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# World Financial Markets

Morgan Guaranty Trust Company of New York

September 16, 1975

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## *Financial markets and economic development*

In recent years more attention has been focused on the relationship between domestic financial sector development and economic growth. As the key role of "financial deepening" in stimulating economic growth has become better understood, it has become increasingly apparent that the governments of many developing countries have not made adequate use of this powerful tool for development. Certain countries, however, have made considerable progress in raising their domestic savings and economic growth rates through the adoption of realistic interest rate policies and the establishment of money and capital markets.

The financial systems of the poorest developing countries are characterized by relatively low ratios of money supply to GNP, by low ratios of time and savings deposits to both money supply and GNP, and by the insignificance of non-bank financial institutions in the financial system. The more successful developing countries have experienced a marked growth in these ratios over time, and the range of existing financial instruments and institutions has increased consid-

erably in recent years.

Appropriate domestic financial policies can improve growth prospects in a number of ways. For example, in some developing countries deposit rates are set so low that they are more than offset by price inflation. In such cases, the purchasing power of these deposits declines, and there is little incentive to place funds with the banking system. By contrast, when deposit rates are set high enough to provide depositors a positive real return, aggregate savings are likely to increase as a proportion of GNP. In addition, the composition of national savings will change; that is, rather than hoard commodities or invest in real estate, savers will be willing to acquire financial assets. Both phenomena free an increased proportion of total resources for productive investment.

Furthermore, if loan interest rates are allowed to rise, also in order adequately to reflect the scarcity of capital in the economy, new investment tends to become more productive. By contrast, if financial institutions are not permitted to charge realistic interest rates — including a premium for risk — it happens all too often that credit is channeled to established urban industrial and commercial enterprises and to real estate development where the

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productivity of new investment may be lower than in other economic activities. Under these circumstances, the smaller entrepreneurs and farmers are left to finance themselves at overly high rates in the unorganized money markets. In addition, when credit allocation is not determined by market forces, there is more likelihood that loans will be made on the basis of bureaucratic or personal considerations that may conflict with the interests of society at large.

Beginning with this issue of *World Financial Markets*, the statistical appendix includes key money and capital market interest rates for several developing countries — Brazil, Mexico, the Philippines and Venezuela. Interest rates for Singapore and Spain also have been added in this issue. The key to the appendix on pages 18 and 19 explains the rates shown in the appendix tables, and the following sections explain briefly the markets in these countries.

### **Spain**

The financial markets in Spain are dominated by commercial banks, which are the major source of credit to the private sector. The banks' deposit and lending rates are subject to ceilings fixed by the central bank, many of which are based on the latter's rate for rediscounting commercial bills presented by the banks. For example, the maximum rate for three-month deposits at commercial banks is 2½ percentage points below the central bank rate. The principal form of commercial bank lending to corporate borrowers in Spain is the discounting of commercial bills of up to 18 months' maturity. The maximum rate for such lending is set at 1% above the central bank rate. In periods of ample liquidity actual rates may be a shade below the maximum. A commission of up to 1% per annum

is added, and compensating balances are sometimes required.

The interbank money market is a relatively new phenomenon in Spain, dating back to mid-1973. Rates closely reflect liquidity conditions in the banking system. Most transactions take place on a day-to-day basis or for two-to-seven day periods. In the January-June 1975 period, overall turnover in the interbank money market totaled Pts. 882 billion (\$15.5 billion), about three quarters of which was in day-to-day transactions. Very few transactions involved maturities of more than one month.

Treasury bills have been issued occasionally since 1973 by the Finance Ministry and sold directly to the Bank of Spain. In turn the central bank may sell these bills at a slightly higher than issue rate to commercial banks which use them for satisfying part of their reserve requirements. Only Pts. 1.2 billion (\$20 million) were outstanding at the end of April 1975. Individuals and corporations, however, do not hold treasury bills.

In 1974 gross new bond issues of the government sector, including the state holding company INI, totaled Pts. 97 billion (\$1.7 billion). Most government bonds are held by the banks to meet reserve requirements. Gross new issues by the non-financial private sector amounted to Pts. 76 billion (\$1.3 billion) last year and new issues by financial companies — available only on a net basis — were Pts. 56 billion (\$950 million). The secondary market is very small; the nominal value of the turnover of all bonds in 1974 was Pts. 24.7 billion (\$435 million).

Within the private sector, electricity companies offer new bond issues with relative frequency. Many are in bearer form, and there is some secondary market trading in these issues. Yields on these issues are fairly representative of bond market conditions in Spain. Last month, for



example, Hidroelectrica del Cantabrico offered a 10-year one billion peseta issue at par with a variable coupon: 8.75% for the first three years, 9% for the following three years and 9.25% for the last four years.

### **Brazil**

Over the past ten years the Brazilian financial system has become considerably more sophisticated as a result of a capital market reform in 1965 and a highly pragmatic approach to financial development in an inflationary environment. Among the more important reforms were the offer of more attractive interest rates in real terms on a number of financial instruments, which in turn made feasible a wider acceptance of medium- and long-term debt instruments, and institutional developments which greatly increased the competitiveness and dynamism in the financial markets. These reforms were combined with conventional stabilization measures to reduce inflation and tax incentives for equity investment. One measure of the resulting financial development is the rapid growth of financial assets (other than currency and demand deposits), which rose from 8.5% of gross domestic product in 1969 to 21% in 1974.

Realistic interest rates have been achieved via "monetary correction" to compensate the investor for inflation, a technique which has caught the interest of many international observers. In Brazil, the technique encompasses two types of correction: indexing of asset values for past inflation, and pre-fixed correction by which an allowance for estimated future inflation is formally incorporated in nominal interest rates. Only the former guarantees the investor full inflation protection, but its role in the Brazilian financial markets has been more selective than popularly thought. Legally, indexing is available for savings de-

posits and any financial investment with an original maturity of at least two years, which in practice encompasses mainly the government's two-to-five-year bonds (known in the market as "ORTNs", or National Treasury Readjustable Obligations). Altogether, such inflation-indexed assets amount to only about one-fourth of total financial assets.

The impression that indexing is employed on a wider scale derives from the pre-fixed forms of monetary correction which commercial and investment banks offer for their certificates of deposit (CDs) and time deposits. When inflation accelerated in 1974, inflation-indexed ORTNs became more attractive than pre-fixed interest bearing obligations, which adversely affected the ability of investment banks and commercial banks to attract deposits.

In financing the needs of the private sector, the Banco do Brasil and the commercial banks have remained the most important sources, together holding almost half of total private sector loans at the end of 1974. The commercial banks and the general credit department of the Banco do Brasil supply short-term credit up to 180 days, the bulk of maturities being at 60 days — typically secured by accounts receivable. The lending rate is subject to an official maximum, currently 1.3%-1.4% per month discounted (16.8%-18.2% per annum), the higher rate being for terms of more than 60 days, but the effective rate is higher due to compensating balance requirements which vary from 15% to 30%.

In recent years, the interbank money market has become an sensitive indicator of bank liquidity. This market is based on commercial bank purchases and sales of Banco do Brasil checks, which clear immediately, while commercial bank checks require a day to clear, thus creating overnight money. In 1974,

the daily average volume in the interbank market was Cr. 888 million (\$130 million).

The role of the investment banks is to provide medium-term credit, mostly for 180 days to two years. These institutions increased their share of total private sector loans from only 4% at the end of 1967 to nearly 12% as of mid-1974. They acquire most of their funds in two ways — cruzeiro time deposits with pre-fixed monetary correction and foreign borrowing. Slightly more than half of the former are CDs which until April 1975 were issued under an official rate ceiling of 26% per annum; since then the CD rate has been freed to make them more competitive with indexed government bonds. However, because an official ceiling has been maintained on cruzeiro loan rates, the CD rate has risen only marginally — i.e. around 29% at present. As of the end of April 1975, the total amount of CDs outstanding was Cr. 16.3 billion (\$2.1 billion) or 5% of total financial assets.

The commercial paper market is quite active and is the chief source of funds for the finance companies, which are primarily concerned with consumer durables financing. The size of the commercial paper market, which in Brazilian terminology encompasses negotiable CDs as well as finance company bills of exchange, is close to Cr. 60 billion (\$7.6 billion), or almost 20% of total financial assets.

Treasury securities — 90-180 day bills (the "LTN" or National Treasury Bill) and two- to five-year indexed bonds (ORTN) — have assumed considerable importance in recent years. As of April 1975, publicly-held LTNs amounted to Cr. 21.5 billion (\$2.7 billion), or 7% of total financial assets. The development of the LTN began in 1970 when the monetary authorities began issuing them as one way of offsetting the

expansionary monetary impact of the balance-of-payments surplus Brazil ran through mid-1974. The ORTN, for which there is a secondary market, dates from the financial reforms of the mid-1960s. As of April 1975, publicly-held ORTNs amounted to Cr. 37.5 billion (\$4.8 billion).

## **Mexico**

Mexico's financial institutions have flourished in an environment of relatively low inflationary pressures and exchange-rate stability. In the decade ending 1973, the ratio of money-market instruments and fixed-interest securities to GNP rose from 16% to 29%.

Public and private credit institutions provide roughly equal amounts of credit to the economy. In the public sector the pre-eminent institution is Nacional Financiera, which has played a major role in the development of fixed-interest securities markets, acts as the government's chief financial agent, and is the country's largest single source of capital, providing roughly one-quarter of all credit. Within the private sector, the most important sources of general business credit are the financieras and the commercial banks which together account for 40% of total credit. The activities of the two overlap to some degree, and several of the larger financieras are associated with major commercial banks. The latter are the major source of short-term credit (up to 180 days), while the financieras emphasize medium-term credit up to five years. Rates for short-term credits to prime borrowers are generally at or close to the official ceiling of 14.5%, and 20% compensating balances normally are required.

Two major instruments which the financieras use for raising funds are financial bonds and certificates of deposit (CDs). The former are redeemable at financieras on demand and carry an interest rate governed



by official policy; in effect, these bonds constitute a call money market. CDs, which were introduced in March of 1974, have maturities of three or six months and there is no secondary market. As of May 1975, the outstanding levels of financial bonds and CDs were Ps. 48.5 billion (\$3.9 billion) and Ps. 22.3 billion (\$1.8 billion) respectively, or 17% and 8% of total domestic financial assets held outside the central bank.

