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World Financial Markets

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McGILL UNIVERSITY

April 24, 1973

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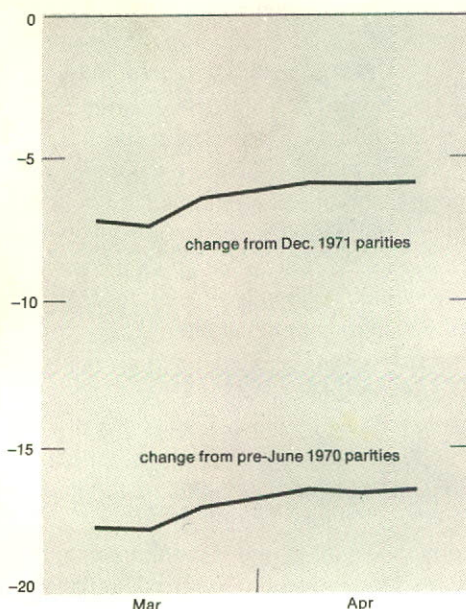
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Effective dollar exchange rate vis-à-vis 14 major currencies

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



Foreign-exchange market developments

The exchange markets were strikingly calm in the month to mid-April, particularly so in the most recent two weeks. Most currencies experienced only moderate movement. The market for spot transactions was orderly, and spreads between bid and offer prices which had widened during the recent monetary crisis, returned to more normal levels. Nevertheless, there continues to be considerable uncertainty among market participants as to future exchange-market trends, and confidence remains fragile.

The forward exchange premiums on most currencies narrowed considerably in recent weeks, also suggesting a return to less crisis-stricken conditions in the forward markets. For example, the premium on guilders as against dollars three months forward fell from over 8% p.a. on March 28 to about 5% p.a. on April 24, while that on German marks narrowed from around 9% p.a. to around 4% p.a. during this period.

Over the past month the dollar for the most part fluctuated within a narrow range around a level of depreciation of 6% from Smithsonian central rates and 16½% from the central rates existing prior to June

1970, calculated on the basis of bilateral trade in 1971 with fourteen countries accounting for about two-thirds of U.S. exports and imports (see chart). Even so, a firming trend was discernible in the month following the reopening of the official markets on March 19. To the extent that extensive exchange controls in other countries may have discouraged additional movement out of dollars, the recovery of the dollar was somewhat artificial.

During the month to mid-April there was a decline in reported U.S. liabilities to foreign official institutions, amounting to \$1½ billion. Perhaps three-fourths of this amount can be attributed to exchange-market intervention by the Japanese monetary authorities designed to prevent an excessive — if temporary — decline in the yen. In addition, there may well have been declines in U.S. official liabilities to Canada, Australia and — in connection with quarter- and month-end dollar swaps — Switzerland. Britain's reserves rose, and some other countries also probably gained dollars.

With the United States still experiencing a large deficit on the basic balance-of-payments accounts, the net reflow of short-term capital in the month to mid-April may have been well over \$2 billion. However, the reflow was not very large

*Cost differential to U.S. banks
between Euro-dollar and
domestic sources of funds ^a*

Euro-dollar cost higher (+)
or lower (−) in basis points

1973 periods ended ^b	Overnight Euro-dollars vs. Fed. funds	3-month Euro- dollars versus domestic CDs ^c
Mar		
16	+66	+52
23	+55	+81
26	+37	+79
27	−25	+79
28	+13	+85
29	+225	+79
30	+4362	+86
Apr		
2	+112	+90
3	+37	+79
4	+37	+73
5	−21	+54
6	−38	+42
9	+62	+40
10	+50	+44
11	+63	+39
12	−71	+44
13	+175	+35
16	−25	+22
17	−62	+15
18	−75	+23
19	—	+20
20	+163	+17
23	+56	+29

^a assumes no reserve requirements on Euro-dollar borrowing

^b based on weekly averages of daily rates through March 23, daily rates thereafter

^c cost of domestic CDs adjusted for 5% reserve requirements and FDIC assessment

relative to the outflow which occurred earlier this year and in 1971. The reflow also diminished greatly in the past two or three weeks. One factor tending to limit the reflow was the spread between U.S. short-term interest rates and Euro-dollar rates. This relationship generally was adverse except in the case of very short-term funds in the third week of April (see table).

The reflow of funds from European countries over the past month was very small, mainly because of the absence of dollar intervention (sales) by EEC central banks. The narrow, 2¼% currency band—or snake—remained well within the old 4½% tunnel despite the fact that all of the participating currencies were floating against the dollar and were thus free to move outside this range. Exchange-market intervention, all in local currencies, simply resulted in shifts of reserves from Germany and—to a limited extent—the Netherlands to other EEC countries. Ironically, France — a major proponent of the snake and non-dollar intervention — was a major recipient of dollars because of its strong balance-of-payments position.

The *British pound* was rather firm over the past month, trading mostly in a range of \$2.4750 to \$2.49. Sterling benefited from favorable domestic economic trends in the United Kingdom. It was clear that the government had made headway in dealing with inflation by at least keeping the annual rate of increase in consumer prices to about 8% despite a strong economic expansion and the spiraling cost of domestic and imported raw materials. Moreover, there was a marked subsidence of labor unrest and resistance to Phase Two of the incomes policy, of which the coal miners' settlement was a key ingredient.

The nearly \$500-million trade deficit for March indicated that a fur-

ther deterioration had set in after several months in which the gap between imports and exports was little changed. The trade deficit ran at an annual rate of some \$3½ billion in the first quarter, up from a \$2.3-billion yearly pace in the preceding three months. Exports rose nearly 22% over the corresponding months of 1972, but imports—swelled by continued sharp increases in prices of raw materials — advanced 28% between the two periods.

Nevertheless, the widening trade deficit seems to have had little immediate impact on exchange-market sentiment. Although the March figures by themselves were bad, the medium-term trend was not viewed as especially disturbing taking into account the estimated 6% or better rate of increase in real GNP in first-half 1973, the "j curve" effect of sterling's 12% - 13% devaluation since June 1972, and soaring raw materials prices.

The surplus on invisibles, including the U.K. contribution to the EEC budget, was steady at around \$140 million per month in the first quarter, so that the current-account deficit rose to an annual rate of some \$1.85 billion from one of only \$430 million in fourth-quarter 1972.

However, the current-account deficit probably has been more than offset by net capital inflows recently, accounting for the relative strength of the pound in exchange markets. There has been a heavy volume of long-term credits obtained abroad by U.K. public-sector borrowers. Moreover, short-term capital inflows have been substantial due to high U.K. short-term interest rates, the relative absence of controls on non-resident sterling deposits in Britain at a time when there were extensive controls in many other countries, and the absence of confidence in the dollar. Official sterling balances, which usually show a seasonally large increase in the first quarter,

also have been rising.

Although the authorities did not intervene in the exchange markets in substantial amounts, U.K. reserves rose \$118 million in March as a result of the direct conversion with the central bank of the proceeds of external dollar credits obtained by British public-sector borrowers. More such borrowings were announced in April, including a huge \$1-billion Euro-dollar loan for the Electricity Council, bringing the total raised so far by the public sector to about \$1.2 billion. It is thought that public-sector external loans may amount to \$4 billion this year. Such borrowings will augment reserves, which fell sharply in 1972 when those of other European countries rose. The level of reserves will become significant again when the out-right float terminates, and reentry into the snake obligates the U.K. authorities to intervene. This borrowing also should ease materially the burden on domestic financial markets—and, potentially, on the U.K. monetary authorities—of a prospective \$11-billion central government borrowing requirement in the fiscal year to March 1974.

The *Italian* lira depreciated steadily through mid-April, and then leveled off. The trade-weighted average devaluation of the lira dropped from 7.8% when the foreign-exchange market reopened in Italy on March 20 to 11.2% on April 24. Italy's trade performance in the first two months of 1973 was quite adverse. Exports rose 4%, imports increased 27%, and the \$840-million trade deficit not only compared unfavorably with the \$175-million trade deficit in January-February 1972 but exceeded that of 1972 as a whole. This deterioration in part may have been due to the underinvoicing of exports and overinvoicing of imports as a means of circumventing exchange controls and of exporting capital at the more

favorable commercial rate.

The decline of the lira was at least temporarily arrested by the impact of the January 1973 measure, which took effect in April, forcing the repatriation of export proceeds within three months. The Bank of Italy took this opportunity to unwind some of the foreign-exchange swaps entered into with commercial banks last December and January to bolster official reserves. However, Italy continues to be faced with major political and economic problems. Inflationary pressures have mounted under the influence of the value-added tax and costly wage settlements. Consumer prices in February 1973 were 8.8% above a year earlier. Also underlying weakness in the lira has been the sharp increase in unit labor costs in manufacturing, which rose approximately 10% last year.

While the *Canadian* dollar has traded within a fairly narrow range in recent months, on balance it has weakened slightly relative to the U.S. dollar. And, on a trade-weighted average basis, the appreciation of the Canadian dollar from pre-June 1970 parities has dropped to well below 4%, compared with about 6% in January 1973 and 7½% in October 1972.

The easing of the Canadian dollar in the exchange markets has been largely a reflection of net short-term capital outflows that have occurred chiefly in response to interest-rate differentials. Since mid-1972 Canadian authorities have kept short-term interest rates in Canada below those in the U.S. and Euro-dollar markets. While an accommodative monetary policy has been consistent with domestic economic objectives, it also has played a major role in bringing the Canadian dollar rate to what officials apparently regarded as a more appropriate level.

Earlier this month the Bank of Canada raised Bank Rate by ½% to 5¼%, a move that was followed

quickly by a ½% upward shift in most domestic short-term interest rates, including the banks' prime lending rate. Nevertheless, Canadian money-market rates still are considerably below U.S. and Euro-dollar rates, so that there continue to be net short-term capital outflows from Canada.

These net short-term outflows apparently are more than adequate to counterbalance Canada's sizable basic balance-of-payments surplus. Strong demand and higher prices for Canada's exports are likely to lead to an improvement in the trade balance from last year's C\$1.4-billion surplus, even though a large rise in imports will occur in response to rapid domestic economic growth, which is expected by the government to approach 7% in real terms this year. In January-February 1973, exports and imports were up 25% and 24%, respectively, over a year earlier, yielding a trade surplus of C\$220 million, compared with one of C\$150 million in the first two months of 1972. Improvement in the trade balance is likely to trim Canada's current-account deficit—C\$580 million in 1972—by several hundred million dollars. Net long-term capital inflows may well taper off from last year's C\$1.8-billion rate as a result of somewhat diminished borrowing abroad by the provincial governments and their agencies. Even so, Canada is likely to continue to run a substantial basic balance-of-payments surplus, perhaps on the order of C\$¾-C\$1 billion. The extent to which this surplus is translated into upward pressure on the exchange rate will depend in large measure on whether interest-rate differentials continue to be sufficient to cause counterbalancing short-term capital outflows.

The *Japanese yen* has continued to come under periodic selling pressure this month, leading the Bank of

Japan to intervene by selling dollars to prevent the yen from falling below the 266 Yen/U.S. dollar rate in the Tokyo market. Since the third week of March, the authorities sold almost \$1¼ billion in the exchange market to halt the downward float of the yen. The premium on yen for future delivery also narrowed considerably through the middle of April.

