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CONFIDENTIAL

March 18, 1983

To: Members of the Executive Board  
From: The Acting Secretary  
Subject: The Fund's Liquidity Position and Financing Needs

Attached for consideration by the Executive Directors is a report on the Fund's current and prospective liquidity position and financing needs.

This subject has been tentatively scheduled for discussion on Friday, April 8, 1983.

Att: (1)

INTERNATIONAL MONETARY FUND

The Fund's Liquidity Position and Financing Needs

Prepared by Treasurer's Department

Approved by David Williams

March 17, 1983

I. Introduction

This paper presents a half yearly report on the Fund's current and prospective liquidity position and financing needs as of mid-March 1983. <sup>1/</sup> The data shown in the main tables cover in detail the period through April 30, 1984; tentative indications of the demand for the Fund's resources, and its financing, are also discussed for the period to April 1986. The estimates of the possible use of the Fund's resources under stand-by and extended arrangements and under special facilities are based on the likely need for resources within the present absolute levels of access to the Fund's resources. As indicated in the Managing Director's statement on the work program, the policy on enlarged access, including the access limits, will be reviewed by the Executive Board on May 18, 1983. Possible changes in the estimates may need to be made in the light of that discussion.

The present estimates of the inflow of usable ordinary resources resulting from the quota increases and the potential increase in resources from the enlarged GAB are shown as memoranda items in the relevant tables; no estimate is given for any associated borrowing arrangements with the GAB, e.g., by Saudi Arabia. The increases in resources from the enlarged quotas and GAB may be expected by the end of 1983, or shortly thereafter. Furthermore, while the date is uncertain, it is also possible that not all of the additions to usable ordinary resources will become available at the same time after the participation requirement under the quota Resolution is met.

The memorandum is organized as follows: The potential demands on the Fund's resources through April 30, 1986, are discussed in Section II. Estimates of the disbursements of ordinary and borrowed resources are

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<sup>1/</sup> The previous report was issued on October 8, 1982 (EBS/82/180) and the data in the main tables were updated in EBS/82/180, Sup. 1, issued on January 18, 1983. Earlier papers in the series dealing with the Fund's liquidity are EBS/80/272 (12/17/80); EBS/81/88 and Corr. 1 (4/8/81); SM/81/116 (5/15/81); EBS/81/163 (8/5/81); EBS/81/226 (11/20/81) and EBS/82/60 (4/2/82). The first of the papers listed included references to earlier surveys of the Fund's liquidity position.

discussed in Section III. Section IV deals with the resources needed to meet the estimated demands, and the final Section provides the main results of the review together with the principal conclusions. The Annex provides data on the Fund's liquidity, including the principal ratios for assessing Fund liquidity.

## II. Future Demands on the Fund's Resources

### 1. Commitments under arrangements

#### a. Year to April 30, 1983

The total of commitments under stand-by and extended arrangements, net of cancellations and expirations, for the year ended April 30, 1983, is now essentially firm, and amounts to SDR 11.4 billion (Table 1). A large part of the total (about SDR 9.5 billion) reflects the arrangements with Argentina, Brazil and Mexico. Other gross commitments are estimated to amount to SDR 5.2 billion, and after taking into account the total of undrawn balances under canceled and expired arrangements amounting to SDR 3.3 billion, net new commitments amount to SDR 1.9 billion. <sup>1/</sup>

Total commitments of SDR 11.4 billion are SDR 1.2 billion less than the estimate in EBS/82/180, Supplement 1, because the conclusion of arrangements with several members have been delayed and are now expected only in the early part of the next financial year.

Table 2 shows the estimates of the Fund's adjusted ordinary resources on a commitment basis as of March 15, 1983. As can be seen from that table, the Fund's uncommitted ordinary resources, which at present are of the order of SDR 10.2 billion, fall to the order of SDR 9.6 billion by the end of April 1983 and to SDR 5.5 billion by the end of 1983.

