiatic competition on the home market were checked, even though the remaining European competition would still cause it trouble enough, since order bookings declined abroad if possible even more than in Switzerland. In wide circles of the cot-



ton industry the view prevails that our authorities show too much caution in face of the calls for greater protection against the dangerous dumping methods of some foreign countries.

### Embroidery Industry

The recession has also left traces on the *embroidery industry*. In 1957 its exports reached the record total of 134 million francs; but in 1958 they were down to 121 million, besides which there were some 10 million francs of home-market sales. The setback is however much more serious than appears from these figures. In the first half-year the exports exceeded those in the corresponding period of 1957 by 2 million francs because old orders were being delivered; and consequently exports for the second half of 1958 were below the total for the corresponding period a year earlier by as much as 15 million francs. The degree to which the machinery was employed fell to 85%; at present only a few enterprises are working overtime or double shifts.

Among the most important markets the European in particular took less goods, whereas sales to the United States were well maintained thanks to the gratifying demand for handkerchiefs and similar specialities. The average price of the exported embroideries has dropped from about 36 francs per lb to around 32 francs. This reflects not only the tendency towards simpler patterns

but also, in particular, the keener competition from the Vorarlberg region of Austria. For the Swiss embroidery industry it is therefore vitally important that, as regards the procurement of foreign fabrics, it shall not be put into a worse position than its foreign competitors. At all events in the judgment of the problem posed by the import of Asiatic fabrics a clear distinction must be made between whether they are to be sold in the Swiss market or to be re-exported. Every step taken to make imports difficult in cases where goods are processed here would result only in reducing embroidery exports, as well as employment in this country, without helping the Swiss weavers. In international trade it is in fact only international arrangements that can lead to a reasonable solution.

Towards the close of the year the stock of orders in hand seemed to be showing a certain stability; and, since fashion remains favourable to embroideries, there is ground for hoping that the setbacks may gradually be overcome.

### Hosiery and Knitting Industry

The situation as regards orders reaching the Swiss *hosiery and knitting industry* also left much to be desired. This was because the mild winter caused retailers to start the year with relatively large stocks on hand, while the falling prices for raw materials



caused the trade to show greater caution in buying. Swiss manufacturers therefore suffered all the more from the persistent large imports of cheap staple goods, mostly of German and Japanese origin.

It is true that for fashionable articles, in which the Swiss industry is in normal conditions competitive in every respect, the demand could still be described as keen. In general however only small quantities have been ordered, with very short periods for delivery; and this has made planning difficult besides hindering efficient operation. As to individual industries the position has become quite precarious in stocking manufacture in particular, foreign stockings being offered at prices which barely cover Swiss raw material costs. Although fashion seems on the whole to remain favourable to the hosiery and knitting industry's products, the prospects for 1959 are appraised with caution.

## Wool Industry

During 1957 employment in the Swiss *wool industry* had already been declining; and in the year under review the trend of business was poor. Apart from the fall in wool prices, this was mainly due to imports of cheap Japanese woollen yarns and other articles as well as of inferior shoddy fabrics. The result was that the Swiss woollen weavers' share of the country's consumption of home-produced and for-

eign woollen fabrics dropped to around 50%, after having been over 70% in the pre-war years. Consequently the working force, already reduced by 13% in 1957, had to be cut again, and some of the machines had to be laid idle.

Because of inadequate employment and the severe pressure on prices the earnings of most woollen mills were worse in 1958 than they had been for a long time. This especially applies to the spinners, worsted mills and cloth makers, whose capacity was kept employed to the extent of only 70 or 60 per cent, if not less. It is true that the early onset of cold weather in the autumn gave rise to an increased inflow of orders. But most of them were of a short-term character, and so the stock of orders in hand at the end of the year was enough to assure employment for only four to six weeks, which is far too little for efficient manufacture.

## Linen Industry

The year 1958 was also disappointing for the Swiss *linen industry*. The volume of sales steadily declined, because both retailers and hotels showed greater reserve in placing new orders, while extensive imports from Eastern countries in particular contested the field with Swiss manufactures. On the other hand the export of first-class linens and half-linens was possible only at the cost of great efforts, and only to a few foreign markets.

At the beginning of the year a number of weavers published new price-lists for household linen, allowing only in part for the increase of production costs which had resulted from rises in wages and from reduction of working hours. In 1959 the weekly hours of labour are to be cut by one more to 46. The sole reason why it is nevertheless possible to refrain from raising fabric prices is that certain materials, especially cotton yarns, have been obtainable more cheaply than a year ago. Meanwhile however the prices for both cotton and linen yarns would seem to have reached their low point.

### Textile Finishing

Price concessions, and still more the decrease in total orders on hand, have caused the value of sales in the Swiss *textile finishing industry* to fall below the level reached in the past two years. With total sales about 10% smaller for the first nine months of the year by comparison with the corresponding period a year earlier, there were more than average setbacks of 14% and 16% in piece-dyeing of silk and man-made fibre goods respectively. Much the same applies to the highly capitalised machine printing trade, in which turnover was down by 14%, and which particularly suffered from the lack of orders and poor prices that have prevailed for months. The cotton piece finishers also suffered losses of turn-

over, probably amounting to about 10% in the case of fine fabrics intended mainly for export, but to somewhat less in the case of coarse and medium fine materials finished mainly for the home market.

Relatively good results were achieved, especially during the first months of the year, in embroidery finishing and screen printing. Both these trades will probably be able to maintain the volume of sales achieved in 1957. In view of the poor state of business at the weaving mills and in the export trade the *textile finishing industry* looks to the future with some anxiety.

### Tanning

The *tanning industry* also looks back on a not very happy year. Because of the slowing down of business in the footwear industry some considerable cuts in output had to be made. Nevertheless substantial stocks of leather at the tanneries are still a burden on the market, and permit no improvement of profit margins. Imports of foreign upper leathers continue on a large scale. The reduction in output has especially hit sole leather, where the existing capacity of the plants had already for years been only inadequately occupied.

Raw hide prices were if anything declining until the summer. In recent weeks however they have firmed up considerably. Light goods in particular

are scarce, and it is for calfskins that the price increases have been greatest. An upward adjustment of leather prices is therefore unavoidable, and is already taking place. The collective labour agreement was renewed with effect from November 1, 1958, the most important resulting change being a shortening of working hours from 48 to 47 per week. The business prospects for 1959 are appraised with extreme caution.

### Shoe Industry

The setback which had long been feared in the *shoe industry* has unfortunately become a fact. It is true that the output intended for the home market has been maintained practically at the 1957 level; but there has been a substantial fall in exports, especially in the French trade, while imports have continued to rise.

The competitive struggle has become even more severe. This has made it impossible to pass on in prices the whole of the rise in production costs, caused by the movement in wages and by higher prices for materials, so that the earnings of virtually all shoe manufacturers have been unsatisfactory.

In the shoe industry moreover the weekly hours of labour have been cut to 47, and negotiations about a further reduction are soon to take place. The increase in costs which results from the shortening of the work-

ing week must therefore cause misgiving, because it further weakens the position of the Swiss industry in competition with Italian manufacturers working under more favourable conditions. Although the Swiss industry has also entered a phase of greater difficulties, it nevertheless feels able to look forward to the coming year with confidence.

### Hat Braid Industry

Business conditions are far from satisfactory in the *hat braid industry*, which last year suffered an extremely serious setback. Turnover in the first quarter, which included the principal months of the 1957/58 season, was not nearly up to the usual level. The dead season began earlier and lasted longer than is normal, and activity reached an uncommonly low level. The start of the 1958/59 season was disappointing; and its course up till now has been very unsatisfactory.

