XP

World Financial Markets

Morgan Guaranty Trust Company of New York

February 19, 1975

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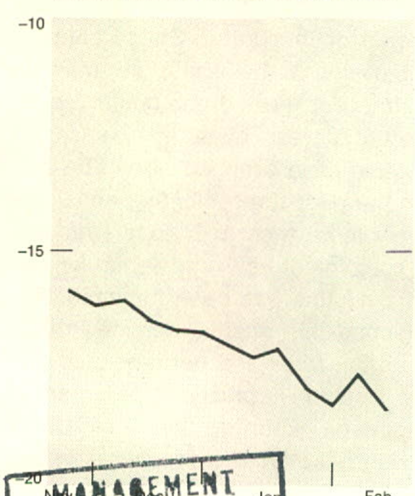
Effective dollar exchange rate change vis-à-vis 14 major currencies

% change weighted according to bilateral trade; based on weekly average of daily rates



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The weakness of the dollar

The dollar has been a rather weak currency during the last three to four months. Its trade-weighted average depreciation from pre-June 1970 parities, after hovering between 15% and 15½% during October and the first half of November, increased gradually during the remainder of last year and into January. The dollar's effective depreciation had reached about 17½% by the middle of January. Then, still in relatively quiet markets, the dollar weakened sharply in the week of January 20; its effective depreciation reached 19% on January 27. Concerned with this weakening of the dollar, the Federal Reserve, in cooperation with a number of other central banks, intervened in early February in the foreign exchange markets. In the wake of this action the dollar strengthened markedly, but after a few days it fell back again and on February 19 the dollar's effective depreciation amounted to approximately 18½%. (See chart at left.)

The weakness of the dollar has not been uniform *vis-à-vis* all currencies. Comparing mid-February spot rates with those prevailing in mid-November, the dollar had weakened about 12% against the Swiss franc, about 9%-11% *vis-à-vis* the German mark, the French franc, and the Benelux currencies, about 4% *vis-à-vis* the Italian lira and sterling, and about 2½% against the yen. Significantly, during this three-month period the dollar gained about 1½% against the Canadian dollar, which fell below 100 U.S. cents for the first time since October 1973.

Many reasons can be cited for the weakness of the dollar. Above all, there are the basic underlying trade and current-account developments. As the statistics and analysis in the following article show, the current-account position of the United States is expected to deteriorate, albeit moderately, this year. In 1974, this country's current-account deficit was approximately \$2½ billion (excluding special government transactions of a bookkeeping nature). But the deficit is likely to increase to \$6-\$7 billion in 1975, partly because of the anticipated decline in farm exports and in net direct investment income. The other major industrial country whose current account is weakening significantly is Canada. In fact, Canada's current-account deficit this year may be about double last year's \$2 billion shortfall, mainly reflecting a widening trade deficit.

In contrast to the United States and Canada, most other major industrial countries either anticipate an appreciable strengthening of their current-account balance — e.g. Japan, Italy and France — or expect little change (see Table 1). Many analysts expect Germany's current-account surplus to lessen this year from last year's record figure. However, after narrowing sharply in the third quarter, the German current-account surplus climbed to a new high of $14 billion, at an annual rate, in the fourth quarter, compared with $9¼ billion for the year as a whole. In view of Germany's sluggish economy, relatively low rate of inflation, strong export position, and a probable reduction in workers' remittances, it is questionable whether Germany's current-account surplus will fall below last year's tally. Similarly, Britain's current-account deficit, which had been expected to narrow somewhat this year, is now unlikely to do so because of the high rate of inflation, the deterioration in its terms of trade, and the sharp increase in capital equipment imports connected with the North Sea oil developments.

In view of these current-account developments and prospects, it is not surprising that the United States and Canadian dollars have been weakening *vis-à-vis* the currencies of other leading industrial countries. In addition, as Table 2 indicates, while the rate of increase in wholesale prices in manufactures in the United States decelerated rapidly in the last several months, it was still about twice as fast as that in Germany and Japan, although considerably below that in Canada and Britain. That U.S. inflation still runs above the German and Japanese figures is partly explained by the earlier economic downturn in those countries, which led that in the United States by several months. In turn, the Canadian and British economic recessions have lagged behind the now-precipitate U.S. decline.

Table 1 also indicates that the *combined* current-account deficit of the major industrial countries probably will narrow significantly this year. However, the distribution of the deficit among these countries continues to be extremely uneven. Germany's huge surplus and Japan's near equilibrium (despite its oil imports of $20 billion), due in large part to their low economic growth policies, are placing a heavy burden on the economies and balances of payments of their trade partners. Reducing the current-account imbalances among the OECD countries clearly deserves a much higher degree of urgency than it has been accorded to date. The persistent, large current-account imbalances among the industrial countries is nearly as important a problem as the gap between the oil-exporting and oil-importing countries — particularly now that prospects for narrowing this gap have improved. In the context of this latter, still sizable gap, the prospective increase this year in the United States' modest current-account deficit will contribute to a more equitable sharing of this burden among oil-importing countries.

Developments on the capital account of the United States balance of payments have also contributed to the weakness of the dollar. Short-term interest rates in the United States have dropped about 2%-3% in the past three months, considerably more than in Europe (with the exception of Italy) and Japan (where the decline has been minimal). Reflecting this relative decline in U.S. interest rates and perhaps also due to smaller surpluses on the part of some oil-exporting countries, OPEC countries' liquid investments in the United States have slowed to a

Table 1

Current-account estimates

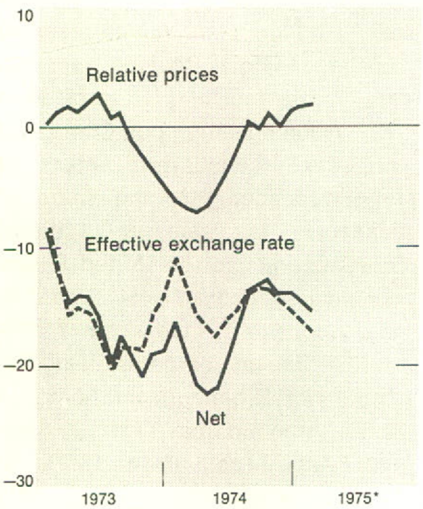
in billions of dollars

	1974	*1975*
United States	—2¼ *	—6½
Canada	—2	—3¾
Japan	—4½	—½
United Kingdom	—8¾	—8½
Germany	9¼	10
France	—5½	—3½
Italy	—9½	—4½
Belgium-Lux.	1	1
Netherlands	1½	1½
Switzerland	0	0
Denmark	—1½	—1¼
Sweden	—1	—1¼
Ireland	—1	—1
Spain	—3	—4
Totals	—27¼	—22¼

* Excluding certain special government transactions

Competitiveness of U.S. manufacturing[a]

percent changes from 1970 average prices and exchange rates



*latest plotting based on exchange rates of week ended February 14, 1975

a Relative prices: % changes in ratio of U.S. manufacturers wholesale prices to trade-weighted average of domestic prices in major industrial countries; Effective exchange-rate change: % change vis-a-vis 14 major countries, weighted according to bilateral trade 1971-1973

Table 2

Price inflation in manufactures

based on wholesale prices
percent changes at annual rates

	latest 3 months from	
	same 3 months one year ago	*previous 3 months*
U.S.	23	9
Canada	19	14
Japan	19	3
U.K.	29	24
Germany	14	5
France	25	—6
Italy	36	18
Belgium	23	17
Netherlands	16	10
Switzerland	17	—3

monthly rate of about $1 billion in the last four months compared with about $1½ billion monthly last summer. U.S. banks' loans to foreigners in contrast, increased $3.7 billion in the two closing months of 1974, following a decline of $1.5 billion in September-October. Even though commercial banks have tightened their international lending policies for balance-sheet and creditworthiness reasons, outstanding loan commitments are very large. Foreigners also placed nearly $900 million in new bond issues in the U.S. market in the last two months of 1974, and will have borrowed more than $900 million in the first two months of this year. Furthermore, foreigners recently were net sellers of U.S. equities — $164 million in the fourth quarter of 1974 — while they were net buyers in preceding quarters.

It should be mentioned also that some countries with very large current-account deficits have prevented their currencies from weakening *vis-à-vis* the dollar to minimize inflationary pressures and to bolster confidence in their currencies. For example, Britain, despite its current-account deficit of nearly $9 billion and a very high rate of inflation, has held the pound sterling between $2.30 and $2.40, even though sterling, on a trade-weighted average basis, has fallen substantially. This has been accomplished mainly by massive foreign borrowings and exchange-market intervention.

The weakness of the dollar is a rather natural consequence of these diverging current-account movements, interest rate policies, price trends, and intervention policies by deficit countries. Against this background, occasional central bank exchange-market intervention cannot have a lasting effect. A significant upturn of the dollar must await such developments as the bottoming out of the U.S. recession, a convincing deceleration of the rate of inflation, a firming of interest rates, and more substantial net capital inflows — including those from OPEC countries — in general.