#### b. Year to April 30, 1984

The estimate for commitments under stand-by and extended arrangements for the year ended April 30, 1984 totals SDR 9.1 billion compared to the estimate of SDR 5 billion in EBS/82/180, Supplement 1. The revised total of SDR 9.1 billion takes into account the delayed arrangements mentioned above and also includes a possible stand-by arrangement for a non-GAB member with a relatively large quota. The estimate is also larger than earlier envisaged partly because the amounts

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<sup>1/</sup> Since the last full review made in September 1982, the number of stand-by and extended arrangements has risen from 29 to 35; 3 arrangements were canceled and 7 arrangements expired, while 16 new arrangements were agreed. Of the 35 arrangements in effect at present, one or more performance criteria (other than a review) are not being observed under 5 arrangements at this time.

Table 1. Estimates of Commitments and Financing under New Stand-by  
and Extended Arrangements (net of cancellations and expirations)  
through April 30, 1984

(In billions of SDRs)

	Actual	Estimated			Total
	May 1, 1981- April 30, 1982	May 1, 1982 - April 30, 1983 1/	May 1 - Dec. 31, 1983	January 1 - April 30, 1984	May 1, 1981 - April 30, 1984 Actual and Estimates
<u>Total net commitments</u>	<u>9.0</u>	<u>11.4</u>	<u>7.0</u>	<u>2.1</u>	<u>29.5</u>
Financing:					
a. Ordinary Resources	3.9	5.1	3.4	1.0	13.4
b. Borrowed Resources	5.1	6.3	3.6	1.1	16.1
<u>Pro Memoria</u>					
EAR Commitments of borrowed resources (gross)	6.0	7.0	3.6	1.1	17.7
SFF released from cancelled arrangements 2/	<u>-0.9</u> 5.1	<u>-0.7</u> 6.3	<u>--</u> 3.6	<u>--</u> 1.1	<u>-1.6</u> 16.1 3/

1/ During May 1, 1982 - March 15, 1983, the total of actual new commitments was SDR 10.2 billion of which SDR 4.8 billion involved ordinary resources and SDR 5.4 billion involved borrowed resources. The total takes account of cancellations of arrangements for Bangladesh, Costa Rica, Guyana, Sudan, Thailand, Zaire and Zambia.

2/ The SFF resources released so far under arrangements that have been cancelled or expired with undrawn balances are SDR 1.7 billion; against this, existing SFF credit lines have been used for SDR 0.1 billion to refinance early encashment of SFF claims by two lenders.

3/ The need to borrow for EAR would at this time be larger by the amounts of credit lines that are not at present being called upon. These are SDR 0.3 billion of SFF and SDR 0.1 billion of EAR lines of credit.

under some of the expected arrangements are larger than envisaged earlier, and also because some new arrangements are expected to be concluded. The estimated amount has been compiled on a country-by-country basis and in the light of probability assignments. The total is close to the total estimate made in April 1982 and in earlier reviews which was based on the then prospective aggregate current account deficits and potential maximum access to the Fund's resources.

On the basis of information from the Area Departments, a large majority of the arrangements expected to be concluded through April 1984 are likely to be shorter term stand-by arrangements. In view of this, and in light of the continued deficits and the large balance of payments financing needs of many members, the Area Departments expect that the demands for the Fund's resources will remain at high levels for at least the two years after April 1984, as discussed in the following subsection.

c. Two years to April 30, 1986

Despite the numerous uncertainties, a country-by-country assessment of possible new stand-by and extended arrangements has been made for the two years May 1, 1984 to April 30, 1986. Account has been taken of likely developments under existing arrangements and those likely to be entered into in the period to April 30, 1984, as well as of balance of payments projections, likely conditions in the international capital markets, and also a range of estimates for commodity prices reflecting the projections in the recent World Economic Outlook papers. The possible amount for each arrangement has been reduced by the probability of the arrangement actually being concluded during the period.