The volume of sales in 1958 was down by about 30% in comparison with earlier years. Almost all buying countries took less, mainly because the trend of fashion has been unfavourable to hat braids, but also because the economic situation was poor in certain countries including in particular the United States—where moreover Japanese competition made itself more felt, and tended to depress the prices of Swiss products.



## Rubber Industry

In the *rubber* manufacturing industry the demand for industrial goods on the whole kept up to the high level attained in the previous year, even though a certain decrease was apparent here and there. This should soon cause periods for delivery to become more normal, and to assist procurement of the necessary labour.

In the category of durable consumers' goods greater efforts to export were needed in order to employ fully the producing installations, which have been greatly extended during recent years. It is noteworthy that the exports of motor vehicle tyres in 1958 for the first time nearly approached the imports, although the production of the Swiss tyre factories was somewhat smaller than in the previous year. The position remained precarious in the bicycle tyre market, which is largely dominated by foreign competitors. The course of business in materials for soling shoes also left something to be desired.

## Plastics Industry

The chief feature in the *thermoplastics* industry was the persistent fall in price of the most important basic materials, polyvinyl chloride (PVC) and polyethylene. The result was that, especially in the case of articles capable of mass production such as plastic hoses, the crumbling of prices that has been apparent for years made further pro-

gress. The position is especially difficult in the PVC foils trade because of the exceptionally keen foreign competition. On the other hand it proved possible further to increase the sales of plastic floor coverings, stair-nosings, skirting boards and similar products despite the foreign competition which was operating in these lines also. There was a certain dullness, with competition on prices becoming keener, in the market for plastic-insulated electric conductors (wires and cables); this market was adversely affected by the great fluctuations in the price of copper.

## Engineering Industry

Production in the Swiss *engineering* industry increased further, with most enterprises still fully employed. For the first time in five years, however, the number of persons working in this industry fell. Incoming orders were also smaller, so that the total orders on hand at the end of September represented only seven months' work, against 8.2 months at the end of 1957. Within a relatively short time, therefore, the order backlog has shortened by more than a month. Yet the position seems if anything to have become more stable during recent weeks, because the increase of liquidity in the capital market has given a certain stimulus to investment activity.

Although the extent to which the inflow of orders has slowed down



differs a good deal as between sectors, it is the exporting branches that have been mainly affected. The periods for delivery have become shorter; at the same time however the pressure on selling prices has considerably increased. The competitive struggle, which is becoming perceptibly keener, has moreover produced effects in the sphere of suppliers' credit terms. An important contributing factor has been the growing difficulties which the so-called under-developed countries have encountered in settling foreign payments because their exchange receipts have further contracted as a result of the fall in raw material prices and the reduced possibilities of selling their chief products. One example is Turkey, which found itself obliged for a time to suspend its foreign transfers and to adopt drastic monetary measures. Other countries such as India and Bolivia can now place orders for capital goods only if they are granted long-term credits, on which repayments do not start for two or three years.

The position of the Swiss engineering industry has been greatly eased by Parliament's approving the bill for extending the guarantee of export risks, although producers will still have to weigh carefully the special risks which are entailed by the granting of credit to foreign countries, and of which they still have to bear a part themselves. The procurement of materials has proceeded normally, with prices for raw materials and semi-finished goods in general well below those prevailing

earlier; the periods required for obtaining such goods have become a good deal shorter. In general the engineering industry feels that it need hardly fear any further deterioration of business in the near future; but on the other hand it sees only few indications pointing to any fresh rise in demand.

### Electrical Equipment Industry

Mainly thanks to the increase in plant capacity the output of the Swiss *electrical equipment industry* has further increased, while the inflow of orders has become slightly smaller. The result has been a reduction of the order backlog, which however can still be described as quite substantial. Simultaneously the periods for delivery have also been shortened, so that the Swiss electrical equipment industry's ability to compete in foreign markets especially is improving. The industry continues to depend for disposal of more than half of its output on exports, which in 1958 reached a new record level.

Alongside the traditional competitors Japan is already reappearing as one that must be taken seriously. The Eastern bloc countries are also taking an increasing part in the business, finding a good demand for their products in the markets of the Middle East in particular. Foreign countries are in this connection supporting their offers more than before with extensive payment facilities; and this is forcing the Swiss electrical equipment industry

to make concessions in that respect in order to defend its position in the world market. In home-market business the development of Swiss water power stations, and the Swiss Federal Railways' investment programme, are for the present ensuring a stable demand.

Some anxiety is caused by the movement of production costs, because the increase of about 6% which has taken place in wages has proved impossible to offset fully through cheapening of raw materials; and this fact, together with the sharpened competition, has reduced the already modest profit margins.

### Iron and Metal Goods Industry

Activity in the Swiss *iron and metal goods industry* slackened perceptibly in 1958, but was in general still satisfactory. Employment declined slightly, this being reflected in a decrease of the number of foreign workers. The home market however firmed up again in the course of the autumn; and this gives rise to hopes that the temporary dullness has been overcome. Exports, in which only relatively few firms engage, were roughly on the same scale as in previous years.

As regards individual categories of manufacture the producers of basic materials and semi-finished products, namely the steelworks, iron and non-ferrous metal rolling mills and cold iron refiners, were most affected by the temporary downward tendency. In

enterprises which engage in producing builders' requisites too there was some decrease, although to an extent which varied from one plant to another, in the amount of orders coming in during the first half of the year. In the same way as for years past moreover these latter enterprises, especially those producing door and window fittings, had to contend with strong foreign competition. On the other hand the decrease in turnover in the case of galvanised sheet-metal goods was definitely structural, in the sense that it was caused by the greater use of plastics. Sales of finished consumer goods comprising household and sporting articles, knives and ornaments were satisfactory, although even here there was some slight decline. In consequence of the mass imports which continue in these categories the Swiss manufacturers are being forced to seek their profit more and more by specialising and by high-grade finishing; in the course of years, as is shown by the example of the cutlery industry, such methods even open up attractive possibilities of exporting. The prospects for the coming year in the iron and metal goods industry are assessed with caution, but are not thought to be unfavourable.

### Watch Industry

The Swiss *watch industry*, which sells 96% of its output abroad, suffered a serious decline in exports and therefore in employment. Many enterprises



found themselves obliged, if not to dismiss workers, at least to cut working hours to a greater or lesser extent for many months. The value of watches exported during the year under report was 1,118 million francs against 1,303 million in 1957. Their proportion to total exports was thus 16.8% as compared with 19.4% in that year. Although the value of watches sold abroad in 1958 has again passed the thousand million franc mark, it must be borne in mind that producers' capacity was considerably expanded in the boom years 1956 and 1957.

The fall in the level of employment in the Swiss watch industry is due to various causes. One was the general attempt of both wholesalers and retailers to reduce their stocks, which were in many cases excessive; besides this the American recession also tended to reduce sales. Thus exports to the United States alone declined by 86 million francs. In addition there was the loss of the important Indian market, and the dullness of the re-export trade from Hongkong and Singapore. As against this only Venezuela, which increased its purchases by fully 60%, bought appreciably more than before.