This view recently was also expressed by Henry C. Wallich, a member of the Board of Governors of the Federal Reserve System, in a speech in Singapore: "Exchange rate policy, in a fundamental sense, of course, is not carried out by intervention but by domestic policies with respect to prices and interest rates. There is a real question how much can be achieved by exchange market intervention given these domestic policies and market expectations concerning them. I doubt that fundamental trends can be significantly affected by intervention, and in any event the attempt to do so ought probably to be undertaken only in special circumstances."

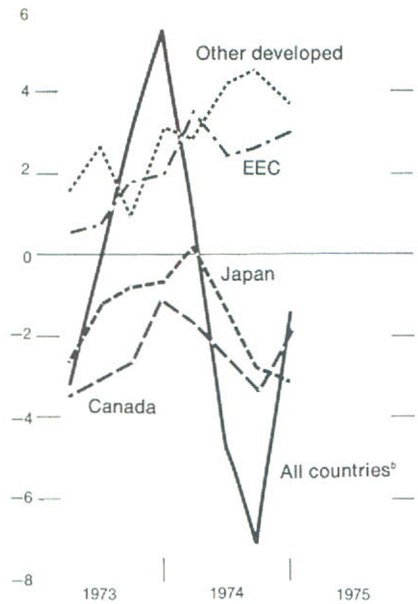
U.S. trade developments

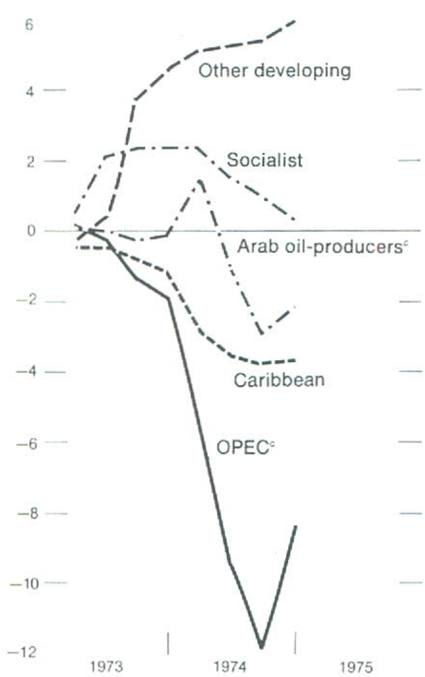
U.S. merchandise trade recorded a deficit of $5.8 billion on a balance-of-payments basis last year, representing a weakening of over $6 billion from the small $470-million surplus posted in 1973. On the less-comprehensive but better-known customs basis, there was a trade balance swing of some $4.6 billion to a deficit of almost $3.1 billion.

These sizable deficits, coupled with widely-aired forecasts of larger deficits to come, have played an important role in depressing exchange-market sentiment for the dollar. As shown in the upper panel of the chart on page 4, the customs-basis U.S. trade balance weakened through the first three quarters of 1974 and, despite the improvement in the fourth quarter, the year-end December deficit rose to an annual rate in excess of $7 billion —

U.S. trade balance[a]

quarterly data, seasonally adjusted at annual rates in billions of dollars





a Customs basis, includes military aid
b Excludes military aid
c Not seasonally-adjusted

partly because coal exports were sharply reduced by the U.S. strike.

The chart shows that the swing into deficit of the U.S. trade balance can largely be attributed, on a *regional breakdown*, to a major weakening *vis-à-vis* oil-producing countries. The trade balance with developed countries weakened only $1.3 billion between the final quarters of 1973 and 1974, and, if fuel imports from Canada are excluded, it actually strengthened over the period. Despite this satisfactory performance with the industrial countries as a group, there was some diversity of experience in relation to particular trading partners. Again comparing fourth quarter figures, there were adverse swings of $2.4 billion with Japan and of $700 million with Canada, at annual rates. On the other hand, the trade surplus with the EEC expanded by $1 billion, mainly *vis-à-vis* the United Kingdom, the Netherlands and Italy. The deficit with Germany was hardly changed even in the face of the very large gain in Germany's overall trade position.

The principal factor in the U.S. trade improvement with other industrial countries was the large gain in trade with Australia, to which exports expanded very sharply until the second half of last year whereas U.S. imports declined even in current dollar terms. Table 3 provides further regional trade detail, showing the separate growth trends of exports and imports. Except in the case of Japan, U.S. exports rose faster than imports relative to all major industrial partners, both from the last quarter of 1973 to late 1974 and in the second half of 1974 alone.

The U.S. trade deficit with OPEC countries climbed from less than $1 billion in 1973 to $8.6 billion last year. (There was a parallel deterioration of $2.7 billion in trade with the Caribbean area, a major refining area for U.S. petroleum imports.) Imports from OPEC states rose from $4.6 billion in 1973 to $15.5 billion last year, but on a quarterly basis they peaked at an annual rate of $18.7 billion in July-September 1974, declining $1.2 billion from that rate in the fourth quarter of 1974 (not seasonally-adjusted). Compared with the pre-embargo pattern of July-September 1973 the share of Venezuela, by value, in all direct OPEC exports to the United States has declined from 37.4% to 29.3% and Indonesia's share from 11.1% to 10%, the major gains being recorded for Nigeria (from 14.4% to 20.5%), Iran (up from 6.7% to 9.8%), and Saudi Arabia (from 13.2% to 15.1%).

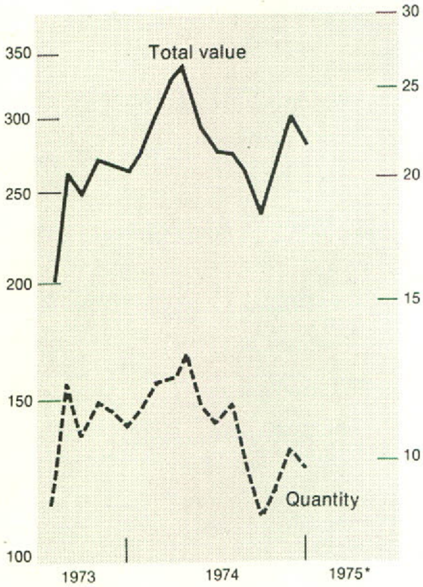
The enormous increase in the cost of U.S. imports from OPEC states began to be counterbalanced in late 1974 by the striking growth of U.S. exports to those countries. The U.S. trade deficit with them, $8.8 billion in calendar 1974, attained a peak annual rate of $11.9 billion last July-September and then dwindled to $8.4 billion in the closing three months of the year, during which U.S. exports to these countries were up 115% from their year-earlier level, exceeding $9.1 billion at an annual rate ($6.7 billion in 1974 as a whole). By the fourth quarter the largest gains were to Iran (212%), Nigeria (158%), Venezuela (94%), and to Saudi Arabia (86%). But exports to Indonesia trailed with a gain of less than 14%. Although of limited significance in itself, it is interesting to note that U.S. trade with Iran was actually in surplus during the fourth quarter of 1974.

With non-OPEC developing countries, excluding the Caribbean area, U.S. trade scored further strong gains in 1974 over 1973, especially *vis-à-vis* Latin America. But after the first quarter, import growth rates exceeded those of exports and

Total value and quantity of U.S. agricultural exports

monthly data, seasonally adjusted

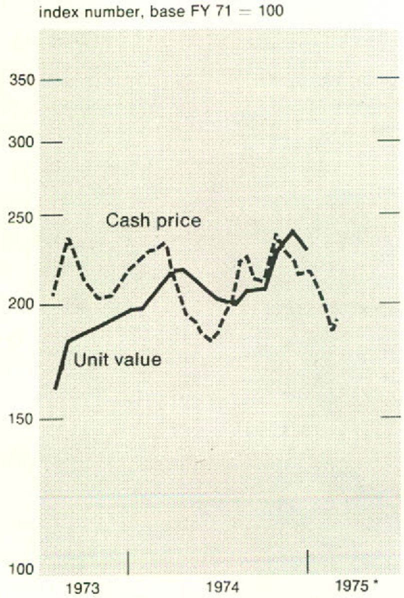
left scale: index number base FY 71 = 100; right scale: total value expressed equivalently in billions of dollars at annual rates



Cash price and unit value of U.S. agricultural exports

monthly data, not seasonally adjusted

index number, base FY 71 = 100



*latest plotting Dec., except cash prices plotted through Feb. 15, 1975.

growth trends decelerated. In the closing months of 1974 exports to Asian LDCs declined quite sharply. Imports also declined, especially from African countries. Finally, it may be remarked that the large agricultural exports orders of 1972/1973 from the Socialist countries have now been largely fulfilled, bringing a substantial decline in export values to this area.

Another facet of U.S. trade performance is revealed in *commodity-trade developments*. Balances by major product category are displayed in the chart on page 7, and trend information is shown in Table 4. The increased dollar value of agricultural exports in 1974 was wholly the product of higher average export unit values; in fact, volume declined 10% from the 1973 level, as shown in the chart on page 5.

