

World Financial Markets

Morgan Guaranty Trust Company of New York

December 16, 1975

Foreign-exchange
market developments, 1

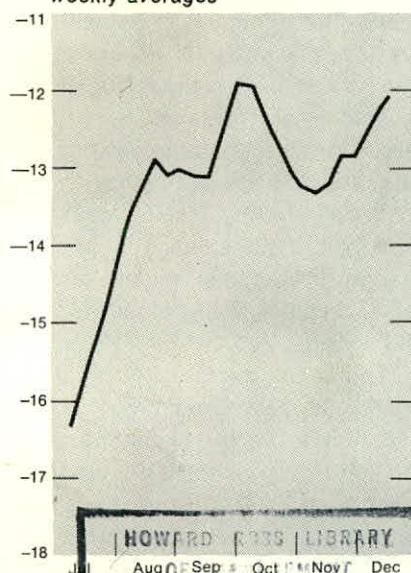
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**Effective dollar
exchange rate change**
trade-weighted percent change,
from pre-June 1970 parities
weekly averages



Foreign-exchange market developments

The dollar has exhibited a firm tone in recent weeks. In the month since mid-November it has strengthened from an effective depreciation of 12.9% from pre-June 1970 parities to one of 12.1% on December 15.

The majority of major currencies weakened *vis-à-vis* the dollar in the past few weeks, with the exception of the Canadian dollar, which was unchanged, and the Swiss franc, which actually rose nearly 1% against the dollar and 2¼% on a trade-weighted average basis during this period (see Table 1). The dollar rose by roughly 1½% with respect to the German mark, French franc, and pound, and about 1% against the yen.

A number of favorable developments accounted for the dollar's recent firming trend. Perhaps most important, agreement was reached on federal loans to assist New York City. This lessened fears of default and widespread financial repercussions in the United States.

The United States recorded another \$1-billion trade surplus in October (census basis), bringing the cumulative 1975 surplus up to approximately \$9½ billion. This underscored the strong U.S. trade per-

formance at a time of robust economic recovery. Imports of oil remained relatively weak. Imports of other goods also responded only moderately to the slowdown in U.S. inventory liquidation, increased factory output, and rising consumer expenditures. Meanwhile, agricultural exports remained strong, and shipments of manufactures held up well.

The dollar also has been supported by inflows of long-term portfolio investment from OPEC and other countries. The United States has received nearly the same share of total OPEC investable funds this year as in 1974: 19% in January-October 1975 versus 20% last year.

During January-October, OPEC countries placed about \$5¼ billion in the United States, of which a preponderant \$4¾ billion went into long-term instruments. This included OPEC purchases of U.S. corporate stocks totaling \$1.1 billion in the ten months. In addition to the build-up of their holdings of bank deposits and securities, OPEC countries also have in some cases lengthened the period between shipments of oil to the United States and related oil revenue payments, thereby in effect increasing U.S. capital inflows.

A further factor tending to support the dollar has been the level-

Table 1

Foreign exchange ratespercent changes from
Nov. 14 to Dec. 15, 1975

	each currency versus U.S. dollar	each currency's trade-weighted average change versus 14 others
United States	—	+0.79
Canada	+0.02	+0.31
Japan	-1.06	-0.68
United Kingdom	-1.37	-0.52
Germany	-1.69	-0.66
France	-1.59	-0.45
Italy	-0.75	+0.53
Belgium	-1.56	-0.22
Netherlands	-1.52	-0.23
Switzerland	+0.88	+2.19
Austria	-1.65	-0.58
Denmark	-2.71	-2.22
Norway	-1.16	+0.01
Sweden	-0.40	+1.03
Australia	-0.85	+0.01

ing-out of U.S. short-term interest rates, and expectations that the next major move in short rates will be up. This probably has had a favorable effect on net bank capital flows. Interestingly, as shown in the accompanying chart, changes in the overall net external position of banks in the United States has for some months followed closely the changes in the levels of key U.S. money-market rates. In particular, the claims and liabilities of U.S. banks *vis-à-vis* their foreign branches and of the U.S. agencies, branches, and subsidiaries of foreign banks *vis-à-vis* related offices abroad have been especially sensitive to U.S. interest rate movements. These net bank capital flows, in turn, undoubtedly have had an impact on the dollar's exchange rate.

The dollar's rise against the mark and the French franc seems to have been due chiefly to developments in the United States. The yen's continued weakness reflects not only the dollar's general strength, but also pessimism regarding Japan's near-term economic prospects, sluggish exports, and sizable capital outflows, including adverse leads and lags in trade payments. Despite official dollar sales of perhaps \$34 billion or more to support the yen, the Bank of Japan lowered its intervention point from Y303/\$1 to Y305 and then Y307 in the past few weeks. This increased flexibility of intervention policies suggests that the authorities are reluctant to deplete further their reserves, which fell below \$13 billion at the end of November.

The pound sterling

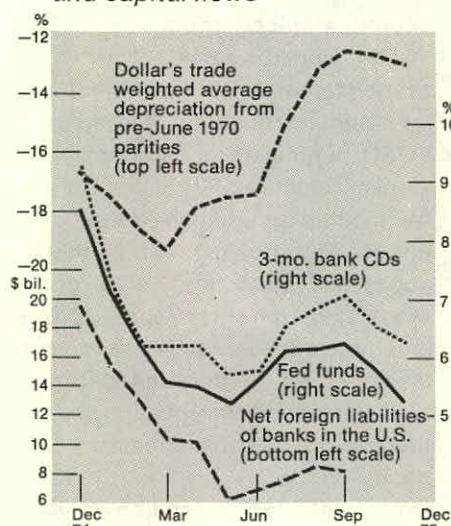
The pound weakened somewhat further in the past few weeks, continuing the trend apparent since mid-September. It slipped to a trade-weighted average depreciation (from pre-June 1970 parities,

Morgan Guaranty basis) of 36¼% in mid-December from 36¼% in mid-November — having touched a new record low of 37% near the beginning of the month.

The pound's further easing was related to several factors. Although the cyclical contraction has decelerated, the economy still is very much in the grip of recession. Industrial production, seasonally adjusted, rose a scant 0.3% from May-July to August-October 1975, when it was some 8% beneath that of one year earlier. Following a 2½% second-quarter plunge, real GDP decreased only marginally between the second and third quarters. For the year as a whole, real GDP probably will be down 1½% or more from 1974. While this is not a particularly deep recession by current European standards, there may be little improvement in 1976.

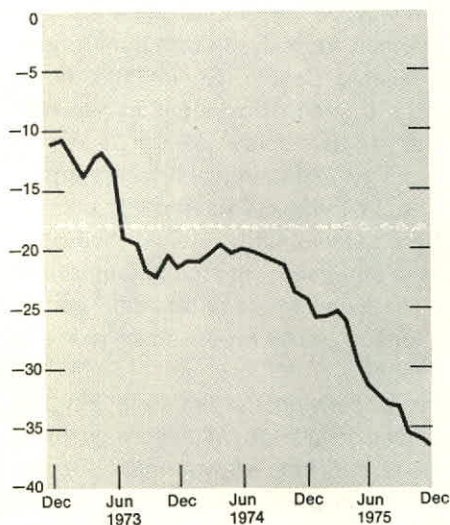
The latest indicators of the volume of new orders to engineering firms, and orders to industry in general, showed substantial further declines in recent months. Both domestic and foreign demand dropped sharply, reflecting in part depressed private fixed investment abroad and in the United Kingdom — where it is expected to contract by at least 10% this year and another 5% in 1976. The reduction of domestic inventories continued apace during the autumn. Private consumption spending also was sluggish as a result of high personal savings and the squeeze on real after-tax income exerted by the £6 weekly pay ceiling and still-substantial price inflation. Indeed, the volume of retail sales remains well below the early 1975 rate.

The main support for total demand has been government spending. Public sector expenditure has been running some 40% ahead of the fiscal 1974-75 pace, and much ahead of revenues, so that the borrowing requirement for 1975-76 may

**The dollar,
interest rates
and capital flows**

The pound sterling

effective exchange-rate change vis-à-vis 14 major currencies from pre-June 1970 parities based on monthly averages of daily rates



amount to \$25 billion, or more than 10% of GNP and 25% of government expenditures.

The unemployment rate, on a seasonally-adjusted basis, rose to 4.7% in November, or nearly 1.1 million persons—the highest level reached in the postwar period. Labor unions are reacting to the climb in unemployment by urging the government to reflate demand. It seems that no significant fiscal stimulus will be applied before the spring budget. However, there may soon be modest easing of higher purchase controls, employment-creating measures, and limited import restraints. The Bank of England is likely to continue its efforts to slow the growth rate of monetary aggregates, a task which could be made difficult by the large public sector deficit and heavy reliance on sales of Treasury bills to the banking sector.

Inflation did begin to slow appreciably in the past few months. Hourly wage rates in manufacturing were up by 26% in the year to October, compared with a peak gain of more than 33% in the twelve months ended in June. While the consumer price increase was still 25% in the twelve months to November, between August and November it rose at only a 13% annual rate. Wholesale prices of manufactured goods rose at only about an 11% annual rate in August-November. However, because of the recent oil price increase and the pound's continued slippage, further reduction in the rate of price inflation is likely to be very gradual.

The weakness of sterling also has derived from Britain's *balance-of-payments* disequilibrium. It is true that the current-account deficit has narrowed sharply. It fell to about \$3.6 billion in January-November 1975 from nearly \$8 billion in the corresponding months of last year, wholly because of the \$4.6-

billion drop in the trade deficit, to \$6.8 billion. But the current deficit still is quite large. Moreover, it appears that the inflow of orders from abroad to British industry has slowed considerably since the summer, implying a prospective slowdown in export shipments.

More than two-thirds of the trade balance improvement through September came from stepped-up exports to oil-exporting countries and reduced net oil imports. Exports to OPEC rose about 100%, to an estimated \$3¼ billion, in January-September 1975 from the first three quarters of last year, while net oil imports dropped about 15%, to just under \$5 billion. However, the deficit in trade with non-OPEC countries showed only moderate improvement between the two periods, declining from around \$4.9 billion to a still-sizeable \$3.8 billion.