Several factors appear to account for the easing of the yen. There has been a reversal of leads and lags in trade *payments*, as evidenced by the swing in Japan's net short-term nonbank capital flows (including errors and omissions) from a net inflow of \$1,170 million in January-February 1973 to a net outflow of \$360 million in March. Leads and lags in actual trade *shipments* also preceded the recent yen revaluation, so that currently export shipments have fallen off somewhat whereas imports have risen sharply. In addition to a catching-up of imports previously deferred, the sharp rise in imports reflects both strong domestic economic expansion and a sharp rise in world commodity prices. In March alone, imports—including a \$320-million advance payment for enriched uranium from the United States to be shipped at a later date—were 64% above the level of a year earlier. Moreover, the value of import licenses issued in March, most of which will show up as actual shipments in April and May, was up more than 90% from the previous year.

Another factor contributing to the easing of the yen has been the high rate of net long-term capital outflows, which amounted to \$2.2 billion in the first quarter of 1973. Foreign investors have been net sellers of Japanese stocks and bonds. Japanese companies reportedly have stepped up sharply their direct investment overseas, much of which had been deferred in anticipation of

yen revaluation. Japanese banks also have continued to make sizable foreign-currency term loans and investments abroad. In addition to these long-term capital outflows, Japanese banks in mid-April began to swap liquid yen funds into dollars for investment in the Euro-dollar market. Even with the recent increase in interest rates in Japan, domestic money-market rates still are more than 2% below Euro-dollar interest rates. This interest-rate differential, together with the relatively small swap cost due to the narrowed premiums on forward yen, made this interest arbitrage attractive for Japanese banks.

The influence of some of these factors may be temporary. Although the unwinding of leads and lags in trade shipments and payments probably still has a way to go, in time the patterns of shipments and payments are likely to return to normal. There have been suggestions recently that Japanese banks may become somewhat less aggressive in their foreign-currency term lending and investing abroad, particularly now that the Finance Ministry has stopped adding to its foreign-currency deposits in Japanese exchange banks. And, the expected tightening of monetary policy in the months ahead will reduce the banks' yen liquidity, and thus the availability of funds for short-term swaps into Euro-dollars.

The balance of payments in the first quarter

Preliminary data indicate that the United States had a deficit on the official-settlements basis of about \$10 billion, before seasonal adjustment, in the first quarter of 1973. Most of this deficit was reflected in a rise in U.S. liabilities to foreign official institutions. However, there

was a reserve loss of \$228 million in January-February as a result of U.S. sales of foreign currencies in support of the dollar prior to the February 12 devaluation. On a seasonally-adjusted basis the official-settlements deficit may have been near \$10½ billion in the first quarter.

Information on specific transactions still is fragmentary, so that the estimates can be taken only as general orders of magnitude.

The merchandise trade deficit in the first quarter of this year may have been somewhat smaller than the \$1.7-billion trade gap recorded in the preceding three months on a seasonally-adjusted balance-of-payments basis. Despite a reduced trade deficit, deterioration in net invisible transactions may have caused the current-account deficit to approach \$2 billion (seasonally-adjusted) from \$1.6 billion in the fourth quarter of 1972. There likely was a reduction in the repatriated earnings of foreign subsidiaries of U.S. companies because of the considerable exchange-market uncertainties. In addition, there probably was a substantial further increase in U.S. payments to foreigners of interest and dividends on their investments and security holdings in the United States. U.S. liabilities to foreign official agencies now amount to approximately \$71 billion compared with \$54 billion one year ago, and U.S. short-term interest rates have risen 2% or more during this time.

It is virtually certain that the balance on long-term capital flows worsened from the \$100-million surplus (seasonally-adjusted) that was recorded in the final quarter of 1973. Transfers abroad to finance U.S. companies' overseas outlays for plant and equipment are expected to rise by 7% this year, compared with an increase of only 2% in 1972, and the outflow probably was ac-

centuated by the recent currency unrest.

Portfolio transactions probably were less favorable in the recent three months as well. Foreigners' net purchases of U.S. corporate securities were at a record \$1.9 billion in the last three months of 1972. In January, nonresidents' net purchases of such securities rose to \$725 million, including \$450 million in equities. However, this record level was not maintained in February-March when the decline of confidence in the dollar and the fall of U.S. stock prices contributed to a reduction in foreign purchases of U.S. corporate securities.

All told, there may have been net long-term capital outflows of as much as \$1½ billion in the first quarter. Together with the current-account deficit, these outflows indicate an estimated deficit on basic transactions of approximately \$3½ billion.

In addition to the basic deficit, and accounting for the remainder of the official-settlements deficit in the first quarter of 1973, were net short-term capital outflows amounting to an estimated \$7 billion. This sum consisted of interest-rate sensitive funds—including a large increase in bank loans to foreigners who drew on their lines of credit—and funds moved via leads and lags in commercial payments.

International bond market developments

The international bond market again responded with considerable flexibility to the uncertain international monetary situation. Although new-issue activity dropped sharply from the record-breaking monthly volume of \$1.2 billion in January 1973, it nevertheless averaged about \$545 million in the subsequent three months. And, for the first four

months of this year, total new-issue volume—at \$2.8 billion—was more than 10% above that in the comparable period last year.

Whereas U.S. dollar-denominated issues accounted for more than 60% of the large January total, their share in subsequent months fell to less than one-third. The sharp drop in the amount of new dollar-denominated offerings mainly reflected a lack of investor confidence in the dollar.

The combination of exchange-rate expectations and the proliferation of exchange controls in Europe sustained the demand for international issues denominated in strong European currencies. The imposition of negative interest rates on local currency deposits held by nonresidents and the placing of restrictions on nonresident purchases of domestic securities in most European countries, had the effect of shifting some nonresident demand for financial assets in these currencies to the international bond market. New international bond issues denominated in German marks rose 22% in January-April 1973 over the same period last year, to the equivalent of \$734 million, and accounted for 26% of total new issue volume for the period. New issues of foreign Swiss franc bonds rose 16% in January-April 1973, to the equivalent of \$340 million, and accounted for 12% of new issue activity. Euro-guilder issues were up 24% in the first four months of 1973.

U.S. companies' share of total new issues in the January-April period remained at about one-fourth, or approximately the same as for all of last year. However, their borrowing diminished after the February announcement by Treasury Secretary Shultz of the U.S. Government's intention to phase out capital controls by the end of 1974. In January 1973, U.S. companies raised \$343 million, mostly through the issuance of dollar-denominated securities.

However, during February-April 1973, new international bond issues by U.S. companies averaged only \$110 million per month.

European borrowers in the first four months of 1973 accounted for more than half of total new-issue volume. Foremost among them were U.K. borrowers—companies as well as public authorities—which raised nearly \$460 million in this period, or about 16% of total new-issue volume.

Currency uncertainties and various restrictions on nonresident acquisition of European domestic securities have tended to cause a widening of the difference between yields on domestic and international bonds in the same currency. For example, whereas secondary market yields of international DM bonds declined by 20-30 basis points in the 12 months ended March 1973, yields on German domestic bonds rose by 120-130 basis points. The offering yields on recently issued in-

ternational DM bonds were approximately 6½%, compared to a yield of more than 8½% on a recent domestic DM bond offering by the federal government. Similar, if somewhat less pronounced, differentials exist between yields on domestic and international bonds in several other European currencies.

The yield differential between international bonds denominated in U.S. dollars and those denominated in European currencies also has widened, particularly since the beginning of the year. At the end of January 1973, for example, the secondary-market yields of U.S. companies' international dollar bonds were about 55 basis points above those for their international DM bonds. However, by mid-April the yield gap had more than doubled. Similarly, the yield differential between U.S. companies' dollar and Swiss franc bonds widened from about 175 basis points to nearly 240 basis points over the same period.

Statistical appendix

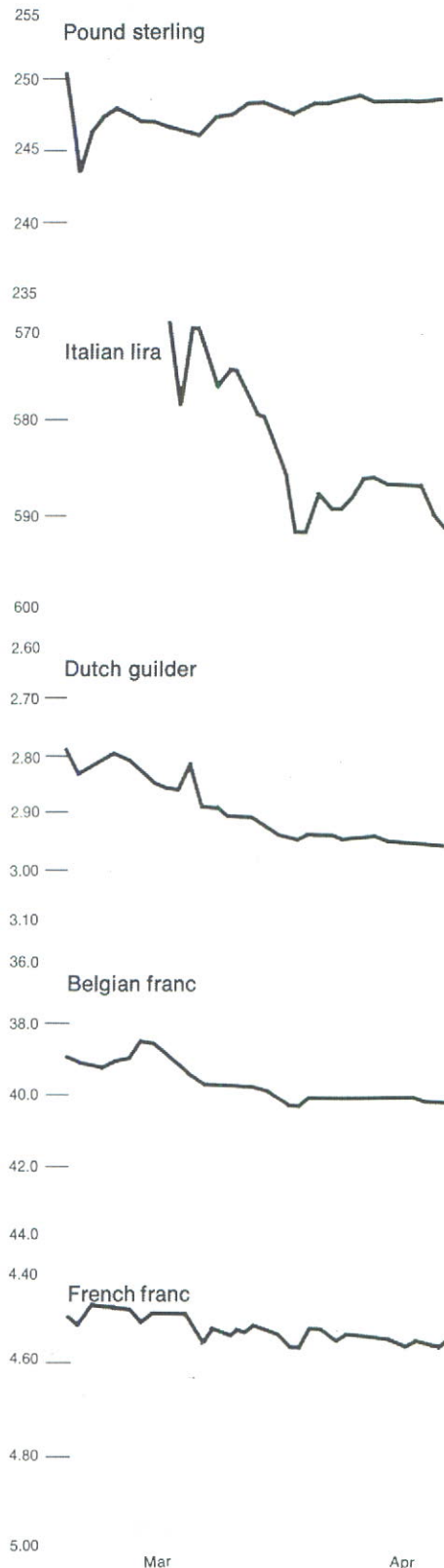
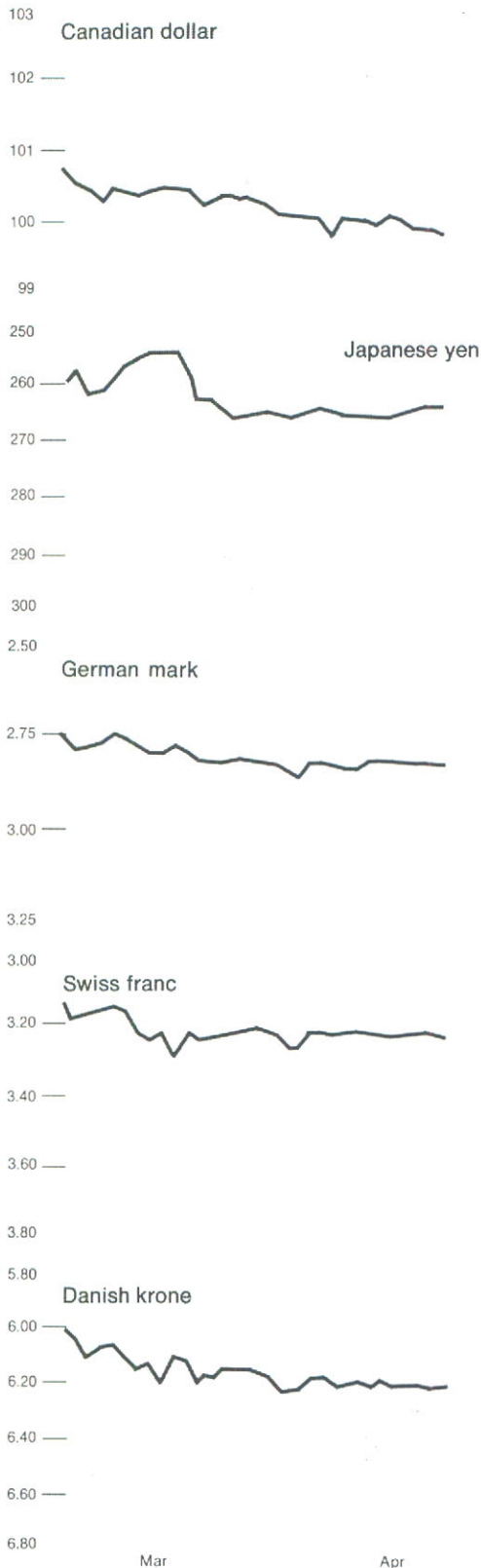
for key to data in charts and tables
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Information herein is from sources we consider to be reliable but is furnished without responsibility on our part.