Overall agricultural shipments this crop year are expected to be well down from 1973/1974, but it remains difficult to foresee the dollar value in view of price uncertainties. In the wake of last summer's poor U.S. corn and soybean harvests, cash prices of agricultural export products climbed last October to about the same level as the February peak a year ago. From last fall's highs, cash prices have fallen 22% on average through mid-February 1975, grains and feeds by 16% and oils and soybean products 34%. Some export orders have been cancelled in recent weeks, but customer intentions for the balance of this crop year remain uncertain. And, of course, no serious forecast can be made at this time of agricultural export prospects for the next crop year. On the import side, the value of sugar imports soared last year (316% between the fourth quarters of 1973 and 1974), but imports of meats and of coffee and cocoa were well down from their end-1973 levels, giving a flat overall agricultural-imports level throughout 1974. The net balance on agricultural trade was $12 billion for the year and slightly higher for the fourth quarter. Assuming some further weakening of prices and reasonably good harvests in 1975, both in the United States and abroad, this net balance could decline in 1975, perhaps to $8 billion.

Fuel imports in 1974 exceeded $25.4 billion ($27.2 billion including imports through the Virgin Islands), up 207% from 1973. The average per barrel value of petroleum and products imports climbed from $3.36 to $11.02. In August the per barrel value was up to $11.73 but edged down 20¢ by year-end. Volume was off 2.9% from 1973, a decline that probably accelerated somewhat between the third and fourth quarters of 1974. Overall domestic consumption of petroleum and products last year was down 3% from 1973, but domestic production also dropped, by 5%. Prospects for 1975 are highly uncertain. Although remaining above average 1974 levels, import prices this year may well edge down further from last summer's peak. The U.S. recession, especially in the first half of this year, will restrain import volume, as will further adjustment to the past two years' price increases. In addition, voluntary and mandated conservation efforts may have some impact. Fuels imports, customs basis, may average around $26 billion this year — a little above 1974's full-year total of $25.4 billion but noticeably down from the $28.2-billion annual rate of July-September 1974. At the same time fuels exports, mainly of coal, which, at $4.5-billion annual rate, were up 110% in value during the second half of 1974 over July-December 1973, should again expand strongly in 1975. The *net* deficit on fuels trade could thus be in the area of $20 billion, a $3-$4 billion improvement from the levels of

Table 3

U.S. trade by region

customs basis, seasonally adjusted
includes military aid

	Exports						Imports					
		percent changes						percent changes				
	$ bil.	from	from preceding quarter				$ bil.	from	from preceding quarter			
	1974	1973	1974 I	II	III	IV	1974	1973	1974 I	II	III	IV
Canada	19.9	32	9	3	8	8	22.3	26	11	7	12	0
Japan	10.7	29	16	1	—1	7	12.5	29	7	14	12	8
EEC countries	22.1	32	10	10	—5	6	19.2	23	2	18	—7	6
Other developed countries	10.3	46	5	10	8	—4	6.5	18	12	—5	9	5
Socialist countries	2.5	—6	6	—18	—18	—2	1.3	70	23	17	9	48
OPEC countries a	6.7	86	12	30	11	33	15.5	236	62	57	19	—6
Arab producers a	2.1	100	20	19	20	21	3.2	193	———	———	41 c	—5
Caribbean countries	1.3	30	11	6	—1	3	4.7	166	78	19	2	—1
Other developing countries	24.7	53	13	10	8	—2	19.2	38	14	12	9	—5
All countries b	97.9	38	9	8	3	6	101.0	45	16	15	5	0

a Not seasonally adusted
b Excludes military aid
c Average quarterly rate 1974 III from 1973 III

Table 4

U.S. trade by category

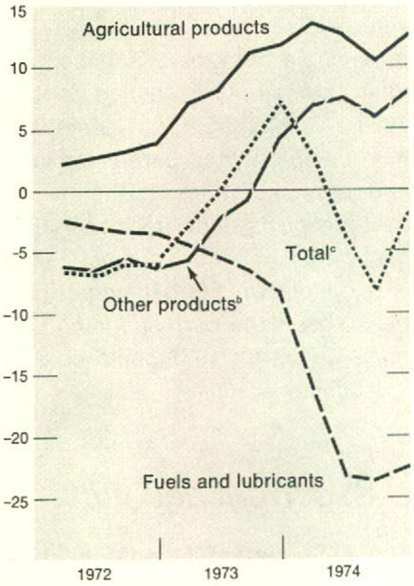
customs basis, seasonally adjusted
includes military aid

	Exports						Imports					
		percent changes						percent changes				
	$ bil.	from	from preceding quarter				$ bil.	from	from preceding quarter			
	1974	1973	1974 I	II	III	IV	1974	1973	1974 I	II	III	IV
All products a	97.9	38	9	8	3	6	101.0	45	16	15	5	0
Agricultural	22.3	25	12	—4	—11	11	10.2	21	10	—1	—1	0
Fuels	3.6	89	3	38	29	15	25.4	207	76	40	5	—1
Other a	72.0	41	9	11	6	4	65.3	24	5	11	10	1
Chemicals	7.4	65	23	9	13	—5	2.4	81	10	32	31	10
Paper and pulp	2.6	79	20	21	18	—3	2.9	38	27	3	12	—7
Textile supplies	3.2	41	20	15	—5	—27	1.6	1	0	6	4	—4
Iron and steel products b	3.9	77	18	17	13	6	7.2	72	16	19	31	42
Other metal products b	2.9	42	8	28	—19	9	5.8	56	11	14	17	—5
Capital goods c	24.3	39	5	9	15	3	8.9	28	0	18	7	0
Aircraft (civilian)	5.6	38	10	14	—20	63	0.6	7	10	18	—3	—27
Autos and parts												
except Canada	2.4	49	11	19	6	6	6.2	23	16	21	—9	—25
with Canada d	5.7	22	0	—4	25	6	5.6	6	1	—9	24	—2
Consumer goods	6.3	33	15	13	—3	—4	14.8	12	0	12	7	—6

a Excludes military aid
b Includes ores. Some finished steel included in other metal products
c Excludes aircraft and autos
d Imports on transactions basis

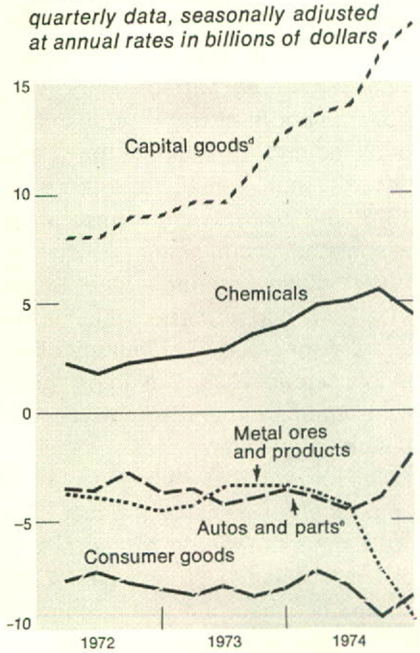
U.S. trade balance[a]

quarterly data, seasonally adjusted at annual rates in billions of dollars



Components of U.S. non-fuel non-agricultural trade balance[a]

quarterly data, seasonally adjusted at annual rates in billions of dollars



a Customs basis, includes military aid
b All products less fuels, agricultural products and military aid
c Excludes military aid
d Excludes autos and aircraft
e Imports from Canada valued on transactions basis

mid-1974 and also down from the $21.8 billion deficit for 1974 as a whole.

Despite the inflated value of oil and agricultural trade, U.S. trade in other goods, mainly manufactures, accounted for 69% of total trade last year. Moreover, since mid-1973, such trade has contributed a generally rising surplus to the overall accounts, $6.7 billion in calendar 1974. Experience has differed markedly between three major product classes: first, net trade in industrial materials, excluding fuels and chemicals, has deteriorated sharply, with a deficit of $4.1 billion last year that reached an annual rate of $7 billion in the closing three months of 1974; second, trade in consumer goods, including autos, was also in deficit last year, to the tune of $12.1 billion, but this improved by the fourth quarter to an annual rate of $10.4 billion; third, trade in chemicals, capital goods and civilian aircraft, showed a surplus of $25.3 billion in 1974, rising to $29.1 billion at an annual rate in October-December.

The weakness in industrial materials trade is traceable largely to the metal products sector. Iron and steel imports, excluding some finished products, were up 155% in the fourth quarter of 1974 over the same period a year earlier. Import price rises contributed an important part of this increase, but the price hikes effected by the U.S. domestic industry also were a powerful magnet to foreign steel, especially from Japan where considerable slack developed early last year, in contrast to the domestic supply situation which remained tight for many products throughout 1974. Trade in nonferrous metals also deteriorated, but toward year-end imports receded as prices softened and domestic slack developed. A similar trend was shown in the paper and textile supplies sectors.

In consumer goods and autos, growth trends in trade have moved in favor of the United States since mid-1973, to a significant degree attributable to the improvement in U.S. competitiveness resulting from price and exchange-rate movements and, more recently, to the decline in U.S. consumer spending. In fact the expansion of consumer goods imports has lagged well behind price inflation since mid-1973, with actual declines in current-dollar terms in the closing months of 1974. Exports also declined in the second half of the year. In exaggerated form, much the same was true of automobile trade, although sales of small foreign cars enjoyed a short-lived resurgence in the first half of last year before plummeting along with the general collapse of the U.S. domestic car market in the last several months.