Improvement in the overall merchandise trade balance was to a large extent cyclically induced, and stemmed from near-stagnation in the value of imports at a time when exports rose about 15%. The weakness of imports has been strongly linked to the U.K. economic recession, particularly the heavy reductions in business inventories. Merchandise imports would have been even lower had it not been for auto industry strikes, and the large amount of goods required for North Sea energy development—perhaps \$1¼ billion in full-year 1975.

It is difficult to determine the degree of competitiveness of British goods. This bank's calculations suggest that the ratio of British prices to foreign prices, after adjustment for exchange-rate changes, may not have altered much in the past six months. The appendix chart on page 12 indicates further that the U.K. competitive price position appears to be less favorable now than at the end of 1973, but considerably better than at end-1971.

U.K. wages and prices

percentage change in twelve months

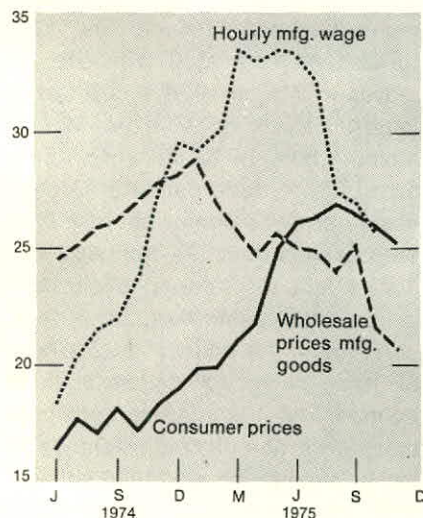


Table 2

United Kingdom
balance of payments
 millions of dollars

	1974 year	1975 Jan-Nov
<i>Seasonally-adjusted data</i>		
Merchandise trade	-12,248	-6,788
Invisibles	3,664	3,186
Current-account balance	-8,584	-3,602
<i>Non-adjusted data</i>		
Current-account balance	-8,584	-3,815 ^e
Net public sector foreign currency borrowing	4,450	1,835 ^e
Other net capital flows	4,319	700 ^e
Official reserve changes	185	-1,280

^e estimate

Table 3

Italy's balance of payments
 millions of dollars

	January-October	
	1974	1975
Trade balance	-8,542	-2,921
Tourism	567	1,516
Emigrants' remittances	654	886
Investment income	-641	-898
Other services	307	419
Current account-bal.	-7,555	-995
Private capital	694	1,228
Overall balance	-6,861	233
<i>Financing^a</i>		
Official borrowing	-7,304	50
Change in commercial banks' net external position	-739	893
Official reserve changes	1,182	-710

^a Minus sign denotes increase in liabilities or decrease in assets

While the current-account deficit was cut in half in January-November, *net capital imports* fell even more sharply, from an estimated \$6¼ billion to around \$2½ billion. Consequently, official reserves were drawn down by nearly \$1.3 billion, in contrast to the \$1½-billion reserve increase recorded in the first eleven months of 1974.

The sharp decline in net capital inflows has been basically the result of a slowdown in public sector borrowing abroad, and a sharp reduction of foreign official sterling holdings. Public sector borrowing abroad, at around \$1.8 billion in January-November, was little more than one-half that of the year-earlier period. Sterling reserve holdings of OPEC countries, which rose more than \$5 billion in 1974, increased only by some \$300 million in the first quarter of this year, then fell \$450 million in the second quarter and another \$500 million in July-September. Non-oil developing countries also reduced their official sterling holdings in the third quarter, reflecting their increased need to draw on reserves to pay for imports.

With sterling balances declining and recourse to the Euro market apparently limited, the authorities now have turned to other forms of official finance. Recently, it was announced that the United Kingdom had applied to draw approximately \$2 billion from the International Monetary Fund, including about \$1¼ billion from the Fund's 1975 oil facility, and the first, \$800 million, regular IMF credit tranche. It seems likely that the proposed drawings from the IMF will be conditioned on some changes in British economic policy.

The Italian lira

The Italian lira has remained relatively stable on an effective basis

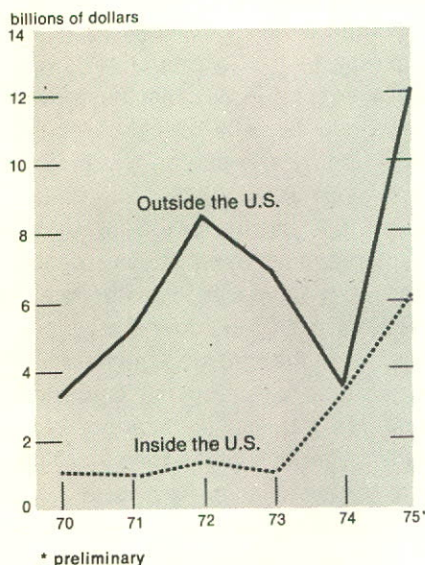
since the beginning of the year. It generally stayed within a trade-weighted average devaluation range of 31%-33% *vis-à-vis* pre-June 1970 parities, reflecting the intervention policy of the central bank as confirmed recently by Director General Rinaldo Ossola. So far this month the degree of devaluation has hovered just below 32%. Since the end of October the lira has firmed against the German mark but depreciated slightly against the dollar, as the Italian monetary authorities continued to steer a middle course for the lira between those two currencies.

Underlying the lira's stability has been improvement in foreign trade and services, slower inflation, and relatively high interest rates in Italy. In the first ten months of 1975, Italy's current-account deficit totaled \$1 billion, compared with a \$7.6-billion deficit in the same period last year, and it may be no more than \$1½ billion for this year as a whole.

Italy's trade deficit on a customs basis narrowed to \$2.4 billion in the first ten months of 1975 from \$9.7 billion in the comparable period last year as exports rose 17% while imports declined 10%. However, leads and lags, which were operating in favor of Italy in the latter part of 1974 and the first quarter of 1975, swung against Italy in the subsequent six months. This turnaround coincided with the removal in March of the 50% prior import deposit scheme on the remaining 30% of Italian imports. As a result, the trade deficit on a cash basis narrowed somewhat less than the customs deficit — from \$8.5 billion in January-October 1974 to \$2.9 billion in the same period this year.

Although the concept of the non-oil trade balance has lost much of its meaning, it is interesting to note that Italy's non-oil trade balance in the first ten months of 1975 showed a \$3.4-billion surplus versus a \$3-

International bond issues



billion deficit in the comparable period last year, a swing of over \$6 billion, well ahead of the target set by the IMF as a condition for its loan last year.

Among the factors responsible for the improvement in the trade balance are the deep Italian recession, which cut down on imports and made more goods available for export. Italy also made significant inroads into various markets: exports to OPEC members rose 87% and sales to Eastern European countries expanded by 48% in January-August 1975 over the same period last year. Exports to these two areas now account for 18% of total Italian exports versus 12% last year.

To further encourage exports the Italian government authorized an expansion of export credits, including \$900 million recently made available to the Soviet Union. Moreover, on the basis of changes in exchange rates and relative prices, the competitiveness of Italian manufactured exports has gained about 2½% since mid-1974 (see appendix chart on page 12).

Net invisible earnings almost doubled in the first ten months of 1975, totaling \$1.9 billion versus only \$1 billion in the same period last year. Net tourism earnings were up 160% to \$1.5 billion, and emigrants' remittances increased 35% to \$886 million. With Italy's sizable external debt, the deficit on net investment income rose to nearly \$900 million, up from \$640 million in the first ten months of 1974.

Inflationary pressures in Italy have abated considerably. In the three months ended October 1975 consumer prices, not seasonally adjusted, rose at an annual rate of 10%, compared with a 30% annual rate increase in the same period a year ago. Price pressures eased as Italy's recession deepened: there was a 12% reduction in industrial production during the first ten

months of 1975 from the same period last year. The considerable reduction in industrial output will cause a decline in real GNP this year of at least 3%.

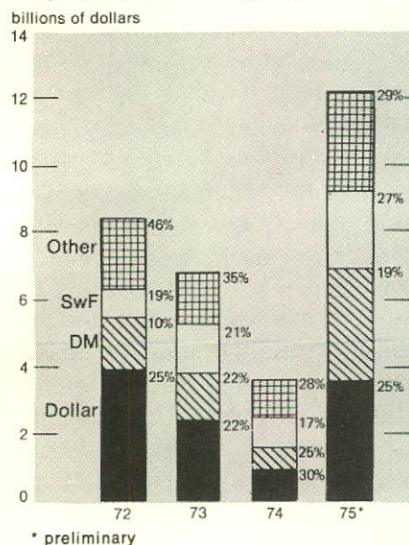
Also contributing to the balance-of-payments improvement is the fact that Italy's interest rates have fallen much less rapidly than elsewhere in recent months, and remained above Euro-dollar rates. At the end of November 1975, Italy's interbank money-market rate was 8%, whereas comparable Euro-dollar rates were 7%. Italian banks' prime lending rate has remained at 12% since last September.

Italy's total public sector external debt has not changed much during the year. Since the beginning of 1975 Italy has repaid \$900 million of Euro-currency credits and part of a loan from the Bundesbank, but it has entered into other external financing agreements. Italy obtained \$900 million from the IMF oil facility in September. More recently, Italian borrowers have returned to the Euro-currency markets for the first time in 19 months, albeit raising very modest amounts so far. Additionally, Italy rolled over \$1.5 billion of a \$2-billion loan from the Bundesbank. Thus, on a net basis there was hardly any change in Italy's official external debt, which still totals about \$16 billion. Italian commercial banks reduced their net external liabilities from a recent peak of \$1.8 billion at end-June 1975 to \$572 million at end-September 1975.

The outlook in Italy is for a slow economic recovery with some weakening in the current-account balance. The economic upturn is likely to begin in the first quarter of next year. Import demand is expected to pick up, but Italian exports should continue to do well because of present competitiveness and the expected recovery in Italy's major trading partners, Germany and France. Continued high wage settle-

International bond issues outside the U.S.

by currency of denomination



ments in Italy, however, could adversely affect future competitiveness. The trade deficit may deteriorate to perhaps \$5 billion in 1976 from about \$3½ billion this year.

Net earnings from invisibles may be somewhat lower next year: there will be no special factors stimulating tourism, and emigration has declined, so remittances may be lower. As a result, net invisible earnings may be reduced to under \$2 billion, and the current-account deficit widen to perhaps \$3 billion. The high level of external debt and the difficulty in obtaining new foreign financing may act as a constraint on growth and thereby prevent the trade and current-account deficits from rising further.