As noted earlier, it has been assumed that the absolute level of access to the Fund's resources by a member is maintained unchanged from its present level. This assumption is somewhat limiting. Members' access to the Fund's resources is expressed in terms of a specific percentage of quota which must be uniform for all members. The percentage to be applied after the new quotas come into effect is to be decided by the Executive Board, and, in view of the widespread differences in the size of the increases in quotas, the present level of access in absolute amounts cannot be expressed in an equivalent uniform percentage of the new quotas so that for a number of members estimates of use of resources for these years are highly tentative.

For the two years to April 30, 1986, the total of commitments could range between SDR 10 billion to SDR 15 billion; members with smaller quotas could enter into arrangements for amounts totaling the order of SDR 5-7 billion, and the balance could be accounted for by members (including some smaller industrial countries) with relatively larger quotas. These figures will obviously underestimate likely demand because they do not allow for any increase in access on the occasion of the increases in quotas under the Eighth General Review.

Table 2. Estimates of Fund's Adjusted Ordinary Resources on a Commitment Basis  
March 15, 1983 - April 30, 1984

(In billions of SDRs)

	Estimates			Memoranda
	March 15- April 30, 1983	May 1 - Dec- ember 31, 1983 <sup>2/</sup>	January 1 - April 30, 1984	Increases from Quota Payments <sup>3/</sup>
<u>Position at Start of Period</u>				
Uncommitted Ordinary Resources (adjusted)	10.2 <sup>1/</sup>	9.6	5.5	+15.0
<u>Changes During Period</u>				
<u>Add:</u>				
a. Additions to usable currencies	--	--	--	
b. Repurchases net of repayments to lenders	0.1	1.4	0.3	
<u>Subtract:</u>				
a. Net new commitments	0.3	3.4 <sup>5/</sup>	1.0	
b. Compensatory Financing purchases	0.2 <sup>4/</sup>	1.3	0.7	
c. Buffer stock purchases	0.2 <sup>4/</sup>	...	...	
d. GAB Repayment	--	0.8	--	
<u>Position at End of Period</u>				
Uncommitted Ordinary Resources (adjusted)	9.6	5.5	4.1	+15.0

<sup>1/</sup> The amount of adjusted uncommitted ordinary resources is calculated as follows: The gross amounts of ordinary usable resources of SDR 18.8 billion at March 15, 1983, which includes Canadian dollars (SDR 1.7 billion) and pounds sterling (SDR 2.8 billion), was adjusted downward in the following manner:

	Unadjusted	Reduction	Adjusted	Undrawn Commitments	Uncommitted
Usable ordinary resources	18.8	-2.9	15.9	5.7	10.2
of which					
(a) SDRs	3.9	--	3.9		
(b) Usable currencies	14.9	-2.9	12.0		

The reduction of usable currency holdings by about one-fifth (SDR 2.9 billion) represents the following: (i) the exclusion of about one half of the total of the Fund's holdings of the currencies of creditor members with weakening balance of payments positions, and (ii) the exclusion for working balances of currencies of about 10 per cent of the members' quotas, with the customary larger exclusion for U.S. dollars. The further reduction of SDR 5.7 billion represents undrawn commitments of ordinary resources under existing arrangements at March 15, 1983.

<sup>2/</sup> Changes during period include expected early repurchases by China, but do not include any other additions to usable currencies.

<sup>3/</sup> See footnote 5, Table 6, page 15.

<sup>4/</sup> Actual purchases in the period May 1, 1982 - March 15, 1983 were SDR 3.6 billion under the compensatory financing decision and SDR 0.3 billion under the buffer stock facility.

<sup>5/</sup> Estimate includes a stand-by arrangement with one non-GAB member with existing quota of more than SDR 800 million.