An interesting aspect of Mexico's financial policy is interest rate discrimination in favor of the individual investor, which reflects the attempt to attract individual investor funds from abroad, mainly the United States. The rates shown in the appendix tables for day-to-day money and CDs in Mexico are those available to corporate investors on a pre-tax basis, but rates available to individuals are generally higher. Moreover, rates for individuals generally have been above rates for similar maturities in the U.S. and Euro-dollar markets, with the exception of the period from mid-1973 through last year.

There is no significant market for treasury debt either short or long term, but long-term bond issues of some important autonomous public-sector companies are actively traded in the secondary market. In fact, over 95% of the trading volume on the stock exchange is in fixed interest securities. Among the most actively traded securities are mortgage bonds of Teléfonos de Mexico, for which there are now thirty separate issues, mostly with 20-year original maturities and 9% coupons.

### ***The Philippines***

The Philippines has perhaps the most sophisticated money market in developing Asia. The market began in the early 1960s, with the establishment of an interbank call loan market. Finance company paper was introduced in 1965. In the year fol-

lowing, the Central Bank, as agent for the government, issued the first Treasury bills. At present, Treasury bills with seven different maturities of less than one year are outstanding.

Commercial paper made its debut in 1967, with trade acceptances and promissory notes of two oil companies being publicly traded for the first time. Regular issues of Central Bank Certificates of Investment (CBCI) — three- to - five-year negotiable instruments — were introduced in 1970, and they are traded in the secondary market. In addition, special issues of this instrument are bought and sold by the Central Bank from time to time in an attempt to moderate movements in money-market rates, which tend to be quite volatile.

The banking system is relatively widespread, with 36 commercial banks having 848 branches — 499 of which are outside of metropolitan Manila. The government-owned Philippine National Bank is the largest commercial bank in the country, with about a quarter of total commercial bank assets and a third of aggregate deposits. Commercial banks are the principal source of credit for the private sector. Banking institutions other than commercial banks — private development banks, savings and loan associations, and rural banks — are of much less significance in terms of total resources. The country also has a broad range of other financial institutions, including investment houses, finance companies and insurance companies — and also two major stock exchanges.

In order to strengthen commercial banking in the Philippines, the Central Bank in April 1973 issued guidelines requiring commercial banks to raise their capital to a minimum of P100 million each by September 1975. The banks were allowed to meet this requirement by raising new

local capital, by merging, by attracting foreign equity ownership, or through retention of earnings.

The longer-term component of the Philippine financial market remains relatively undeveloped. There is not much of a bond market, apart from the regular issues of CBCIs. In an effort to enable banks to attract longer-term funds from the general public, the government in 1974 removed ceilings on the interest rates that banks may pay on deposits of over two years' maturity, and permitted the banks to charge up to a 2% service fee in addition to the legal maximum loan interest rate, in effect, increasing the maximum permissible lending rate.

### **Singapore**

In recent years Singapore has placed great stress on the development of its financial sector. Initially this effort focused on the establishment of the Asian dollar market. Since its inception in October 1968, the Asian dollar market has grown steadily, to \$11 billion at end-July 1975. The number of institutions licensed to operate in the market has risen to 60.

More recently, the Singapore authorities have undertaken a number of measures to develop the domestic Singapore dollar money and capital markets. The Monetary Authority of Singapore (MAS) was established at the beginning of 1971, to oversee and facilitate the country's financial development. In addition to establishing the overall regulatory framework, the Authority has paid particular attention to improving the professional quality of personnel active in financial institutions.

Three discount houses were established in November 1972. Patterned after the London model, they hold primarily government securities as their assets. They also are empowered to maintain 30% of their assets in commercial paper and cer-

tificates of deposit. The liabilities of the discount houses consist of short-term funds borrowed from banks and commercial enterprises. The houses enjoy a lender of last resort facility with the MAS, whereas the banks, if forced to meet their liquidity requirements by discounting bills with the MAS, may do so only at a stiff penal rate.

In 1974, MAS took several further measures to increase the sophistication of the financial markets. The practice of setting a minimum agreed bidding rate for interbank call and overnight deposits was abolished in February. The monthly turnover of interbank funds reached nearly S\$1.2 billion (\$470 million) in July 1975.

Last year, MAS, as agent for the government, began issuance of Treasury bills of 182 days maturity; previously, only bills of 91 days maturity were available. In February of this year MAS began issuing Treasury bills with maturities of 273 days and 364 days. The 91-day bills are offered at weekly tenders and the longer maturities with less frequency. The total value of all Treasury bills outstanding at the end of July 1975 exceeded S\$1 billion (\$420 million).

In May 1975 selected commercial banks were permitted for the first time to issue negotiable Singapore dollar certificates of deposit. These CDs may have a term of three months to three years, although three- and six-month maturities dominate outstanding issues. In July, rates for time deposits in the commercial banks, as well as commercial bank loan rates — both of which previously had been set by MAS in consultation with the Association of Banks — were also freed to market determination.

Among the institutional participants in the domestic Singapore dollar financial markets at present are 66 commercial banks and 21



merchant banks. There are four discount houses, and nine international money brokers, five of which are affiliated with foreign firms. There are also a system of government savings institutions, several dozen insurance companies, finance, leasing and factoring firms, as well as a stock market.

## Venezuela

Venezuela has traditionally ranked high among developing countries as regards the degree of monetization of the economy. This is due to several special characteristics: the high level of public savings due to oil revenues, relatively high per capita income, traditionally low rates of inflation, and a low share of agriculture in GNP. However, the sophistication in the domestic money market is considerably less than might have been expected under these conditions. The range of domestic options to the investor of liquid funds is limited mainly to time and savings deposits (including CDs) at commercial banks and financieras, bond issues of the mortgage banks and public-sector entities, and (to a smaller extent) bond issues of several major private companies. As of April 1975, the outstanding level of time and savings deposits, mortgage bonds and public-sector bonds was Bv. 23.4 billion (\$5.4 billion), or close to 57% of total financial assets.

Interest rates on these instruments have been quite stable. Maximum and minimum bank deposit rates are set by the monetary authorities. The relative stability of mortgage bond yields is maintained by the authorities' central mortgage fund, which stands ready to redeem on demand outstanding mortgage bonds at par. Yields on public-sector bonds are kept fairly stable by their relative scarcity. The combination of interest

rate stability, a limited set of domestic investment options and the absence of exchange control has contributed greatly to private capital flows in and out of the domestic banking system in response to interest-rate fluctuations abroad.

Acceleration of financial market development and greater interest-rate flexibility are now more urgent. The injection of liquidity into the domestic economy via the government budget as a result of higher oil prices has been substantial, notwithstanding the utilization of part of the oil windfall for international investments and increased imports. Recent capital markets legislation and other policy developments hold promise of greater financial broadening. For example, there are now substantial tax incentives for a company to widen the public base of its stock ownership. Also, the major financieras are now more actively trying to increase the size of the private bond market and to develop a commercial paper market.

On the lending side, by far the most important source of credit to the private sector is the commercial banks (49% of the total as of April 1975), which primarily lend at short term. The prime lending rate is now running at about 9.5%, and compensating balance requirements are rare. Other major sources of general credit to the private sector are the official institutions (the Corporación Venezolana de Fomento and its subsidiary, the Banco Industrial) and the private financieras. As of April, these institutions held 21% and 8%, respectively, of a total private-sector credit, and they tend to emphasize medium-term loans. Most of the remainder of the private-sector credit, comes from the mortgage banks and the savings and loan associations, which are mainly devoted to housing and construction.

## Statistical appendix

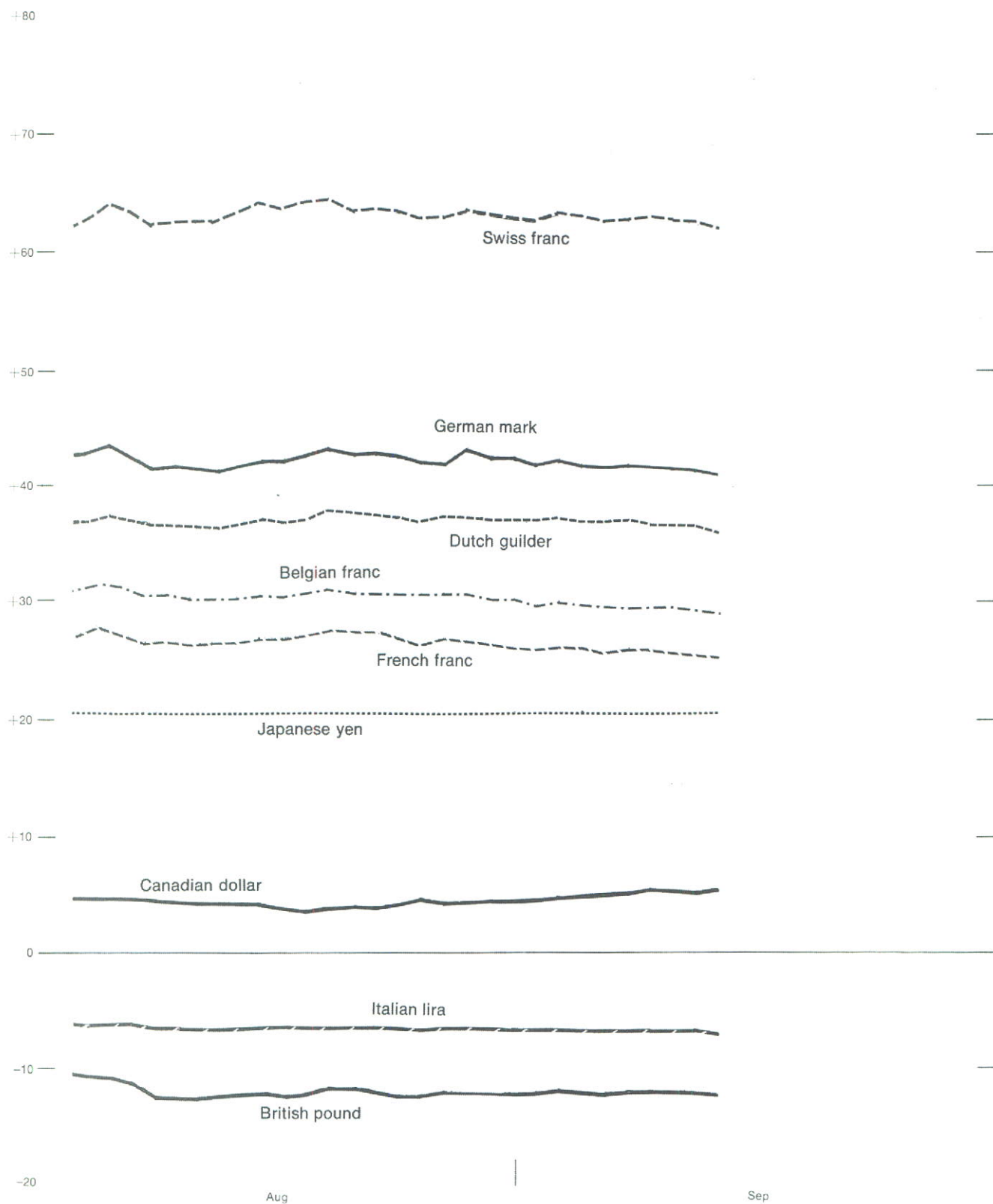
for key to data in charts and tables  
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Information herein is from sources we consider to be reliable but is furnished without responsibility on our part.