Apart from purely cyclical causes a number of others, more structural in nature, also contributed to cause the decrease in sales. In any event the fact must not be overlooked that during recent years competitors have sprung up in other countries, and now frequently produce more cheaply than the Swiss industry; this particularly prejudices the

sale of the cheaper type of "anonymous" lever watches. There is therefore reason to welcome the fact that the statutory code of rules in the watch industry, which is so important to Switzerland, is being overhauled from the point of view of competitive capacity and that both organisations and individual enterprises in this industry are making strenuous efforts to improve productivity.

### Chocolate Industry

The Swiss *chocolate industry* continued to be well employed. It is true that the summer trade within the country suffered somewhat from the warm weather. But exports were further expanded, thanks above all to a further relaxing of import restrictions abroad and to the gratifyingly keen demand for Swiss brands in the most important customer countries, despite the fact that these nations themselves have a highly developed chocolate industry. Once again quite a series of new chocolate products was brought on to the market; it can only be hoped that there will be less inflation of the number of varieties in future years.

Contrary to the general tendency on world commodity markets the price of raw cocoa showed a net rise, after considerable fluctuations. The increase in the price of the industry's most important primary product, and other cost increases, made it necessary to raise the retail selling price for the

ordinary bar by 10 centimes to Fr. 1.10. This adjustment met with less resistance among customers than did that of the years 1954/55.

### Chemical and Pharmaceutical Industry

In the Swiss *chemical and pharmaceutical industry* the recession was chiefly reflected in a decrease of exports of *dyestuffs*, which are used especially in the textile and leather industries. Among the most important European customers the United Kingdom in particular bought less, while exports to France were maintained at the previous year's level. The position as regards deliveries to North America was similar; on the other hand exports to the Latin American markets decreased, although the extent to which they did so differed greatly from country to country. Swiss dye exports to the Asiatic areas, especially India, also suffered a setback. On the other hand sales on the African continent showed a slight rise, with Egypt increasing its purchases by about a third. Prospects for the *dyestuffs* trade in the immediate future may however be assessed with somewhat more confidence, since demand shows a certain revival since last September.

As regards *intermediate chemicals* for the textile, leather, paper, soap and plastics industries the slight contraction of sales which occurred in the fourth quarter of 1957 has made no further

progress. Despite increased competition the prices have remained in general stable; and in the first nine months of the year the export figures were slightly above those for the corresponding period of 1957.

For *pesticides* the past year was particularly good; the new products which have been developed by Swiss firms, and some of which already have an excellent reputation in the world market, sold well regardless of the very keen foreign competition.

Exports of *pharmaceuticals* continued to expand, although at a rate which was a good deal slower than in previous years. But in many export markets prices were influenced more than heretofore by arbitrary government action. Special measures were moreover adopted to protect the national industries not only in Latin America and some Far Eastern countries, but also in certain North and Central European markets. The range of medicines was extended by the addition of some up-to-date products in the category of psychiatric remedies and slow-acting sulphonamides.

### Hotel Trade

The results of 1958 were somewhat less favourable for the Swiss *hotel and tourist trade* than those of 1957. The two months ranking in the 1957/58 winter season did show an increase in the number of visitors; but in the months from March to August the



overnight reservations were consistently fewer than in the corresponding periods a year previously. According to the Federal statistics of tourism, the number of nights' lodging taken in 1958 at hotels, boarding houses, sanatoria and nursing homes was 25.0 million, against 25.4 million in 1957 and 24.3 million in 1956. Of the overnight reservations 11.7 million were by Swiss visitors and 13.3 million by foreigners, as against 11.9 and 13.5 million respectively in the previous year.

Among the various causes of this decline the exchange restrictions imposed by France in connection with travel may be specially mentioned. The great anniversary celebrations at Lourdes, and the World Exhibition at Brussels, may also have produced a certain adverse effect. The fact should not however be overlooked that probably many overseas visitors combined a holiday in Switzerland with the World Exhibition. At all events the overnight reservations by American visitors showed a clear increase in the months from June to September. From July onwards the influx from Germany became greater too. In September for instance German tourists accounted for nearly a third of the nights' lodging taken by foreigners.

### Building Trade

In the *building trade* there was perceptibly less activity in the production of dwelling-houses, no doubt largely

because of the tightening of the capital market in the previous year. Thus in the 42 towns covered by the statistics only 12,423 dwellings were newly completed, as against 18,384 last year. About the middle of 1958 there was a notable increase of activity, and thanks to the progressive growth of the capital market's liquidity this continued in the second half-year. The prospects in that category of building are therefore not unfavourable, particularly since the Confederation's forthcoming housing scheme is likely to become effective in the course of 1959.

While there was a considerable decrease of housing activity in the first half-year, the state of employment in civil engineering was continuously good. Nevertheless at 118 million the number of man-hours worked between January and July in building was less by some 15% than in the corresponding period of the previous year. The decrease took place almost entirely at the expense of the seasonal workers, who at the end of August numbered only 78,000 against 92,000 a year before.

The prospects of employment in civil engineering work on power stations, roads and military projects remain good. They are somewhat less certain with respect to industrial and commercial construction, which is more sensitive to cyclical fluctuations.

The negotiations with the trade unions have resulted in an understanding which gave the workers in the five large towns not only a general increase of 20 centimes in their hourly wage but

also a reduction of summer working hours from 50 to 49 or 48 per week, while the winter hours of work remained unaffected at 44 per week or less. In the course of further negotiations it was also necessary, in certain other industrial areas, to concede reductions of one or two working hours per week.

### Retail Trade

In *retail trade*, while the value of turnovers again increased, the rate of growth was only 2%, against 6.1% in 1957 and the record of 8.1% two years ago. The rate of growth was therefore slower than in the previous years; our informant believes that this can be put down primarily to the smaller number of foreign consumers (both workers and tourists), and is to be explained only in the second place by the slower growth of incomes.

Among the most important categories of goods *foodstuffs* showed the largest increase in sales, namely 4%. While this was largely due to the movement of prices, it is also explained by the fact that a growing number of foreigners are spending their holidays in Switzerland not in hotels, but in tents on camping grounds, a fact which provides the food-stuffs trade with a fresh category of customers. The sales of *textiles* were only about the same as a year previously in terms of value, but slightly smaller in terms of quantity, although

it must be borne in mind that the 1957 textile sales were exceptionally large. There is the further fact that the trade suffered from the cool weather in the spring of 1958 and did not gain its full seasonal momentum until May, while the summer-like weather in September impaired the autumn trade. Under the general head of *other goods* automobiles in particular showed a perceptible increase of sales; on the other hand less fuels, typewriters and office machinery were sold. In the case of furniture the sales achieved in the first half-year considerably exceeded those of a year previously, which were already very large; since then however business in that line has become much quieter, no doubt because considerably fewer new dwellings were completed and furnished than in 1957.

The stocks of goods would seem to be somewhat smaller than a year before, especially in the textile trade. Retailers believe that the next few months will show a further rise in turnover, which however will probably not equal the increase achieved during the year under report.

### Farming

Swiss *farming* looks back on a year of good crops. Production in nearly all lines was in fact above the 1957 level; and, since producers' prices also rose slightly on the average, the farmers' ultimate gross takings will probably reach a new record level. As to details,



the proceeds of sale of the most important products of animal husbandry were greater by 3.0% in 1958, at a total of 1,970 million francs, than in the previous year. Much racking of brains is being caused by the persistently large milk supply, the sale of which is possible only on the basis of considerable subsidies. For these, according to official estimates, 108.6 million francs will be required in the 1958/59 farming year alone; of this amount the Confederation would have to produce 90.8 million, while the remaining 17.8 million would have to be found by the farmers. By contrast, sales of the increased supply of fat hogs proceeded more smoothly than had been expected. The prices, which were at first depressed, have recovered since August—but this was probably due in part to an improvement in the quality of the animals sold.