Spot exchange rates

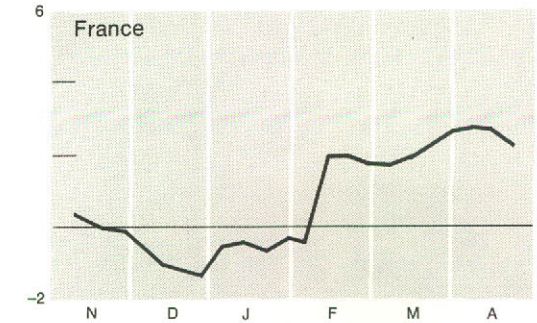
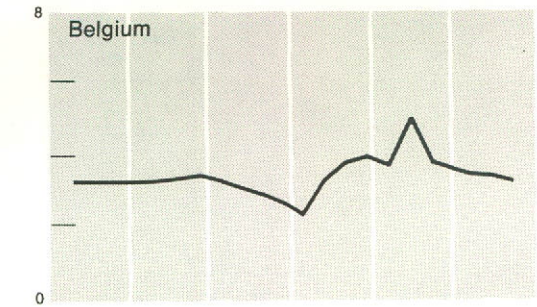
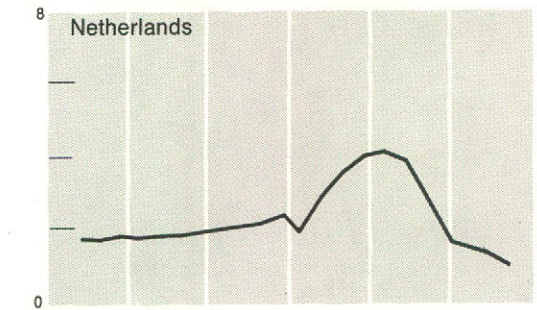
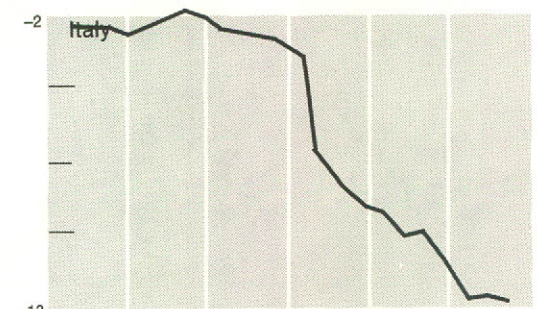
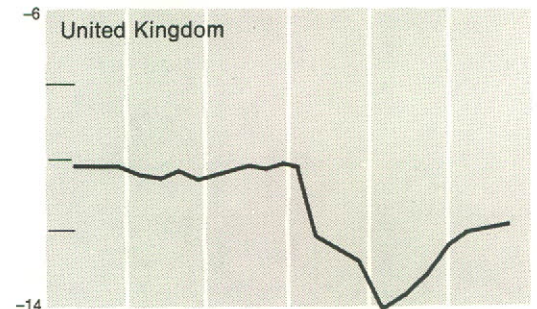
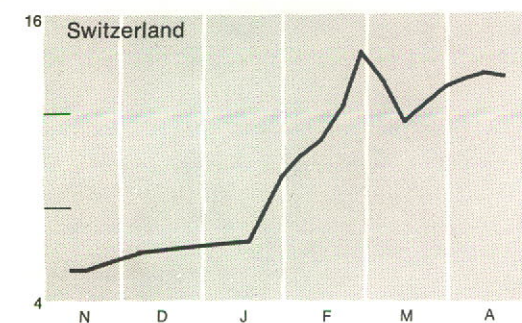
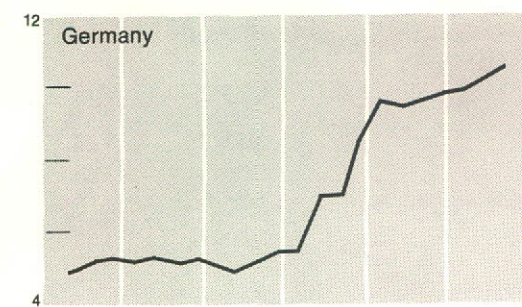
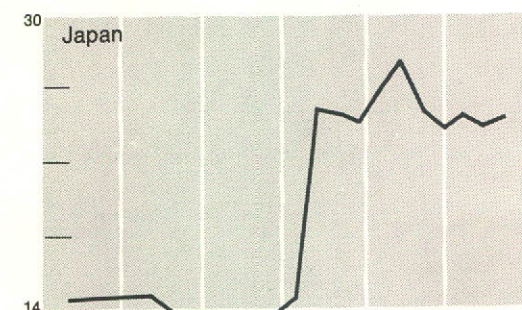
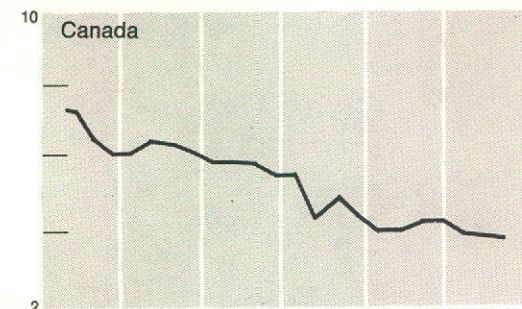
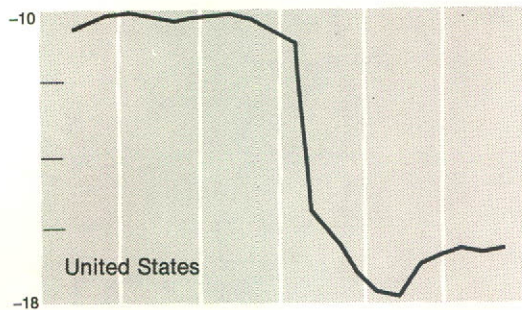
expressed in foreign currency units, except for British pound and Canadian dollar which are expressed in U.S. cents



Effective exchange rates

exchange rate changes vis-à-vis a group of 14 major currencies weighted according to bilateral trade

changes from pre-May 1971 parities (pre-June 1970 for Canada), based on weekly averages of daily exchange rates



International bond yields

Long-term issues, at or near end of month

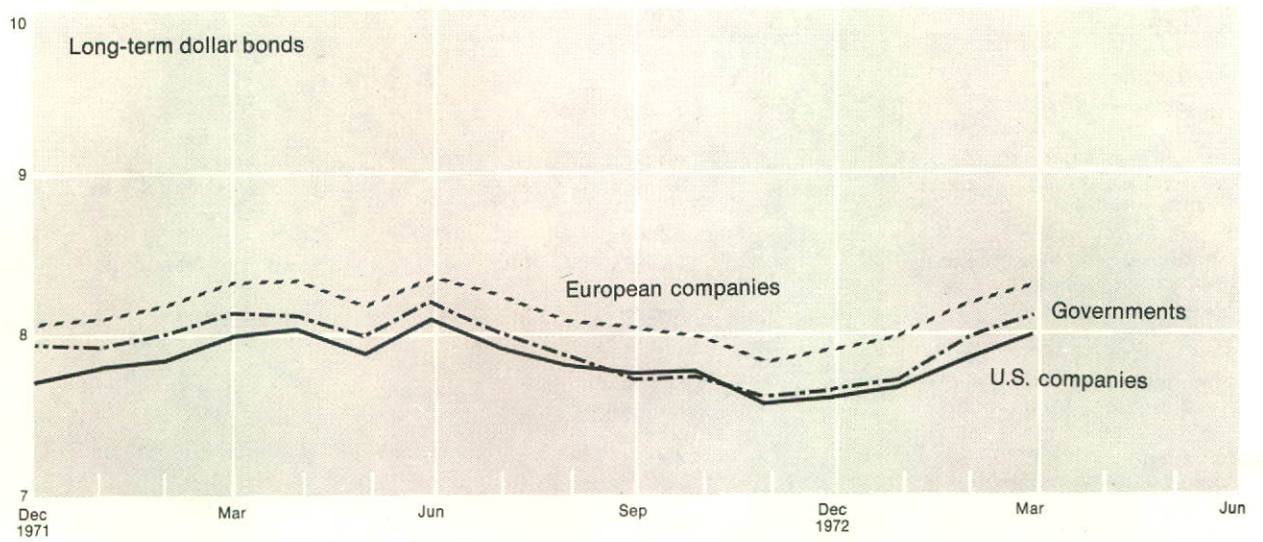
		U.S. companies			European companies		Governments
		U.S. dollar	German mark	Swiss franc	U.S. dollar	German mark	U.S. dollar
1971	Dec	7.77	7.51	5.72	8.05	7.75	7.95
1972	Apr	8.02	7.17	5.53	8.32	7.58	8.11
	May	7.89	6.90	5.49	8.14	7.29	7.98
	Jun	8.10	7.07	5.62	8.36	7.53	8.21
	Jul	7.92	6.94	5.50	8.21	7.27	7.99
	Aug	7.82	6.79	5.55	8.07	7.27	7.85
	Sep	7.76	6.92	5.58	8.03	7.38	7.75
	Oct	7.78	7.13	5.78	7.99	7.51	7.76
	Nov	7.58	7.15	5.95	7.82	7.58	7.58
	Dec	7.62	7.08	5.90	7.91	7.40	7.65
1973	Jan	7.66	7.12	5.92	7.97	7.44	7.71
	Feb	7.85	6.91	5.71	8.15	7.27	7.96
	Mar	7.99	6.89	5.66	8.29	7.23	8.09