2. Other use of Fund credit

a. Compensatory financing purchases

Purchases under the compensatory financing facility in the period May 1, 1982 to March 15, 1983 totaled SDR 3.6 billion and the total is expected to increase to SDR 3.8 billion by April 30, 1983. On the assumption of unchanged access in absolute amounts, the estimate of use of this facility for the year to April 30, 1984 is for now unchanged from the previous estimate at SDR 2 billion, but this will need to be re-examined in light of decisions reached on the question of access and in light of firmer indications for individual countries. For the two years thereafter to April 30, 1986 a very tentative estimate is in the order of SDR 3.5-4 billion. <sup>1/</sup>

The amounts for the financial years 1984-86 are indicative of possible orders of magnitude. While the estimates take into account projections in the WEO papers, they are not based on country-by-country estimates. Individual country estimates are much more difficult to make regarding purchases under the compensatory financing decision because of the many factors involved including possible shortfalls that are to be compensated. The projections in particular will also be affected by the extent to which oil exporting countries would experience compensable shortfalls and would seek to be compensated.

b. Buffer stock facility

The estimate continues to be that purchases under the buffer stock facility (sugar, tin, and rubber) may amount to about SDR 0.5 billion in the year to April 30, 1983. Actual drawings so far totaled SDR 0.3 billion. Estimates have not been made for subsequent years.

c. Use of first credit tranche positions

As in the past, no assumption has been made for purchases in the credit tranches that are not agreed in connection with stand-by and extended arrangements. In particular, members with extended arrangements may draw on their unused first credit tranche, as EFF purchases "float" above positions in the first credit tranche; the amount at present is over SDR 0.4 billion.

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<sup>1/</sup> The limit applicable to the CF (and buffer stock) purchases is to be reviewed by the Executive Board before June 30, 1983, and the projections may need to be revised at that time based on decisions taken on access.

4. Use of reserve tranche positions, encashment of loan claims and repayment of short-term borrowing

a. Reserve tranche positions

As has been the practice, the estimates of drawings on the Fund do not reflect any use of reserve tranche positions or the encashment of liquid loan claims on the Fund. <sup>1/</sup> It is, of course, indispensable that the Fund at all times maintains sufficient liquidity in ordinary resources to safeguard the reserve character of these assets.

These positions totaled SDR 20.5 billion and SDR 9.0 billion, respectively, at March 15, 1983 (Annex, Table 1). The reserve tranche positions of members in current account deficit positions decreased from SDR 5.3 billion to SDR 4.6 billion in the year ended March 15, 1983, reflecting in part the actual use of reserve tranche positions by Argentina and Brazil. <sup>2/</sup> Reserve tranche purchases in the period since April 30, 1982 totaled SDR 0.9 billion, compared with use of SDR 1.1 billion in the previous year.

The actual encashment of reserve tranche positions is still at a low level in relation to the substantial current account deficits of members that hold them. It would therefore be prudent to keep in mind the possible use of, say, SDR 1.5-2.0 billion in the period to April 30, 1984, in particular by those members with present or projected arrangements that still have reserve tranche positions and also by some members in substantial balance of payments deficit. These amounts are about one-third to somewhat less than one-half of the total of reserve tranche positions held by members in current account deficit positions.

b. Loan claims

As regards existing loan claims on the Fund which amount to SDR 9 billion, a very small proportion is held by members with prospective current account deficits and, in case of need, lenders may be

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<sup>1/</sup> Provision is made, however, for the scheduled repayment of existing borrowing of SDR 777.3 million under the GAB. This amount will be repaid in November 1983 out of the Fund's ordinary resources, but there will be no corresponding repurchase as the original purchase financed with GAB resources was a reserve tranche purchase after the Second Amendment of the Articles and such purchases are not subject to repurchase.