The continued strengthening of U.S. trade in chemicals, capital goods and aircraft is further testimony to the U.S. technological and competitive position. Chemicals exports scored the largest dollar gain in 1974, up 65% from the previous year, mainly reflecting large price increases and worldwide shortages. Late in the year chemicals trade decelerated sharply, with exports declining in the fourth quarter. The commanding position of the United States in world aircraft manufacture generated substantial export gains last year mostly due to shipments of parts rather than of complete units.

Other capital goods exports were up more than 39% in 1974 from the previous year. Export gains substantially exceeded import growth throughout the year, but both decelerated steeply late in the year. Although the percentage rise in capital goods exports last year was little greater than for U.S. exports as a whole, the volume performance in capital goods was conspicuously strong. Price increases in this sector were moderate compared to those seen in agriculture and semi-manufactures, and in the second half of 1974 also appear to have been considerably lower for capital goods exports than for imports.

The present severe recession in the United States and sluggish growth prospects abroad, except in oil-producing states, indicate that 1975 will bring sizable declines in the volume of manufactures trade. The conjunction of negative growth in the United States and mild upswing in other industrial countries might in itself suggest a further improvement in the U.S. manufactures trade balance, in real terms. But it should be emphasized that many foreign economies, notably Japan, will be operating far below potential, with probable weakness of the capital spending that provides the United States' major export market. Moreover, the onset of recession in Canada, the United States' principal trading partner, has lagged the recession in the United States and will increasingly dampen export prospects for consumer goods and other products. Import demand on the part of non-oil producing developing countries will be severely restricted under the weight of reduced commodity prices and high oil bills. Thus, even allowing for substantially increased exports to OPEC nations, prospects are for only modest growth in the dollar value of all U.S. manufactures exports.

U.S. import demand will also be very weak until the domestic recession bottoms out later this year, presuming substantial stimulative measures are quickly agreed upon. Once present excessive inventories are run off, recovery of consumer spending is likely to induce prompt expansion of consumer imports.

Putting exact numbers on all these considerations is a doubtful exercise. However, a fair guess would be that in the early months of this year the net manufactures trade position will improve somewhat, but deteriorate later in the year, weakening a little for the year as a whole from the $7.8-billion annual rate surplus reached in late 1974. Combining this projection with those outlined earlier for fuels and agricultural trade, the overall customs-basis trade deficit for 1975 may be $7-$8 billion, against 1974's $3.1 billion. On the balance-of-payments basis the corresponding U.S. trade deficit for 1975 could be $10-$11 billion.

U.S. current account

The U.S. current-account in 1974 was in deficit by about $4.5-$5 billion, with the surplus on invisibles providing more than $1 billion in partial offset to the $6.1 billion balance-of-payments-basis merchandise trade deficit. In reality, the reported current-account deficit for 1974 overstated the imbalance, since data for the first half included $2.8 billion of extraordinary U.S. government grants that represented bookkeeping adjustments on transactions that actually occurred in 1973 and prior years. These were associated with cancellation of PL480 claims on India and South Viet Nam and of certain claims on Israel connected with military shipments late in 1973. Excluding these transactions, the current-account deficit would have been between $2 billion and $2.5 billion.

In another sense, however, the 1974 outcome yields too favorable an impression. Net investment income in the first nine months climbed to a $9.5-billion annual rate from $5.2 billion in the same period of 1973. However, the bulk of this improvement stemmed from petroleum-related investments, where receipts soared from $4.1 billion to

$12.7 billion and payments from almost nothing to $5.6 billion. The jump in receipts largely represented inventory profits in the wake of the oil-price increase. The substantial payments were mostly made to Saudi Arabia on income from its enlarged holdings in ARAMCO, a U.S.-incorporated company. Net foreign investment income of the petroleum industry declined substantially in the latter part of 1974, when inventory profits were relatively small and earnings were increasingly depressed by the gathering world recession. The final outcome for reported oil profits, both in 1974 and thereafter, will depend partly on accounting conventions yet to be adopted by the Department of Commerce concerning the treatment of ARAMCO's transactions both during and following the negotiations for full take-over by Saudi Arabia.

Outside the petroleum industry, U.S. direct investment income for the first nine months of 1974 expanded 21% over the like period of 1973, slightly faster than payments and contributing a net annual-rate surplus of $5.2 billion compared with $4.3 billion in the 1973 period. On other investments abroad (mainly U.S. bank loans to foreigners) the main development was the near doubling in earnings on private assets, for the third quarter over the same period of 1973, compared with a 65% increase in income payments on private liabilities. This reflected 1974's large expansion of U.S. bank lending abroad and the enhanced interest spread earned on these net private investments, yielding a net surplus of almost $800 million at an annual rate in the third quarter, up $1.1 billion from 1973. Over the same period net payments on government assets and liabilities were little changed at $3.2 billion.

Among other service accounts, there has been a general improving trend in tourism (the deficit in July-September 1974 lessened $300 million from a year earlier to $2.2 billion, annual rate) and in transportation (up from near-balance to $200 million surplus). The most striking improvement has been in military transactions. In this category expenditures have grown quite slowly (up 18%, third-quarter to third-quarter), but receipts from transfers under Defense Department sales contracts have been buoyant (up 54%) and cut the military transactions deficit to $1.8 billion, annual rate, from $2.2 billion a year earlier. Many shipments involving the Defense Department as intermediary are not recorded in U.S. merchandise-export figures. Such shipments can be expected to rise strongly in 1975.

Overall services accounts in 1975 may show little change from 1974. A substantial decline in direct investment income, as reported, should be largely offset by strength in other investment income and net gains on other services. Altogether, and recalling the earlier estimate of a balance-of-payments-basis merchandise-trade deficit of $10-$11 billion, 1975's U.S. current balance could be in deficit by around $6-$7 billion.

Statistical appendix

for key to data in charts and tables see December 1974 World Financial Markets

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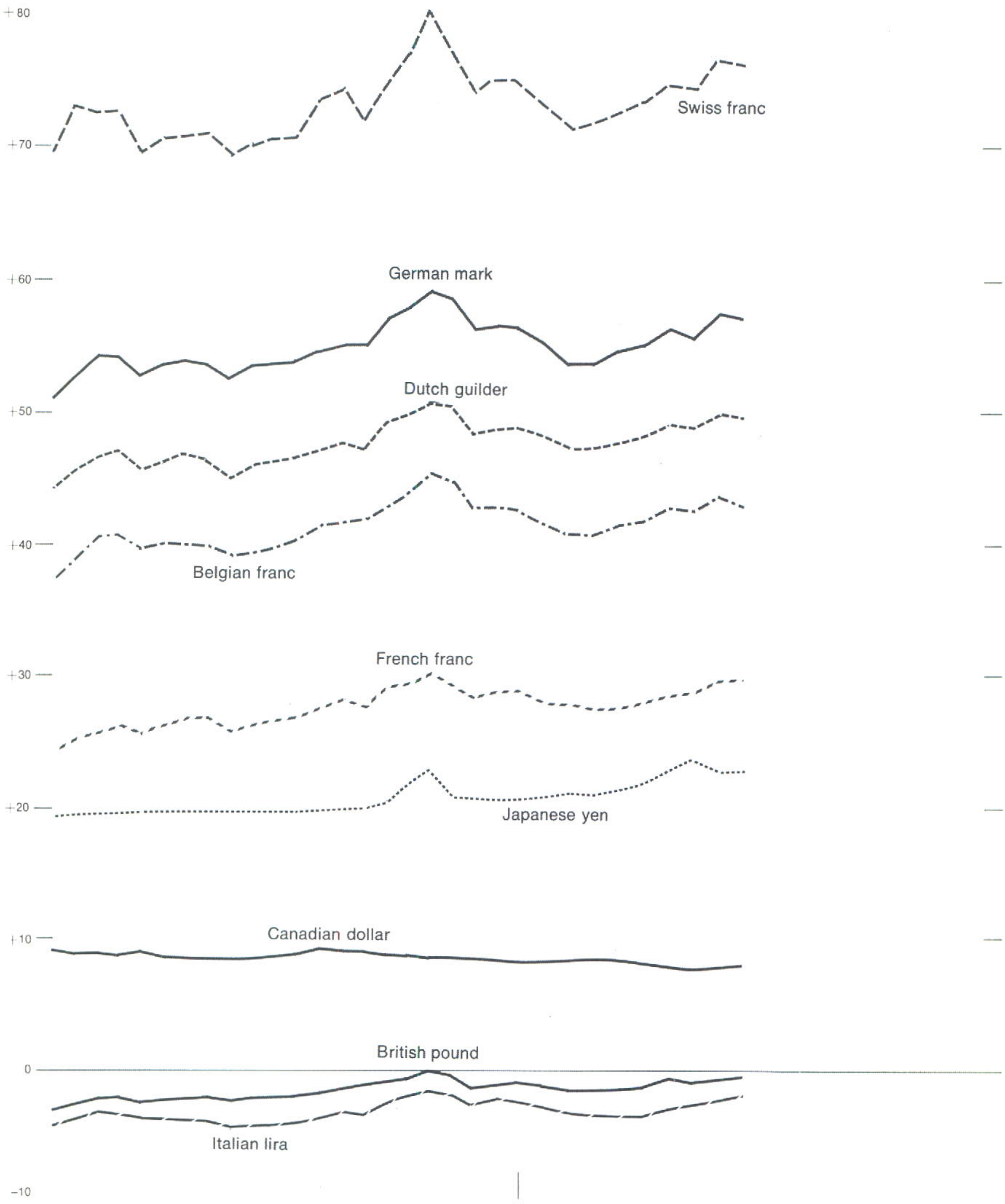
Information herein is from sources we consider to be reliable but is furnished without responsibility on our part.