Euro-dollar deposit rates

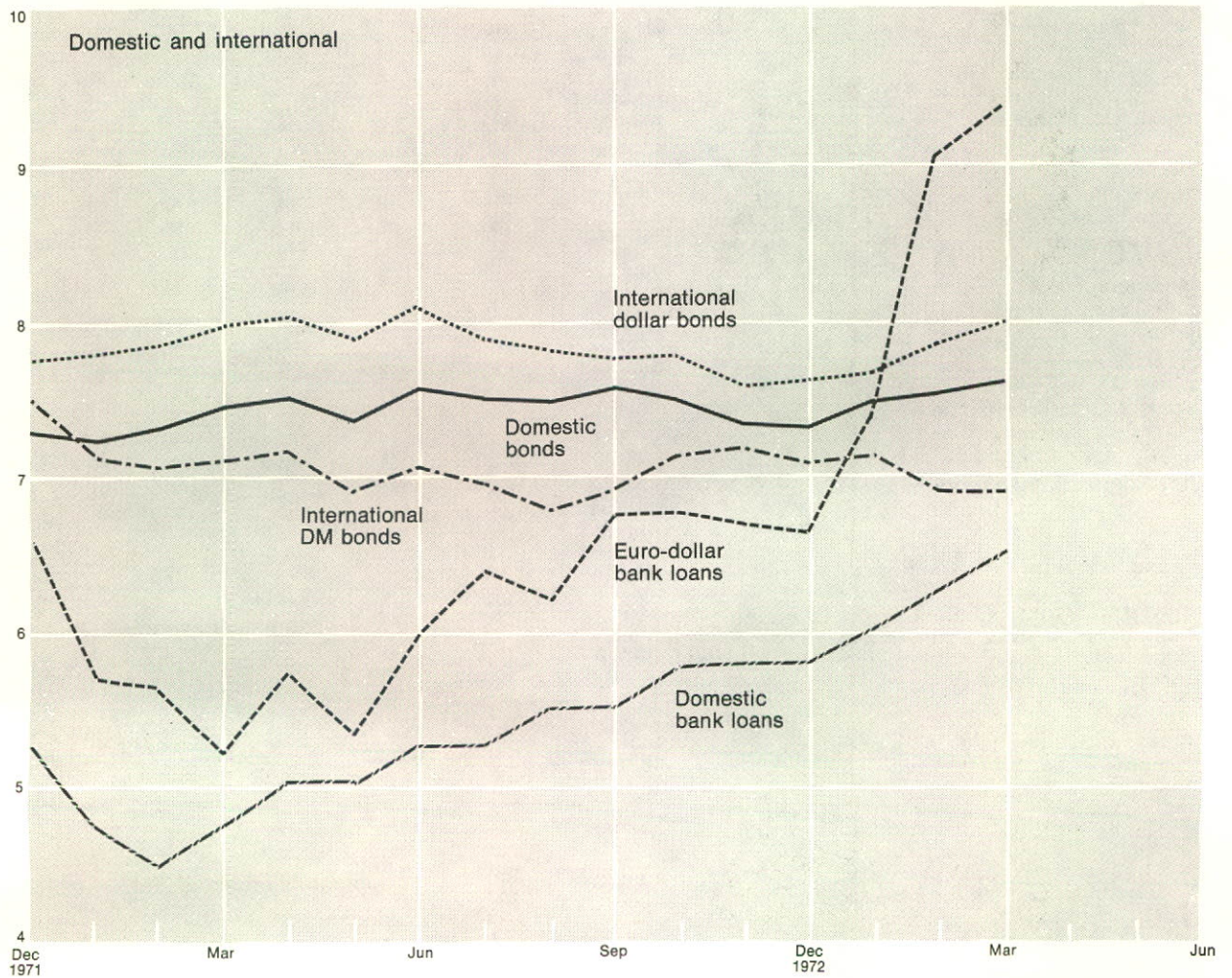
prime banks' bid rates in London, at or near end of month

		Call	7-day notice	One month	Three months	Six months	Twelve months
1970	Dec	5.38	5.38	6.19	6.44	6.75	6.75
1971	Mar	4.63	4.63	4.81	5.31	5.81	6.25
	Jun	4.63	5.00	5.69	6.50	7.00	7.38
	Sep	5.38	5.63	7.06	7.75	7.75	7.75
	Dec	5.13	5.25	5.75	5.75	5.81	6.00
1972	Apr	3.88	3.88	4.56	5.00	5.56	6.13
	May	3.88	3.88	4.25	4.56	5.25	5.88
	Jun	4.13	4.13	4.69	5.25	5.69	6.06
	Jul	5.25	5.38	5.50	5.63	6.19	6.25
	Aug	4.50	4.63	5.38	5.44	6.13	6.25
	Sep	4.63	4.63	5.00	6.00	6.13	6.38
	Oct	4.88	4.88	5.00	6.00	6.13	6.50
	Nov	5.13	5.13	5.88	5.94	6.19	6.38
	Dec	5.00	5.13	5.69	5.88	6.19	6.38
1973	Jan	6.38	6.63	6.50	6.63	6.75	6.88
	Feb	9.00	9.00	8.50	8.31	8.19	7.94
	Mar	9.75	8.00	8.38	8.63	8.63	8.50

International bond yields



U.S. companies' borrowing rates



New international bond issues

Issuer (Guarantor)	(Euro-bond: E; Foreign bond: F)	Country/state of domicile	Amount, millions	Offer date	Coupon rate ^a	Maturity	Offer price	Yield ^b
March 1973								
U.S. companies								
Ingersoll-Rand Overseas Company (Ingersoll-Rand Company) (F)		Delaware	SwF 80	6	6 a	1988	100	5.91
Eaton International Finance Corporation (Eaton Corporation) (F)		Delaware	SwF 80	26	6 a	1988	100	5.91
Warner-Lambert Company (E) c		Delaware	\$30	29	4½ a	1988	100	4.21
Ford International Finance Corporation (Ford Motor Company) (E) d		Delaware	\$75	29	5 a	1988	100	4.94
City Investing Company (E) e		New York	\$15	n.a.	8½ a	1988	99½	8.39
Other companies								
Amsterdam-Rotterdam Bank N.V. (E) f		Netherlands	Fl 60	2	6¼ a	1980	99½	6.34
Vizcaya International N.V. (Banco de Vizcaya) (E)		Netherlands	\$40	5	*	1978	n.a.	n.a.
I.C.I. International Finance Limited (Imperial Chemical Industries Limited) (F)		Bermuda	SwF 80	15	6 a	1988	100	5.91
Arbed Finance S.A. (Arbed Acieres Reunies de Burbach-eich-Dudelange S.A.) (E) f		Luxembourg	Fl 60	23	6¼ a	1980	99¼	6.29
Bank Mees en Hope N.V. (E) f		Netherlands	Fl 40	30	6 a	1980	99½	6.00
State enterprises								
Hydro-Electric Power Commission of Ontario (Province of Ontario) (E)		Canada	DM 100	1	6½ a	1988	100	6.40
Port Authority of Jamaica (Government of Jamaica) (E) e		Jamaica	\$14	1	6¾ a	1988	n.a.	n.a.
Quebec Hydro-Electric Commission (Province of Quebec) (E)		Canada	DM 100	2	6½ a	1988	99½	6.45
Trans-Austria Gasline Finance Company, Ltd. (F)		Bermuda	ASch 250	9	7 a	1988	97¼	7.18
South African Iron and Steel Industrial Corp. (ISCOR) (Republic of South Africa) (E)		S. Africa	DM 100	15	7 a	1988	98	7.10
Eurolima (F)			DM 50	20	6½	1988	99	6.61
Teesside Corporation (H.M. Treasury) (E)		U.K.	\$25	27	8 a	1979	100	7.85
Governments								
Kingdom of Denmark (F) f			BF 1,200	1	7½ a	1985	n.a.	n.a.
City of Oslo (F)		Norway	SwF 50	6	6¼ a	1988	100	6.16
City of Laval (F)		Canada	SwF 8	12	6¾ a	1988	100	6.64
International organizations								
Inter-American Development Bank (F) e			Y 3,000	1	7 a	1983	98¾	7.06
European Coal and Steel Community (F)			DM 150	23	6½ a	1988	100	6.40
European Coal and Steel Community (E) f			Lux 800	n.a.	7 a	1985	99	7.00

^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 Convertible into the common stock of the company after April 1, 1976. Conversion price premium over closing price of common stock on day preceding offering was 17.0%.

^d Convertible into the common stock of the parent after April 30, 1974. Conversion price premium over closing price of common stock on day preceding offering was 12.0%.

^e Placed privately in Japan.

^f Private placement.

* Floating rate of interest over the six-month Euro-dollar interbank rate.

New international bond issues

Issuer (Guarantor)	(Euro-bond: E; Foreign bond: F)	Country/state of domicile	Amount, millions	Offer date	Coupon rate ^a	Maturity	Offer price	Yield ^b
April — preliminary								
U.S. companies								
Pacific Lighting Overseas Finance N.V. (Pacific Lighting Corporation) (E)		N. Antilles	\$25	4	8 a	1988	98½	8.02
Consolidated Foods Overseas Finance N.V. (Consolidated Foods Corporation) (E) c		N. Antilles	Fl 40	13	6½ a	1980	100	6.40
Other companies								
Heron Corporation Limited (F)		U.K.	SwF 30	3	6¾ a	1988	100	6.64
Algemene Bank Nederland N.V. (E) c		Netherlands	Fl 75	6	6¼ a	1980	100	6.16
Rauma-Repola Oy (E) d		Finland	\$8		8 a	1988	98½	8.02
Kansallis-Osake-Pankki (E) d		Finland	\$8		8 a	1988	98¾	7.99
Metropolitan Estate and Property Corporation Ltd. (E)		U.K.	DM 100			1988		
State enterprises								
Copenhagen Telephone Company (E)		Denmark	DM 60	3	6½ a	1988	99	6.50
Jugobanka (E) d		Yugoslavia	\$10	10	8 a	1981	98	8.19
			\$20	10	*	1981	100	
Electricity Supply Commission of South Africa (Republic of South Africa) (E)		S. Africa	DM 100	12	7 a	1988	98½	7.04
Salzburger A. G. für Elektrizitätswirtschaft (County of Salzburg) (F)		Austria	SwF 8	12	6½ a	1988	100	6.40
Steirische Wasserkraft-und Elektrizitäts A.G. (County of Steiermark) (F)		Austria	SwF 50	17	6 a	1988	100	5.91
Governments								
City of Bergen (E)		Norway	LuxF 500	2	7½ a	1991	99¼	7.44
Kingdom of Denmark (E)			FF 100	6	7¾ a	1988	100	7.61
Province of Newfoundland (E)		Canada	DM 100	6	6½ a	1988	99½	6.45
City and County of Bristol (E)		U.K.	\$15	11	8¼ a	1979	100	8.00
City of Coventry (E)		U.K.	\$25	26	8¼ a	1980	100	8.09
International organizations								
International Bank for Reconstruction and Development (F)			SwF 100	2	6 a	1991	100	5.91
International Bank for Reconstruction and Development (F)			DM 250		6%	1988	100	6.28

^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 Placed privately in Japan.