International bond issues in 1975

New issue activity in the international bond market has reached record levels in 1975, with over \$18.4 billion certain to be raised by year-end. This is in marked contrast to last year when new issue volume was only \$6.8 billion. Of this year's total, \$6.2 billion (\$3.3 billion in 1974) was raised in the United States, \$3.7 billion (\$1.4 billion in 1974) in other foreign markets, and \$8.5 billion (\$2.1 billion in 1974) was obtained in the Euro-bond market. More than half, or nearly \$10 billion (including \$3.6 billion in the Euro-bond market), of all new international bond issues was denominated in dollars.

This record level of activity was facilitated by a decline in short-term interest rates relative to long-term rates and evidence of diminishing rates of inflation. In contrast with most of 1974 when money-market rates were above the yields on medium- and long-term bonds, early this year short-term Euro-dollar rates fell sharply, and have since

remained some 300 to 350 basis points below the coupon rates on new high quality Euro-dollar bonds. Whereas in the latter part of 1974 the average OECD consumer price index had risen by roughly 14% to 15% from a year earlier, the annual rate of increase had declined to some 10% by the fall of 1975.

International bond activity benefited from increased investor interest from the OPEC countries, facilitated by the growing number of banks from oil-producing countries acting either as underwriters for public offerings or as managers of private placements. New issue volume also may have been enhanced in part by investor shifts, particularly in the United States, from equities to fixed-income securities.

As indicated in Table 4, the volume of *new issues outside the United States* was dominated by entities, both private and governmental, from developed countries. These entities accounted for roughly 83% of total new issues. In particular, countries with current-account deficits, such as Canada, Sweden, Norway, and Austria, borrowed heavily. Interestingly, several countries such as France and Japan, which in 1974 obtained funds primarily in the Euro-currency credit markets, were able to fulfill much of their foreign borrowing needs in the longer-term bond market and thereby lengthen the maturity of their external debt.

A significant feature has been the reduced presence of American borrowers, in relation to pre-1974 activity. The greater availability of funds and lower interest rates on the U.S. domestic market contributed in part to this development. In addition, with the abolition of the foreign direct investment guidelines in early 1974, American companies were no longer compelled to obtain offshore funds to finance their investments abroad.

Table 4

International bond issues outside the United States
millions of dollars

	1974	1975 ^p
<i>Developed countries</i>	2,794	10,183
France	268	1,486
Japan	207	1,437
Canada	118	1,185
Sweden	75	880
Norway	76	751
Austria	488	745
Netherlands	437	675
South Africa	50	448
Australia	117	387
New Zealand	33	371
Finland	23	342
United States	187	310
Denmark	124	206
Others	591	960
<i>Developing countries</i>	177	306
<i>Socialist countries</i>	40	139
<i>International organizations</i>	555	1,594
European	452	1,067
Other	103	527
Total	3,566	12,222

^p preliminary

Table 5

International bond issues in the United States

millions of dollars

	1974	1975 ^p
<i>Developed countries</i>	2,270	4,079
Canada	1,962	2,854
France	92	310
Australia	—	265
Japan	30	260
Norway	—	200
Other	186	190
<i>Developing countries</i>	386	258
Mexico	50	172
Other	336 ^a	86
<i>International organizations</i>	610	1,875
I.B.R.D.	500	1,250
Other	110	625
Total	3,266	6,212

^a includes \$300 million by Israel^p preliminary

International organizations continued to be frequent borrowers in markets outside the United States with \$1.6 billion raised in 1975. Of this, more than \$1 billion was obtained by European organizations, such as the European Investment Bank and the European Coal and Steel Community. In contrast, participation of developing countries was limited, amounting to only \$306 million.

Record levels of foreign borrowing also were apparent in the U.S. bond market, rising to \$6.2 billion in 1975 from \$3.3 billion in 1974. Encouraged to borrow in this market by higher domestic interest rates, Canadian entities accounted for more than \$2.8 billion, or 46% of the total. In addition to provincial and local government bodies, Canadian corporations increased their borrowings in this market, following the lifting of the Canadian withholding tax on interest paid to non-residents by Canadian corporations for borrowings with a term of five years or more. International organizations also were large borrowers, accounting for \$1.9 billion, or 30% of the total.

Other foreign borrowers also have been successful in obtaining funds in the U.S. market. Whereas in 1974 they raised only \$694 million, in 1975 their total increased to \$1.5 billion, with 33 issues. Borrowers from France, Australia, Japan, Norway, and Mexico, among others, have raised funds in this market (see Table 5). Apart from Mexico, however, developing countries have raised very little in the U.S. market. Brazil's \$50-million issue, originally scheduled for this month, has been postponed until next year.

As mentioned above, in markets outside the United States issues denominated in dollars accounted for \$3.6 billion, or 30% of total new offerings, increasing by nearly \$500

million between the first and second halves of the year. The strength of the dollar after the middle of the year, and the three-month closure of the German bond market to foreign borrowers, contributed to the increased volume of dollar issues. Despite an August through October cessation, over \$3 billion of international German mark bonds were issued in 1975.

Countries with strong current-account balances have encouraged foreign borrowings in their markets. For example, foreign issues in Switzerland amounted to \$2.3 billion.

Reflecting investor desire for currency diversification, the volume of activity was bolstered by bonds denominated in Canadian dollars (\$583 million) and French francs (\$327 million). The high credit standing of the borrowers—a sizable portion of which were Canadian subsidiaries of U.S. companies—and attractive terms made for an enthusiastic reception for the Euro-Canadian bonds. French franc denominated bonds, however, lost some of their appeal following the mid-year strength of the dollar.

In the middle of 1975, just prior to the dollar's recovery, bonds denominated in Special Drawing Rights were introduced. However, only three issues, totaling \$174 million, were offered. These instruments, together with other multiple currency unit bonds, such as those denominated in the European Unit of Account, lost much of their appeal following renewed strength of the dollar, and accounted for only about 7% of total Euro-bond issues in 1975, the same as last year.

International bank credit developments in 1975

In sharp contrast to the large increase in international bond issues this year, international bank credit

Table 6

Loans to foreigners by banks in the United States^a

millions of dollars

	change, Dec 73- Dec 74	change, Dec 74- Sep 75
<i>Developed countries</i>	6,931	—2,429
Japan	4,772	—2,706
Others	2,159	277
<i>Developing countries</i>	4,765	3,837
Argentina	174	427
Brazil	595	278
Israel	95	132
Korea	553	654
Mexico	758	867
Peru	396	173
Philippines	113	—9
Taiwan	435	209
Venezuela	90	392
Others	1,556	714
<i>Socialist countries</i>	142	151
Total	11,731	1,559

^a short- and long-term loans and acceptances; excludes Euro-loans

expansion slowed markedly. Publicly announced new Euro-currency bank credit facilities amounted to approximately \$20 billion this year, some \$9 billion less than the record amount of new Euro credits extended in 1974 (see appendix table on page 13). Direct net lending to nonresidents by banks in the United States (other than to their own branches or offices abroad) increased by only \$1.6 billion in the first nine months of 1975, compared with \$11.7 billion last year (see Table 6).

The reduced pace of *Euro lending* this year also is reflected in the estimated net size of the Euro-cur-

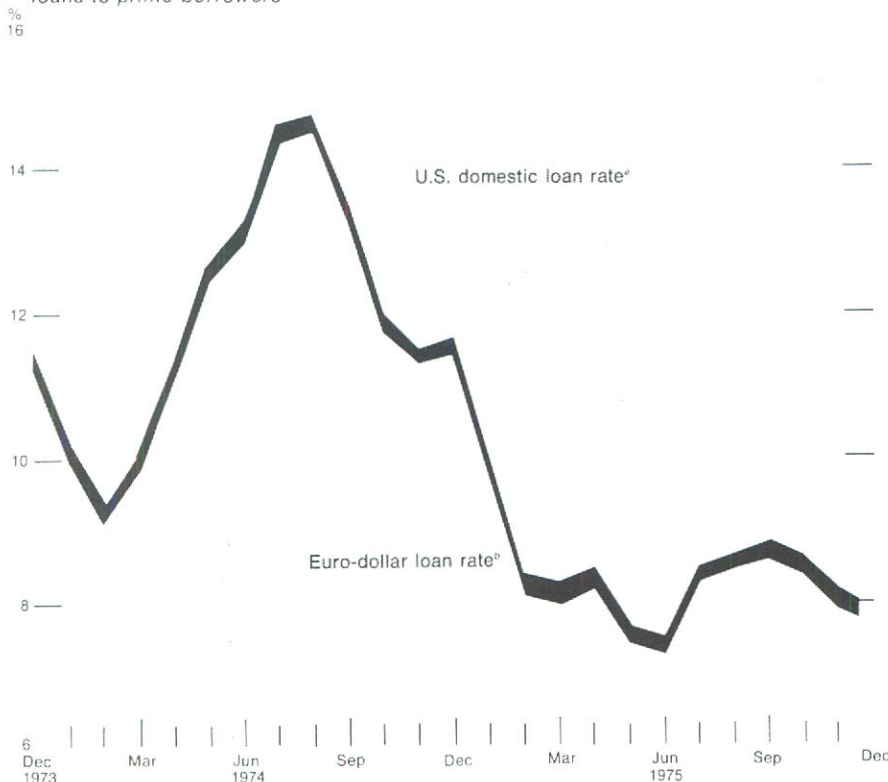
rency market, which increased by only about \$30 billion in the first ten months of this year, to \$240 billion, compared with a \$50-billion increase in 1974. Changes in the market's net size measure net utilization of all Euro-currency bank credit, not just publicly announced facilities which may not be entirely utilized and which do not cover all Euro lending.

This year's reduction in new Euro-currency credit facilities has been more than accounted for by a decline in credits to developed countries from \$20.9 billion (71% of the total) in 1974 to only \$6.4 billion (32% of the total) in 1975. France, Italy, and the United Kingdom, which obtained more than \$11.2 billion in Euro credits last year, borrowed less than \$900 million in 1975. The reduction in Euro-currency borrowing by many major industrial countries partly reflects their greatly improved balance-of-payments position this year. The prolonged recession in industrial countries also has tended to reduce borrowing requirements of corporate entities. Moreover, as noted earlier, several countries which obtained sizable amounts of Euro-currency bank credit last year turned to the international bond market this year for a large share of their offshore financing requirements.