# Spot exchange rates

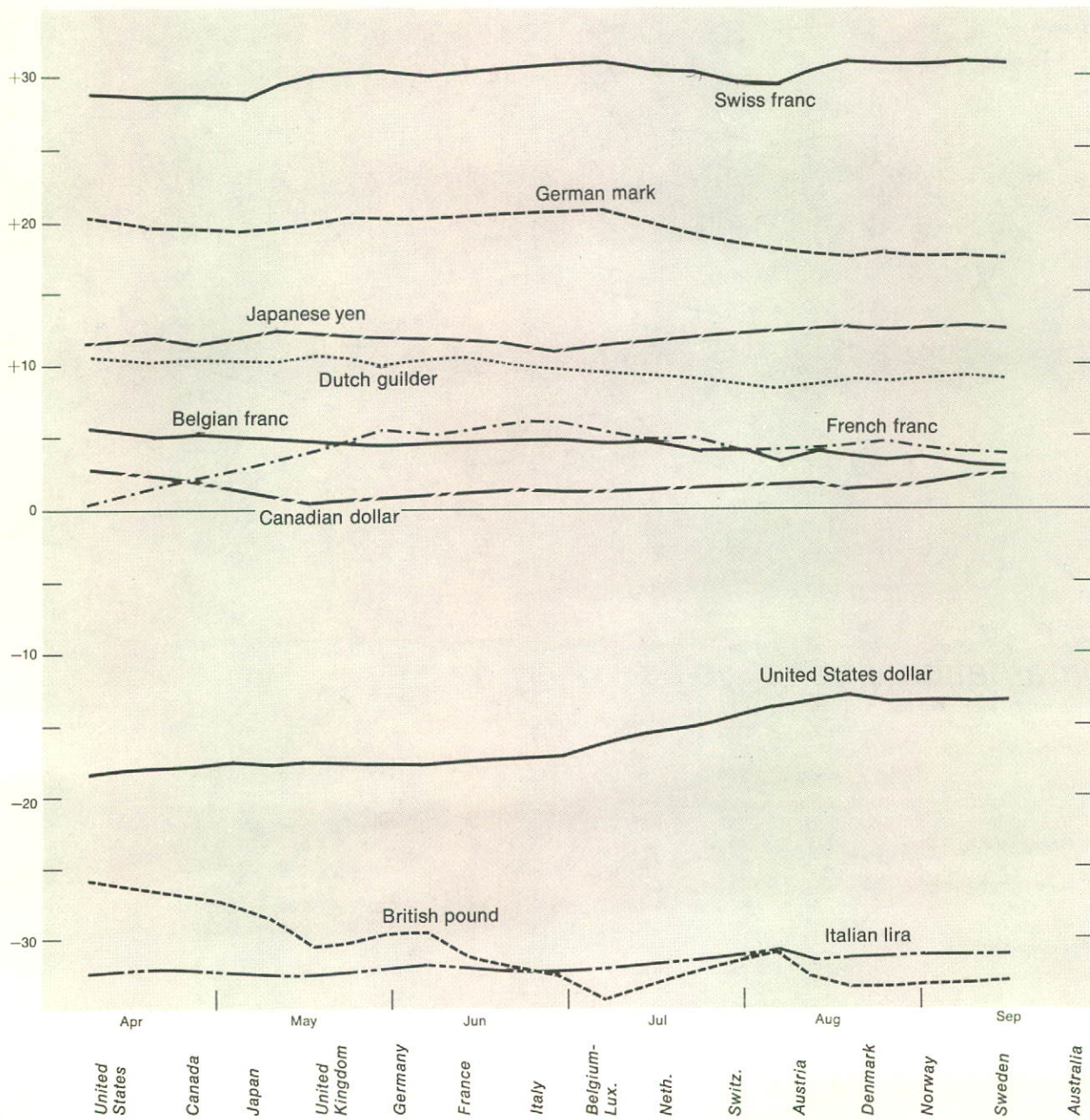
percentage deviation from pre-June 1970 parities  
based on noon bid in New York, expressed in U.S. cents





# Effective exchange-rate changes

percentage exchange-rate changes 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

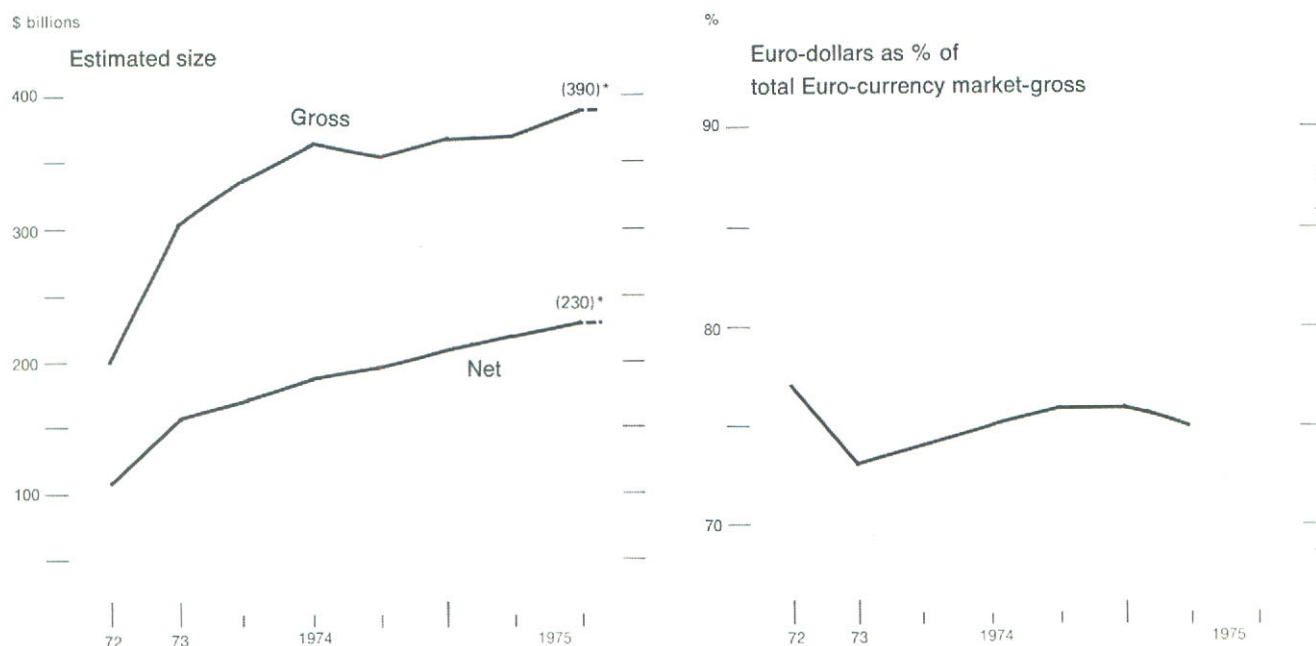


1975

|       | United States | Canada | Japan | United Kingdom | Germany | France | Italy  | Belgium-Lux. | Neth. | Switz. | Austria | Denmark | Norway | Sweden | Australia |
|-------|---------------|--------|-------|----------------|---------|--------|--------|--------------|-------|--------|---------|---------|--------|--------|-----------|
| May   | -17.52        | 0.70   | 12.20 | -29.50         | 20.11   | 4.53   | -32.40 | 4.80         | 10.43 | 30.01  | 13.13   | 8.13    | 13.47  | 2.27   | 4.57      |
| Jun   | -17.42        | 1.07   | 11.35 | -31.75         | 20.32   | 5.56   | -32.31 | 4.46         | 10.05 | 30.52  | 13.42   | 8.58    | 14.51  | 2.74   | 4.56      |
| Jul   | -14.93        | 1.49   | 11.84 | -32.44         | 18.98   | 4.55   | -31.56 | 3.91         | 8.88  | 30.06  | 13.12   | 8.00    | 13.10  | 1.89   | 4.80      |
| 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      |
| 22    | -13.12        | 1.44   | 12.44 | -33.46         | 17.94   | 4.39   | -31.31 | 3.32         | 8.99  | 30.93  | 12.07   | 7.34    | 11.15  | 0.93   | 3.92      |
| 29    | -13.07        | 1.87   | 12.51 | -33.27         | 17.66   | 4.09   | -31.05 | 3.45         | 9.15  | 30.88  | 12.16   | 7.44    | 10.92  | 0.12   | 3.89      |
| Sep 5 | -13.16        | 2.22   | 12.59 | -33.10         | 17.85   | 3.82   | -31.21 | 3.13         | 9.22  | 31.00  | 12.24   | 7.34    | 10.67  | -0.22  | 3.92      |
| 12    | -13.16        | 2.53   | 12.56 | -32.94         | 17.74   | 3.81   | -31.12 | 3.06         | 9.10  | 30.93  | 12.10   | 7.24    | 10.59  | -0.38  | 4.00      |