* Floats at 1½% over the six-month London Euro-dollar interbank rate.

New international bond issues outside the United States

new issues in period indicated, in millions of dollars

	1968	1969	1970	1971	1972 ^r	1973			Jan-Apr	
						Feb	Mar	Apr ^p	1973 ^p	1972
Euro-bonds, total	3 573	3 156	2 966	3 642	6 335	272	378	313	1 968	1 776
<i>by category of borrower</i>										
U.S. companies	2 096	1 005	741	1 098	1 992	52	120	39	518	614
Other companies	603	817	1 065	1 119	1 759	60	95	78	699	468
State enterprises	349	682	594	848	1 170	68	143	87	443	346
Governments	500	584	351	479	1 019	—	—	109	188	270
International organizations	25	68	215	98	395	92	20	—	120	78
<i>by currency of denomination</i>										
U.S. dollar	2 554	1 723	1 775	2 221	3 908	172	199	111	1 212	1 041
German mark	914	1 338	688	786	1 129	52	104	129	454	351
Dutch guilder	—	17	391	298	393	—	55	39	153	123
Other ^a	105	78	112	337	905	48	20	34	149	261
<i>by type of security</i>										
Long-term straight debt	1 108	1 852	1 995	2 633	4 358	220	153	198	1 154	1 302
Medium-term straight debt	480	173	733	714	642	52	120	115	422	199
Certificates of deposit	75	—	—	—	115	—	—	—	35	25
Convertible	1 910	1 131	238	295	1 220	—	105	—	357	250
Foreign bonds, total	1 135	827	378	1 538	2 060	308	218	147	858	779
<i>by category of borrower</i>										
U.S. companies	139	223	55	200	215	68	49	—	153	73
Other companies	56	128	83	212	345	23	25	9	85	165
State enterprises	12	107	16	163	249	86	30	18	135	74
Governments	317	98	53	254	177	—	49	—	51	37
International organizations	611	271	171	709	1 074	131	65	120	434	430
<i>by currency of denomination</i>										
German mark	674	531	89	308	500	27	71	89	280	251
Swiss franc	238	196	193	669	815	129	93	58	340	294
Italian lira	72	24	—	32	163	—	—	—	—	34
British pound	19	—	12	138	—	—	—	—	—	—
Other ^b	132	76	84	391	582	152	54	—	238	200
<i>by type of security</i>										
Long-term straight debt	956	641	345	1 211	1 963	249	218	147	774	726
Medium-term straight debt	179	120	33	297	97	59	—	—	84	53
Convertible	—	66	—	30	—	—	—	—	—	—
International bonds, total	4 708	3 983	3 344	5 180	8 395	580	596	460	2 826	2 555

^a Includes European unit-of-account, European Currency Unit, and currency option issues.

^b Includes £/\$ option issues.

^p Preliminary

^r Revised

Central bank discount rates

	1969	1970	1971	1972					Current
	end	end	end	end	end	end	end	Apr 23	Effective
	Dec	Dec	Dec	Mar	Jun	Sep	Dec	1973	since
United States	6.00	5.50	4.50	4.50	4.50	4.50	4.50	5.75	Apr 23, 73
Canada	8.00	6.00	4.75	4.75	4.75	4.75	4.75	5.25	Apr 9, 73
Japan	6.25	6.00	4.75	4.75	4.25	4.25	4.25	5.00	Apr 2, 73
Belgium	7.50	6.50	5.50	4.00	4.00	4.00	5.00	5.00	Dec 21, 72
France	8.00	7.00	6.50	6.00	5.75	5.75	7.50	7.50	Dec 1, 72
Germany	6.00	6.00	4.00	3.00	3.00	3.00	4.50	5.00	Jan 12, 73
Italy	4.00	5.50	4.50	4.50	4.00	4.00	4.00	4.00	Apr 10, 72
Netherlands	6.00	6.00	5.00	4.00	4.00	3.00	4.00	4.00	Nov 6, 72
Denmark	9.00	9.00	7.50	7.00	8.00	8.00	7.00	7.00	Oct 3, 72
Norway	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	Sep 27, 69
Sweden	7.00	7.00	5.00	5.00	5.00	5.00	5.00	5.00	Nov 12, 71
Switzerland	3.75	3.75	3.75	3.75	3.75	3.75	3.75	4.50	Jan 22, 73
United Kingdom	8.00	7.00	5.00	5.00	6.00	3.00	9.00	8.25	Apr 20, 73
South Africa	5.50	5.50	6.50	6.50	6.50	6.00	6.00	5.50	Mar 28, 73

Day-to-day money rates

monthly averages

	1969	1970	1971	1972					1973		
	Dec	Dec	Dec	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
United States	8.97	4.90	4.14	4.80	4.87	5.04	5.06	5.33	5.94	6.58	7.09
Canada	7.78	5.14	3.61	3.48	3.57	3.63	3.71	3.71	3.77	3.93	4.22
Japan	8.25	7.75	5.25	4.00	4.06	4.19	4.07	4.46	4.69	4.92	5.18
Belgium	6.07	5.55	4.10	2.68	2.21	3.44	3.08	3.75	3.46	3.18	3.14
France	10.38	7.46	5.28	3.76	3.89	5.16	6.33	7.32	7.22	7.28	7.51
Germany	8.13	7.50	5.88	4.70	4.88	6.25	5.75	6.75	5.50	2.25	11.75
Netherlands	7.11	6.73	4.91	0.60	0.54	2.61	3.31	3.20	2.78	1.55	0.61
Switzerland	4.75	5.50	0.00	0.25	0.50	1.25	3.00	4.00	4.75	3.00	1.00
United Kingdom	7.64	6.66	4.06	5.72	5.53	6.28	6.97	6.75	7.95	9.88	9.50
Australia	4.40	4.90	5.14	4.43	4.30	3.90	4.29	4.12	3.86	4.24	4.38
South Africa	4.21	4.35	5.72	4.80	4.63	4.76	4.72	4.39	4.10	4.08	4.11
Euro-dollars	10.00	6.97	5.26	4.81	4.59	4.88	4.97	5.14	5.80	8.38	8.75

Treasury bill rates

bond-equivalent yields, at or near end of month

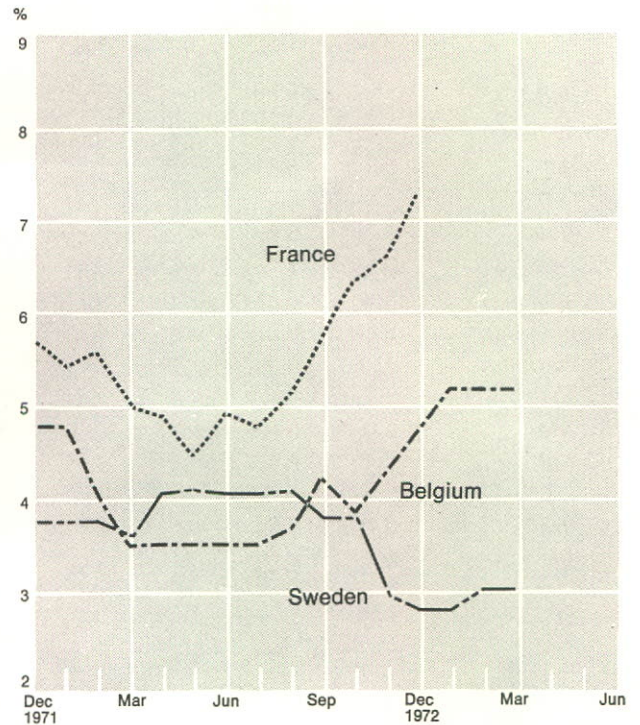
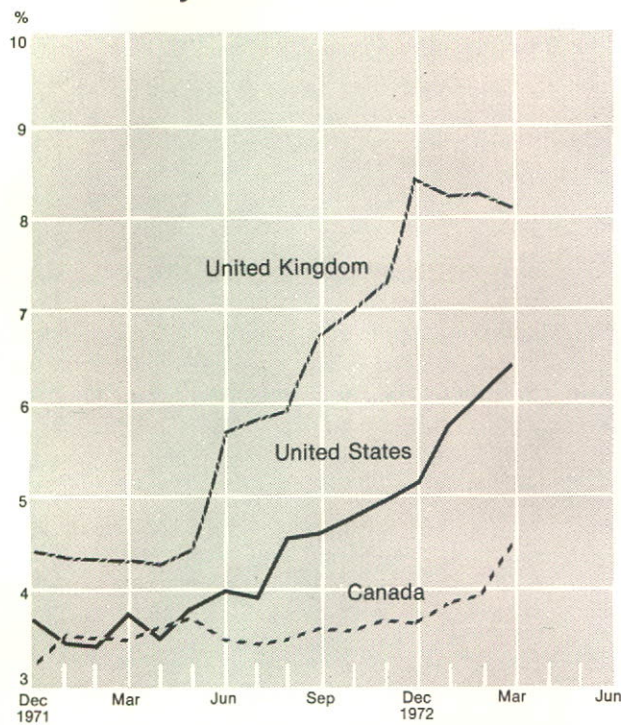
	1969	1970	1971	1972						1973		
	Dec	Dec	Dec	Aug	Sep	Oct	Nov	Dec		Jan	Feb	Mar
United States	8.28	5.03	3.72	4.60	4.64	4.80	4.98	5.21	5.81	6.04	6.44	
Canada	7.81	4.44	3.21	3.50	3.62	3.57	3.68	3.65	3.90	3.99	4.46	
Japan	5.94	5.81	5.17	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	
Belgium	8.50	6.95	4.80	3.65	4.20	3.85	4.30	4.80	5.20	5.20	5.20	
France	10.18	7.73	5.68	5.11	n.i.	6.30	6.64	7.30	n.i.	n.i.	n.i.	
Germany	5.83	5.83	3.28	2.77	2.77	3.28	4.30	4.30	4.81	4.81	4.81	
Italy	5.70	6.57	5.41	5.53	5.41	5.36	6.50	6.00	6.09	6.20	5.94	
Netherlands	6.25	6.25	5.00	0.75	1.63	3.50	4.25	4.25	3.75	2.75	1.75	
Sweden	8.69	8.42	3.79	4.04	3.79	3.79	3.02	2.77	2.77	3.03	3.02	
United Kingdom	7.80	6.95	4.46	5.96	6.74	7.00	7.28	8.48	8.28	8.29	8.10	
Australia	4.79	5.65	5.08	4.13	4.01	3.93	3.93	3.85	3.85	3.85	4.22	
South Africa	4.42	4.55	6.04	4.54	5.02	4.98	4.88	4.42	4.24	4.31	4.23	