In agriculture the quantity of both the wheat and the rye crop was somewhat better than that of the previous year. The harvest of potatoes and sugar beet was also very large, and that of fruit almost excessive. Roughly five times more apples and pears were for instance harvested than in 1957, when however the result was very poor. Because of the limited export possibilities it is proving quite difficult to sell the large amount of fruit produced, so that relatively large unsold stocks are being left on the farmers' hands. On the other hand sale of the wine crop, which at about 600,000 hectolitres proved satisfactory in quan-

tity, ought to cause no particular difficulties after the poor harvests of the two previous years.

## Foreign Trade

The chief feature of *foreign trade* was a rapid decline in imports; this had begun at the middle of 1957, and at times during the year under report caused the monthly imports to fall below the 600 million franc level. The reduction is due partly to lower prices, but mainly to a decrease in the quantities imported. This resulted from the fact that, in view of the uncertain business prospects and the downward tendencies on various raw material markets, trade and industry pursued a more cautious policy as regards purchasing and the holding of stocks.

Exports too were below the level of a year earlier during the first half-year, although in much lesser degree than imports; but since the middle of the year they have again been tending upwards, partly because the engineering industry has been more quickly working off old export orders. Thus the export figures for October were the highest monthly total ever recorded.

As can be seen from the tables on the following pages, at 13,984 million francs the aggregate value of imports and exports in 1958 was less than in the previous year by 1,177 million francs. Of this contraction 1,112 million occurred in imports, but only 65 million in

(continued on page 22)

	Unit	1955	1956
<b>Employment</b>			
	3rd Quarter 1949	<i>yearly average</i>	
Industrial Employment .....	= 100	118	123
Number of Unemployed .....	persons	2 713	3 038
Vacancies .....	number	5 952	6 190
<b>Production and Trade</b>			
<i>Building Activity in 42 Towns</i>		<i>yearly figures</i>	
Apartments completed .....	number of units	16 735	16 519
Residential Building Contracts .....	number of units	23 146	18 123
<i>Retail Trade</i>		<i>monthly average</i>	
Retail Sales .....	1949 = 100	130	141
<i>Hotel Trade</i>			
Overnight Reservations .....	thousand reservations	1 973	2 024
<i>Railway Traffic</i>		<i>yearly figures</i>	
Gross Income of Federal Railways	million francs	839	885
<b>Foreign Trade</b>			
<i>Value of Trade</i>			
Imports .....	million francs	6 401	7 597
Exports .....	million francs	5 622	6 203
<i>Volume of Trade</i>		<i>monthly average</i>	
Imports .....	1949 = 100	170	196
Exports .....	1949 = 100	170	188
<b>Prices</b>			
Cost of living (Consumer Price Index)	Aug. 1939 = 100	173	175
Wholesale prices			
Home-Type Goods .....	} Aug. 1939 = 100	202	206
Import-Type Goods .....		235	242
Aggregate Index .....		215	220



# INDICATORS I

1957	1958	1st Quarter	2nd Quarter	1958 3rd Quarter	4th Quarter
			<i>end of period</i>		
129	126	128	127	126	123
2 047	3 373	3 505	1 588	1 910	6 124
5 500	4 403	4 821	5 095	4 711	3 305
			<i>quarterly figures</i>		
18 384	12 423	3 181	2 171	3 357	3 714
14 468	17 674	2 786	4 786	4 871	5 231
			<i>monthly average</i>		
150	153	142	153	138	179
2 114	2 082	1 613	1 930	3 577	1 208
			<i>quarterly figures</i>		
936	915	200	231	258	226
8 447	7 335	1 835	1 855	1 780	1 866
6 714	6 649	1 596	1 574	1 642	1 836
			<i>monthly average</i>		
209	191	186	192	189	196
201	198	190	187	196	220
			<i>end of period</i>		
179	182	181	182	183	183
210	211	212	210	211	211
244	225	228	226	221	217
224	217	219	217	215	214

	Unit	1955	1956
<b>Stock Exchange</b>			
<i>Stock Prices</i>		<i>end of period</i>	
Industrials (38 issues) . . . . .	{ paid-up share capital = 100	553	613
Combined Index (95 issues) . . . . .		438	450
<i>Bond Prices</i>			
Federal Bonds (12 issues) . . . . .	nominal value = 100	100	97
Foreign Bonds (95 issues) . . . . .	issue prices = 100	91	88
<i>Bond Yield</i>			
Yield of 12 selected Federal Bonds figured to the redemption date . . . .	in per cent	3.04%	3.22%
<b>Banking and Finance</b>			
<i>Swiss National Bank</i>			
Gold Stock . . . . .	million francs	6 686	7 103
Foreign Exchange Holding . . . . .	million francs	624	627
Discounts and Advances . . . . .	million francs	286	459
Securities . . . . .	million francs	46	46
Bank Notes in Circulation . . . . .	million francs	5 516	5 810
Sight Liabilities . . . . .	million francs	1 990	2 286
<i>Big Commercial Banks (5 institutions)</i>			
Cash in Hand or at Call . . . . .	million francs	2 095	2 214
Bills . . . . .	million francs	1 738	1 842
Advances on Current Account . . . . .	million francs	2 978	3 332
Fixed Advances . . . . .	million francs	2 035	2 141
Investments . . . . .	million francs	1 012	951
Sight Deposits . . . . .	million francs	5 570	6 101
Time Deposits . . . . .	million francs	3 800	3 945
Capital and Surplus . . . . .	million francs	798	861
Total Liabilities or Assets . . . . .	million francs	10 494	11 255

# INDICATORS II

1957	1958	1st Quarter	2nd Quarter	1958 3rd Quarter	4th Quarter
			<i>end of period</i>		
523	599	523	538	582	599
374	451	384	399	430	451
93	100	96	99	100	100
91	95	93	94	95	95
3.61%	3.00%	3.34%	3.03%	3.02%	3.00%
7 384	8 329	7 394	8 034	8 372	8 329
781	561	654	572	516	561
278	80	146	142	83	80
45	45	45	45	45	45
5 931	6 109	5 560	5 569	5 673	6 109
2 393	2 726	2 492	3 025	3 142	2 726
2 523	3 179	2 365	2 916	2 980	3 179
1 950	2 171	2 030	1 984	2 086	2 171
3 543	3 409	3 500	3 441	3 365	3 409
2 313	2 301	2 278	2 256	2 288	2 301
999	1 175	1 106	1 172	1 171	1 175
6 366	7 446	6 486	6 956	7 162	7 446
4 571	5 155	4 752	4 917	5 057	5 155
898	935	898	898	898	935
12 198	13 904	12 449	13 154	13 512	13 904



exports, so that at 686 million francs the excess of imports fell short of the previous year's record level by more than 1,000 million. Since our country earns each year on its invisible transactions with other countries some 1,500 million francs more than it spends, the Swiss balance of payments for the year under report will conform to its normal

structure and show a substantial surplus of some 800 million, after having closed with a deficit of nearly 200 million francs in 1957.