## Euro-currency market

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



\*latest plotting July 1975

## International bond yields

long-term issues, at or near end of month

|                            | 1972 | 1973 | 1974  | 1975 |      |      |      |      |      |      |
|----------------------------|------|------|-------|------|------|------|------|------|------|------|
|                            | Dec  | Dec  | Dec   | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  |
| <b>U.S. companies:</b>     |      |      |       |      |      |      |      |      |      |      |
| U.S. dollar                | 7.49 | 8.30 | 9.35  | 8.52 | 8.55 | 8.87 | 8.62 | 8.62 | 8.52 | 8.68 |
| German mark                | 7.01 | 9.18 | 9.33  | 8.75 | 8.55 | 8.50 | 8.42 | 8.30 | 8.42 | 8.07 |
| Swiss franc                | 5.89 | 6.90 | 8.00  | 6.94 | 7.09 | 7.12 | 7.19 | 7.06 | 7.15 | 7.14 |
| <b>European companies:</b> |      |      |       |      |      |      |      |      |      |      |
| U.S. dollar                | 7.69 | 8.56 | 11.23 | 9.86 | 9.61 | 9.95 | 9.64 | 9.84 | 9.76 | 9.92 |
| German mark                | 7.19 | 9.18 | 9.93  | 8.94 | 8.97 | 8.95 | 8.93 | 8.89 | 9.09 | 8.93 |
| <b>Governments:</b>        |      |      |       |      |      |      |      |      |      |      |
| U.S. dollar                | 7.65 | 8.69 | 10.08 | 9.17 | 9.10 | 9.30 | 9.13 | 9.16 | 9.17 | 9.39 |

## Euro-dollar deposit rates

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

|               | 1972 | 1973  | 1974  | 1975 |      |      |      |      |      |      |
|---------------|------|-------|-------|------|------|------|------|------|------|------|
|               | Dec  | Dec   | Dec   | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  |
| overnight     | 4.50 | 9.75  | 8.00  | 6.38 | 6.00 | 5.13 | 5.25 | 6.00 | 5.79 | 6.13 |
| 7-day fixed   | 5.13 | 9.50  | 9.38  | 6.19 | 6.06 | 5.44 | 5.38 | 6.19 | 6.06 | 6.44 |
| one month     | 5.69 | 10.06 | 9.75  | 6.88 | 6.50 | 5.63 | 6.00 | 6.25 | 6.31 | 6.63 |
| three months  | 5.88 | 10.13 | 10.19 | 7.38 | 6.88 | 6.69 | 6.00 | 6.63 | 6.94 | 7.31 |
| six months    | 6.19 | 10.13 | 10.19 | 7.63 | 7.50 | 7.81 | 7.00 | 7.31 | 7.94 | 8.31 |
| twelve months | 6.38 | 9.56  | 9.75  | 7.88 | 8.00 | 8.25 | 8.00 | 7.75 | 8.38 | 8.69 |



# New international bond issues

new issues in period, in millions of dollars

|   |                   |                   |                   | 1975         |                  |            | Jan-Sep           |                   |
|---|-------------------|-------------------|-------------------|--------------|------------------|------------|-------------------|-------------------|
|   | 1972 <sup>r</sup> | 1973 <sup>r</sup> | 1974 <sup>r</sup> | Jul          | Aug <sup>r</sup> | Sept       | 1975 <sup>p</sup> | 1974 <sup>r</sup> |
| <b>Euro-bonds, total</b>                              | <b>6 366</b>      | <b>4 193</b>      | <b>2 134</b>      | <b>817</b>   | <b>434</b>       | <b>510</b> | <b>6 360</b>      | <b>1 391</b>      |
| <i>by category of borrower</i>                        |                   |                   |                   |              |                  |            |                   |                   |
| U.S. companies  | 1 992             | 874               | 110               | 19           | —                | —          | 159               | 110               |
| Foreign companies                                     | 1 759             | 1 309             | 640               | 389          | 107              | 210        | 2 119             | 393               |
| State enterprises                                     | 1 170             | 947               | 542               | 325          | 170              | 155        | 2 451             | 407               |
| Governments   | 1 050             | 659               | 482               | 84           | 157              | 45         | 1 159             | 283               |
| International organizations                           | 395               | 404               | 360               | —            | —                | 100        | 472               | 198               |
| <i>by currency of denomination</i>                    |                   |                   |                   |              |                  |            |                   |                   |
| U.S. dollar   | 3 908             | 2 447             | 996               | 275          | 327              | 367        | 2 487             | 721               |
| German mark   | 1 160             | 1 025             | 344               | 405          | —                | —          | 2 115             | 169               |
| Other   | 1 298             | 721               | 794               | 137          | 107              | 143        | 1 758             | 501               |
| <i>by type of security</i>                            |                   |                   |                   |              |                  |            |                   |                   |
| Straight debt   | 5 146             | 3 546             | 2 039             | 787          | 434              | 510        | 6 285             | 1 296             |
| Convertible   | 1 220             | 647               | 95                | 30           | —                | —          | 75                | 95                |
| <b>Foreign bonds outside the United States, total</b> | <b>2 029</b>      | <b>2 626</b>      | <b>1 432</b>      | <b>345</b>   | <b>158</b>       | <b>119</b> | <b>2 712</b>      | <b>897</b>        |
| <i>by category of borrower</i>                        |                   |                   |                   |              |                  |            |                   |                   |
| U.S. companies  | 215               | 546               | 77                | —            | —                | —          | 23                | 42                |
| Foreign companies                                     | 345               | 396               | 455               | 126          | 71               | —          | 1 060             | 243               |
| State enterprises                                     | 249               | 446               | 568               | 120          | 19               | 30         | 590               | 332               |
| Governments   | 146               | 297               | 138               | 34           | 68               | 30         | 533               | 105               |
| International organizations                           | 1 074             | 941               | 194               | 65           | —                | 59         | 506               | 175               |
| <i>by currency of denomination</i>                    |                   |                   |                   |              |                  |            |                   |                   |
| German mark   | 469               | 362               | 253               | —            | —                | —          | 812               | 88                |
| Swiss franc   | 815               | 1 526             | 911               | 269          | 130              | 119        | 1 681             | 562               |
| Other   | 745               | 738               | 268               | 76           | 28               | —          | 219               | 247               |
| <i>by type of security</i>                            |                   |                   |                   |              |                  |            |                   |                   |
| Straight debt   | 2 029             | 2 617             | 1 432             | 345          | 158              | 119        | 2 712             | 897               |
| Convertible   | —                 | 9                 | —                 | —            | —                | —          | —                 | —                 |
| <b>Foreign bonds in the United States, total</b>      | <b>1 361</b>      | <b>960</b>        | <b>3 266</b>      | <b>925</b>   | <b>23</b>        | <b>305</b> | <b>3 823</b>      | <b>2 037</b>      |
| <i>by category of borrower</i>                        |                   |                   |                   |              |                  |            |                   |                   |
| Foreign companies                                     | 199               | 78                | 808               | —            | 20               | 80         | 395               | 544               |
| State enterprises                                     | 382               | 492               | 819               | 200          | —                | 225        | 1 238             | 649               |
| Governments   | 530               | 390               | 1 029             | 225          | 3                | —          | 1 240             | 834               |
| International organizations                           | 250               | —                 | 610               | 500          | —                | —          | 950               | 10                |
| <b>International bonds, total</b>                     | <b>9 756</b>      | <b>7 779</b>      | <b>6 832</b>      | <b>2 087</b> | <b>615</b>       | <b>934</b> | <b>12 895</b>     | <b>4 325</b>      |

<sup>r</sup> revised

<sup>p</sup> preliminary

# New international bond issues

| Issuer<br>(Guarantor)  | (Euro-bond: E; Foreign bond: outside<br>United States—F,O; in United States—F,US) | Country/state<br>of domicile | Amount,<br>millions | Offer<br>date | Coupon<br>rate <sup>a</sup> | Maturity | Offer<br>price | Yield <sup>b</sup> |
|--|---|------------------------------|---------------------|---------------|-----------------------------|----------|----------------|--------------------|
| <b>August 1975</b>   |   |                              |                     |               |                             |          |                |                    |
| <b>Foreign companies</b>   |   |                              |                     |               |                             |          |                |                    |
| Nippon Seiko K.K.<br>(Fuji Bank Limited) (E)   |   | Japan                        | \$15                | 7             | 9¼ a                        | 1980     | 99¼            | 9.23               |
| Thyssen Investment S.A.<br>(August Thyssen-Huette A.G.) (F, O)                       |   | Luxembourg                   | SwF 80              | 12            | 7¾ a                        | 1990     | 99½            | 7.66               |
| Nippon Yusen Kabushiki Kaisha<br>(Industrial Bank of Japan Ltd.) (F, O)              |   | Japan                        | SwF 50              | 22            | 8 a                         | 1990     | 99½            | 7.90               |
| International Harvester Credit Corp. of Canada Ltd. (E)                              |   | Canada                       | CS\$30              | 26            | 10¼ a                       | 1981     | 100½           | 9.89               |
| Mitsui O.S.K. Lines Ltd.<br>(Sumitomo Bank Limited) (E)                              |   | Japan                        | \$25                | 28            | 9½ a                        | 1980     | 99¼            | 9.47               |
| Amsterdam-Rotterdam Bank N.V. (E) c  |   | Netherlands                  | Fl 75               | 29            | 8¼ a                        | 1981     | 99½            | 8.19               |
| Alusuisse Overseas Limited<br>(Swiss Aluminium Limited) (F, US) c                    |   | Br. V.I.                     | \$20                | n.a.          | 11½                         | 1991     | n.a.           | n.a.               |
| Libra Bank Limited (E) c   |   | U.K.                         | \$10                | n.a.          | 9½ a                        | 1978     | 100            | 8.93               |
| Mitsui Petrochemical Company Ltd. (F, O) c   |   | Japan                        | SwF 60              | n.a.          | 8¼ a                        | 1980     | 100            | 8.09               |
| <b>State enterprises</b>   |   |                              |                     |               |                             |          |                |                    |
| Finnish Export Credit Limited<br>(Republic of Finland) (E)                           |   | Finland                      | \$15                | 12            | 9¼ a                        | 1980     | 98½            | 9.42               |
| Steirische Wasserkraft-und Elektrizitaets A.G.<br>(County of Styria) (F, O)          |   | Austria                      | SwF 50              | 14            | 7¾ a                        | 1990     | 99½            | 7.66               |
| Teollisuuden Voima Oy Industrins Kraft A.B.<br>(Republic of Finland) (E)             |   | Finland                      | KD 6                | 24            | 8¾ a                        | 1980     | 100            | 8.57               |
| Banque Nationale de Paris (E)  |   | France                       | \$50                | 25            | *                           | 1981     | 100            | *                  |
| South African Iron and Steel Industrial Corp. Ltd.<br>(Republic of South Africa) (E) |   | S. Africa                    | \$25                | 29            | 10 a                        | 1980     | 98½            | 10.12              |
| Statstoretag Aktiebolag (E)  |   | Sweden                       | \$30                | 29            | 9¼ a                        | 1980     | 99             | 9.30               |
| Banque Nationale pour le Developpement Economique (E)                                |   | Morocco                      | SA Rls 100          | n.a.          | 8½ a                        | 1983     | 100            | 8.33               |
| <b>Governments</b>   |   |                              |                     |               |                             |          |                |                    |
| Government of New Zealand (E)  |   |                              | \$60                | 5             | 9 a                         | 1980     | 99½            | 9.13               |
|  |   |                              | \$40                | 5             | 9¼ a                        | 1982     | 99½            | 9.35               |
| Kingdom of Denmark (F, O)  |   |                              | Fl 75               | 7             | 9 a                         | 1990     | 100            | 8.81               |
| Kingdom of Norway (E)  |   |                              | \$50                | 25            | 9 a                         | 1980     | 100            | 8.81               |
| City of Peel (F, US) c   |   | Canada                       | \$3.25              | n.a.          | 10¼                         | 1995     | n.a.           | n.a.               |
| City of Montreal (F, O) c  |   | Canada                       | SwF 100             | n.a.          | 8¼ a                        | 1980     | 100            | 8.09               |
| City of Reykjavik  |   | Iceland                      | \$6.5               | n.a.          | n.a.                        | 1987     | n.a.           | n.a.               |