Representative money-market rates

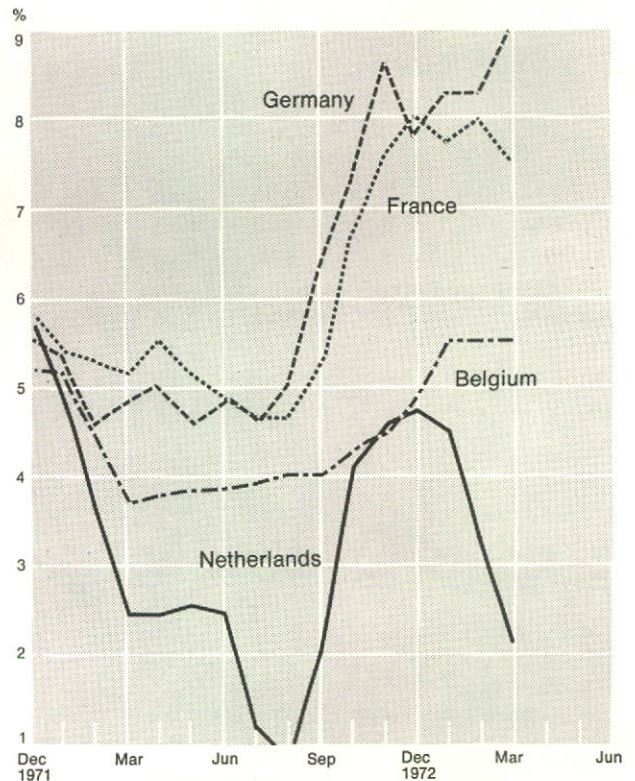
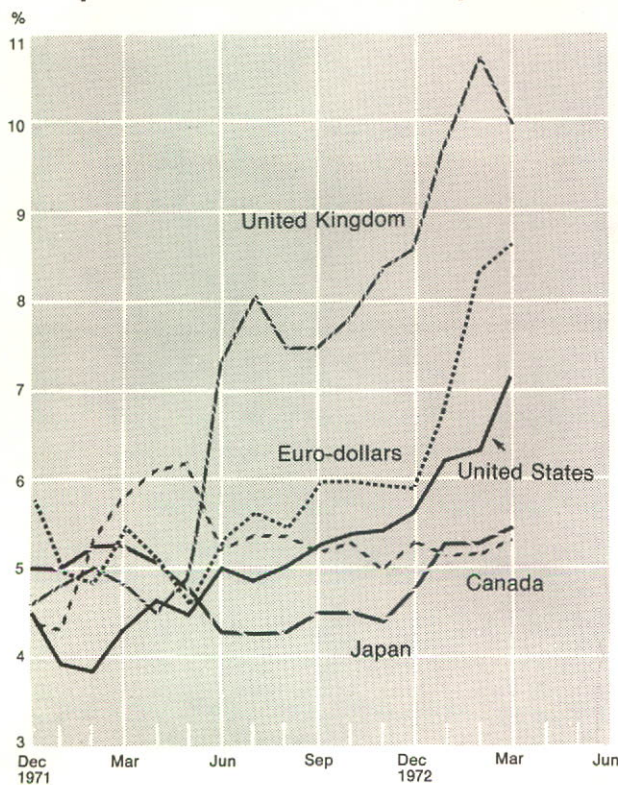
bond-equivalent yields, at or near end of month

	1969	1970	1971	1972						1973		
	Dec	Dec	Dec	Aug	Sep	Oct	Nov	Dec		Jan	Feb	Mar
United States	9.46	6.05	4.49	5.01	5.27	5.39	5.39	5.65	6.18	6.31	7.10	
Canada	9.34	6.09	4.42	5.31	5.19	5.31	4.94	5.31	5.19	5.19	5.31	
Japan	8.25	8.00	5.00	4.25	4.50	4.50	4.38	4.88	5.25	5.25	5.50	
Belgium	8.75	7.25	5.15	4.05	4.05	4.25	4.45	4.85	5.50	5.50	5.50	
France	10.88	7.25	5.75	4.63	5.25	6.63	7.63	8.00	7.75	8.00	7.56	
Germany	9.13	8.25	5.50	5.00	6.38	7.25	8.63	7.75	8.25	8.25	9.50	
Italy	5.00	7.38	5.50	5.25	5.25	5.38	5.50	6.00	6.38	6.13	6.13	
Netherlands	9.00	7.38	5.63	0.88	2.13	4.13	4.63	4.75	4.50	3.25	2.13	
United Kingdom	9.13	7.00	4.63	7.50	7.50	7.88	8.38	8.63	9.75	10.75	10.00	
Australia	5.75	6.00	6.50	5.50	5.50	5.50	4.75	4.75	4.75	4.75	6.00	
South Africa	5.47	7.44	8.68	5.37	5.68	5.47	5.58	5.47	5.27	5.68	5.99	
Euro-dollars	10.13	6.44	5.75	5.44	6.00	6.00	5.94	5.88	6.63	8.31	8.63	

Treasury bill rates



Representative money-market rates



Commercial bank deposit rates

at or near end of month

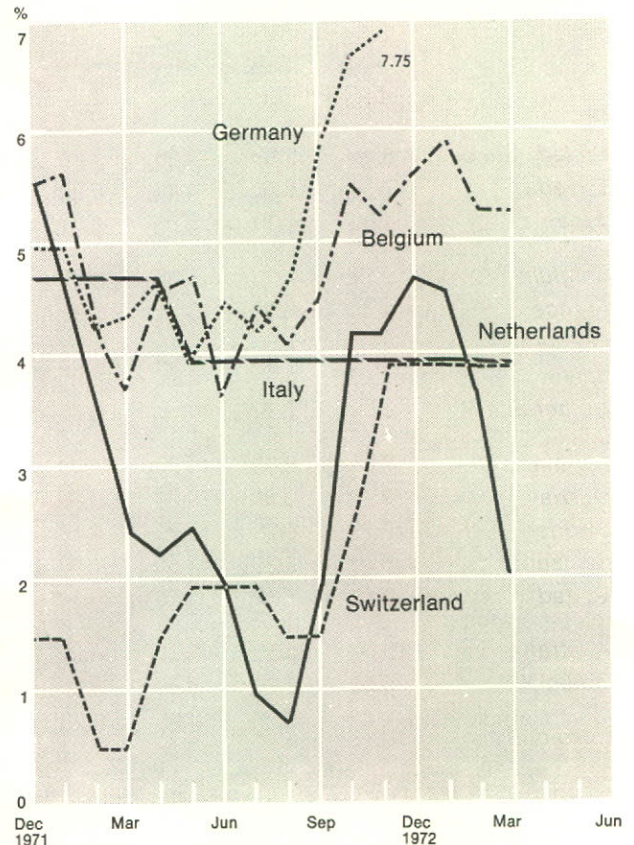
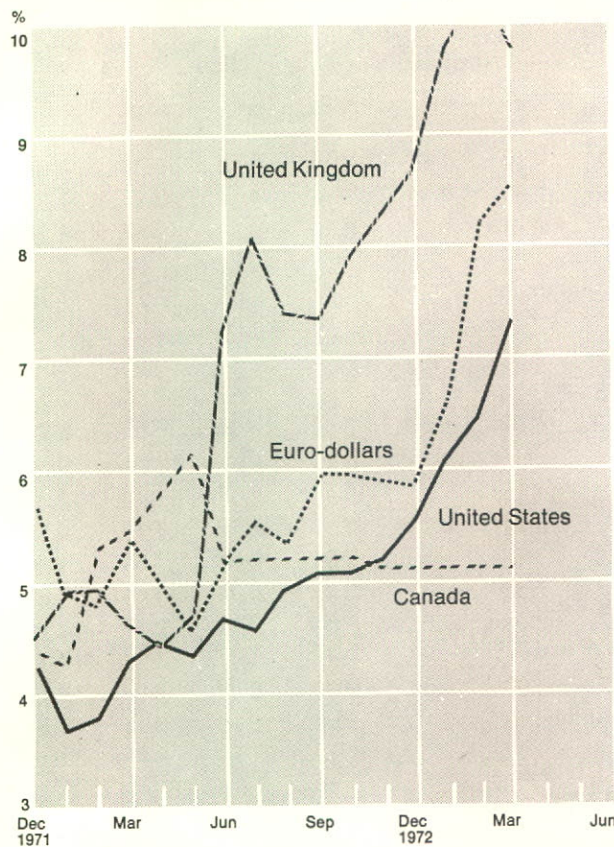
	1969	1970	1971	1972					1973		
	Dec	Dec	Dec	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
United States	6.00	5.63	4.25	5.00	5.13	5.13	5.25	5.63	6.13	6.50	7.35
Canada	7.50	5.50	4.40	5.25	5.25	5.25	5.13	5.13	5.13	5.13	5.13
Japan	4.00	4.00	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Belgium	9.25	7.00	5.63	4.12	4.50	5.63	5.31	5.75	6.00	5.38	5.38
France	3.00	6.50	6.75	5.25	5.25	6.00	6.75	6.75	6.75	7.00	6.88
Germany	8.63	7.50	5.00	4.75	5.75	6.75	7.75	7.25	7.75	7.50	8.25
Italy	7.50	6.00	4.75	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Netherlands	9.00	7.00	5.50	0.75	2.00	4.25	4.25	4.75	4.63	3.75	2.13
Denmark	7.00	8.00	6.50	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00
Norway	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Sweden	6.75	6.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Switzerland	5.00	5.25	1.50	1.50	1.50	2.50	4.00	4.00	4.00	4.00	4.00
United Kingdom	9.13	7.00	4.50	7.44	7.38	7.94	8.38	8.81	9.88	10.63	9.88
Australia	5.00	5.50	5.50	4.25	4.00	4.00	4.00	3.90	4.00	4.60	5.10
South Africa	5.50	6.00	6.75	5.00	5.00	5.25	5.25	5.25	5.00	5.00	5.00
Euro-dollars	10.13	6.44	5.75	5.44	6.00	6.00	5.94	5.88	6.63	8.31	8.63