In terms of quantity the total imports contracted by about 13%, this being mainly due to a fall in the deliveries of raw materials and manufactured goods. There were particularly large

## Swiss Foreign Trade

	Imports			Exports		
	1956	1957	1958	1956	1957	1958
<b>Europe</b>						
<i>Common Market Countries</i>			Million Swiss Francs			
Belgium/Luxemburg .....	370	357	317	277	288	263
France .....	844	886	757	542	518	494
Italy .....	726	936	870	503	541	520
Netherlands .....	350	380	362	252	266	241
Western Germany .....	1 853	2 193	1 954	864	961	1 080
<i>Common Market, total</i>	4 143	4 752	4 260	2 438	2 574	2 598
<i>Other Countries</i>						
Austria .....	177	208	153	184	210	202
Great Britain .....	411	450	413	329	366	372
Sweden .....	120	133	106	184	210	205
Rest of Europe .....	602	573	524	680	766	826
<i>Europe, total</i>	5 453	6 116	5 456	3 815	4 126	4 203
<b>Western Hemisphere</b>						
Argentina .....	55	89	62	79	101	88
Brazil .....	61	51	51	80	88	89
Canada .....	190	150	170	111	128	144
United States .....	1 001	1 197	837	762	765	658
Venezuela .....	13	19	12	68	80	106
Rest of America .....	290	268	253	278	296	308
<i>Western Hemisphere, total</i>	1 610	1 774	1 385	1 378	1 458	1 393
<b>Africa</b> .....	221	231	219	273	293	292
<b>Asia</b> .....	277	278	241	632	728	640
<b>Australia and Oceania</b> .....	36	47	34	105	109	121
<b>Grand Total</b>	<b>7 597</b>	<b>8 447</b>	<b>7 335</b>	<b>6 203</b>	<b>6 714</b>	<b>6 649</b>

declines in the purchases of coal, iron, steel, building timber, textile fibres and machinery; on the other hand, at least according to the tonnage figures, there were somewhat larger imports of liquid fuels, basic materials for the chemical industry and of instruments. As regards foodstuffs and beverages a perceptible decrease in imports of grain, fruit and vegetables was almost made good by greater imports of sugar, meat and wine in particular.

Among export industries not only the engineering industry but also the makers of instruments and most sections of the food industries further increased their sales. While the chemical industry succeeded in increasing its exports of pharmaceuticals, it lost some ground in the dyestuffs trade. There was a noticeable decline in shipments of watches. In the textile category much the same was true as regards woollen and cotton goods as well as embroideries, while foreign sales in other lines were in general quite well maintained.

Decreases occurred especially in Swiss exports to France, the Netherlands, the United States and certain Far Eastern markets. Among overseas countries, on the other hand, it was in particular South Africa, Venezuela and Mexico, and among European countries Western Germany, Spain and Yugoslavia that took more Swiss goods. On the side of imports Swiss trade shifted more than before to the six countries forming the European Economic Community, namely the Federal Republic of Germany, France,

Italy, Belgium, Luxemburg and the Netherlands; these supplied 58% of Switzerland's imports against 56% in 1957. On the other hand the proportion of Swiss exports which they took remained roughly unchanged at 39%.

## Transport

The various sections of the Swiss transport system felt the economic recession in quite different degrees. In the case of the *Federal Railways* the chief effect was an appreciable decrease in goods traffic, which was smaller than in 1957 by 11%. At 224 million on the other hand the number of passengers carried reached a new record. The operating surplus, which was down by 54 million at 214 million francs, will not be enough—after depreciation and statutory allocations to reserves—to permit payment of interest on the capital stock of the Federal Railways. The fact that private railways often work on a large deficit gives rise to very complex financial problems. So as to permit a long-term solution of these problems the Confederation and Cantons have undertaken, in the new Railways Law which came into force on July 1, 1958, to accord quite considerable benefits under various heads.

Much larger sums will however have to be spent by the public authorities in the near future in other sections of the Swiss transport system. This applies

in particular to the motorways network which is to be created, and of which the first section, running from Geneva to Lausanne, is already under construction. Considerable expenditure will moreover be entailed by the adaptation of our intercontinental airports to the constantly changing needs of *civil air transport*, which is entering a new phase of development with the transition to jet aircraft that is now beginning. In this connection considerable investment problems are of course also arising for the leading Swiss air transport company "Swissair". With a view to solving these problems as efficiently as possible the company signed an agreement on October 6, 1958 with the Scandinavian Airlines System (SAS), providing for close technical and commercial co-operation in the operating of jet aircraft.

## Federal Finances

In the sphere of fiscal policy the feature of the year under report was the acceptance, at the referendum held on May 11, of the proposal for reorganising the *Federal finances*. Thus the third attempt made since the end of the second world war to put the Confederation's sources of tax revenue on to an orderly constitutional basis has finally been successful. Under the new financial regime, which became effective at the beginning of 1959, the luxury tax, the supplementary tax on property of individuals and the freight document stamp duty are abolished. On the other hand the other stamp duties, the anticipatory tax as well as the tax on persons exempted from military service will continue to be levied for an indefinite period, while the Federal income tax,

## Budget and Public Debt of the Confederation

### Federal Budget

	1955	1956	1957	1958*	1959*
	Million Swiss Francs				
Current Expenditure.....	1 949	1 964	2 238	2 267	2 378
Current Revenue.....	2 245	2 611	2 440	2 715	2 393
Excess of Revenue.....	296	647	202	448	15
Decrease in Assets.....	— 81	— 224	— 20	— 132	— 12
Surplus .....	215	423	182	316	3
<b>Federal debt held by public</b>	<b>7 602</b>	<b>7 472</b>	<b>6 864</b>	<b>6 372</b>	

\* Budget Estimates



purchase tax and beer tax will be levied, subject to certain reliefs, until the end of 1964.

Although this ensures that the Confederation will have plenty of abundantly flowing sources of revenue for the next few years, the future course of our governmental finances is regarded with some uneasiness. Actually, the extensive supplementary expenditure appropriations which had to be voted in 1958 suggest that, despite the record revenues received, the surplus will fall short by more than 250 millions of the 316 million francs originally expected. And the 1959 budget, although approximately balanced, also shows growing outlays. Of the total expenditure estimated at some 2,400 million francs almost 1,000 million francs, or about 40%, are for defence. There is ground for thought in the rapidly rising tendency shown not only by items of military expenditure but also by many on civil account, especially for subsidies, which for the first time exceed 500 million francs.

### Money Market

On the *Swiss money market* a considerable increase in available funds resulted from the economic recession, the running down of inventories, and the great reduction in the volume of imports by comparison with the previous year. This is clearly apparent from the movement in the balances kept by the business sector at the National

Bank. Between the beginning of January and the middle of August these rose by fully 1,300 million francs to the unprecedented total of 3,100 million; and at 2,541 million at the end of 1958 they were still some 40% higher than a year ago. All restrictions on the use of these funds were lifted in March, when the gentlemen's agreement about minimum reserves, under which market resources amounting to 178 million francs had still been blocked at the beginning of 1958, was terminated.

The prevailing abundance of money is also reflected in the greatly reduced demands on Central Bank credit. In fact, largely because of the transfer of compulsory storage credits to the other banks, the Central Bank's advances to the economy have declined to an extremely low level; and the Federal Government owes it nothing at all. While the private and official discount rates remained stable at  $2\frac{1}{2}\%$ , and the official rate for advances against collateral at  $3\frac{1}{2}\%$ , the more sensitive loan rates have been under perceptible pressure all along the line; so has the call money rate, which has been 1% since April against 2% at the beginning of January, 1958.