<sup>a</sup> Coupon interest is payable semiannually, unless followed an "a" which indicates an annual coupon.

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

<sup>c</sup> Private placement.

\* Interest is payable semiannually at ¼% over the average of middle rate of the bid and offer for 6-month London dollar interbank rate, to be determined by a group of reference banks. Minimum interest is 7½% p.a.



## New international bond issues

| Issuer<br>(Guarantor)   | (Euro-bond: E; Foreign bond: outside<br>United States—F, O; in United States—F, US) | Country/state<br>of domicile | Amount,<br>millions | Offer<br>date | Coupon<br>rate <sup>a</sup> | Maturity | Offer<br>price | Yield <sup>b</sup> |
|---|---|------------------------------|---------------------|---------------|-----------------------------|----------|----------------|--------------------|
| <b>September 1975—preliminary</b>                                       |   |                              |                     |               |                             |          |                |                    |
| <b>Foreign companies</b>  |   |                              |                     |               |                             |          |                |                    |
| Niagara Finance Company Ltd. (F, US) <sup>c</sup>                       |   | Canada                       | \$30                | 1             | 10½                         | 1990     | 100            | 10.50              |
| N.V. Dutch State Mines (E)  |   | Netherlands                  | \$40                | 5             | 9¼ a                        | 1980     | 100            | 9.04               |
| Philips Gloeilampenfabrieken N.V. (E) <sup>c</sup>                      |   | Netherlands                  | Fl 75               | 15            | 8¼ a                        | 1981     | 100            | 8.09               |
| Ford Motor Credit Company of Canada<br>(Ford Motor Credit Co.) (E)      |   | Canada                       | C\$40               | 16            | 9¾ a                        | 1980     |                |                    |
| Roymarine Leasing Limited<br>(Royal Bank of Canada) (E)                 |   | Canada                       | C\$25               | 17            | 9½ a                        | 1980     |                |                    |
| Nippon Steel Corporation<br>(Industrial Bank of Japan) (E)              |   | Japan                        | \$50                | 19            | 9½ a                        | 1980     |                |                    |
| Mitsui and Company Limited (F, US)                                      |   | Japan                        | \$50                |               |                             | 1990     |                |                    |
| Toronto Dominion Bank (E)   |   | Canada                       | C\$30               |               |                             | 1981     |                |                    |
| <b>State enterprises</b>  |   |                              |                     |               |                             |          |                |                    |
| Nova Scotia Power Corp., (F, US)  |   | Canada                       | \$50                | 4             | 10½                         | 2000     | 100            | 10.50              |
| Hydro-Electric Power Commission of Ontario<br>(Province of Ontario) (E) |   | Canada                       | \$75                | 15            | 9a                          | 1980     |                |                    |
| Mortgage Bank of Finland<br>(Republic of Finland) (E)                   |   | Finland                      | \$20                |               | 9¾ a                        | 1981     |                |                    |
| Manitoba Hydro-Electric Board<br>(Province of Manitoba) (F, US)         |   | Canada                       | \$100               |               |                             | 1985     |                |                    |
| National Bank of Hungary (E)  |   | Hungary                      | \$60                |               | 9¼ a                        | 1983     |                |                    |
| Norsk Hydro A/S (F, O)  |   | Norway                       | SwF 80              |               | 7¾ a                        | 1990     |                |                    |
| New Brunswick Electric Power Commission (F, US)                         |   | Canada                       | \$75                |               |                             | 2005     |                |                    |
| <b>Governments</b>  |   |                              |                     |               |                             |          |                |                    |
| Republic of Austria (F, O)  |   |                              | SwF 80              | 5             | 7¾ a                        | 1990     | 100            | 7.61               |
| City of Copenhagen (E)  |   | Denmark                      | EUA 20              | 12            | 9¼ a                        | 1985     |                |                    |
| Quebec Urban Community (E)  |   | Canada                       | \$15                |               | 9½ a                        | 1982     |                |                    |
| <b>International organizations</b>                                      |   |                              |                     |               |                             |          |                |                    |
| European Investment Bank (E)  |   |                              | \$100               | 5             | 9a                          | 1980     | 99½            | 8.94               |
| European Investment Bank (F, O) <sup>c</sup>                            |   |                              | SwF 100             |               | 8a                          | 1983     | 100            | 7.85               |
| Inter-American Development Bank (F, O)                                  |   |                              | SwF 60              | 26            |                             | 1985     |                |                    |

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

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

<sup>c</sup> Private placement.

## Central bank discount rates

|                | 1972       | 1973       | 1974       |            |            | 1975       |            | Current        |                    |
|----------------|------------|------------|------------|------------|------------|------------|------------|----------------|--------------------|
|                | end<br>Dec | end<br>Dec | end<br>Jun | end<br>Sep | end<br>Dec | end<br>Mar | end<br>Jun | Sep 17<br>1975 | Effective<br>since |
| United States  | 4.50       | 7.50       | 8.00       | 8.00       | 7.75       | 6.25       | 6.00       | 6.00           | May 16, 75         |
| Canada         | 4.75       | 7.25       | 8.75       | 9.25       | 8.75       | 8.25       | 8.25       | 9.00           | Sep 3, 75          |
| Japan          | 4.25       | 9.00       | 9.00       | 9.00       | 9.00       | 9.00       | 8.00       | 7.50           | Aug 13, 75         |
| United Kingdom | 9.00       | 13.00      | 11.75      | 11.50      | 11.50      | 10.00      | 10.00      | 11.00          | Jul 25, 75         |
| Belgium        | 5.00       | 7.75       | 8.75       | 8.75       | 8.75       | 7.50       | 6.50       | 6.00           | Aug 21, 75         |
| France         | 7.50       | 11.00      | 13.00      | 13.00      | 13.00      | 11.00      | 9.50       | 8.00           | Sep 5, 75          |
| Germany        | 4.50       | 7.00       | 7.00       | 7.00       | 6.00       | 5.00       | 4.50       | 3.50           | Sep 12, 75         |
| Italy          | 4.00       | 6.50       | 9.00       | 9.00       | 8.00       | 8.00       | 7.00       | 6.00           | Sep 15, 75         |
| Netherlands    | 4.00       | 8.00       | 8.00       | 8.00       | 7.00       | 6.00       | 6.00       | 4.50           | Sep 15, 75         |
| Denmark        | 7.00       | 9.00       | 10.00      | 10.00      | 10.00      | 9.00       | 8.00       | 8.00           | Apr 7, 75          |
| Norway         | 4.50       | 4.50       | 5.50       | 5.50       | 5.50       | 5.50       | 5.50       | 5.50           | Mar 30, 74         |
| Spain          | 5.00       | 6.00       | 6.00       | 7.00       | 7.00       | 7.00       | 7.00       | 7.00           | Aug 10, 74         |
| Sweden         | 5.00       | 5.00       | 6.00       | 7.00       | 7.00       | 7.00       | 7.00       | 6.00           | Aug 22, 75         |
| Switzerland    | 3.75       | 4.50       | 5.50       | 5.50       | 5.50       | 5.00       | 4.50       | 5.00           | Aug 25, 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      | 10.00      | 8.00       | 8.00       | 8.00       | 8.00           | Dec 12, 74         |
| South Africa   | 6.00       | 5.50       | 7.50       | 8.00       | 8.00       | 8.00       | 8.00       | 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   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   |
| United States  | 5.33  | 9.95  | 8.53  | 7.13  | 6.24  | 5.54  | 5.49  | 5.22  | 5.55  | 6.10  | 6.14  |
| Canada         | 3.71  | 6.57  | 7.38  | 6.68  | 6.88  | 6.54  | 6.66  | 6.92  | 6.88  | 7.19  | 7.42  |
| Japan          | 4.46  | 10.20 | 13.23 | 12.67 | 12.75 | 12.67 | 12.01 | 10.81 | 10.47 | 10.75 | 10.44 |
| Australia      | 4.12  | 6.21  | 7.28  | 8.66  | 7.85  | 7.70  | 6.13  | 7.00  | 6.75  | 6.66  | 7.87  |
| United Kingdom | 6.75  | 11.00 | 9.34  | 10.00 | 9.00  | 9.13  | 8.65  | 8.63  | 7.75  | 8.70  | 9.50  |
| Belgium        | 3.75  | 7.38  | 9.05  | 6.47  | 5.46  | 3.92  | 4.54  | 4.88  | 4.44  | 4.98  | 5.27  |
| France         | 7.32  | 11.52 | 11.87 | 11.41 | 9.96  | 9.17  | 8.28  | 7.60  | 7.32  | 7.28  | 7.18  |
| Germany        | 6.75  | 11.75 | 8.35  | 7.70  | 4.10  | 4.30  | 4.50  | 5.45  | 4.95  | 4.25  | 2.00  |
| Italy          | 5.88  | 7.88  | 17.20 | 15.35 | 13.50 | 11.90 | 10.97 | 10.14 | 9.43  | 9.45  | 9.78  |
| Netherlands    | 3.20  | 8.75  | 6.96  | 6.07  | 7.32  | 5.84  | 3.68  | 1.82  | 1.54  | 1.61  | 1.46  |
| Spain          | n.i.  | 11.75 | 5.63  | 5.59  | 8.48  | 6.60  | 6.24  | 6.08  | 5.56  | 5.93  | n.a.  |
| Sweden         | 3.34  | 3.83  | 8.93  | 7.80  | 8.53  | 8.58  | 8.61  | 8.56  | 9.00  | 8.17  | 7.20  |
| Switzerland    | 4.00  | 7.50  | 5.00  | 3.50  | 2.50  | 2.50  | 3.25  | 2.50  | 1.25  | 3.00  | 0.75  |
| Brazil         | 15.36 | 13.54 | 12.00 | 18.12 | 19.22 | 8.30  | 11.05 | 12.00 | 15.02 | 14.40 | 13.75 |
| 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 | 9.88  | 10.61 | 8.60  | 6.56  | 8.03  | 8.47  | 12.99 | 12.96 |
| Singapore      | 3.61  | 9.72  | 8.34  | 6.90  | 5.68  | 6.12  | 7.06  | 4.70  | 3.84  | 3.02  | 3.40  |
| South Africa   | 4.39  | 2.93  | 5.85  | 5.79  | 5.77  | 5.81  | 5.66  | 5.53  | 5.48  | 5.55  | 6.15  |
| Euro-dollars   | 5.14  | 9.91  | 8.35  | 7.10  | 6.04  | 5.81  | 5.42  | 5.40  | 5.36  | 5.98  | 6.19  |