In marked contrast, non-OPEC developing countries — many of which are faced with even larger current-account deficits this year than in 1974 — have obtained nearly \$8.3 billion in Euro-currency credit facilities, some \$2 billion more than in 1974, and about 41% of the 1975 total versus 21% in 1974. This represents close to 20% of their estimated gross external financing requirements this year.

Several OPEC countries reappeared as large borrowers this year, securing almost \$3 billion, or about

U.S. and Euro-dollar lending rates
monthly average rates for 3-month fixed-rate
loans to prime borrowers



a minimum commercial lending rate plus 15% to 20% compensating balances

b ½% to ¾% over LIBO up to April 1974, ¾% to 1% from May 1974 to September 1974, and 1% to 1¼% from October 1974 to the present

15% of all new Euro facilities in 1975, compared with less than \$850 million (3% of the total) in 1974. Well over half of this year's Euro-currency loans to OPEC countries went to Indonesia (\$1.2 billion) and Algeria (\$500 million), two countries faced with sizable current-account deficits due to greater imports and falling oil revenues.

Socialist countries nearly doubled their Euro-currency borrowing this year to nearly \$2.4 billion. COMECON countries in Eastern Europe have experienced an enormous increase in their trade deficit with the West this year to an estimated \$11-\$12 billion from about \$3 billion in 1974. The recession in the West has dampened COMECON exports, while continued relatively high domestic growth rates, rising import prices, and large grain purchases have caused imports from the West to rise sharply. The Soviet Union, Poland, and COMECON institutions have been the largest borrowers among socialist countries. The total external debt of COMECON countries to the West is approaching an estimated \$32-\$33 billion, about \$15 billion of which represents Euro-currency indebtedness.

The modest net increase in *loans to foreigners by banks in the United States* in the first nine months of 1975 largely reflected the fact that loans to borrowers in developed countries declined by \$2.4 billion during this period, compared with a \$6.9-billion increase in 1974 (see Table 6). This year's decline was mainly the result of substantial repayments by Japanese borrowers, in contrast to a large expansion in credits to them in 1974. Japanese imports, a large portion of which normally are financed by banks in the United States, rose by 62% last year, but fell by 7% in the first ten months of 1975. Also contributing to Japanese repayments and to the

absence of much new lending to other developed countries by banks in the United States is the fact that the cost of borrowing funds in the United States has been considerably above lending rates in the Euro-dollar market this year (see chart).

Loans to developing countries increased by \$3.8 billion in the first nine months of 1975, or at an annual rate slightly ahead of the 1974 increase of \$4.8 billion. Prominent among the LDC borrowers have been a number of Latin American countries, notably Mexico, Argentina, Brazil, Peru and Venezuela. Loans to Korea and Taiwan also increased substantially again this year. Most of the increase in loans to developing countries by banks in the United States has been in credits extended for terms of less than one year, whereas in the Euro-currency market these countries' borrowing has been largely for terms of up to 5-7 years.

While direct lending to non-residents by banks in the United States slowed this year, the banks' other claims on foreigners increased more in the first nine months of 1975 than during all of last year. These other claims, which rose by \$6.7 billion between the end of 1974 and September 1975, to \$17.5 billion, are mainly claims by U.S. banks on their foreign branches and claims by U.S. agencies, branches and subsidiaries of foreign banks on related banking institutions abroad. In large part these claims represent funds placed in the Euro-currency market, and lent on to other borrowers. Such placements rose sharply in the early part of this year when U.S. short-term interest rates fell rapidly, and represented a major source of funds for the Euro market. Since mid-year, however, these claims have declined by nearly \$1 billion as money-market rates in the United States rose again.

Statistical appendix

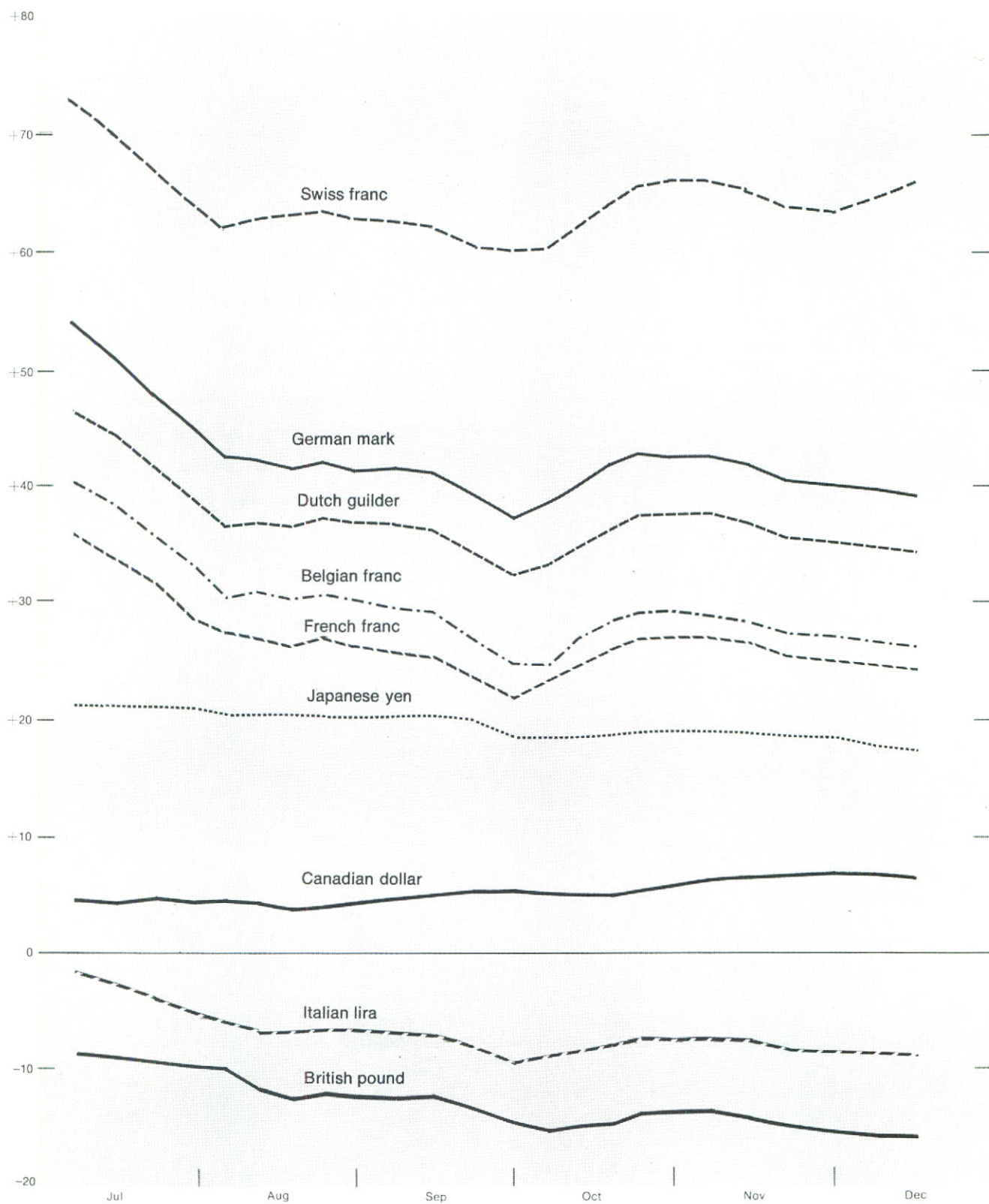
for key to data in charts and tables see
October 1975 World Financial Markets

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Information herein is from sources we
consider to be reliable but is furnished
without responsibility on our part.

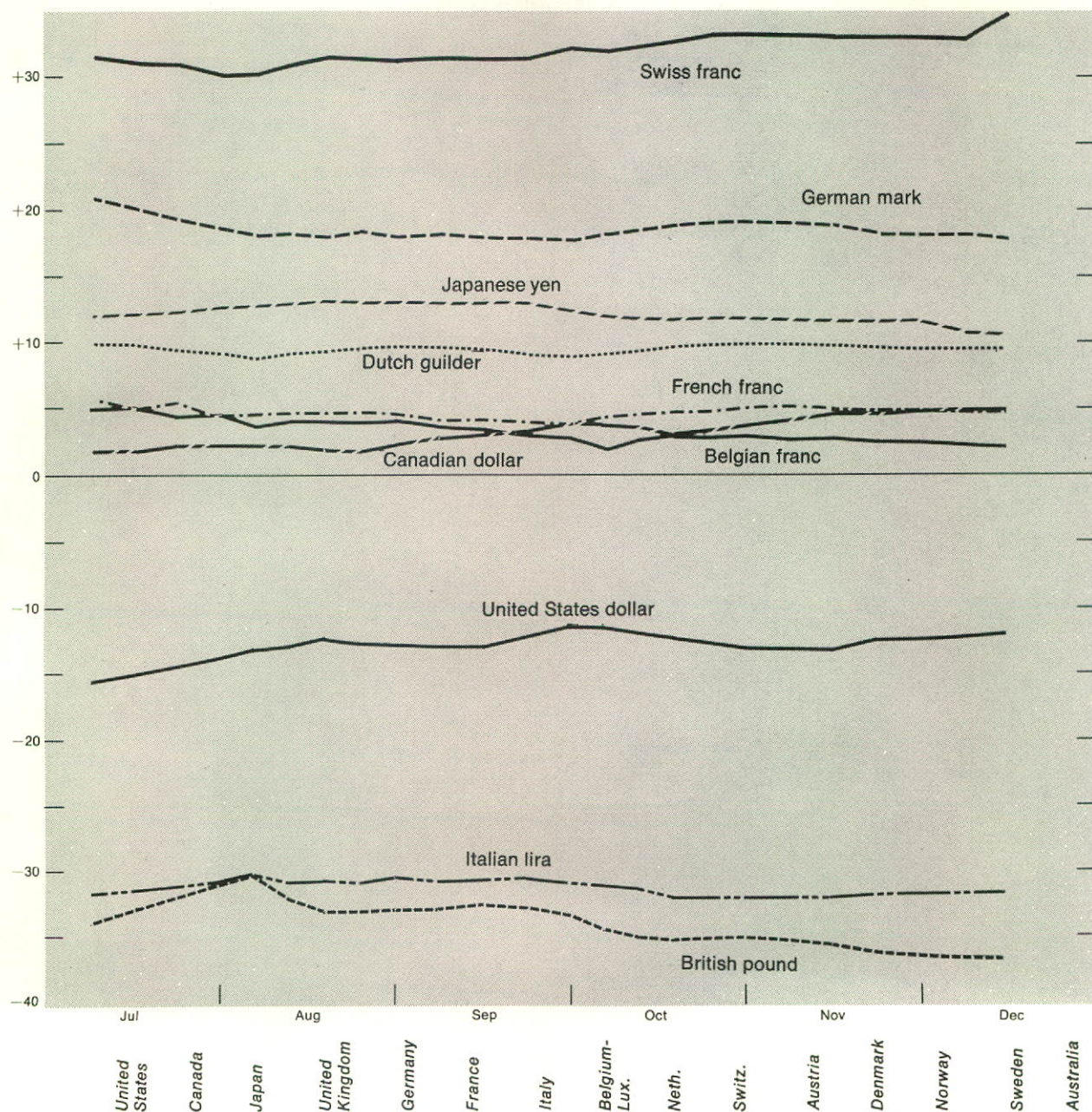
Spot exchange rates

percentage deviation from pre-June 1970 parities
based on weekly averages of daily rates, expressed in U.S. cents