Commercial bank lending rates to prime borrowers

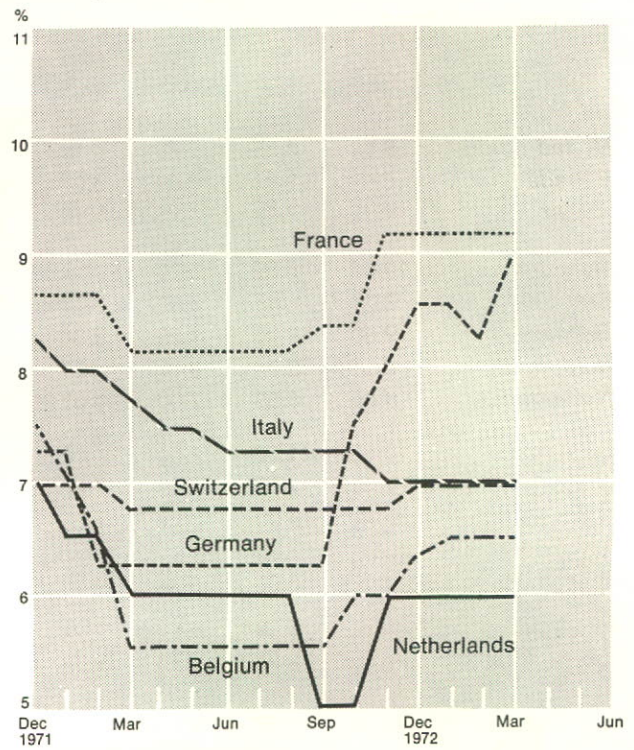
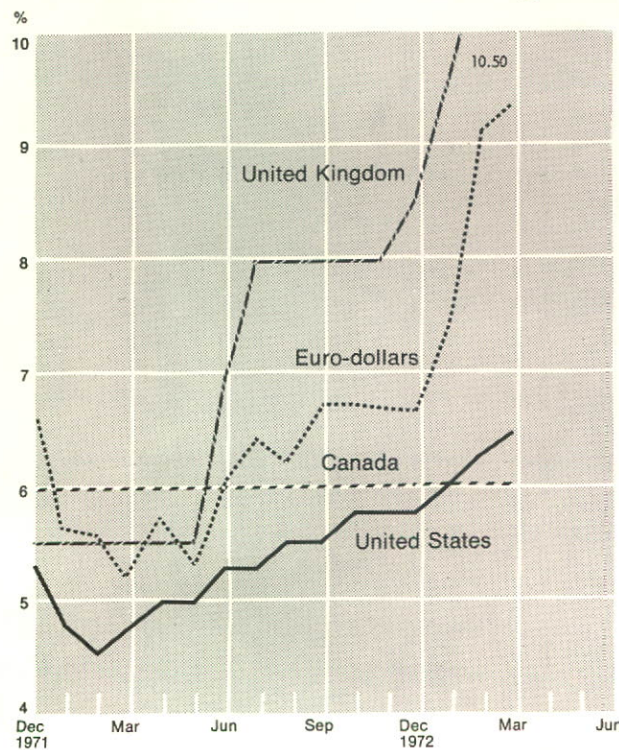
at or near end of month

	1969	1970	1971	1972					1973		
	Dec	Dec	Dec	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
United States	8.50	6.75	5.25	5.50	5.50	5.75	5.75	5.75	6.00	6.25	6.50
Canada	8.50	7.50	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Japan	7.37	7.46	7.10	6.48	6.40	6.39	6.35	6.33	6.31	6.31	6.32
Belgium	10.00	8.50	7.50	5.50	5.50	6.00	6.00	6.25	6.50	6.50	6.50
France	10.35	9.65	8.65	8.15	8.35	8.35	9.15	9.15	9.15	9.15	9.15
Germany	9.00	9.00	7.25	6.25	6.25	7.50	8.00	8.50	8.50	8.25	9.00
Italy	8.25	10.25	8.25	7.25	7.25	7.25	7.00	7.00	7.00	7.00	7.00
Netherlands	8.50	8.50	7.00	6.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00
Denmark	10.50	11.00	9.50	11.00	11.00	10.00	10.00	10.00	10.00	10.00	10.00
Norway	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
Sweden	9.50	10.00	8.00	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75
Switzerland	6.50	7.00	7.00	6.75	6.75	6.75	6.75	7.00	7.00	7.00	7.00
United Kingdom	9.00	8.00	5.50	8.00	8.00	8.00	8.00	8.50	9.50	10.50	10.50
Australia	7.25	7.75	7.75	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
South Africa	8.00	8.50	9.00	8.50	8.50	9.00	8.50	8.50	8.50	8.50	8.50
Euro-dollars	11.01	7.32	6.63	6.19	6.75	6.75	6.69	6.63	7.38	9.06	9.38

Commercial bank deposit rates



Commercial bank lending rates to prime borrowers



Domestic government bond yields

long-term issues, at or near end of month

	1969	1970	1971	1972					1973		
	Dec	Dec	Dec	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
United States	6.92	6.42	5.92	5.89	6.02	5.76	5.74	5.95	6.85	6.88	6.84
Canada	8.33	6.99	6.56	7.44	7.45	7.30	7.08	7.12	7.16	7.21	7.30
Japan	7.14	7.21	7.20	6.51	6.49	6.41	6.39	6.39	6.41	6.56	6.65
Belgium*	7.80	7.79	7.17	6.93	6.95	7.06	7.18	7.21	7.33	7.28	7.33
France	6.78	7.64	7.34	7.18	7.19	7.15	7.22	7.18	7.35	7.37	7.51
Germany	7.38	7.84	7.54	7.53	7.47	8.36	8.70	8.48	8.66	8.66	8.71
Italy	7.30	8.90	7.93	7.44	7.38	7.32	7.65	7.57	7.52	7.54	7.52
Netherlands	7.50	7.16	6.83	5.63	5.60	5.87	6.16	6.40	6.51	6.52	6.22
Denmark	10.73	11.34	10.81	10.07	10.40	9.46	10.03	10.47	10.88	11.05	11.70
Norway	6.30	6.41	6.37	6.23	6.24	6.14	6.15	6.13	6.10	6.18	6.19
Sweden	7.27	7.32	7.14	7.33	7.34	7.34	7.36	7.34	7.35	7.36	n.a.
Switzerland	5.34	5.70	4.99	4.96	4.98	5.08	5.33	5.25	5.34	5.34	5.29
United Kingdom	9.80	8.03	8.45	9.62	9.57	9.61	9.75	9.81	9.75	9.87	10.19
Australia	6.00	7.00	6.50	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.15
South Africa	6.42	7.75	8.50	8.25	8.13	8.13	8.13	8.13	8.13	8.13	7.75