Liquidity was increased especially through the buying of gold and dollars by the Central Bank, whose monetary reserves rose by 725 million to 8,890 million francs in 1958. Considerable sums amounting to over 600 million francs were moreover put into the market by the Confederation's loan repayments. On the other hand the

revival of capital exports which occurred in the second half of 1958 tended to absorb some funds. At the same time the economy's money requirements also showed a vigorous increase, and at the end of December the note circulation was 6,109 million francs, or 178 million above the level shown twelve months previously.

## New Issues

The capital market was also well supplied with funds, as shown by the sometimes very considerable over-subscription of *new issues*. Accordingly the problem of allotment caused the banks a good deal of trouble. At 930 million francs the total amount of Swiss bonds offered for public subscription, computed at issue prices, was for the first time since 1955 below the one thousand million franc level. Since 103 million francs were for conversion

purposes, fresh money amounting to a total of 827 million francs was taken from the market under this heading, as against 1,148 million in 1957. Mortgage institutions took considerably less, viz. 73 million francs, or only a seventh of what they raised in 1957, the reason being that thanks to their improved liquidity these institutions were largely able to do without this expensive method of procuring funds. As to the other groups of issuers the amount absorbed by electric power companies was largest at 460 million francs, while Cantons and local authorities took 157 million, and 147 million went to other debtors including in particular industrial and transport enterprises.

As bond yields declined, interest rates on new issues rapidly improved for the borrowers from the spring onwards. During the first weeks of 1958 bonds with a  $4\frac{1}{2}\%$  coupon still dominated the field; but towards the close of the year one Canton was able to float

## Foreign Bond Issues in Switzerland in 1958

Nominal Amount Swiss Francs	Issue	Issue Price	Issue Yield
12 000 000	Kraftwerk Reckingen Aktiengesellschaft, Reckingen, Germany, 4 s refunding issue 1965/76 . . . . .	100%	4.00%
40 000 000	Tauernkraftwerke Aktiengesellschaft, Salzburg, Austria, 5 s due 1960/69 . . . . .	99%	5.15%
50 000 000	IBM World Trade Corporation, New York, 4 s due 1973 . . . . .	100%	4.00%
50 000 000	Saint-Gobain, S.A. des Manufactures des Glaces et Produits Chimiques, Paris, $4\frac{1}{2}$ s due 1964/73 ..	100%	4.50%



3½% bonds, while a leading electric utility successfully sold a 3¾% issue.

In view of the changed market conditions the authorities rescinded in August the ban on foreign bond issues which had been imposed at the middle of 1956 during the period of tight money. Apart from a refunding issue, three foreign loans having a total par value of 140 million francs and carrying coupons of 4% to 5% have been marketed in Switzerland since September. In all cases they met with a very good reception.

Share issue business was less brisk than in 1957, absorbing 114 million francs of new money as compared with 186 million the year before. The decline is due to the smaller increases in the capital of banks and holding companies; on the other hand, industrial enterprises and electric utilities obtained a larger sum than in 1957 through the issue of shares.

### Foreign Exchange Market

On the Swiss *foreign exchange market* the change-over by a number of countries to currency convertibility—even though this is in most cases still limited—has created completely new conditions. For the first time since the thirties payments to and from these countries are now again being conducted through a free market, and all administrative formalities and transfer taxes which had previously applied to such remittances have been abolished.

In connection with this reform the quotations for most former E.P.U. currencies which have become convertible dropped by 1–1½%, the exception being the French franc, which was devalued by 14.93 per cent. On the other hand the U.S. dollar, which almost throughout the year had been near the lower intervention point of 4.28½, rose to 4.31 after the National Bank had altered its high and low intervention rates to Fr. 4.29½ and 4.45 per U.S. dollar respectively. For European currencies the spreads, as reckoned on the basis of the extended intervention limits and the extreme dollar rates, now mostly amount to 5% against 1½% under the European Payments Union system. Even though the actual rate variations will normally remain within much narrower limits, it is more than ever necessary for trade and industry to secure the rates on their exchange positions by forward contracts. Arbitrage too is likely to increase, while dealings in the various “control currencies”—especially transferable accounts—have ceased.

As regards European currencies available for security dealings the Liberalised Capital Mark was abolished at the middle of 1958, so that now even capital transactions with the Federal Republic of Germany take place on the basis of the official exchange rate. At times there has been a keen demand at rising rates for British blocked account sterling, which at the close of the year showed practically no further discount on the official sterling rate. The same was true of French “*comptes capital*”,



Belgian "comptes financiers" and Dutch "account K".

Among other currencies the Canadian dollar was subject to considerable fluctuations. Dealings in Egyptian pounds have greatly contracted, which is one reason for the weakness of the quotations for them at the close of the year. The Argentine peso, which has also become convertible, rose to

Fr. 6.12½ by the end of 1958 after touching a low point of Fr. 5.40, whereas the peak for 1958 had been as high as Fr. 11.50. A similar tendency was shown by Brazilian cruzeiros, which at the beginning of the year were quoted at Fr. 4.75 and then fell gradually to Fr. 2.70, but at the end of December were again worth Fr. 3.07.

## Foreign Exchange Quotations and Gold Prices in Zurich

### FOREIGN EXCHANGE

	Price per	Telegraphic or Mail Transfer		Bank Notes	
		End of 1957	End of 1958	End of 1957	End of 1958
			in Swiss Francs		
New York .....	1 US \$	4.28½	4.30½	4.28	4.30½
London .....	1 £	12.25	12.08½	11.50	12.07½
Austria .....	100 Sch.	16.84	16.62	16.42½	16.60
Belgium .....	100 Fr.	8.76½	8.65¾	8.46	8.59
Denmark .....	100 Kr.	63.35	62.50	60.—	62.25
France .....	100 Fr.	1.04¼	— .87½	— .88	— .86
Italy .....	100 Lire	— .69½	— .69 <sup>07</sup>	— .68 <sup>4</sup>	— .68 <sup>55</sup>
Netherlands .....	100 Fl.	115.70	114.17½	113.—	113.75
Norway .....	100 Kr.	61.25	60.42½	56.—	60.—
Portugal .....	100 Esc.	15.21	15.—	14.85	15.—
Sweden .....	100 Kr.	84.50	83.42½	82.—	82.75
Western Germany ...	100 DM	104.20	103.25	101.65	103.05
Argentina .....	100 m\$n	11.60	6.12½	11.30	6.—
Canada .....	1 \$	4.35½	4.47	4.34	4.46

### GOLD PRICES

	Gold Content grams	End of 1957		End of 1958	
		bid	asked	bid	asked
		in Swiss francs			
Sovereign .....	7.322	41.—	42.—	40.75	41.10
Napoleon .....	5.807	34.75	35.50	31.—	31.65
Swiss 20-franc coin ..	5.807	32.90	33.60	30.25	30.75
Double Eagle .....	30.092	166.50	169.—	157.—	159.—
Bar gold .....	1,000.000	4815.—	4835.—	4845.—	4875.—

## Gold Market

Since last spring the *international gold market* has at times attracted somewhat more public attention, as the American recession and the talk about an increase of international liquidity gave fresh impetus to speculation on a possible raising of the price of gold. Although economic recovery has since begun in the United States, and there are no signs indicating any change in that country's gold policy, there has been some increase in the demand for gold; this caused the cross-rate for *bar gold* at Zurich to rise temporarily to \$ 35.16 per ounce.

*Gold coin* have on balance lost some of their premium; no doubt this is due partly to the political changes in France, which caused a decrease in the demand for minted gold for hoarding purposes.