Effective exchange-rate changes

percentage exchange-rate vis-a-vis a group of 14 major currencies
according to the average bilateral trade of 1971-1973
changes from pre-June 1970 parities, based on weekly averages of daily rates

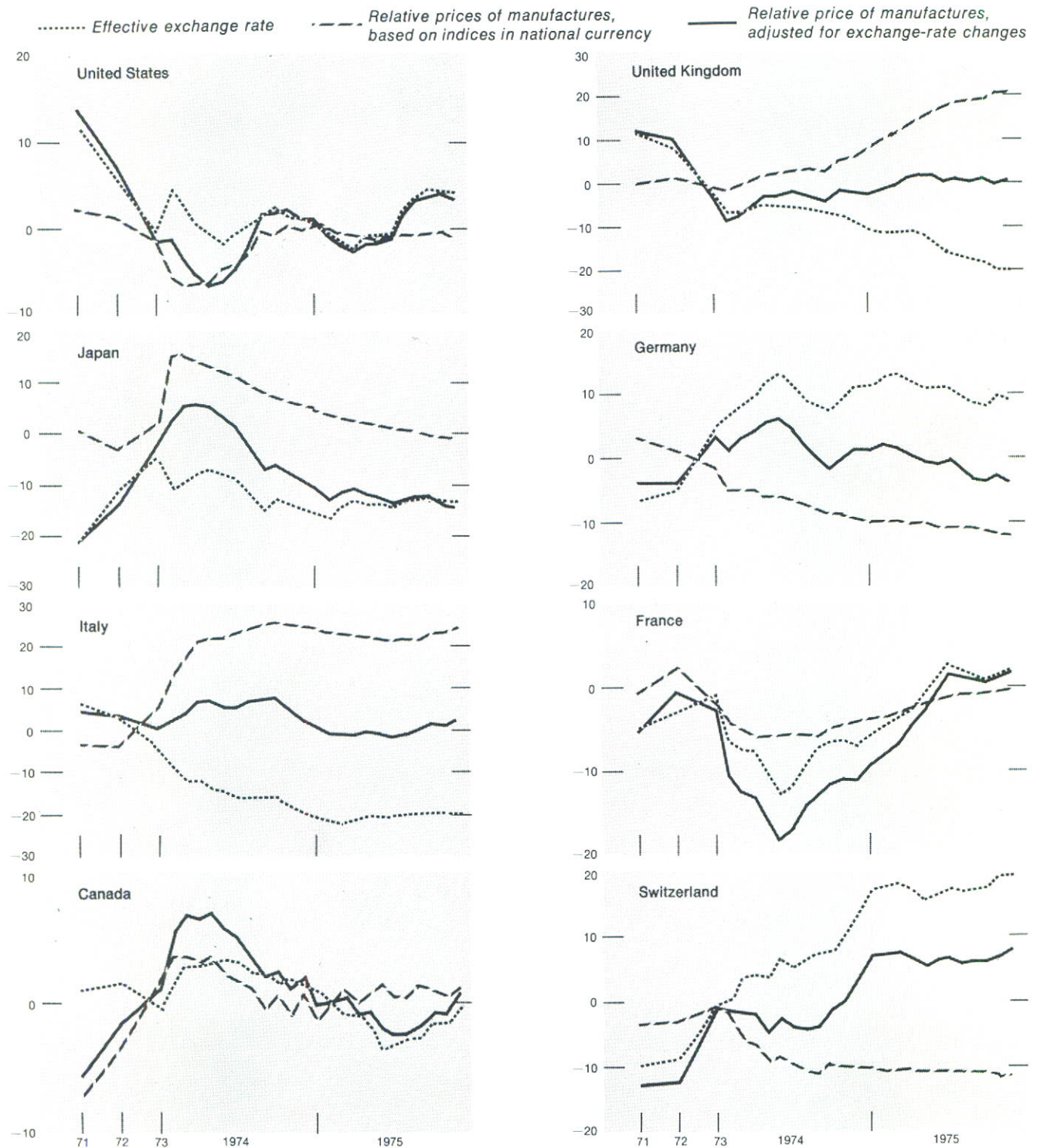


1975

	United States	Canada	Japan	United Kingdom	Germany	France	Italy	Belgium-Lux.	Neth.	Switz.	Austria	Denmark	Norway	Sweden	Australia
Aug	-13.11	1.65	12.44	-33.18	17.76	4.19	-31.19	3.47	8.92	30.78	12.13	7.30	11.18	0.70	4.17
Sep	-12.55	2.89	12.28	-33.36	17.64	3.63	-31.16	2.48	8.99	31.12	11.88	7.08	10.40	-0.67	4.05
Oct	-12.69	3.05	11.34	-35.61	18.43	4.47	-32.20	2.34	9.24	32.33	12.11	7.52	11.30	-0.01	3.87
Nov	-13.03	4.19	11.23	-36.11	18.15	4.59	-32.18	2.27	9.39	32.80	12.23	7.48	11.60	0.23	3.90
21	-12.79	4.33	11.23	-36.20	17.99	4.54	-32.11	2.17	9.31	32.80	12.17	7.35	11.51	0.13	3.87
28	-12.76	4.56	11.25	-36.53	17.85	4.45	-32.00	2.26	9.27	32.84	12.00	7.22	11.80	0.60	3.90
Dec 5	-12.53	4.59	10.64	-36.82	17.82	4.35	-31.88	2.13	9.30	33.67	12.09	6.83	11.92	0.63	3.93
12	-12.30	4.49	10.38	-36.74	17.49	4.47	-31.79	1.99	9.19	34.65	12.10	6.60	11.81	0.69	3.99

Effective exchange rates and relative prices of manufactures

index numbers expressed as percent deviations from situation of March 1973
annual averages 1971-1973, monthly plottings Jan. 1974 to date

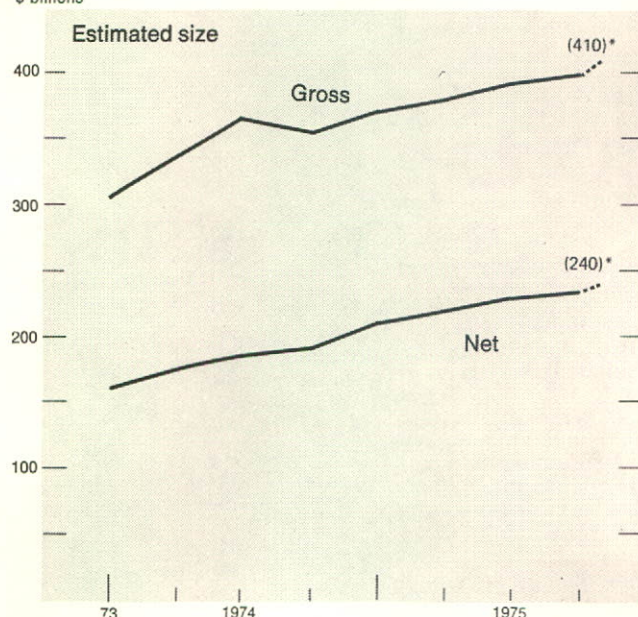


Indices are trade-weighted averages of national exchange-rate and price movements, weighted according to 1973 bilateral trade in manufactures among 18 industrial countries (the 15 included in MGT's published effective exchange-rate changes, plus South Africa, Spain, Finland, Greece, but excluding Australia). Price indicators are wholesale indices for manufactures, except consumer prices of all items less food and rent for Austria and Switzerland and all goods less food for France, Denmark and Norway

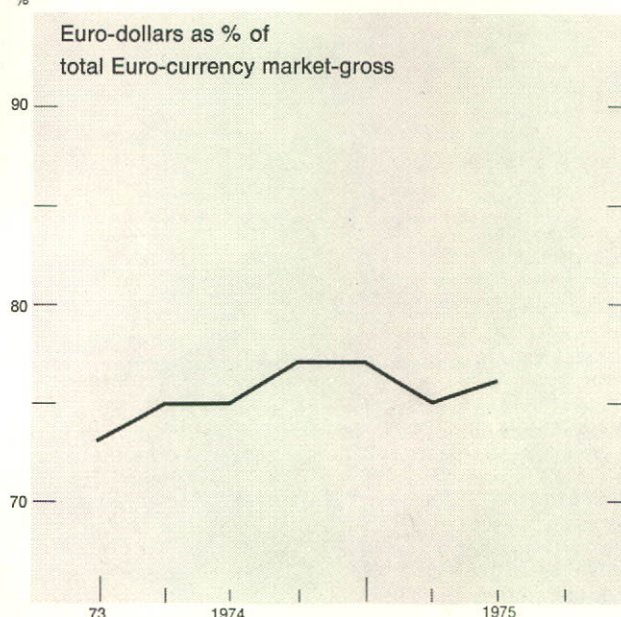
Euro-currency market

based on foreign-currency liabilities of banks in major European countries, the Bahamas, Canada, Japan and Singapore