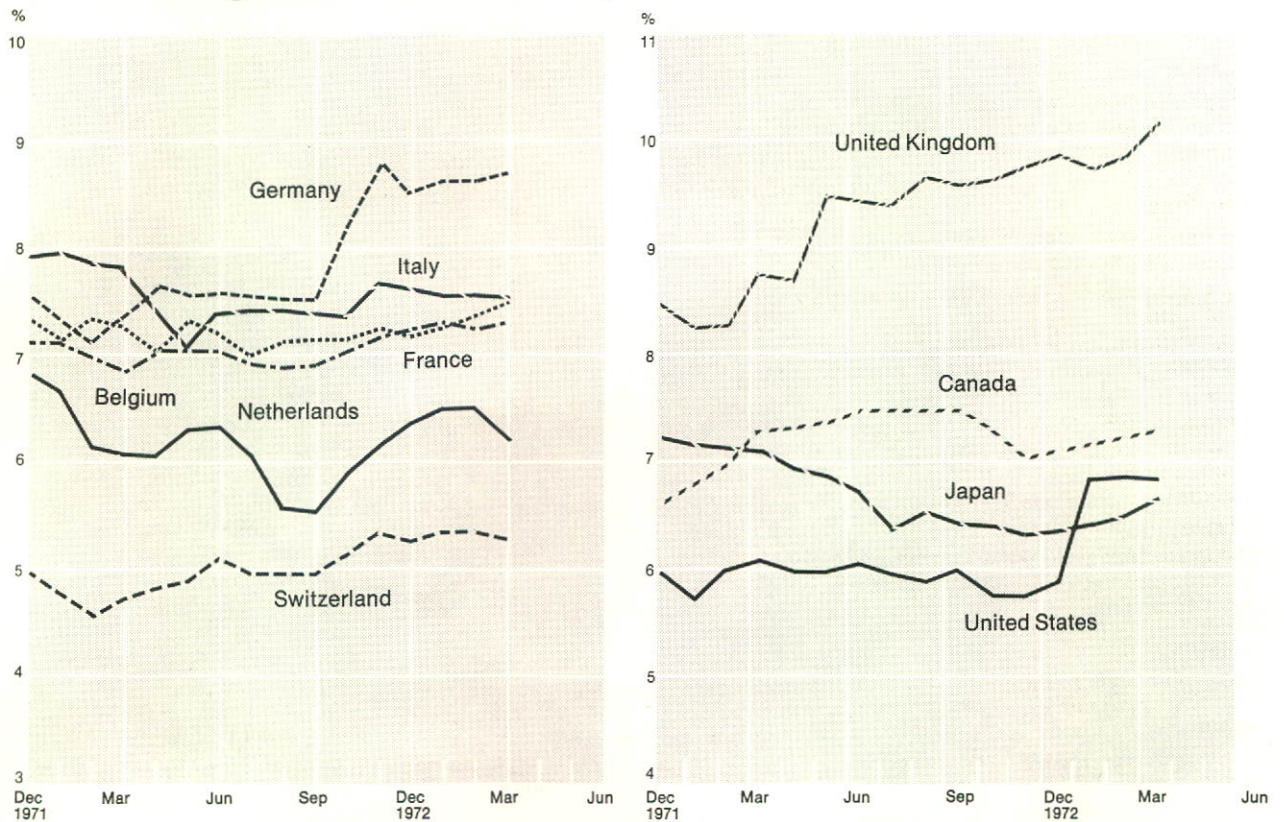
Domestic corporate bond yields

long-term issues, at or near end of month

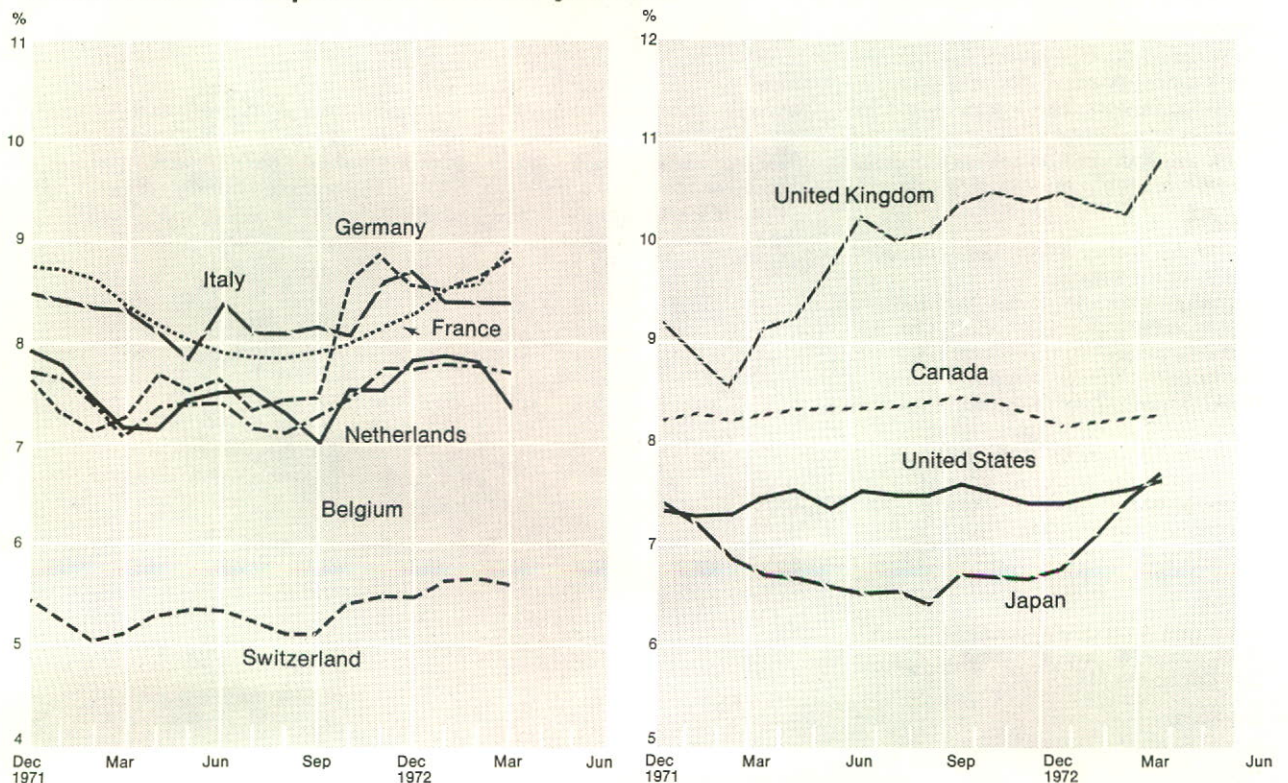
	1969	1970	1971	1972					1973		
	Dec	Dec	Dec	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
United States	8.95	7.90	7.30	7.50	7.58	7.47	7.33	7.33	7.48	7.50	7.60
Canada	9.29	8.83	8.24	8.39	8.46	8.41	8.25	8.15	8.18	8.20	8.22
Japan	9.07	9.20	7.38	6.38	6.67	6.65	6.63	6.75	7.08	7.41	7.62
Belgium*	9.26	9.32	7.69	7.08	7.25	7.46	7.76	7.74	7.77	7.73	7.69
France	8.71	8.83	8.69	7.82	7.94	7.99	8.10	8.30	8.54	8.59	8.68
Germany	7.60	7.77	7.59	7.36	7.40	8.66	8.77	8.58	8.50	8.62	8.83
Italy	8.51	9.74	8.46	8.02	8.14	8.01	8.62	8.67	8.41	8.34	8.35
Netherlands	8.54	7.88	7.91	7.32	7.00	7.53	7.53	7.81	7.84	7.80	7.36
Norway	7.42	6.81	6.77	6.34	6.34	6.35	6.36	6.29	6.29	6.30	6.31
Sweden	8.57	7.48	7.22	7.25	7.26	7.26	7.28	7.28	7.23	7.23	7.24
Switzerland	5.58	6.09	5.42	5.13	5.12	5.34	5.49	5.47	5.61	5.62	5.58
United Kingdom	10.70	10.84	9.19	10.11	10.33	10.35	10.30	10.40	10.31	10.26	10.79
Australia	8.25	9.25	8.50	8.00	8.00	8.00	8.00	8.00	8.00	8.25	8.50
South Africa	7.75	9.25	9.75	9.00	8.80	8.80	8.80	8.80	8.80	8.80	8.80

* new series — see key

Domestic government bond yields



Domestic corporate bond yields



Key to data in charts and tables

I. Rates and yields by country

Australia

Day-to-day money rate—approximate effective interest rate in the authorized short-term money market.

Treasury bill rate—new issues of 13-week Treasury notes.

Representative money-market rate—3-month prime finance company paper.

Bank deposit rate—3-month certificates of deposit.

Bank lending rate to prime borrowers—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.

Government bond yield—20-year government bonds.

Corporate bond yield—long-term secured debentures, indicated by Australian United Corporation.

Belgium

Day-to-day money rate—call money.

Treasury bill rate—3-month Treasury certificates.

Representative money-market rate—4-month Fonds des Rentes certificates.

Bank deposit rate—special maximum rate for 3-month time deposits in large amounts.

Bank lending rate to prime borrowers—prime overdraft rate.

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

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

Canada

Day-to-day money rate—chartered banks' day-to-day loans.

Treasury bill rate—3-month Treasury bills at tender.

Representative money-market rate—3-month prime finance company paper.

Bank deposit rate—3-month time deposits.

Bank lending rate to prime borrowers—prime rate. In addition, compensating balances sometimes are required.

Government bond yield—Bank of Canada average yield on all direct government bonds due or callable in 10 years or over.

Corporate bond yield—McLeod, Young, Weir Co., Ltd., average yield on ten industrial bonds.

Denmark

Bank deposit rate—time deposits of 3-months' notice.

Bank lending rate to prime borrowers—lowest rate for commercial bank loans and advances, including a commission of 0.375 per quarter on the total line of credit.

Government bond yield—4½% government bond of 1997.

France

Day-to-day money rate—call money against private paper.

Treasury bill rate—new issues of one-year Treasury bills.

Representative money-market rate—3-month interbank money against private paper.

Bank deposit rate—3-month time deposits of F 100,000 or more. New series.

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

Government bond yield—Institut National de la Statistique et des Etudes Economiques (INSEE) tax-adjusted yield on 5% government perpetual bond.

Corporate bond yield—INSEE tax adjusted average yield on outstanding private corporate bonds.

Germany

Day-to-day money rate—interbank call money.

Treasury bill rate—60- to 90-day Treasury bills as sold by German central bank.

Representative money-market rate—3-month interbank deposits.

Bank deposit rate—3-month time deposits in large amounts.

Bank lending rate to prime borrowers—approximate effective approved overdraft rate for prime borrowers.

Government bond yield—Frankfurter Allgemeine Zeitung (FAZ) 7% public authority bond average.

Corporate bond yield—FAZ 6% industrial bond average.

Italy

Treasury bill rate—yield on 5% Treasury bonds maturing April 1, 1974.

Representative money-market rate—interbank deposits of up to one-month maturity.

Bank deposit rate—Time deposits of L 100 million or more.

Bank lending rate to prime borrowers—unsecured overdraft rate for prime borrowers.

Government bond yield—average of yields on nine outstanding 6% bonds of public-sector entities.

Corporate bond yield—average of yields on ten outstanding bonds of leading Italian industrial companies.

Japan

Day-to-day money rate—Tokyo call money, overnight, lenders' rate.

Treasury bill rate—60- to 62-day non-interest-bearing discount government bills.

Representative money-market rate—Tokyo call money, unconditional, lenders' rate.

Bank deposit rate—3-month time deposits.

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

Government bond yield—average yield on outstanding maturities of 6½% national government bonds.

Corporate bond yield—average of yields on outstanding Nippon Telegraph & Telephone interest-bearing yen debentures.

Netherlands

Day-to-day money rate—open-market call money in Amsterdam.

Treasury bill rate—3-month Treasury bills.

Representative money-market rate—3-month municipal loans.

Bank deposit rate—3-month time deposits in large amounts.

Bank lending rate to prime borrowers—overdraft rate for prime borrowers.

Government bond yield—Central Bureau of Statistics (CBS) average yield on nine 3% to 3½% government bonds.

Corporate bond yield—CBS average yield on three 4½% to 4¾% corporate bonds.

Norway

Bank deposit rate—3-month time deposits. Higher rates may be negotiated for 6-month or more time deposits in large amounts.

Bank lending rate to prime borrowers—overdraft rate, including a charge of 0.375% per quarter on the total line of credit.

Government bond yield—5% government bond of 1996.

Corporate bond yield—5¾% Dalen Portland-Cement bond of 1969-84.

Key to data in tables and charts – continued

South Africa

Day-to-day money rate – National Finance Corporation call money rate.

Treasury bill rate – 3-month Treasury bills at tender.

Representative money-market rate – 90-day bank acceptances.

Bank deposit rate – 3-month time deposits at merchant banks.

Bank lending rate to prime borrowers – unsecured overdraft rate for prime borrowers.

Government bond yield – 8½% government bonds of 1996.

Corporate bond yield – an approximate yield based on average yields of long-term bonds of the semipublic ESCOM, plus ½%.

Sweden

Treasury bill rate – new issues of 3-month Treasury bills.

Bank deposit rate – deposits at 6-months' notice.

Bank lending rate to prime borrowers – overdraft rate for prime borrowers, including a fee of 1¼% per annum prior to Jan 1972 (1% thereafter) on total amount of credit authorized.

Government bond yield – 15-year government bonds.

Corporate bond yield – Central Statistical Bureau average yield on industrial bonds. New series as of 1970.

Switzerland

Day-to-day money rate – call money.

Bank deposit rate – 3-month time deposits.

Bank lending rate to prime borrowers – overdraft rate for prime borrowers, including commission of 0.25% per quarter on highest debit balance in quarter.

Government bond yield – Swiss Confederation bond average.

Corporate bond yield – average of yields on outstanding bonds of five leading Swiss companies.

United Kingdom

Day-to-day money rate – day-to-day loans.

Treasury bill rate – 91-day Treasury bills at tender.

Representative money-market rate – 3-month local authority deposits.

Bank deposit rate – 3-month time deposits.

Bank lending rate to prime borrowers – unsecured overdraft rate for prime borrowers.

Government bond yield – 3½% war loan.

Corporate bond yield – F.T. (Financial Times)-Actuaries 20-year debentures and loans.

United States

Day-to-day money rate – effective Federal funds rate.

Treasury bill rate – 3-month Treasury bills.

Representative money-market rate – 3-month prime industrial paper.

Bank deposit rate – 3-month negotiable certificates of deposit issued by Morgan Guaranty Trust Company.

Bank lending rate to prime borrowers – minimum commercial lending rate of Morgan Guaranty Trust Company. In addition, compensating balances are required.

Government bond yield – Morgan Guaranty 20-year U.S. Government Bond Index. New Series as of Jan. 1973.

Corporate bond yield – Morgan Guaranty index of new issue yields for Aa utility bonds with five-year call protection.

II. Euro-dollar rates

Day-to-day money rate – prime banks' bid rate for call money in London.

Representative money-market rate – prime banks' bid rate for 3-month deposits in London.

Bank deposit rate – prime banks' bid rate for 3-month deposits in London.

Bank lending rate to prime borrowers – representative average rate for 3-month loans to prime borrowers.

III. 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 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

Long-term straight debt – 8 years or more.

Medium-term straight debt – 3 to 7 years.

Certificate of deposit – 3 years or more.

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 1971 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).

Morgan Guaranty Trust Company of New York

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

Midtown offices

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

Banking offices abroad

London: 33 Lombard Street, EC3P 3BH
and 31 Berkeley Square, W1X 6EA
Paris: 14, Place Vendôme and 123, Avenue Charles de Gaulle, 92-Neuilly
Brussels: Avenue des Arts 27; 1040 Brussels
Antwerp: Frankrijklei 82; 2000 Antwerp
Frankfurt am Main: Bockenheimer Landstrasse 8
Düsseldorf: Berliner Allee 43
Munich: Von-der-Tann-Strasse 13
Zurich: Stockerstrasse 38
Milan: Banca Morgan Vonwiller S.p.A., Via Armorari, 14
Rome: Banca Morgan Vonwiller S.p.A., Via Boncompagni, 27
Tokyo, New Yurakucho Building, 11, 1-chome, Yuraku-cho, Chiyoda-ku
Nassau: Norfolk House, Frederick Street, P.O. Box N 3935

Representative offices

Madrid: Calle del Barquillo, 8
Beirut: Beirut Riyad Building, Rue Riyad Solh, P.O. Box 5752
Sydney: 60 Martin Place
Hong Kong: 36 New Henry House, 10 Ice House Street
São Paulo: Rua Direita 250-12^o
Caracas: Edificio Luz Eléctrica, Avenida Urdaneta

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

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

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