## Swiss Stock Exchanges

On the *Swiss stock exchanges* a confident tone has prevailed. By the beginning of February, however, the decline in the amount of orders reaching Swiss industry, and the news of continuing recession in the United States, had begun to place a heavy strain on the optimism which the Swiss stock markets had shown at the start of the year. The interest in equities rapidly waned, and prices declined.

But in the second half of May, on the better view taken of American business

prospects and on the increasing abundance of money within the country, share dealings became again somewhat brisker. The reaction which the events in the Middle East caused on Swiss markets was soon over, and thereafter the upward movement made further progress in line with the firmer tendency on markets abroad. At the same time turnover increased vigorously, and in October assumed quite unusual proportions.

Meanwhile, however, quotations had reached a level at which many investors were no longer prepared to increase their commitments in equities, especially since the recession was making itself more felt in some sections of our economy. In addition the disappointing course of the negotiations about the setting up of a European Free Trade Area was scarcely calculated to spur the demand for shares. Nevertheless dealings, with the further stimulus of certain special price movements, were active throughout the autumn; and at the beginning of November, following the rise in New York, quotations began to advance again on Swiss markets as well. This fresh upward trend, however, became hesitant after a few sessions, because politics were emerging more and more as a prominent factor affecting the market's tendency; and at the end of November the tone was unmistakably dominated by some degree of uncertainty, which caused the volume of business to decline and quotations to move irregularly. In the third week of

December, however, a more optimistic sentiment reappeared.

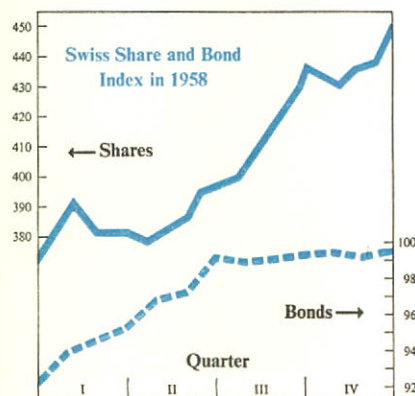
At the year's end the average quotations for Swiss shares, as measured by the National Bank's index, were some 20% above their level of early January. Bank shares were the object of keen demand from the investing public almost throughout the year, and showed marked price advances. Much the same applies to leading securities of the chemical and food industries, whereas those of the machinery and allied industries, which had been favoured for a time in the autumn, on the whole showed no significant price changes. Insurance shares were also in greater demand during the autumn, and gained some ground. Dealings in shares of holding and finance companies were at times very brisk, resulting in gains for all of them, some very substantial. Among Swiss representatives of this group, Interhandel fluctuated considerably owing to developments in

its current litigation. By the end of the year the average gross yield of the most important Swiss stock groups was as follows:

	Average Gross Yield December 31, 1958
Bank Shares .....	3.1 %
Insurance Shares .....	2.5 %
Industrial Shares .....	3.1 %
Aggregate Average .....	3.1 %

In the sector of foreign holding concerns, to which one issue, namely Orange Free State Investment Trust Ltd. (OFSIT), was added, interest focused since September on the long neglected issues of Société d'Electricité (Sodec) and Cia Italo-Argentina; both were bought up in large amounts during the negotiations about the settlement of Sodec's interests in the Argentine electric industry, and their prices more than doubled within a few weeks. The German and Dutch securities quoted in Switzerland also showed great firmness in line with the trend on the stock exchanges in their home countries. The same applies to North American certificates.

On the *bond market* the tendency of Swiss loans was firmer from the start of the year onwards; and thus the gross yield of Federal bonds, which was 3.61% at the beginning of the year, had fallen by June to 3.03%. Thereafter prices moved only slightly, and at the end of December the yield was 3%. Foreign loans also encountered a stronger demand at rising prices.





# Share Prices in Zurich

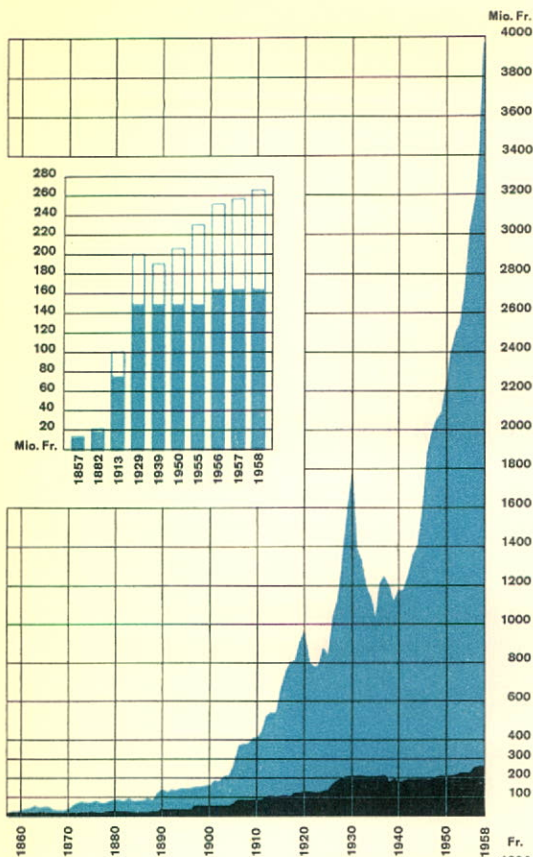
Last Annual Dividend paid		Price Range 1958		End of 1958	
		low	high	Price	Gross Yield
Francs	<b>Banks and Insurance Companies</b>	in Swiss Francs			%
45.—	Swiss Credit Bank .....	1170	1485	1480	3.0
45.—	Swiss Bank Corporation .....	1125	1400	1400	3.2
57.143	Swiss Reinsurance Co. ....	1825	2400	2290	2.5
125.—	"Zurich" Insurance Co. ....	3840	4550	4550	2.8
	<b>Holding Companies and Investment Trusts</b>				
40.—	Electro-Watt Elec. & Ind. Manag. Co.	1002	1300	1300	3.1
40.—	Motor Columbus S.A. d'Entrepr. Elec.	935	1220	1195	3.3
—.—	Sté Internat. pour Particip. Ind. et Commerciales (Interhandel) .....	1710	2320	2270	—
22.—	CANASEC (Invest. Tr. for Can. Sec.) ...	510	660	660	3.3
25.—	USSEC (Invest. Tr. for US Securities) ..	570	755	755	3.3
8.50	Intercontinental Trust .....	190½	260	256	3.3
	<b>Industrial Enterprises</b>				
40.—	C. F. Bally Ltd., Zurich .....	940	1140	1110	3.6
45.—	Brown, Boveri & Co., Ltd., Baden .	1735	2200	2075	2.2
90.—	CIBA Limited, Basle .....	4125	5500	5485	1.6
50.—	George Fischer Ltd., Schaffhouse ..	1150	1450	1345	3.7
35.—	Lonza Electric and Chemical Works	860	1035	1001	3.5
60.— <sup>1)</sup>	Nestlé Alimentana Co., Vevey .....	2542	3280	3270	2.3
21.—	Oerlikon Engineering Co. ....	510	630	600	3.5
100.—	S.A. pour l'Ind. de l'Aluminium ....	2830	3700	3580	2.8
100.—	SANDOZ Ltd., Basle .....	3800	4540	4535	2.2
45.—	Adolph Saurer Ltd., Arbon .....	1001	1170	1110	4.1
90.—	Sulzer Brothers, Ltd., Winterthur ..	1900	2300	2215	4.1
	<b>Foreign Companies</b>				
DM 10.—	AEG (Allg. Elek.-Ges., Germany) ...	195½	340	308	3.3
£ —.8.—	Anglo Amer. Corp. of S. Africa Ltd. .	70½	105	105	4.6
\$ 1.50	Baltimore & Ohio RR. Co. com. .	99¾	192½	187	3.4
\$ 6.—	E. I. du Pont de Nemours & Co. ..	738	898	896	2.9
\$ 2.85	Eastman Kodak Co. ....	416	625	625	2.0
\$ 2.—	General Electric Co. ....	246	344½	341	2.5
\$ 2.—	General Motors Corp. com. ....	144	219	211½	4.1
\$ 2.60	Internat. Nickel Co. of Canada, Ltd.	305	402	376	3.0
\$ 5.—	Kennecott Copper Corp. ....	328	450	418	5.1
\$ 2.—	Montgomery Ward & Co., Inc. ....	123½	182	176	4.9
fl. 14.—	Philips' Lamps .....	263	550	550	2.9
fl. 5.—	Royal Dutch .....	159½	226	204	2.8
—.—	Société d'Electricité (Sodec) .....	19	68	61	—
\$ 2.25	Standard Oil Co. (New Jersey) ....	203½	258	242	4.0
\$ 3.60	Union Carbide Corp. ....	362	540	540	2.9
\$ 3.—	United States Steel Corp. ....	221	412	411½	3.1