\$ billions



%



*latest plotting October 1975

Euro-currency bank credit facilities

publicly-announced in period, in millions of dollars

	1975			1975				
	1972	1973	1974	Q1	Q2	Q3	Q4p	Jan Decp
Developed countries	4 088	13 748	20 859	1 407	1 423	1 877	1 738	6 445
France	176	50	3 224	395	50	80	165	690
Greece	270	510	419	—	19	220	—	239
Italy	928	4 762	2 322	—	—	50	45	95
Spain	136	479	1 151	121	510	300	265	1 196
United Kingdom	689	3 150	5 655	51	44	15	—	110
United States	865	1 649	2 221	128	386	143	45	702
Othera	1 024	3 148	5 867	712	414	1 069	1 218	3 413
Developing countries	2 495	7 323	7 178	1 520	3 014	4 003	2 698	11 235
Non-OPEC countries	1 562	4 597	6 331	1 380	2 242	2 833	1 805	8 260
Brazil	579	740	1 672	446	521	795	750	2 512
Mexico	197	1 588	948	294	535	750	350	1 929
Peru	139	434	443	50	200	24	100	374
Philippines	50	187	844	75	60	68	100	303
South Korea	100	205	134	266	76	—	—	342
Otherb	497	1 443	2 290	249	850	1 196	489	2 784
OPEC countries	933	2 726	847	140	772	1 170	893	2 975
Algeria	172	1 302	—	—	100	400	—	500
Indonesia	93	167	469	80	665	—	425	1 170
Iran	335	722	115	5	—	240	70	315
Other	333	535	263	55	7	530	398	990
Socialist countries	274	780	1 238	169	817	601	808	2 395
Poland	—	430	509	10	340	80	50	480
U.S.S.R.	—	—	100	—	250	—	400	650
Otherc	274	350	647	159	227	521	358	1 265
TOTAL	6 857	21 851	29 275	3 096	5 254	6 481	5 244	20 075

a includes multi-national organizations, b includes regional development organizations, c includes COMECON institutions, p preliminary

New international bond issues

new issues in period, in millions of dollars

				1975			Jan-Dec	
	1972	1973	1974	Oct	Nov	DecP	1975p	1974
Euro-bonds, total	6 366	4 193	2 134	637	397	1 014	8 508	2 134
<i>by category of borrower</i>								
U.S. companies	1 992	874	110	19	40	25	268	110
Foreign companies	1 759	1 309	640	234	187	416	2 971	640
State enterprises	1 170	947	542	220	49	252	3 037	542
Governments	1 050	659	482	134	102	194	1 583	482
International organizations	395	404	360	30	19	127	649	360
<i>by currency of denomination</i>								
U.S. dollar	3 908	2 447	996	335	220	525	3 605	996
German mark	1 160	1 025	344	—	19	181	2 332	344
Dutch guilder	393	194	381	28	60	36	727	381
Canadian dollar	15	—	60	151	64	114	583	60
Unit of account	—	99	174	75	—	85	364	174
French franc	491	166	—	41	34	22	293	—
Other	399	262	179	7	—	51	604	179
Foreign bonds outside the United States, total	2 029	2 626	1 432	225	372	307	3 714	1 432
U.S. companies	215	546	77	—	19	—	42	77
Foreign companies	345	396	455	—	93	41	1 241	455
State enterprises	249	446	568	89	126	23	852	568
Governments	146	297	138	33	38	30	634	138
International organizations	1 074	941	194	103	96	213	945	194
<i>by currency of denomination</i>								
German mark	469	362	253	—	58	118	988	253
Swiss franc	815	1 526	911	129	314	170	2 341	911
Dutch guilder	31	—	4	29	—	19	156	4
Other	714	738	264	67	—	—	229	264
Foreign bonds in the United States, total	1 301	960	3 266	149	1 003	1 135	6 212	3 266
<i>by category of borrower</i>								
Canadian entities	957	865	1 962	122	630	210	2 854	1 962
International organizations	250	—	610	—	75	850	1 875	610
Other	124	95	694	27	298	75	1 483	694
International bonds, total of which issued by:	9 696	7 779	6 832	1 011	1 772	2 456	18 434	6 832
Developed countries	7 335	5 739	5 065	851	1 563	1 241	14 262	5 065
Developing countries	642	695	603	27	18	25	703	603
International organizations	1 719	1 345	1 164	133	191	1 190	3 469	1 164

r revised

p preliminary

International bond yields

long-term issues, at or near end of month

	1972	1973	1974	1975							
	Dec	Dec	Dec	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
<i>U.S. companies:</i>											
U.S. dollar	7.49	8.30	9.35	8.87	8.62	8.62	8.52	8.68	9.28	8.80	8.70
German mark	7.01	9.18	9.33	8.50	8.42	8.30	8.42	8.07	8.34	8.10	8.03
Swiss franc	5.89	6.90	8.00	7.12	7.19	7.06	7.15	7.14	7.15	6.92	6.90
<i>European companies:</i>											
U.S. dollar	7.69	8.56	11.23	9.95	9.64	9.84	9.76	9.92	10.33	10.01	9.83
German mark	7.19	9.18	9.93	8.95	8.93	8.89	9.09	8.93	9.14	8.99	8.77
<i>Governments:</i>											
U.S. dollar	7.65	8.69	10.08	9.30	9.13	9.16	9.17	9.39	9.59	9.67	9.46

New international bond issues

Issuer (Guarantor)	(Euro-bond: E; Foreign bond: outside United States—F,O; in United States—F,US)	Country/state of domicile	Amount, millions	Offer date	Coupon rate ^a	Maturity	Offer price	Yield ^b
November 1975								
U.S. companies								
McDonnell Douglas Overseas Finance Corp. (McDonnell Douglas Finance Corp.) (E)		Delaware	\$40	12	9¾ a	1981	99	9.62
Dresser A.G. (Dresser Industries Inc.) (F, O)		Lichtenstein	SwF 50	28	7¾ a	1990	98	7.83
Foreign companies								
Genstar Limited (E)		Canada	\$25	4	10a	1981	100	9.81
Trans Union Finance (Canada) Ltd. (Trans Union Corp.) (E)		Canada	C\$15	4	10½ a	1980	100	10.23
Bank of Tokyo Limited (E)		Japan	\$40	6	*	1980	100	*
Queensland Alumina Limited (F, US) c		Australia	\$50	12	10½	1992	n.a.	n.a.
Hudson's Bay Company (E)		Canada	C\$35	12	10¼ a	1981	100½	9.95
Toray-ITS B.V. (Bank of Tokyo Ltd., Toray Industries Inc.) (E) c		Netherlands	\$15	13	9¾ a	1980	100	9.52
P.T. Semen Cibinong (O.P.I.C.) (F, US) c		Indonesia	\$17.5	19	n.a.	1984	n.a.	n.a.
Matsushita Electric Industrial Co., Ltd. (F, US) d		Japan	\$100	19	6¾	1990	100	6.75
Hamersley Holdings Limited (F, US) c		Australia	\$30	20	11	1990	100	11.00
Sumitomo Heavy Industries Ltd. (Sumitomo Bank Ltd.) (E) c		Japan	\$15	26	9½ a	1980	99½	9.33
Bank Mees en Hope N.V. (E) c		Netherlands	Fl 60	28	8¼ a	1981	99¾	8.11
Industrial Bank of Japan Ltd. (E) c, e		Japan	\$20	n.a.	9a	1978	n.a.	n.a.
Pekema Oy (F, O) c		Finland	SwF 28	n.a.	8¼ a	1980	n.a.	n.a.
Koyo Seiko (F, O) c		Japan	SwF 30	n.a.	8½ a	1980	n.a.	n.a.
Sumitomo Chemical Co., Ltd. (F, O) c		Japan	SwF 100	n.a.	8a	1980	100	7.85
Japan Lines Limited (F, O) c		Japan	SwF 50	n.a.	8a	1980	n.a.	n.a.
Dai Nippon Printing Co., Ltd. (F, O) c, f		Japan	SwF 40	n.a.	7a	1980	100	6.88
Abitibi Paper Co., Ltd. (F, US) c		Canada	\$60	n.a.	11½	1995	n.a.	n.a.
State Enterprises								
Japan Airlines Co., Ltd. (Government of Japan) (F, O)		Japan	SwF 80	13	7¾ a	1990	99	7.72
Charbonnages de France (Republic of France) (E)		France	FF 150	18	10a	1980	100¾	9.69
Quebec Hydro-Electric Commission (Province of Quebec) (F, US)		Canada	\$250	19	10	2005	100	10.00
Hydro-Electric Power Commission of Ontario (Province of Ontario) (F, O)		Canada	SwF 80	24	7¾ a	1990	100	7.61
Development Fund of Finland Ltd. (F, O) c		Finland	SwF 25	n.a.	8¼ a	1980	n.a.	n.a.
Trans Austria Gasline Co. (F, O) c		Austria	SwF 50	n.a.	8¼ a	1980	n.a.	n.a.
Norges Kommunalbank AS (F, O) c		Norway	SwF 50	n.a.	7½ a	1980	n.a.	n.a.
Swedish Export Credit Bank (F, O) c		Sweden	SwF 50	n.a.	**	**	n.a.	n.a.
Banca Commerciale Italiana (E) c, e		Italy	\$15	n.a.	9¾ a	1980	n.a.	n.a.
Governments								
Kingdom of Norway (E) c			Fl 100	7	8a	1980	99¼	8.03
Province of Ontario (F, US)		Canada	\$100	12	8.40	1985	100	8.40
			\$200	12	9¼	2005	99½	9.30
Kingdom of Norway (F, US)			\$100	12	8.85	1980	100	8.85
City of Quebec (E) g		Canada	C\$15	13	10a	1995	100	9.81
City of Montreal (E)		Canada	\$50	18	9¾ a	1981	100	9.52
Commonwealth of Australia (F, O) c			SwF 100	n.a.	6¾ a	1981	n.a.	n.a.
Province of Manitoba (F, US) c		Canada	\$20	n.a.	8½	1985	100	8.88
				n.a.	9½	1995	100	9.63
International organizations								
International Bank for Reconstruction and Development (F, O)			SwF 100	5	7¾ a	1990	100	7.61
European Investment Bank (F, US)			\$75	6	9	1982	100	9.00
European Investment Bank (E)			DM 150	12	8a	1980	99½	7.97
Asian Development Bank (E) c			DM 50	13	8½ a	1980	99½	8.37

a Coupon interest is payable semiannually, unless followed by an "a" which indicates an annual coupon.

b Where coupon interest is payable annually, payment is discounted semiannually for comparability in computation of yield.

c Private placement.

d Convertible immediately into the common stock of the company. Price premium over closing price of common on day preceding offer was 5.8%.

e Certificates of deposit.

f Convertible debt.

g Bond holder has option to redeem bonds in 1982 and each year thereafter.