## Treasury bill rates

bond-equivalent yields, at or near end of month

|                | 1972  | 1973  | 1974  | 1975  |       |       |       |       |       |       |       |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                | Dec   | Dec   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   |
| United States  | 5.21  | 7.54  | 7.28  | 5.55  | 5.65  | 5.60  | 5.71  | 5.29  | 5.92  | 6.30  | 6.52  |
| Canada         | 3.65  | 6.32  | 7.05  | 6.40  | 6.26  | 6.33  | 6.85  | 6.87  | 6.99  | 7.44  | 7.87  |
| Japan          | 4.15  | 5.80  | 6.83  | 6.83  | 6.83  | 6.83  | 6.31  | 6.31  | 6.31  | 6.31  | 6.31  |
| Australia      | 3.85  | 7.35  | 7.81  | 7.81  | 7.81  | 7.81  | 7.81  | 7.81  | 7.31  | 7.31  | 7.19  |
| United Kingdom | 8.48  | 12.82 | 11.44 | 10.68 | 10.15 | 9.73  | 9.83  | 9.81  | 9.85  | 10.71 | 10.66 |
| Belgium        | 4.80  | 7.65  | 10.50 | 9.50  | 8.50  | 7.30  | 7.15  | 6.60  | 6.00  | 6.25  | 6.05  |
| Germany        | 4.30  | 7.12  | 5.19  | 5.19  | 3.91  | 3.40  | 3.40  | 3.40  | 3.40  | 3.40  | 3.40  |
| Netherlands    | 4.25  | 10.00 | 7.50  | 6.63  | 7.50  | 6.50  | 5.25  | 3.38  | 3.50  | 2.00  | 2.75  |
| Sweden         | 2.77  | 2.52  | 8.95  | 8.95  | 8.95  | 8.95  | 8.95  | 8.45  | 8.45  | 8.45  | 8.36  |
| Brazil         | 15.36 | 14.75 | 18.35 | 19.35 | 20.22 | 18.78 | 18.83 | 17.21 | 17.21 | 16.44 | 17.37 |
| Philippines    | 12.29 | 9.66  | 10.31 | 10.64 | 11.28 | 11.25 | 10.74 | 10.42 | 10.20 | 10.28 | 11.84 |
| Singapore      | 3.75  | 3.68  | 4.48  | 4.47  | 4.00  | 3.96  | 3.96  | 3.70  | 3.71  | 3.27  | 3.17  |
| South Africa   | 4.42  | 3.21  | 6.16  | 6.09  | 6.08  | 6.12  | 5.69  | 5.78  | 5.71  | 5.63  | 6.51  |

## 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   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   |
| United States  | 5.65  | 9.47  | 9.60  | 6.61  | 6.35  | 5.96  | 6.22  | 5.45  | 6.35  | 6.48  | 6.83  |
| Canada         | 5.31  | 10.52 | 10.52 | 7.00  | 6.87  | 7.00  | 8.03  | 7.51  | 7.51  | 7.77  | 8.82  |
| Japan          | 4.88  | 12.00 | 13.50 | 13.00 | 13.00 | 12.50 | 11.50 | 11.00 | 11.00 | 11.00 | 10.50 |
| Australia      | 4.75  | 9.00  | 12.50 | 10.50 | 10.00 | 10.00 | 10.50 | 10.00 | 10.00 | 9.75  | 9.25  |
| United Kingdom | 8.94  | 15.94 | 12.75 | 11.63 | 10.75 | 9.88  | 9.75  | 9.81  | 9.56  | 10.38 | 10.38 |
| Belgium        | 4.85  | 7.95  | 11.00 | 9.75  | 9.00  | 7.40  | 7.25  | 6.75  | 6.25  | 6.50  | 6.20  |
| France         | 8.00  | 11.50 | 11.50 | 10.13 | 9.63  | 8.50  | 7.88  | 7.25  | 7.25  | 7.13  | 7.00  |
| Germany        | 7.75  | 12.75 | 8.30  | 7.40  | 6.20  | 5.30  | 5.00  | 4.80  | 5.00  | 4.30  | 4.10  |
| Italy          | 6.25  | 8.50  | 17.50 | 14.50 | 11.75 | 12.50 | 11.25 | 10.00 | 10.25 | 11.00 | 9.75  |
| Netherlands    | 4.75  | 14.00 | 8.38  | 7.88  | 7.75  | 6.88  | 5.38  | 3.63  | 3.63  | 3.50  | 3.50  |
| Spain          | n.i.  | n.i.  | 8.75  | 8.53  | 12.00 | 9.22  | 10.20 | 8.85  | 9.99  | 10.14 | n.a.  |
| Brazil         | 22.16 | 18.85 | 26.89 | 27.58 | 27.58 | 27.58 | 27.58 | 25.53 | 26.21 | 26.89 | 26.33 |
| Philippines    | n.a.  | n.a.  | 18.52 | 16.56 | 16.34 | 14.83 | 13.44 | 13.33 | 14.72 | 13.65 | 14.51 |
| Singapore      | 5.88  | 8.25  | 9.19  | 7.94  | 6.13  | 5.88  | 7.06  | 5.19  | 4.19  | 3.56  | 3.88  |
| South Africa   | 5.47  | 7.33  | 11.31 | 10.93 | 10.61 | 11.20 | 9.49  | 8.54  | 6.96  | 6.87  | 8.95  |
| Euro-dollars   | 5.88  | 10.13 | 10.19 | 7.44  | 7.38  | 6.88  | 6.69  | 6.00  | 6.63  | 6.94  | 7.31  |

## Commercial bank deposit rates

at or near end of month

|                | 1972 | 1973  | 1974  | 1975  |       |       |       |       |       |       |       |
|----------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                | Dec  | Dec   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   |
| United States  | 5.63 | 9.25  | 9.25  | 6.50  | 6.38  | 6.25  | 6.13  | 5.38  | 6.25  | 6.75  | 7.00  |
| Canada         | 5.13 | 8.50  | 9.25  | 6.50  | 6.50  | 6.50  | 6.75  | 7.00  | 7.20  | 7.50  | 8.00  |
| Japan          | 3.75 | 4.25  | 5.50  | 5.50  | 5.50  | 5.50  | 5.50  | 5.50  | 5.50  | 5.50  | 5.50  |
| Australia      | 3.90 | 9.00  | 8.50  | 8.25  | 8.00  | 8.00  | 9.25  | 9.00  | 8.75  | 8.50  | 8.50  |
| United Kingdom | 8.81 | 15.25 | 12.25 | 11.63 | 10.75 | 9.88  | 9.75  | 9.81  | 9.69  | 10.38 | 10.38 |
| Belgium        | 5.75 | 10.25 | 11.55 | 10.92 | 9.69  | 7.63  | 7.25  | 6.50  | 6.00  | 6.25  | 5.88  |
| France         | 6.75 | 10.00 | 11.00 | 10.50 | 10.00 | 9.25  | 8.25  | 7.75  | 7.75  | 7.75  | 7.75  |
| Germany        | 7.25 | 11.50 | 8.00  | 7.00  | 5.75  | 5.00  | 4.50  | 4.50  | 4.50  | 4.00  | 4.00  |
| Italy          | 4.00 | 4.00  | 14.50 | 13.50 | 12.50 | 13.50 | 12.00 | 11.00 | 9.00  | 9.00  | 9.50  |
| Netherlands    | 4.75 | 13.75 | 8.50  | 8.13  | 8.13  | 7.13  | 5.38  | 3.75  | 4.00  | 3.38  | 3.75  |
| Denmark        | 6.00 | 8.00  | 9.00  | 8.00  | 8.00  | 8.00  | 7.00  | 7.00  | 7.00  | 7.00  | 6.50  |
| Norway         | 3.00 | 3.00  | 3.50  | 3.50  | 3.50  | 3.50  | 3.50  | 3.50  | 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  | 6.75  | 6.75  | 6.75  | 5.75  |
| Switzerland    | 4.00 | 5.50  | 6.00  | 6.00  | 4.00  | 4.00  | 4.00  | 3.50  | 3.00  | 3.00  | 2.50  |
| Brazil         | n.a. | 24.00 | 27.00 | 27.00 | 27.00 | 27.00 | 27.00 | 27.00 | 29.00 | 29.00 | 29.00 |
| 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  | 6.75  | 6.25  | 5.75  | 5.75  | 5.25  | 4.62  | 3.94  | 4.00  |
| South Africa   | 5.25 | 5.50  | 8.00  | 8.00  | 8.00  | 8.00  | 8.00  | 8.00  | 8.00  | 7.00  | 7.00  |
| 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 | 7.44  | 7.38  | 6.88  | 6.69  | 6.00  | 6.63  | 6.94  | 7.31  |