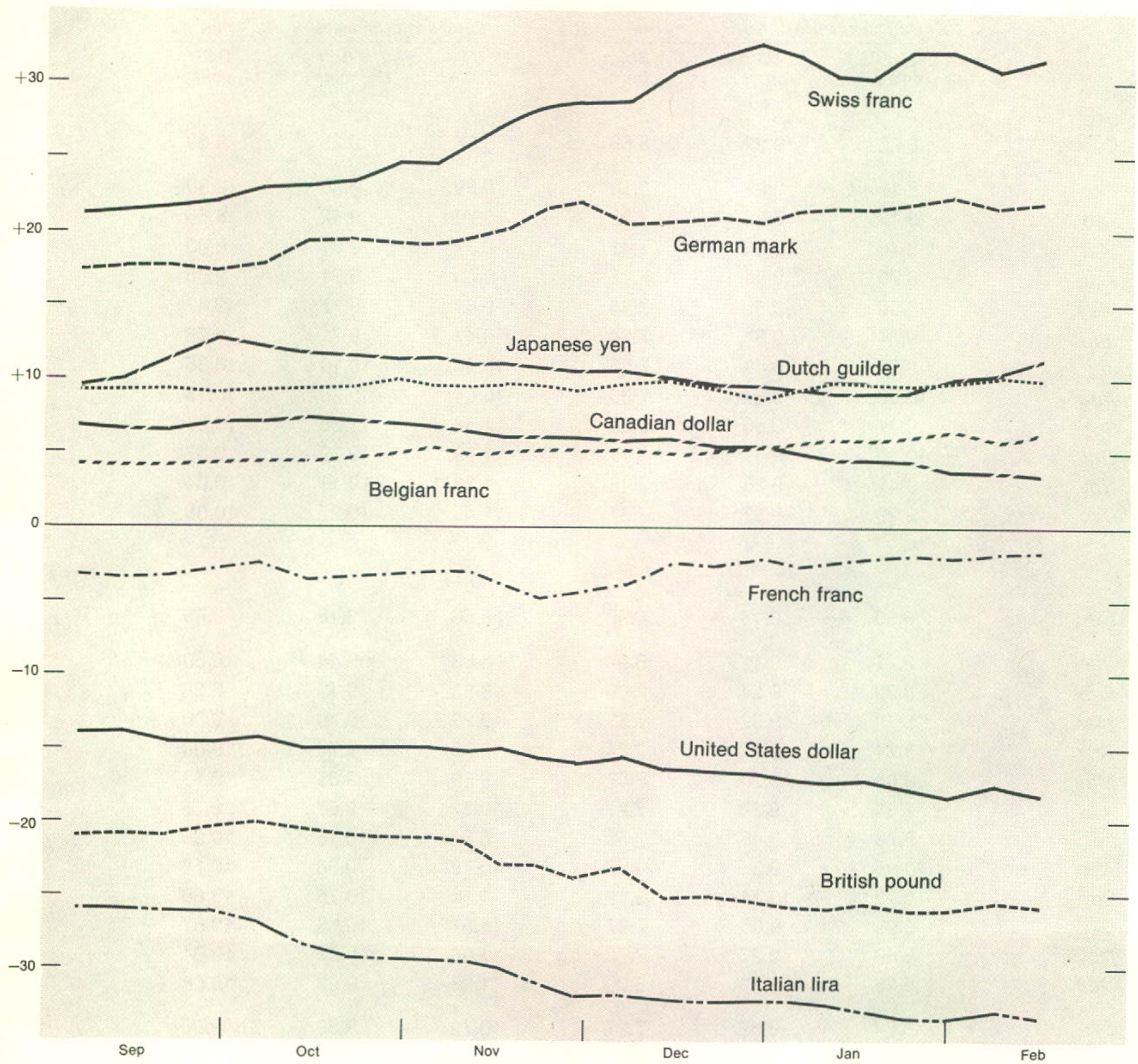
Spot exchange rates

percentage deviation from pre-June 1970 parities
based on 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



	United States	Canada	Japan	United Kingdom	Germany	France	Italy	Belgium-Lux.	Netherlands	Switzerland	Austria	Denmark	Norway	Sweden	Australia
1974															
Nov	—15.72	5.80	10.50	—23.39	20.47	—4.41	—31.08	4.78	9.17	27.20	11.77	6.34	9.65	—1.54	4.65
Dec	—16.69	5.35	9.62	—25.21	20.93	—2.58	—32.38	5.03	9.26	31.25	12.44	6.39	10.32	—0.01	4.60
1975															
Jan	—17.52	4.47	9.30	—25.89	21.80	—2.22	—32.83	5.83	9.69	31.37	13.32	6.54	11.38	0.80	4.60
24	—17.93	4.48	9.16	—25.98	22.05	—1.83	—33.26	6.04	9.70	32.07	13.56	6.39	11.77	0.60	4.45
31	—18.27	3.88	9.91	—26.07	22.41	—2.03	—33.41	6.38	9.85	32.01	13.51	6.62	11.97	0.78	4.42
Feb. 7	—17.62	3.84	10.18	—25.50	21.57	—1.80	—32.99	5.87	10.06	30.82	13.23	6.02	11.89	0.57	4.63
14	—18.31	3.26	11.39	—25.73	22.06	—1.79	—33.39	6.19	9.98	31.53	13.58	6.17	12.15	0.77	4.41

International bond yields

Long-term issues, at or near end of month: Series H is based on issues offered in 1972 or earlier, and is used for calculating yields for December 1972 through December 1974; Series I is based on issues offered in 1973 or earlier, and is used for calculating yields for December 1973 through December 1975.

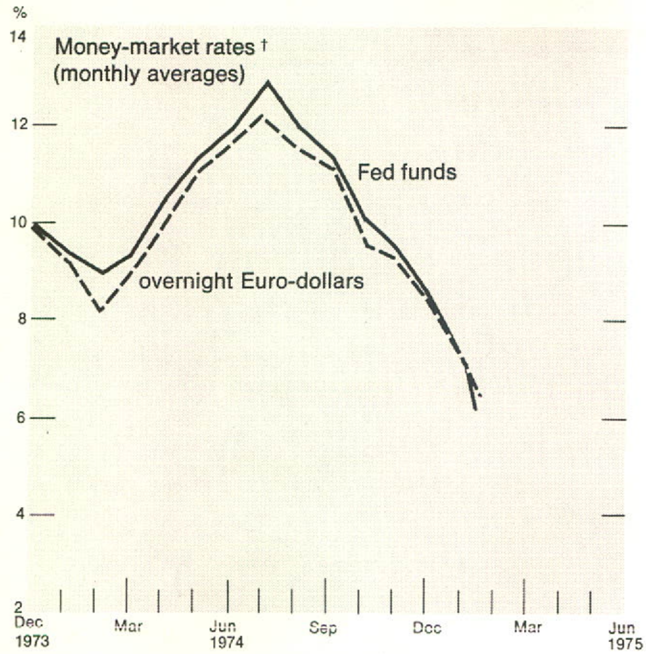
		U.S. companies			European companies		Govern-ments
		U.S. dollar	German mark	Swiss franc	U.S. dollar	German mark	U.S. dollar
Series H							
1973	Dec	8.26	9.27	6.68	8.56	9.25	8.69
1974	Jan	8.13	9.22	6.78	8.62	9.39	8.60
	Feb	8.17	9.28	7.02	8.70	9.42	8.66
	Mar	8.76	9.86	7.41	9.37	9.81	9.00
	Apr	8.70	9.54	7.17	9.46	9.91	9.06
	May	9.00	9.35	7.45	9.64	9.77	9.43
	Jun	9.34	9.37	7.24	10.47	9.71	9.78
	Jul	9.79	9.48	7.55	10.67	10.10	10.35
	Aug	10.06	9.37	7.90	10.84	10.23	10.18
	Sep	10.31	10.60	9.09	11.54	11.36	10.60
	Oct	10.10	9.67	7.71	11.79	10.79	10.57
	Nov	9.41	9.28	7.48	11.22	10.11	10.04
	Dec	9.29	9.37	7.81	11.45	10.27	10.08
Series I							
1973	Dec	8.30	9.18	6.90	8.56	9.18	8.69
1974	Jan	8.21	9.17	6.92	8.63	9.44	8.60
	Feb	8.29	9.24	7.00	8.83	9.43	8.66
	Mar	8.79	9.82	7.58	9.28	9.70	9.00
	Apr	8.74	9.52	7.34	9.38	9.74	9.06
	May	9.04	9.30	7.57	9.59	9.65	9.43
	Jun	9.34	9.38	7.27	10.33	9.57	9.78
	Jul	9.78	9.45	7.63	10.62	10.16	10.35
	Aug	10.05	9.36	8.07	10.79	10.08	10.18
	Sep	10.12	10.14	9.17	11.35	10.75	10.60
	Oct	9.98	9.66	7.97	11.57	10.56	10.57
	Nov	9.40	9.27	7.72	11.06	9.87	10.04
	Dec	9.35	9.33	8.00	11.23	9.93	10.08
1975	Jan	8.74	8.67	7.27	10.72	9.33	9.26