* Interest is payable at ¼% over six-months London Euro-dollar interbank rate. Minimum interest is 8% p.a.

** Varying interest and maturities ranging from 7½% to 8%, and 1978 to 1980.

Central bank discount rates

	1972	1973	1974		1975			current	
	end Dec	end Dec	end Sep	end Dec	end Mar	end Jun	end Sep	Dec 12 1975	effective since
United States	4.50	7.50	8.00	7.75	6.25	6.00	6.00	6.00	May 16, 75
Canada	4.75	7.25	9.25	8.75	8.25	8.25	9.00	9.00	Sep 3, 75
Japan	4.25	9.00	9.00	9.00	9.00	8.00	7.50	6.50	Oct 24, 75
United Kingdom	9.00	13.00	11.50	11.50	10.00	10.00	11.00	11.50	Nov 28, 75
Belgium	5.00	7.75	8.75	8.75	7.50	6.50	6.00	6.00	Aug 21, 75
France	7.50	11.00	13.00	13.00	11.00	9.50	8.00	8.00	Sep 5, 75
Germany	4.50	7.00	7.00	6.00	5.00	4.50	3.50	3.50	Sep 12, 75
Italy	4.00	6.50	9.00	8.00	8.00	7.00	6.00	6.00	Sep 15, 75
Netherlands	4.00	8.00	8.00	7.00	6.00	6.00	4.50	4.50	Sep 15, 75
Denmark	7.00	9.00	10.00	10.00	9.00	8.00	7.50	7.50	Aug 18, 75
Norway	4.50	4.50	5.50	5.50	5.50	5.50	5.50	5.00	Oct 7, 75
Spain	5.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00	Aug 10, 74
Sweden	5.00	5.00	7.00	7.00	7.00	7.00	6.00	6.00	Aug 22, 75
Switzerland	3.75	4.50	5.50	5.50	5.00	4.50	3.50	3.50	Sep 29, 75
Brazil	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	Feb, 72
Mexico	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	
Philippines	10.00	10.00	10.00	8.00	8.00	8.00	8.00	8.00	Dec 12, 74
Singapore	—	—	—	—	6.00	4.00	4.00	4.00	Jul 15, 75
South Africa	6.00	5.50	8.00	8.00	8.00	8.00	8.50	8.50	Aug 11, 75
Venezuela	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	Oct, 70

Day-to-day money rates

monthly averages

	1972	1973	1974	1975							
	Dec	Dec	Dec	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
United States	5.33	9.95	8.53	5.49	5.22	5.55	6.10	6.14	6.24	5.82	5.22
Canada	3.71	6.57	7.38	6.66	6.92	6.88	7.19	7.42	7.85	7.95	8.55
Japan	4.46	10.20	13.23	12.01	10.81	10.47	10.75	10.44	9.43	8.48	7.36
Australia	4.12	6.21	7.28	6.13	7.00	6.75	6.66	7.87	7.60	6.95	7.12
United Kingdom	6.75	11.00	9.34	8.65	8.63	7.75	8.70	9.50	9.88	10.81	11.16
Belgium	3.75	7.38	9.05	4.54	4.88	4.44	4.98	5.27	4.37	4.58	4.00
France	7.32	11.52	11.87	8.28	7.60	7.32	7.28	7.18	6.92	6.68	6.74
Germany	6.75	11.75	8.35	4.50	5.45	4.95	4.25	2.00	4.28	3.32	3.32
Italy	5.88	7.88	17.20	10.97	10.14	9.43	9.45	9.78	8.40	7.66	7.38
Netherlands	3.20	8.75	6.96	3.68	1.82	1.54	1.61	1.46	1.07	4.63	4.19
Spain	n.i.	11.75	5.63	6.24	6.08	5.56	5.93	6.16	6.61	6.96	n.a.
Sweden	3.34	3.83	8.93	8.61	8.56	9.00	8.17	7.20	7.08	7.49	5.30
Switzerland	4.00	7.50	5.00	3.25	2.50	1.25	3.00	0.75	1.50	1.25	1.00
Brazil	15.36	13.54	12.00	11.05	12.00	15.02	14.40	13.75	14.76	20.16	21.00
Mexico	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Philippines	9.38	13.38	16.53	6.56	8.03	8.47	12.99	12.96	13.26	14.15	12.52
Singapore	3.60	9.34	8.13	7.46	5.04	3.84	3.02	3.40	3.90	3.48	3.95
South Africa	4.39	2.93	5.85	5.66	5.53	5.48	5.55	6.15	6.38	6.62	6.68
Euro-dollars	5.14	9.91	8.35	5.42	5.40	5.36	5.98	6.06	6.19	5.82	5.54

Treasury bill rates

bond-equivalent yields, at or near end of month

	1972	1973	1974	1975							
	Dec	Dec	Dec	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
United States	5.21	7.54	7.28	5.71	5.29	5.92	6.30	6.52	6.94	5.59	5.64
Canada	3.65	6.32	7.05	6.85	6.87	6.99	7.44	7.87	8.46	8.16	8.52
Japan	4.15	5.80	6.83	6.31	6.31	6.31	6.31	6.06	5.68	5.68	5.68
Australia	3.85	7.35	7.81	7.81	7.81	7.31	7.31	7.19	7.19	7.19	7.19
United Kingdom	8.48	12.82	11.44	9.83	9.81	9.85	10.71	10.66	11.79	11.74	11.30
Belgium	4.80	7.65	10.50	7.15	6.60	6.00	6.25	6.05	6.05	6.05	6.05
Germany	4.30	7.12	5.19	3.40	3.40	3.40	3.40	3.40	n.i.	n.i.	n.i.
Netherlands	4.25	10.00	7.50	5.25	3.38	3.50	2.00	2.75	3.75	4.50	4.75
Sweden	2.77	2.52	8.95	8.95	8.45	8.45	8.45	6.36	6.35	5.83	4.81
Brazil	15.36	14.75	18.35	18.83	17.21	17.21	16.44	17.37	18.73	20.59	24.16
Philippines	12.29	9.66	10.31	10.74	10.42	10.20	10.28	11.84	10.88	9.46	9.51
Singapore	3.75	3.68	4.48	3.96	3.70	3.71	3.27	3.17	3.40	3.39	3.39
South Africa	4.42	3.21	6.16	5.69	5.78	5.71	5.63	6.51	6.75	6.96	6.96

Representative money-market rates

bond-equivalent yields on major short-term (mostly 3-4 month) money market instruments, other than Treasury bills, at or near end of month

	1972	1973	1974	1975							
	Dec	Dec	Dec	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
United States	5.65	9.47	9.60	6.22	5.45	6.35	6.48	6.83	6.96	6.05	5.91
Canada	5.31	10.52	10.52	8.03	7.51	7.51	7.77	8.82	9.47	9.08	9.73
Japan	4.88	12.00	13.50	11.50	11.00	11.00	11.00	10.50	9.50	8.00	7.50
Australia	4.75	9.00	12.50	10.50	10.00	10.00	9.75	9.25	8.75	8.75	8.50
United Kingdom	8.94	15.94	12.75	9.75	9.81	9.56	10.38	10.38	10.56	11.63	11.19
Belgium	4.85	7.95	11.00	7.25	6.75	6.25	6.50	6.20	6.20	6.20	6.20
France	8.00	11.50	11.50	7.88	7.25	7.25	7.13	7.00	6.88	6.88	6.88
Germany	7.75	12.75	8.30	5.00	4.80	5.00	4.30	4.10	4.00	4.10	4.10
Italy	6.25	8.50	17.50	11.25	10.00	10.25	11.00	9.75	8.50	8.00	8.00
Netherlands	4.75	14.00	8.38	5.38	3.63	3.63	3.50	3.50	4.25	5.25	5.38
Spain	n.i.	n.i.	8.75	10.20	8.85	9.99	10.14	10.27	10.17	10.57	n.a.
Brazil	22.16	18.85	26.89	27.58	25.53	26.21	26.89	26.33	26.62	26.35	28.96
Philippines	n.a.	n.a.	18.52	13.44	13.33	14.72	13.65	14.51	15.43	16.57	16.38
Singapore	5.88	8.25	9.19	7.06	5.19	4.19	3.56	3.88	4.50	4.38	4.50
South Africa	5.47	7.33	11.31	9.49	8.54	6.96	6.87	8.95	9.21	8.48	8.37

Euro-dollar deposit rates

prime banks' bid rates in London, at or near end of month

	1972	1973	1974	1975							
	Dec	Dec	Dec	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
overnight	4.50	9.75	8.00	5.13	5.25	6.00	5.79	6.13	6.44	5.63	5.20
7-day fixed	5.13	9.50	9.38	5.44	5.38	6.19	6.06	6.44	6.55	5.81	5.38
one month	5.69	10.06	9.75	5.63	6.00	6.25	6.31	6.63	6.94	6.31	6.63
three months	5.88	10.13	10.19	6.69	6.00	6.63	6.94	7.31	7.88	6.81	7.00
six months	6.19	10.13	10.19	7.81	7.00	7.31	7.94	8.31	8.69	7.13	7.69
twelve months	6.38	9.56	9.75	8.25	8.00	7.75	8.38	8.69	8.81	8.06	8.06