## Commercial bank lending rates to prime borrowers

at or near end of month

|                | 1972  | 1973  | 1974  | 1975  |       |       |       |       |       |       |       |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                | Dec   | Dec   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   |
| United States  | 5.75  | 9.75  | 10.25 | 9.50  | 8.50  | 7.50  | 7.50  | 7.25  | 7.00  | 7.50  | 7.75  |
| Canada         | 6.00  | 9.50  | 11.00 | 10.50 | 9.50  | 9.00  | 9.00  | 9.00  | 9.00  | 9.00  | 9.00  |
| Japan          | 6.33  | 7.91  | 9.55  | 9.56  | 9.56  | 9.56  | 9.52  | 9.43  | 9.28  | 9.16  | 9.02  |
| 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 | 12.50 | 12.50 | 11.50 | 10.50 | 10.50 | 10.50 | 10.50 | 11.00 |
| Belgium        | 6.25  | 10.00 | 13.00 | 13.00 | 12.00 | 10.50 | 10.00 | 9.00  | 9.00  | 9.00  | 8.50  |
| France         | 9.15  | 12.45 | 14.45 | 13.95 | 13.95 | 12.85 | 12.35 | 12.35 | 11.85 | 11.85 | 11.85 |
| Germany        | 8.50  | 14.00 | 11.00 | 10.50 | 10.00 | 9.00  | 9.00  | 8.50  | 8.25  | 8.25  | 7.50  |
| Italy          | 7.00  | 9.50  | 19.50 | 19.50 | 19.00 | 18.00 | 17.00 | 15.00 | 14.00 | 14.00 | 14.00 |
| Netherlands    | 6.00  | 11.00 | 10.50 | 10.00 | 10.00 | 9.50  | 9.50  | 8.50  | 8.50  | 8.50  | 8.00  |
| Denmark        | 9.00  | 11.00 | 13.00 | 12.00 | 12.00 | 12.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| Norway         | 7.50  | 7.50  | 7.83  | 7.83  | 7.83  | 7.83  | 7.83  | 7.83  | 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 | 10.00 | 10.00 | 10.00 | 9.00  |
| Switzerland    | 7.00  | 7.25  | 8.50  | 8.50  | 8.50  | 8.50  | 8.50  | 8.50  | 8.50  | 8.50  | 8.25  |
| 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 | 9.50  | 9.00  | 8.50  | 8.00  | 8.00  | 8.00  | 7.25  | 7.00  |
| South Africa   | 8.50  | 8.00  | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 | 11.00 | 11.50 |
| Venezuela      | 10.00 | 10.00 | 10.50 | 10.50 | 10.50 | 10.00 | 10.00 | 9.50  | 9.50  | 9.50  | 9.50  |
| Euro-dollars   | 6.63  | 10.75 | 11.32 | 8.57  | 8.50  | 8.00  | 7.82  | 7.13  | 7.75  | 8.07  | 8.44  |



## Domestic government bond yields

long-term issues, at or near end of month

|                | 1972  | 1973  | 1974  | 1975  |       |       |       |       |       |       |       |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                | Dec   | Dec   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   |
| United States  | 5.95  | 7.35  | 8.13  | 7.91  | 7.87  | 8.24  | 8.40  | 8.33  | 8.12  | 8.35  | 8.41  |
| Canada         | 7.12  | 7.71  | 8.64  | 8.30  | 8.17  | 8.47  | 9.04  | 8.71  | 8.88  | 9.34  | 9.39  |
| Japan          | 6.39  | 7.79  | 9.96  | 10.05 | 9.39  | 9.59  | 9.61  | 9.30  | 9.42  | 9.36  | 9.49  |
| Australia      | 6.00  | 8.50  | 9.50  | 9.50  | 9.50  | 9.50  | 9.50  | 9.50  | 10.00 | 10.00 | 10.00 |
| United Kingdom | 9.75  | 11.39 | 16.27 | 14.13 | 13.54 | 12.71 | 14.15 | 13.70 | 13.84 | 13.00 | 12.67 |
| Belgium        | 7.21  | 7.79  | 8.79  | 9.03  | 9.24  | 8.79  | 8.71  | 8.09  | 7.94  | 8.21  | 8.21  |
| France         | 8.03  | 9.29  | 11.21 | 10.90 | 10.69 | 10.34 | 10.34 | 10.31 | 10.21 | 10.20 | 10.03 |
| Germany        | 8.48  | 9.49  | 9.73  | 9.20  | 8.92  | 9.01  | 8.70  | 8.41  | 8.48  | 8.63  | 8.92  |
| Italy          | 7.57  | 7.60  | 12.65 | 11.45 | 11.19 | 11.18 | 11.42 | 11.42 | 11.23 | 11.50 | 11.43 |
| Netherlands    | 7.50  | 9.01  | 9.09  | 8.95  | 8.80  | 8.82  | 8.89  | 8.54  | 8.33  | 8.75  | 8.94  |
| Denmark        | 10.73 | 12.70 | 14.36 | 13.09 | 12.98 | 12.21 | 12.69 | 12.30 | 11.92 | 12.03 | 12.48 |
| Norway         | 6.13  | 6.20  | 7.26  | 7.32  | 7.33  | 7.31  | 7.27  | 7.30  | 7.25  | 7.27  | 7.28  |
| Sweden         | 7.34  | 7.37  | 8.17  | 8.18  | 8.17  | 8.18  | 8.22  | 9.00  | 9.04  | 9.05  | n.a.  |
| Switzerland    | 5.25  | 6.31  | 7.17  | 6.80  | 6.68  | 6.79  | 6.87  | 6.83  | 6.47  | 6.45  | 6.32  |
| Brazil         | 22.00 | 19.44 | 38.69 | 38.44 | 40.13 | 46.56 | 50.10 | 49.87 | 49.97 | 51.98 | 38.47 |
| 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  | 7.71  | 7.69  | 7.73  | 7.72  | 7.65  | 7.52  | 7.48  | n.a.  |

## Domestic corporate bond yields

long-term issues, at or near end of month

|                | 1972  | 1973  | 1974  | 1975  |       |       |       |       |       |       |       |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                | Dec   | Dec   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   |
| United States  | 7.15  | 7.75  | 9.25  | 8.60  | 8.60  | 9.10  | 9.25  | 9.10  | 8.75  | 8.95  | 9.20  |
| Canada         | 8.15  | 8.81  | 10.72 | 10.44 | 9.99  | 10.15 | 10.75 | 10.67 | 10.57 | 10.93 | 10.94 |
| Japan          | 6.75  | 10.73 | 11.82 | 11.83 | 9.32  | 9.76  | 9.81  | 9.19  | 9.10  | 9.64  | 9.55  |
| Australia      | 8.00  | 10.25 | 13.50 | 13.50 | 13.25 | 13.25 | 13.25 | 13.50 | 13.75 | 13.75 | 13.50 |
| United Kingdom | 10.40 | 13.56 | 19.50 | 17.21 | 16.10 | 14.81 | 15.82 | 16.05 | 15.98 | 15.47 | 15.44 |
| Belgium        | 7.74  | 8.39  | 11.00 | 10.90 | 10.78 | 10.27 | 9.94  | 9.83  | 9.84  | 9.94  | 9.94  |
| France         | 8.30  | 9.81  | 11.90 | 11.73 | 11.41 | 11.56 | 10.98 | 11.02 | 10.93 | 10.87 | 10.83 |
| Germany        | 8.58  | 10.33 | 10.09 | 9.33  | 8.96  | 9.35  | 8.61  | 8.59  | 8.52  | 8.87  | 8.93  |
| Italy          | 8.67  | 8.58  | 14.41 | 12.51 | 11.95 | 11.62 | 11.78 | 11.89 | 16.18 | n.a.  | 11.42 |
| Netherlands    | 7.63  | 9.64  | 9.55  | 8.96  | 8.66  | 8.69  | 8.48  | 8.24  | 7.84  | 8.54  | 8.67  |
| Norway         | 6.29  | 6.30  | 7.56  | 7.66  | 7.69  | 7.72  | 7.72  | 7.79  | 7.71  | 7.74  | 7.78  |
| Spain          | 8.33  | 9.04  | 11.64 | 11.87 | 12.11 | 12.32 | 12.03 | 11.96 | 11.29 | 11.39 | n.a.  |
| Sweden         | 7.28  | 7.26  | 8.05  | 8.06  | 8.07  | 8.08  | 8.10  | 9.06  | 9.08  | 9.10  | 9.13  |
| Switzerland    | 5.47  | 6.55  | 7.95  | 7.86  | 7.61  | 7.50  | 7.50  | 7.62  | 7.52  | 7.29  | 7.28  |
| Mexico         | 11.22 | n.a.  | 14.73 | 14.74 | n.a.  | 13.26 | 12.60 | 12.56 | 12.81 | 12.77 | 12.59 |
| Venezuela      | 10.13 | 10.09 | 10.61 | 10.63 | 10.50 | 10.36 | 10.35 | 10.36 | 10.33 | 11.38 | 10.08 |

# Key to data in charts and tables

## I. Rates and yields by instrument

### Day-to-day money rate

*Australia* — approximate effective interest rate in the authorized short-term money market.

*Belgium* — interbank call money.

*Brazil* — interbank overnight market for Banco do Brasil checks.

*Canada* — chartered banks' day-to-day loans.

*France* — interbank call money against private paper.

*Germany* — interbank call money.

*Italy* — interbank call money of 48 hour maturity.

*Japan* — Tokyo interbank call money, overnight, lenders' rate.