<sup>1)</sup> plus \$ 3.75 per attached Unilac share

## Bond Prices in Zurich

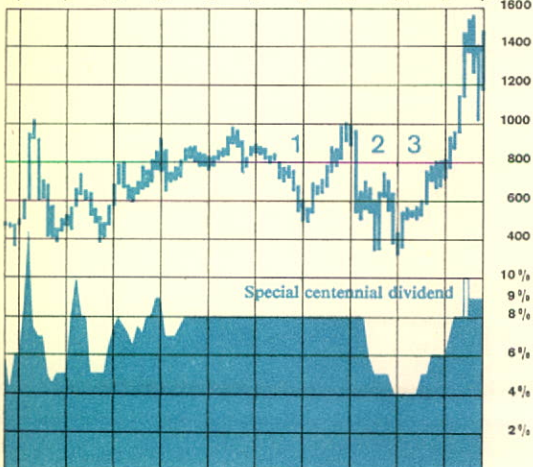
	Price Range 1958		End of 1958	
	low	high	Price	Gross Yield %
<b>Swiss Bonds</b>				
	in per cent			
Federal Government 3 $\frac{1}{4}$ s of 1947 .....	96.75	104.—	103.75	2.0
Federal Government 3 s of 1949 .....	91.60	100.75	100.10	3.0
Federal Government 2 $\frac{3}{4}$ s of June 1954 .....	89.10	96.25	95.65	3.1
Federal Government 3 s of 1956 .....	92.25	100.30	100.10	3.0
Canton of Berne 3 $\frac{1}{2}$ s of 1949 .....	99.75	103.60	103.25	3.0
Canton of Zurich 3 s of 1950 .....	91.—	100.75	100.75	2.9
City of Zurich 3 $\frac{1}{2}$ s of 1957 .....	97.—	104.40	104.40	3.0
Swissair 4 s of 1958 .....	100.15	100.35	100.35	4.0
<b>Foreign Bonds</b>				
<b>PUBLIC BODIES</b>				
Australia 4 s of 1953 .....	99.75	104.75	103.50	3.6
Austria 4 $\frac{1}{2}$ s of 1930/54 (Swiss francs) .....	100.—	113.—	106.50	
Belgium 4 s of 1952 .....	99.75	103.50	102.50	3.5
Belgian Congo 4 s of 1956 .....	91.75	98.75	95.—	4.5
Brazil 3 $\frac{1}{2}$ s (formerly 6 $\frac{1}{2}$ s), Plan A (£) .....	87.—	91.—	90.50	
Chile 3 s of 1930 .....	39.50	47.50	47.50	
Denmark 4 s of 1912 .....	94.75	100.25	97.—	4.5
Europ. Coal and Steel Commun. 4 $\frac{1}{4}$ s of 1956 ..	97.75	103.50	102.50	3.9
France 4 s of 1939 .....	100.—	103.25	102.—	3.6
City of Paris 5 s of 1932 .....	101.—	105.—	102.25	3.5
Germany 5 s of 1924/53 (Dawes, Sw.fr.s.) ....	99.50	105.50	103.75	4.5
Italian Publ. Util. Cred. Inst. 3 s of 1947 (Sw.fr.s.)	74.—	84.—	80.—	4.6
Japan 5 s of 1907/52 .....	154.50	165.50	160.—	
Netherlands 4 s of 1950 .....	100.50	103.50	103.—	3.0
Norway 3 s of 1938 .....	86.50	93.50	93.50	4.3
Sweden 3 $\frac{1}{2}$ s of May 1954 .....	92.75	98.75	96.75	4.1
Union of South Africa 4 s of 1952 .....	90.50	97.—	95.—	4.5
World Bank 3 $\frac{1}{2}$ s of 1954 .....	92.25	100.—	96.—	3.9
<b>FOREIGN COMPANIES</b>				
Anglo Amer. Corp. of S. Afr. Ltd. 4 s of 1950 ..	97.50	102.50	102.—	3.4
California Texas Corp. (Caltex) 4 s of 1956 ..	101.25	106.—	105.25	3.5
Cie Française des Pétroles 4 s of 1955 .....	94.50	101.25	100.—	4.0
Internat. Standard Electric Corp. 4 s of 1954 ..	101.50	105.50	104.75	3.4
Italcementi, Italy, 4 $\frac{1}{2}$ s of 1956 .....	99.25	104.25	104.—	4.1
Italian Finance Corp. (IMI) 4 $\frac{1}{2}$ s of 1955 ....	94.—	103.—	101.50	4.3
Montecatini, Italy, 4 $\frac{1}{2}$ s of 1955 .....	101.50	106.25	105.75	3.7
Péchiney, France, 4 $\frac{1}{4}$ s of 1954 .....	99.50	105.50	102.50	3.8
Pétrofina, Belgium, 4 s of 1954 .....	98.25	103.25	101.50	3.8
Pirelli S.A., Italy, 4 $\frac{1}{2}$ s of 1955 .....	99.—	105.25	104.50	4.0
West Rand Inv. Tr. Ltd., S. Afr., 4 $\frac{1}{2}$ s conv. of 1954	98.75	109.—	107.75	3.5

# SWISS CREDIT BANK 1856-1958



**Total assets  
and Share capital  
including Surplus**

- Surplus
- Share capital
- Total assets
- Capital and Surplus



**Dividends and prices  
of the shares  
of the Swiss Credit Bank  
on the Zurich Stock exchange**

- Share prices
- Dividends

- 1** World War I
- 2** Period of Great Depression
- 3** World War II



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include the following types of business:

Foreign Exchange  
▲  
Loans and Discounts  
▲  
Commercial and Travellers' Letters of Credit  
▲  
Collections  
▲  
Purchase, Sale and Safekeeping of Securities, etc.

▲  
The Agency also acts as connecting link between  
the Head Office and Branches in Switzerland and  
their American Correspondents

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Arnold Hunn	Deputy Agent	John C. Campbell	Sub-Agent

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Capital and Surplus \$3,000,000

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