<sup>2/</sup> This group comprises the following: (i) members that have existing arrangements with the Fund or that are likely to conclude arrangements with the Fund in the near future (SDR 0.5 billion); (ii) developing members with smaller quotas whose balance of payments and gross reserve positions are not considered "sufficiently strong" at this time for their currencies to be sold by the Fund (SDR 0.8 billion); (iii) other members--industrial and large developing members--not considered sufficiently strong (SDR 2.4 billion); and (iv) members whose positions--in spite of their deficits--are presently still considered sufficiently strong for designation and for sales of their currency through the operational budgets (SDR 0.9 billion).



able, with the assistance of the Fund, to transfer their claims to members whose external payments positions are satisfactory. Encashments of loan claims for significant amounts are therefore not expected; in any event, there is the possibility of refinancing some encashments from other borrowing agreements. 1/

The amounts of reserve tranche positions and liquid loan claims would increase to SDR 27 billion and SDR 14 billion, respectively, by December 31, 1983 if the volume of purchases estimated were realized (Annex, Tables 1 and 2). As discussed in the Appendix, the ratio of adjusted uncommitted ordinary resources to total reserve tranche positions and loan claims--referred to as the "liquidity ratio"--would decline from about 35 per cent at March 15, 1983 to around 14.5 per cent by December 1983 on the basis of estimates presented in the tables. The ratio would be expected to increase to around 45 per cent at the time the quota increases would be paid in full and could be expected to fall substantially in the course of 1984 and 1985.

c. Repayment of short-term borrowing

Short-term loans contracted with the BIS and central banks will be due for repayment on the following schedule: SDR 0.1 billion will be repaid in the year to April 30, 1984 and SDR 1.1 billion is expected to fall due in the following year. These repayments are not matched by scheduled repurchases (though they could coincide with early repurchases by members) and it would be expected they would be repaid from the Fund's ordinary resources. Of course, the impact of such repayments on the Fund's liquidity would be mitigated to the extent that other borrowings are arranged to refinance the short-term claims.

III. Disbursements of Ordinary and Borrowed Resources

The estimates of disbursements of the Fund's ordinary and of borrowed resources are shown in Tables 3 and 4, respectively. The projections of disbursements include the financing of purchases under the compensatory and buffer stock facilities as estimated and purchases under all existing and prospective arrangements in accordance with phasing that is already agreed or as estimated by the staff. The new estimates reaffirm earlier projections that disbursements of the Fund's ordinary resources are likely to be very large during the second half of 1983 and early 1984 (Table 3). The Fund's ordinary resources on a disbursement basis could fall by almost SDR 6 billion to approximately SDR 9.5 billion by December 1983 (Table 3). As regards the disbursement of borrowed resources, all usable SFF resources will be disbursed by February 22, 1984 (the latest date for use of the SFF), and existing lines of EAR resources are likely to be almost fully drawn by April 1984 (Table 4).

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1/ SFF claims encashed in the past year for SDR 78 million were refinanced by calls on other SFF lenders by agreement. There has also been a small encashment of an oil facility claim.

Table 3. Estimates of the Fund's Supply of  
Ordinary Resources on a Disbursement Basis  
March 15, 1983 - April 30, 1984

(In billions of SDRs)

	Estimated			Memoranda
	March 15 - April 30, 1983	May 1 - Dec- ember 31, 1983	January 1 - April 30, 1984	Increases from Quota Payments 6/
1. <u>Adjusted Ordinary Resources</u> (at beginning of period)	15.9 <u>1/</u>	15.2	9.5	+15.0
2. <u>Additions to Usable Currencies</u>	--	--	--	
3. <u>Changes During the Period</u> <u>from Transactions</u>				
<u>Add:</u> Repurchases (net of repayments to lenders)				
(i) Under arrangements (Ordinary resources)	0.0 <u>2/</u>	0.9 <u>3/</u>	0.1	
(ii) Compensatory financing facility	0.1	0.5	0.2	
<u>Subtract:</u>				
a. Purchases				
(i) Under arrangements (Ordinary resources)	0.4	5.0	2.1	
(ii) Compensatory financing <u>4/</u>	0.2 <u>5/</u>	1.3	0.7	
(iii) Buffer Stock	0.2 <u>5/</u>	...	...	
b. GAB repayment	--	0.8	--	
<u>Total net decrease</u> <u>in ordinary resources</u> <u>from transactions</u>	0.7	5.7	2.5	
4. <u>Adjusted Ordinary Resources</u> (at end of period)	15.2	9.5	7.0	+15.0

1/ For adjustment made see Table 2, footnote 1.