*Mexico* — Financiera bonds in bearer form available to corporations, redeemable on demand. Higher rates available to individuals.

*Netherlands* — open-market call money.

*Philippines* — interbank call money.

*Singapore* — interbank overnight money.

*Spain* — day-to-day interbank rate.

*South Africa* — National Finance Corporation call money rate.

*Sweden* — interbank call money.

*Switzerland* — call money.

*United Kingdom* — call money.

*United States* — effective Federal funds rate.

*Euro-dollars* — prime banks' bid rate for overnight money.

### Treasury bill rate

*Australia* — new issues of 13-week Treasury notes.

*Belgium* — 3-month Treasury certificates.

*Brazil* — 91-day Treasury bills (LTN), at tender.

*Canada* — 3-month Treasury bills at tender.

*Germany* — 60- to 90-day Treasury bills as sold by German central bank.

*Japan* — 60- to 62-day noninterest-bearing discount government bills.

*Netherlands* — 3-month Treasury bills.

*Philippines* — 91-day Treasury bills at tender.

*Singapore* — 91-day Treasury bills at tender.

*South Africa* — 3-month Treasury bills at tender.

*Sweden* — new issues of 3-month Treasury bills.

*United Kingdom* — 91-day Treasury bills at tender.

*United States* — 3-month Treasury bills.

### Representative money-market rate

*Australia* — 3-month prime finance company paper.

*Belgium* — 4-month Fonds des Rentes certificates.

*Brazil* — 90-day first class commercial paper of major financial groups.

*Canada* — 3-month prime finance company paper.

*France* — 3-month interbank money against private paper.

*Germany* — 3-month interbank deposits.

*Italy* — 3-month interbank deposits.

*Japan* — Tokyo interbank call money, unconditional, lenders' rate.

*Netherlands* — 3-month municipal loans.

*Philippines* — 90-day promissory notes.

*Singapore* — 3-month bank acceptances.

*Spain* — 1- 2-month interbank deposits.

*South Africa* — 90-day bank acceptances.

*United Kingdom* — 3-month interbank deposits.

*United States* — 3-month prime industrial paper.

*Euro-dollars* — prime banks' bid rate for 3-month deposits in London.

### Bank deposit rate

*Australia* — 3-month certificates of deposit.

*Belgium* — special maximum rate for 3-month time deposits in large amounts.

*Brazil* — 6-month non-negotiable certificates of deposit of investment banks. Legal maximum rates until April 1975, free rate subsequently.

*Canada* — 3-month time deposits.

*Denmark* — time deposits of 3-months' notice.

*France* — 3-month time deposits of FF 1,000,000.

*Germany* — 3-month time deposits in large amounts.

*Italy* — time deposits of Lit 100 million or more.

*Japan* — 3-month time deposits.

*Mexico* — 3-month certificates of deposit issued by financieras to corporations for amounts over Ps 1 million. Higher rates available to individuals.

*Netherlands* — 3-month time deposits in large amounts.

*Norway* — 3-month time deposits. Higher rates may be negotiated for 6-month or more time deposits in large amounts.

*Philippines* — 3-month time deposits.

*Singapore* — 3-month time deposits until May 1975, 3-month certificates of deposit thereafter.

*Spain* — maximum legal rate for 3-month deposits.

*South Africa* — 3-month time deposits at merchant banks.

*Sweden* — deposits at 6-months' notice.

*Switzerland* — 3-month time deposits.

*United Kingdom* — 3-month time deposits.

*United States* — 3-month negotiable certificates of deposit issued by Morgan Guaranty Trust Company.

*Venezuela* — 6-month certificates of deposit for amounts above Bv. 250,000.

*Euro-dollars* — prime banks' bid rate for 3-month deposits in London.

### Bank lending rate to prime borrowers

*Australia* — approximate overdraft rate for prime borrowers. Rate for prime borrowers usually 0.25% to 0.75% below the maximum overdraft rate; rate shown is 0.50% below.

*Belgium* — prime overdraft rate.

*Brazil* — legal maximum rate (discount basis) for maturities up to 60 days. In addition, compensating balances are required.

*Canada* — prime rate. In addition, compensating balances sometimes are required.

*Denmark* — approximate rate for loans and advances to prime borrowers.

*France* — overdraft rate for prime borrowers, including a commission of 0.05% per month on highest debit balance during the month.

*Germany* — approximate effective approved overdraft rate for prime borrowers.

*Italy* — unsecured overdraft rate for prime borrowers.

*Japan* — average rate on loans and discounts of city banks, computed by the Bank of Japan. In addition, compensating balances may be required.

*Mexico* — major bank prime rate, subject to legal maximum. In addition, compensating balances are required.

*Netherlands* — overdraft rate for prime borrowers, including commission.

*Norway* — overdraft rate, including a commission of 0.375% prior to May 1972, ½% thereafter, per quarter on the total line of credit.



## Key to data in tables and charts – continued

*Philippines* — maximum legal rate, for unsecured loans exclusive of service fee.

*Singapore* — most common overdraft rate, major banks.

*Spain* — maximum legal rate for discounting commercial bills plus a commission of 1% per annum. Compensating balances may be required.

*South Africa* — unsecured overdraft rate for prime borrowers.

*Sweden* — overdraft rate for prime borrowers, including a fee of 1¼% per annum prior to January 1972 (1% thereafter) on total amount of credit authorized.

*Switzerland* — overdraft rate for prime borrowers, including commission of 0.25% per quarter on highest debit balance in quarter.

*United Kingdom* — unsecured overdraft rate for prime borrowers.

*United States* — minimum commercial lending rate of Morgan Guaranty Trust Company. In addition, compensating balances are required.

*Venezuela* — representative rate for prime borrowers.

*Euro-dollars* — representative average rate for 3-month loans to prime borrowers.

### Government bond yield

*Australia* — 20-year government bonds.

*Belgium* — Belgian National Bank average yield on government bonds maturing in more than five years.

*Brazil* — 5-year inflation-indexed 6% government bonds (ORTN).

*Canada* — Bank of Canada average yield on all direct government bonds due or callable in 10 years or more.

*Denmark* — 5% government bond of 2007.

*France* — Institut National de la Statistique et des Etudes Economiques (INSEE) yield on public and semi-public sector bonds.

*Germany* — Frankfurter Allgemeine Zeitung (FAZ) 7% public authority bond average.

*Italy* — average of yields on nine outstanding 6% bonds of public-sector entities.

*Japan* — average yield on outstanding maturities of 6½% national government bonds.

*Netherlands* — Central Bureau of Statistics (CBS) average yield on three latest 7% to 7¾% government bonds.

*Norway* — 5% government bond of 1996.

*Philippines* — Central Bank 5-year Certificate of Indebtedness, regular issue.

*Sweden* — 15-year government bonds.

*Switzerland* — Swiss Confederation bond average.

*United Kingdom* — F.T. (Financial Times) Actuaries 20-year government stock.

*United States* — Morgan Guaranty 20-year U.S. Government Bond Index. New Series as of January 1973.

*Venezuela* — Banco Central average yield on public-sector bond issues.

### Corporate bond yield

*Australia* — long-term secured debentures, indicated by Australian United Corporation.

*Belgium* — Belgian National Bank average yield on private corporate bonds maturing in more than five years.

*Canada* — McLeod, Young, Weir Co. Ltd., average yield on ten industrial bonds.

*France* — INSEE tax-adjusted average yield on outstanding private corporate bonds.

*Germany* — FAZ 6% industrial bond average.

*Italy* — average of yields on ten outstanding bonds of leading Italian industrial companies, until July 1975, nine bonds thereafter.

*Japan* — average of yields on outstanding Nippon Telegraph & Telephone interest-bearing yen debentures.

*Mexico* — 9% Teléfonos de Mexico bond, series AA, of 1990.

*Netherlands* — CBS average yield on three 6% to 6½% corporate bonds.

*Norway* — 5¾% Dalen Portland-Cement bond of 1969-84.

*Spain* — average yield for a selected group of electricity companies.

*Sweden* — Central Statistical Bureau average yield on industrial bonds.

*Switzerland* — average of yields on outstanding bonds of five leading Swiss companies.

*United Kingdom* — F.T. (Financial Times) Actuaries 20-year debentures and loans.

*United States* — Salomon Bros. index of new issue yields for Aa industrial bonds with five-year call protection.

*Venezuela* — average of yields on 15-year bond issues of Electricidad de Caracas.

## II. International bonds

### Definitions

An *international bond* issue is one sold outside the country of the borrower. It may be either a Euro-bond issue or a foreign bond issue.

A *Euro-bond* issue is one underwritten by an international syndicate and sold principally in countries other than the country of the currency in which the issue is denominated.

A *foreign bond* issue is one underwritten by a syndicate composed of members from one country, sold principally in that country, and denominated in the currency of that country.

### New-issue volume

Data include all publicly announced issues, whether publicly or privately placed, but exclude those where the investor is a monetary authority.

### Categories of borrower

*U.S. companies* include both parent companies and their financing affiliates, either domestic or foreign.

*Other companies* include private companies domiciled outside the United States and their affiliates.

*State enterprises* include public agencies.

*Governments* include central and local governments.

### Types of security

*Straight debt* — 3 years or more, including certificates of deposit.

*Convertible* — includes issues with warrants.

### Yields

Yields are calculated to the nearest day of maturity. Interest on bonds with annual coupons is discounted semiannually for comparability in computation of yield. This applies with respect to original offering yields as well as secondary market yields.

Secondary market yield indices are simple arithmetic averages of end-of-month yields for groups of selected straight-debt securities. Yield indices for six categories of bonds have been calculated according to borrower and currency. They are based on issues of good-quality, well-known borrowers offered in 1973 and earlier.

The number of issues represented in each of the indices is as follows:

*Long-term U.S. companies, U.S. dollar* — ten Euro-bond issues.

*Long-term, U.S. companies, German mark* — ten Euro-bond issues.

*Long-term, U.S. companies, Swiss franc* — ten foreign bond issues.

*Long-term, European companies, U.S. dollar* — ten Euro-bond issues.

*Long-term, European companies, German mark* — ten Euro-bond issues.

*Long-term, governments, U.S. dollar* — six Euro-bond issues (governments of Italy, Denmark, and France).

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