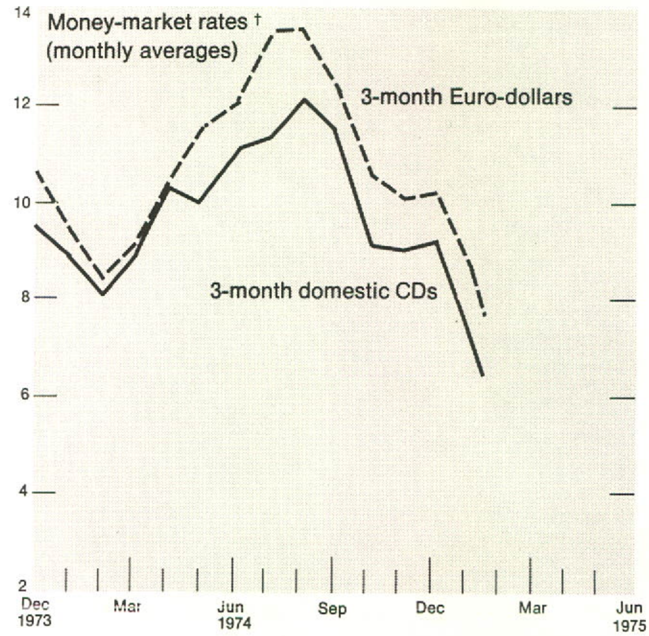
Euro-dollar deposit rates

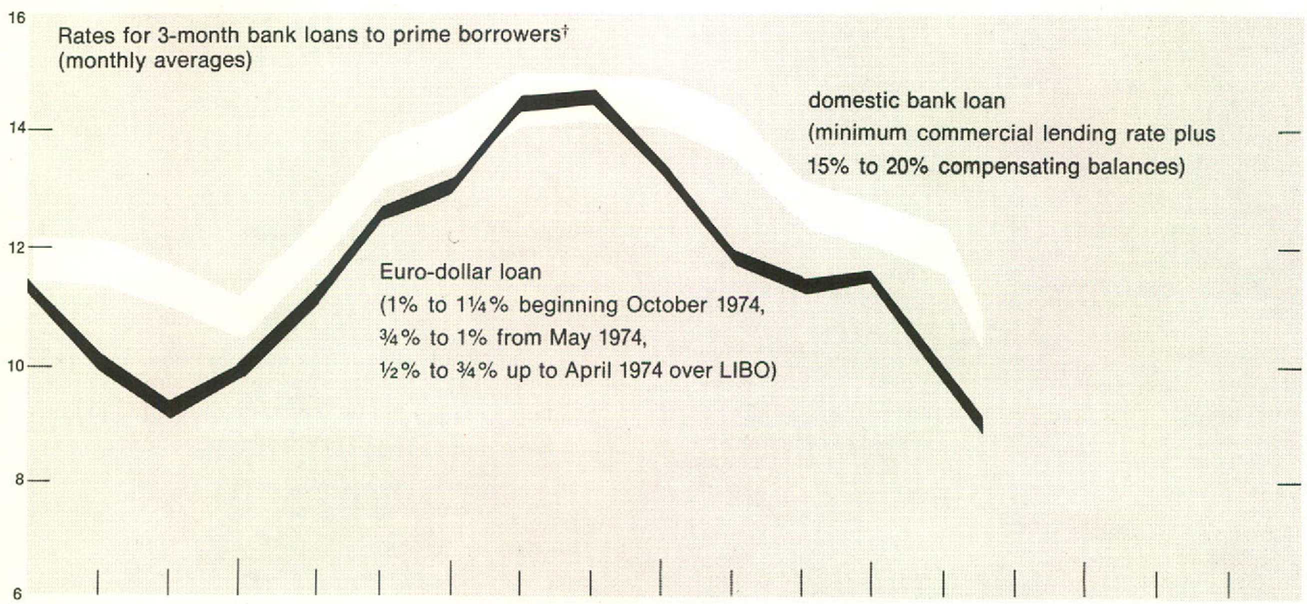
prime banks' bid rates in London, at or near end of month

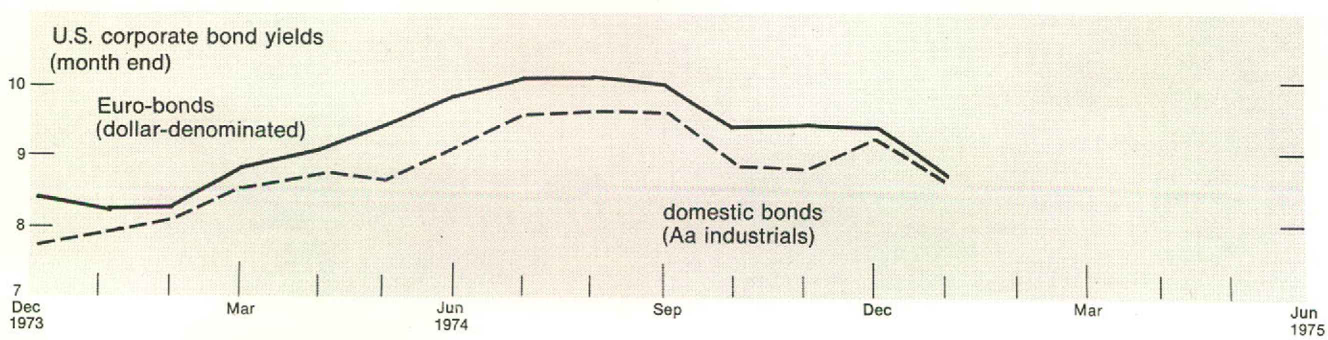
	1972	1973	1974							1975
	Dec	Dec	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
overnight	4.50	9.75	12.94	11.50	13.50	11.88	9.06	9.25	8.00	6.19
7-day fixed	5.13	9.50	12.50	11.50	11.50	11.13	8.25	9.38	9.38	6.25
one month	5.69	10.06	14.00	12.25	12.75	11.81	9.19	11.00	9.75	6.94
three months	5.88	10.13	13.38	13.44	13.94	12.19	10.06	10.56	10.19	7.44
six months	6.19	10.13	13.38	13.44	14.06	12.19	10.06	10.56	10.19	7.75
twelve months	6.38	9.56	12.13	12.06	12.88	11.13	9.69	9.63	9.75	8.00

U. S. and Euro-dollar interest rates *









*excludes effect of Regulation M reserve requirements
†latest plotting average of two weeks ended February 14