Commercial bank deposit rates

at or near end of month

	1972	1973	1974	1975							
	Dec	Dec	Dec	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
United States	5.63	9.25	9.25	6.13	5.38	6.25	6.75	7.00	7.13	6.38	6.25
Canada	5.13	8.50	9.25	6.75	7.00	7.20	7.50	8.00	8.75	8.75	8.75
Japan	3.75	4.25	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	4.50
Australia	3.90	9.00	8.50	9.25	9.00	8.75	8.50	8.50	8.25	7.50	7.50
United Kingdom	8.81	15.25	12.25	9.75	9.81	9.69	10.38	10.38	11.31	11.50	11.19
Belgium	5.75	10.25	11.55	7.25	6.50	6.00	6.25	5.88	6.13	6.25	6.38
France	6.75	10.00	11.00	9.25	7.75	7.75	7.75	7.75	7.50	7.50	7.50
Germany	7.25	11.50	8.00	4.50	4.50	4.50	4.00	4.00	3.50	4.00	4.50
Italy	4.00	4.00	14.50	12.00	11.00	9.00	9.00	9.50	8.50	9.00	9.00
Netherlands	4.75	13.75	8.50	5.38	3.75	4.00	3.38	3.75	4.50	5.38	5.50
Denmark	6.00	8.00	9.00	7.00	7.00	7.00	7.00	6.50	6.50	6.50	6.50
Norway	3.00	3.00	3.50	3.50	3.50	4.00	4.00	4.00	4.00	4.00	4.00
Spain	2.50	3.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Sweden	4.75	4.75	6.75	6.75	6.75	6.75	6.75	5.75	5.75	5.75	5.75
Switzerland	4.00	5.50	6.00	4.00	3.50	3.00	3.00	2.50	2.50	2.50	2.50
Brazil	n.a.	24.00	27.00	27.00	27.00	29.00	29.00	29.00	29.00	29.00	32.00
Mexico	n.a.	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Philippines	6.50	6.50	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Singapore	5.00	6.50	7.50	5.75	5.25	4.62	3.94	4.00	4.50	4.25	4.38
South Africa	5.25	5.50	8.00	8.00	8.00	8.00	7.00	7.00	7.00	7.50	7.50
Venezuela	7.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Euro-dollars	5.88	10.13	10.19	6.69	6.00	6.63	6.94	7.31	7.88	6.81	7.00

Commercial bank lending rates to prime borrowers

at or near end of month

	1972	1973	1974	1975							
	Dec	Dec	Dec	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
United States	5.75	9.75	10.25	7.50	7.25	7.00	7.50	7.75	8.00	7.75	7.25
Canada	6.00	9.50	11.00	9.00	9.00	9.00	9.00	9.00	9.75	9.75	9.75
Japan	6.33	7.91	9.55	9.52	9.43	9.28	9.16	9.05	8.90	8.78	8.60
Australia	7.25	9.00	11.75	11.75	11.75	11.75	11.75	11.75	11.75	11.75	11.75
United Kingdom	8.50	14.00	13.00	10.50	10.50	10.50	10.50	11.00	11.00	12.00	12.00
Belgium	6.25	10.00	13.00	10.00	9.00	9.00	9.00	8.50	8.50	8.50	8.50
France	9.15	12.45	14.45	12.35	12.35	11.85	11.85	11.85	10.85	10.85	10.85
Germany	8.50	14.00	11.00	9.00	8.50	8.25	8.25	7.50	7.00	7.00	7.00
Italy	7.00	9.50	19.50	17.00	15.00	14.00	14.00	14.00	12.00	12.00	11.00
Netherlands	6.00	11.00	10.50	9.50	8.50	8.50	8.50	8.00	7.00	7.00	7.00
Denmark	9.00	11.00	13.00	11.00	11.00	11.00	11.00	11.00	10.50	10.50	10.50
Norway	7.50	7.50	7.83	7.83	7.83	8.33	8.33	8.33	8.33	8.33	8.33
Spain	7.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Sweden	7.75	7.75	10.00	10.00	10.00	10.00	10.00	9.00	9.00	9.00	9.00
Switzerland	7.00	7.25	8.50	8.50	8.50	8.50	8.50	8.25	8.25	8.00	7.75
Brazil	18.20	16.80	16.80	16.80	16.80	16.80	16.80	16.80	16.80	16.80	16.80
Mexico	12.50	13.50	14.00	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50
Philippines	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
Singapore	7.50	9.00	10.25	8.00	8.00	8.00	7.25	7.00	7.00	6.95	6.95
South Africa	8.50	8.00	10.50	10.50	10.50	10.50	11.00	11.50	11.50	11.50	12.00
Venezuela	10.00	10.00	10.50	10.00	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Euro-dollars	6.63	10.75	11.32	7.82	7.13	7.75	8.07	8.44	9.00	7.94	8.13

Domestic government bond yields

long-term issues, at or near end of month

	1972	1973	1974	1975							
	Dec	Dec	Dec	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
United States	5.95	7.35	8.13	8.40	8.33	8.12	8.35	8.41	8.52	8.15	8.30
Canada	7.12	7.71	8.64	9.04	8.71	8.88	9.34	9.39	9.87	9.35	9.58
Japan	6.39	7.79	9.96	9.61	9.30	9.42	9.36	9.49	9.39	9.36	n.a.
Australia	6.00	8.50	9.50	9.50	9.50	10.00	10.00	10.00	10.00	10.00	10.00
United Kingdom	9.75	11.39	16.27	14.15	13.70	13.84	13.00	12.67	13.21	13.96	14.03
Belgium	7.21	7.79	8.79	8.71	8.09	7.94	8.21	8.21	8.41	8.28	8.53
France	8.03	9.29	11.21	10.34	10.31	10.21	10.20	10.03	10.10	10.15	10.19
Germany	8.48	9.49	9.73	8.70	8.41	8.48	8.63	8.92	8.82	8.86	8.82
Italy	7.57	7.60	12.65	11.42	11.42	11.23	11.50	11.43	11.51	11.55	11.46
Netherlands	7.50	9.01	9.09	8.89	8.54	8.33	8.75	8.94	8.83	8.97	8.87
Denmark	10.73	12.70	14.36	12.69	12.30	11.92	12.03	12.48	11.90	12.14	12.39
Norway	6.13	6.20	7.26	7.27	7.30	7.25	7.27	7.28	7.30	7.28	7.28
Sweden	7.34	7.37	8.17	8.22	9.00	9.04	9.05	9.08	9.11	n.a.	n.a.
Switzerland	5.25	6.31	7.17	6.87	6.83	6.47	6.45	6.32	6.17	6.08	6.00
Brazil	22.00	19.44	38.69	50.10	49.87	49.97	51.98	38.47	37.57	38.67	32.83
Philippines	n.a.	n.a.	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Venezuela	8.14	8.09	7.70	7.72	7.65	7.56	7.46	7.32	7.32	7.14	n.a.

Domestic corporate bond yields

long-term issues, at or near end of month

	1972	1973	1974	1975							
	Dec	Dec	Dec	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
United States	7.15	7.75	9.25	9.25	9.10	8.75	8.95	9.20	9.30	8.65	9.00
Canada	8.15	8.81	10.72	10.75	10.67	10.57	10.93	10.94	11.40	11.15	11.15
Japan	6.75	10.73	11.82	9.81	9.19	9.10	9.64	9.55	9.64	9.65	n.a.
Australia	8.00	10.25	13.50	13.25	13.50	13.75	13.75	13.50	13.50	13.25	13.25
United Kingdom	10.40	13.56	19.50	15.82	16.05	15.98	15.47	15.44	15.29	16.08	16.01
Belgium	7.74	8.39	11.00	9.94	9.83	9.84	9.94	9.94	9.98	10.38	10.24
France	8.30	9.81	11.90	10.98	11.02	10.93	10.87	10.83	10.79	10.76	10.82
Germany	8.58	10.33	10.09	8.61	8.59	8.52	8.87	8.93	9.01	9.06	8.80
Italy	8.67	8.58	14.41	11.78	11.89	16.18	n.a.	11.42	11.60	11.81	11.96
Netherlands	7.63	9.64	9.55	8.48	8.24	7.84	8.54	8.67	8.97	8.92	8.66
Norway	6.29	6.30	7.56	7.72	7.79	7.71	7.74	7.78	7.67	7.77	7.77
Spain	8.33	9.04	11.64	12.03	11.96	11.29	11.39	11.59	11.51	11.10	n.a.
Sweden	7.28	7.26	8.05	8.10	9.06	9.08	9.10	9.13	9.13	9.15	9.17
Switzerland	5.47	6.55	7.95	7.50	7.62	7.52	7.29	7.28	7.36	7.36	7.26
Mexico	11.22	n.a.	14.73	12.60	12.56	12.81	12.77	12.59	13.33	12.68	12.68
Venezuela	10.13	10.09	10.61	10.35	10.36	10.33	10.38	10.08	10.05	10.16	10.25

Morgan Guaranty Trust Company of New York

23 Wall Street, New York, N.Y. 10015

Midtown offices

522 Fifth Avenue at 44th Street, New York, N.Y. 10036
616 Madison Avenue at 58th Street, New York, N.Y. 10022
40 Rockefeller Plaza at 50th Street, New York, N.Y. 10020
299 Park Avenue at 48th Street, New York, N.Y. 10017

Trust and Investment Division

9 West 57th Street, New York, N.Y. 10019

Banking offices abroad

London: 33 Lombard Street, EC3P 3BH and 31 Berkeley Square, W1X 6EA
Paris: 14, Place Vendôme
Brussels: Avenue des Arts 35; 1040 Brussels
Antwerp: Frankrijklei 82; 2000 Antwerp
Frankfurt am Main: Bockenheimer Landstrasse 8
Düsseldorf: Berliner Allee 43
Munich: Von-der-Tann-Strasse 13
Zurich: Stockerstrasse 38
Milan: Banca Morgan Vonwiller S.p.A., Via Armorari, 14
Rome: Banca Morgan Vonwiller S.p.A., Via Boncompagni, 27
Tokyo: New Yurakucho Building, 12-1, 1-chome, Yuraku-cho, Chiyoda-ku
Singapore: 2901 DBS Tower, 6 Shenton Way
Nassau: P.O. Box N4779

Representative offices

Madrid: Calle del Barquillo, 8
Beirut: Beirut Riyad Building, Rue Riyad Solh, P.O. Box 5752
Sydney: 60 Martin Place
Hong Kong: 36 New Henry House, 10 Ice House Street
Manila: Bank of the Philippine Islands Building
Ayala Avenue corner Herrera Street, Makati, Rizal
São Paulo: Rua Direita 250-12^o
Caracas: Edificio Luz Eléctrica, Avenida Urdaneta

Morgan Guaranty Investment Services (UK) Limited
49 Berkeley Square, London W1X 5DB

Morgan Guaranty Investment Services S.A., 7 rue des Alpes, 1201 Geneva

Morgan Guaranty International Bank of Houston
1100 Milam Street, Houston, Texas 77002

Morgan Guaranty International Bank of San Francisco
400 Montgomery Street, San Francisco, California 94104

J. P. Morgan of Canada Limited
25 King Street West, Toronto M5L 1G2

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