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
January 1975 (in addition to those issues listed in the January issue of World Financial Markets, the following issues were announced)							
Foreign companies							
Nederlandse Credietbank N.V. (E) c	Netherlands	Fl 40	24	9½ a	1980	99½	9.41
Sandvikens Jernverks Aktiebolag (E)	Sweden	DM 75	29	9¼ a	1983	99	9.22
Koninklijke Nederlandsche Hoogovens en Staalfabrieken N.V. (F, O)	Netherlands	SwF 50	30	8½ a	1990	101	8.21
SHV Holdings N.V. (E) c	Netherlands	Fl 40	31	9½ a	1980	99½	9.41
AGA Aktiebolag (F, O)	Sweden	SwF 30	31	9 a	1987	101	8.67
Ishikawa-Jima-Harisa Heavy Industries, Ltd. (Dai-Ichi Kango Bank Limited) (E) c	Japan	Y 3,000	n.a.	10½	1980	99.45	10.65
Toray Industries Ltd. (F, O) c	Japan	DM 40	n.a.	9½	1980	99	9.76
Fujitsu Limited (F, O) c	Japan	DM 50	n.a.	9½	1980	100	9.50
AKZO N.V. (F, O) c	Netherlands	DM 50	n.a.	9	1980	99	9.26
State enterprises							
Eurofima (E)		DM 100	31	9½ a	1985	100	9.28
Compagnie Nationale Air France (Republic of France) (E)	France	$25	31	9½ a	1982	99½	9.38
Oesterreichische Kontrollbank A.g. (F, O) c	Austria	SwF 30	n.a.	9¼ a	1978	n.a.	n.a.
Governments							
Municipal Finance Authority of British Columbia (F, US)	Canada	$34.5	16	9¾	1999	99	9.86
Municipality of Gothenburg (E) c	Sweden	DM 50	n.a.	9¾	1985	100	9.75
Republic of Austria (E) c		DM 50	n.a.	9½ a	1980	99¾	9.57
Government of New Zealand (F, O) c		DM 50	n.a.	9¼	1980	99	9.30
International organizations							
Council of Europe (F, O) c		DM 20	n.a.	10	1982	99½	10.10
February 1975—preliminary							
Foreign companies							
Philips Gloeilampenfabrieken N.V. (E)	Netherlands	DM 100	19	8¾ a	1982		
Marubeni Corporation (Fuji Bank Limited) (E)	Japan	$20	19	10 a	1980		
A/B Volvo (E)	Sweden	$25		9½ a	1985		
State enterprises							
Banque Nationale de Paris (E)	France	$40	7	9½ a	1981	100½	9.18
Norsk Hydro A/S (E)	Norway	DM 100	12	9 a	1987	100	8.81
Electricite de France (Republic of France) (F, O)	France	SwF 60	17	8½ a	1990		
Ste. Concessionaire des Autoroutes Paris-Est-Lorraine (Republic of France) (E)	France	EUA 12	17	9½ a	1985		
Caisse Nationale des Telecommunications (Republic of France) (E) c	France	DM 50		9¼ a	1983	100	9.04
		DM 50		9 a	1983	98¾	9.02
Governments							
Malmo Kommun (E)	Sweden	DM 50	4	9¼ a	1984	99	9.21
Republic of Austria (E) c		Fl 75	7	9¼ a	1982	100	9.04
Republic of Austria (E)		DM 100		9 a	1983		
Montreal Urban Community (F, US)	Canada	$50			2000		
Mexico (F, US) d		$50			1980		
International organizations							
European Coal and Steel Community (F, US)		$150	6	8¾	1983	99½	8.45
European Investment Bank (E)		$75	6	9½ a	1985	100½	9.21
European Coal and Steel Community (E)		LuxF 500		9½ a	1983		

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 Bond holder has the option to redeem the bonds in 1980, or to hold them until 1985.

New international bond issues

new issues in period, in millions of dollars

	1972	1973	1974	1974 Dec	1975 Jan	1975 Febp	Jan-Feb 1975p	Jan-Feb 1974
Euro-bonds, total	**6 335**	**4 169**	**2 061**	**283**	**519**	**574**	**1 093**	**459**
by category of borrower								
U.S. companies	1 992	874	110	—	—	—	—	25
Foreign companies	1 759	1 309	613	95	146	137	283	73
State enterprises	1 170	923	534	40	169	161	330	122
Governments	1 019	659	407	65	146	156	302	121
International organizations	395	404	397	83	58	120	178	118
by currency of denomination								
U.S. dollar	3 908	2 447	996	185	70	185	255	314
German mark	1 129	1 001	313	41	323	223	546	37
Other	1 298	721	752	57	126	166	292	108
by type of security								
Straight debt	5 115	3 522	1 966	283	519	574	1 093	409
Convertible	1 220	647	95	—	—	—	—	50
Foreign bonds outside the United States, total	**2 060**	**2 650**	**1 126**	**195**	**180**	**80**	**260**	**107**
by category of borrower								
U.S. companies	215	546	72	23	—	—	—	16
Foreign companies	345	396	362	80	123	—	123	28
State enterprises	249	470	420	71	27	80	107	33
Governments	177	297	170	21	21	—	21	—
International organizations	1 074	941	102	—	9	—	9	30
by currency of denomination								
German mark	509	386	263	116	89	56	145	—
Swiss franc	815	1 526	703	73	71	24	95	90
Other	745	738	160	6	20	—	20	17
by type of security								
Straight debt	2 060	2 641	1 126	195	180	80	260	107
Convertible	-	9	—	—	—	—	—	—
Foreign bonds in the United States, total	**1 361**	**960**	**3 201**	**600**	**410**	**500**	**910**	**235**
by category of borrower								
Foreign companies	199	78	749	40	—	—	—	31
State enterprises	382	492	833	60	275	50	325	120
Governments	530	390	1 009	—	35	300	335	84
International organizations	250	-	610	500	100	150	250	—
International bonds, total	**9 756**	**7 779**	**6 388**	**1 078**	**1 109**	**1 154**	**2 263**	**801**

r revised *p preliminary*

Central bank discount rates

	1972	1973		1974				Current	
	end Dec	end Sep	Dec end	end Mar	end Jun	end Sep	end Dec	Feb 18 1975	Effective since
United States	4.50	7.50	7.50	7.50	8.00	8.00	7.75	6.25	Feb 5, 75
Canada	4.75	7.25	7.25	7.25	8.75	9.25	8.75	8.25	Jan 13, 75
Japan	4.25	7.00	9.00	9.00	9.00	9.00	9.00	9.00	Dec 22, 73
Belgium	5.00	6.50	7.75	8.75	8.75	8.75	8.75	8.25	Jan 30, 75
France	7.50	11.00	11.00	11.00	13.00	13.00	13.00	12.00	Jan 9, 75
Germany	4.50	7.00	7.00	7.00	7.00	7.00	6.00	5.50	Feb 7, 75
Italy	4.00	6.50	6.50	9.00	9.00	9.00	8.00	8.00	Dec 27, 74
Netherlands	4.00	6.50	8.00	8.00	8.00	8.00	7.00	7.00	Oct 28, 74
Denmark	7.00	8.00	9.00	10.00	10.00	10.00	10.00	9.00	Jan 14, 75
Norway	4.50	4.50	4.50	5.50	5.50	5.50	5.50	5.50	Mar 30, 74
Sweden	5.00	5.00	5.00	5.00	6.00	7.00	7.00	7.00	Aug 15, 74
Switzerland	3.75	4.50	4.50	5.50	5.50	5.50	5.50	5.50	Jan 21, 74
United Kingdom	9.00	11.50	13.00	12.50	11.75	11.50	11.50	10.50	Feb 14, 75
South Africa	6.00	5.50	5.50	6.50	7.50	8.00	8.00	8.00	Aug 13, 74

Day-to-day money rates

monthly averages

	1972	1973	1974								1975
	Dec	Dec	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
United States	5.33	9.95	11.31	11.93	12.92	12.01	11.34	10.06	9.45	8.53	7.13
Canada	3.71	6.57	7.66	8.38	8.74	8.83	8.84	8.55	7.86	7.38	6.68
Japan	4.46	10.20	11.75	12.23	12.38	13.23	12.75	12.25	12.40	13.23	12.67
Belgium	3.75	7.38	9.54	9.59	10.40	9.74	10.55	9.15	9.50	9.05	6.48
France	7.32	11.52	12.91	13.57	13.84	13.75	13.43	13.15	12.43	11.87	11.41
Germany	6.75	11.75	8.13	8.80	9.35	9.36	9.25	9.10	7.35	8.35	7.70
Italy	5.88	7.88	13.75	16.75	18.25	17.38	16.75	16.75	17.00	17.20	15.35
Netherlands	3.20	8.75	9.00	8.94	8.20	7.27	5.21	7.67	6.61	6.96	6.07
Sweden*	3.34	3.83	7.77	7.66	8.00	8.55	8.47	9.00	8.31	8.93	7.80
Switzerland	4.00	7.50	4.75	8.25	9.75	5.25	4.75	4.00	4.00	5.00	3.50
United Kingdom	6.75	11.00	11.19	10.81	9.95	8.50	9.00	9.55	10.38	9.34	10.00
Australia	4.12	6.21	6.60	6.74	9.70	9.50	7.20	8.02	8.05	7.28	8.66
South Africa	4.39	2.93	4.64	5.54	5.65	6.05	6.10	5.98	5.91	5.85	5.79
Euro-dollars	5.14	9.91	11.06	11.67	12.18	11.43	11.10	9.55	9.26	8.35	7.10

*interbank call money

Treasury bill rates

bond-equivalent yields, at or near end of month

	1972 Dec	1973 Dec	1974 May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	1975 Jan
United States	5.21	7.54	8.23	7.64	8.06	9.79	6.19	8.06	7.64	7.28	5.55
Canada	3.65	6.32	8.50	8.75	9.10	9.12	8.91	8.31	7.49	7.05	6.40
Japan	4.15	5.80	6.83	6.83	6.83	6.83	6.83	6.83	6.83	6.83	6.83
Belgium	4.80	7.65	10.00	11.25	11.75	11.75	11.75	11.25	10.75	10.50	9.50
Germany	4.30	7.12	5.71	5.71	5.71	5.71	5.71	5.71	5.72	5.19	5.19
Italy*	6.00	7.48	9.40	11.07	10.47	11.85	11.96	14.74	15.04	13.40	9.44
Netherlands	4.25	10.00	9.25	9.00	7.25	7.13	8.00	7.25	7.25	7.50	6.63
Sweden	2.77	2.52	8.16	8.16	8.16	8.93	8.93	8.94	8.94	8.95	8.95
United Kingdom	8.48	12.82	11.54	11.56	11.55	11.57	11.29	11.29	11.45	11.44	10.68
Australia	3.85	7.35	9.99	10.95	10.75	10.75	9.36	8.69	7.98	7.81	7.81
South Africa	4.42	3.21	4.85	5.74	5.93	6.46	6.36	6.28	6.23	6.16	6.09

**new series as of Jan. 1975*

5% Treasury bonds maturing August 1, 1977

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 Dec	1973 Dec	1974 May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	1975 Jan
United States	5.65	9.47	10.93	12.11	11.71	12.37	10.91	9.08	9.33	9.73	6.70
Canada	5.31	10.52	11.84	11.97	11.97	12.11	11.31	10.65	10.27	10.67	7.09
Japan	4.88	12.00	12.00	12.50	13.00	13.50	13.00	12.50	13.00	13.50	13.00
Belgium	4.85	7.95	10.25	11.50	12.00	12.00	12.00	11.50	11.25	11.00	9.75
France	8.00	11.50	12.75	14.63	13.75	13.75	14.00	12.88	11.88	11.50	10.13
Germany	7.75	12.75	8.50	9.30	9.50	9.70	9.60	9.50	8.80	8.30	7.40
Italy	6.25	8.50	16.25	20.00	19.00	17.88	17.75	18.63	18.75	17.50	14.50
Netherlands	4.75	14.00	10.38	10.75	11.88	11.50	10.50	9.00	8.38	8.38	7.88
United Kingdom	8.94	15.94	12.69	13.31	13.38	12.56	11.69	11.75	12.63	12.75	11.63
Australia	4.75	9.00	20.00	13.00	14.00	15.00	15.00	15.00	14.00	12.50	10.50
South Africa	5.47	7.33	8.68	9.73	10.78	11.31	11.31	13.62	12.00	11.31	10.93
Euro-dollars	5.88	10.13	11.88	13.38	13.44	13.94	12.19	10.06	10.56	10.19	7.44

Commercial bank deposit rates

at or near end of month

	1972	1973	1974								1975
	Dec	Dec	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
United States	5.63	9.25	11.00	12.00	12.00	12.38	10.50	9.00	9.50	9.25	6.50
Canada	5.13	8.50	10.25	10.25	9.75	9.75	9.75	9.75	9.25	9.25	6.50
Japan	3.75	4.25	5.25	5.25	5.25	5.25	5.50	5.50	5.50	5.50	5.50
Belgium	5.75	10.25	12.75	12.50	12.50	12.36	12.25	11.38	11.55	11.55	10.92
France	6.75	10.00	11.00	12.40	12.40	12.40	12.40	12.40	12.00	11.00	10.50
Germany	7.25	11.50	8.50	8.50	8.75	9.00	8.75	8.75	8.00	8.00	7.00
Italy	4.00	4.00	14.00	15.50	15.00	14.00	14.50	15.50	15.50	14.50	13.50
Netherlands	4.75	13.75	10.38	10.88	11.88	11.75	10.50	9.50	8.25	8.50	8.13
Denmark	6.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00
Norway	3.00	3.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Sweden	4.75	4.75	5.75	5.75	5.75	6.75	6.75	6.75	6.75	6.75	6.75
Switzerland	4.00	5.50	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
United Kingdom	8.81	15.25	12.75	12.88	13.13	12.38	11.88	11.63	12.38	12.25	11.63
Australia	3.90	9.00	17.50	12.50	12.00	12.00	10.50	9.75	9.00	8.50	8.25
South Africa	5.25	5.50	6.50	8.50	8.50	8.50	8.50	8.50	8.00	8.00	8.00
Euro-dollars	5.88	10.13	11.88	13.38	13.44	13.94	12.19	10.06	10.56	10.19	7.44

Commercial bank lending rates to prime borrowers

at or near end of month

	1972	1973	1974								1975
	Dec	Dec	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
United States	5.75	9.75	11.25	12.00	12.00	12.00	12.00	11.00	10.25	10.25	9.50
Canada	6.00	9.50	11.00	11.00	11.50	11.50	11.50	11.50	11.00	11.00	10.50
Japan	6.33	7.91	9.40	9.42	9.43	9.44	9.45	9.47	9.48	9.54	9.54
Belgium	6.25	10.00	12.25	13.50	14.00	14.00	14.00	13.50	13.00	13.00	13.00
France	9.15	12.45	13.95	14.45	14.45	14.45	14.45	14.45	14.45	14.45	13.95
Germany	8.50	14.00	12.50	12.00	12.00	12.00	12.00	11.50	11.00	11.00	10.50
Italy	7.00	9.50	14.75	18.00	19.00	19.00	18.50	19.00	19.00	19.50	19.50
Netherlands	6.00	11.00	11.50	11.50	12.00	12.00	12.00	11.00	10.50	10.50	10.00
Denmark	9.00	11.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	13.00	12.00
Norway	7.50	7.50	7.83	7.83	7.83	7.83	7.83	7.83	7.83	7.83	7.83
Sweden	7.75	7.75	9.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00	10.00
Switzerland	7.00	7.25	7.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
United Kingdom	8.50	14.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	12.50
Australia	7.25	9.00	11.00	11.50	12.00	12.00	12.50	12.50	12.00	11.75	11.75
South Africa	8.50	8.00	9.00	10.00	10.00	10.50	10.50	10.50	10.50	10.50	10.50
Euro-dollars	6.63	10.75	12.75	14.25	14.32	14.82	13.07	11.19	11.69	11.32	8.57

Domestic government bond yields

long-term issues, at or near end of month

	1972	1973	1974								1975
	Dec	Dec	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
United States	5.95	7.35	8.07	8.07	8.10	8.65	8.48	8.03	8.08	8.13	7.91
Canada	7.12	7.71	8.91	9.46	9.63	9.83	9.67	9.20	8.87	8.64	8.30
Japan	6.39	7.79	9.25	9.31	9.23	9.51	9.69	9.81	10.02	9.96	9.84
Australia	6.00	8.50	9.00	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50
Belgium	7.21	7.79	8.71	8.78	8.86	8.82	9.26	9.12	8.65	8.79	9.03
France	8.03	9.29	10.80	11.45	11.40	11.40	11.38	11.14	11.12	11.21	10.90
Germany	8.48	9.49	10.96	10.99	11.02	10.81	10.87	10.85	10.34	9.73	9.20
Italy	7.57	7.60	9.30	10.38	11.36	11.35	11.95	12.50	12.78	12.65	11.45
Netherlands	7.50	9.01	10.22	10.28	10.44	10.45	10.43	10.25	9.14	9.09	8.95
Denmark	10.73	12.70	15.16	14.84	14.90	14.77	14.03	14.17	14.48	14.36	13.09
Norway	6.13	6.20	7.42	7.43	7.49	7.42	7.40	7.29	7.30	7.26	7.32
Sweden	7.34	7.37	7.83	7.86	7.87	7.87	8.10	8.12	8.15	8.17	8.18
Switzerland	5.25	6.31	7.31	7.28	7.23	7.28	7.41	7.34	7.19	7.17	6.80
United Kingdom	9.75	11.39	12.57	13.93	13.71	14.21	13.67	15.28	15.49	16.27	14.13

Domestic corporate bond yields

long-term issues, at or near end of month

	1972	1973	1974								1975
	Dec	Dec	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
United States	7.15	7.75	8.65	9.10	9.60	9.60	9.60	8.85	8.80	9.25	8.60
Canada	8.15	8.81	10.12	10.45	10.81	11.02	10.99	10.40	10.34	10.72	10.44
Japan	6.75	10.73	11.27	11.61	11.61	11.47	12.28	12.14	12.24	11.82	11.47
Australia	8.00	10.25	11.00	12.00	13.00	13.00	13.50	13.50	13.50	13.50	13.50
Belgium	7.74	8.39	10.24	10.69	10.90	10.98	11.61	11.95	11.45	11.00	10.90
France	8.30	9.81	11.24	11.93	11.90	11.91	11.88	11.83	11.86	11.90	11.73
Germany	8.58	10.33	11.22	10.89	11.24	10.86	10.91	11.14	10.49	10.09	9.33
Italy	8.67	8.58	12.80	13.57	13.56	13.20	13.20	15.24	14.94	14.41	12.51
Netherlands	7.63	9.64	10.40	10.54	11.26	10.99	10.78	10.70	9.68	9.55	8.96
Norway	6.29	6.30	7.52	7.42	7.44	7.47	7.57	7.60	7.63	7.56	7.66
Sweden	7.28	7.26	7.75	7.76	7.77	7.78	8.01	8.02	8.04	8.05	8.06
Switzerland	5.47	6.55	7.91	7.78	7.73	8.00	8.59	8.46	8.18	7.95	7.86
United Kingdom	10.40	13.56	15.20	16.83	16.46	17.14	17.18	18.62	19.36	19.50	17.21

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