2/ Less than 50 million.

3/ Includes expected early repurchases by China.

4/ Including food facility.

5/ Actual purchases in the period May 1, 1982 - March 15, 1983 were SDR 3.6 billion under the compensatory financing decision and SDR 0.3 billion under the buffer stock facility.

6/ See footnote 5, Table 6, page 15.

Table 4. Estimates of the Fund's Supply of  
Borrowed Resources on a Disbursement Basis  
March 15, 1983 - April 30, 1984

(In billions of SDRs)

	Estimated					
	March 15 - April 30, 1983		May 1 - Dec- ember 31, 1983		January 1 - April 30, 1984	
	SFF	EAR	SFF	EAR	SFF	EAR
1. <u>Borrowed Resources Available</u> (at beginning of period)	<u>1.8</u> <sup>1/</sup>	<u>7.0</u> <sup>2/</sup>	<u>1.5</u>	<u>6.6</u>	<u>0.3</u>	<u>2.8</u>
2. <u>Disbursements During the Period</u>						
SFF	-0.3 <sup>3/</sup>		-1.2 <sup>3/</sup>		--	
EAR		-0.4		-3.8		-2.3
3. <u>Borrowed Resources Available</u> (at end of period)	<u>1.5</u>	<u>6.6</u>	<u>0.3</u>	<u>2.8</u>	<u>--</u>	<u>0.5</u>
4. <u>Cumulative Disbursements</u> <u>of EAR Resources</u>		<u>2.7</u>		<u>6.5</u>		<u>8.8</u>

<sup>1/</sup> SFF lines of credit agreed with lenders for a total of SDR 7.8 billion less SFF amounts already disbursed by early March 1983 (SDR 5.9 billion) and early encashment of claims refinanced by calls on other lenders (SDR 0.1 billion).

<sup>2/</sup> The amounts shown for EAR is the total amount of borrowing agreements in place (SDR 9.3 billion) less the amounts actually borrowed by March 15, 1983 (SDR 2.3 billion), which includes amount invested temporarily in the Borrowed Resources Suspense Account (SDR 0.2 billion) pending disbursements.

No addition has been made for further borrowing through April 30, 1984.

<sup>3/</sup> Includes substitution of SFF for EAR resources in the amounts indicated in the memorandum.

<sup>4/</sup> Under present decisions, SFF resources cannot be disbursed after February 22, 1984.

Experience has shown that for at least a few of the arrangements purchases are likely to be for lower amounts than envisaged under the original phasing. This can occur because the member does not draw as soon as it is entitled to under the arrangement, because of delays in the conclusion of reviews, or because of breaches of performance clauses leading either to delays in purchases or to the cancellation of the arrangement. Nevertheless, as in the past, the projected disbursements have not been adjusted downward to take account of these possibilities; adjustments in this respect are difficult to quantify, particularly because they would be strongly influenced by the performance under the larger arrangements. They might, in any event, be more than offset by reserve tranche purchases.

#### IV. Supply of the Fund's Resources through April 30, 1984

##### 1. Ordinary resources

The Fund's holdings of adjusted ordinary resources totaled SDR 15.9 billion in mid-March 1983 compared to SDR 14.7 billion at the time of the December 1982 liquidity review. The increase in usable resources, after taking account of disbursements in the intervening period, is due to the addition of pounds sterling and Canadian dollars to the list of usable currencies. Only a small proportion of usable currencies are now those of members with projected current account deficits. The downward adjustment to the Fund's currency holdings, which also allows for holdings of working balances in various currencies, has, however, been maintained at one fifth in view of the speed with which members' overall external positions change. The projection of the total of usable ordinary resources also includes repurchases that would add to the Fund's usable resources, including expected early repurchases by China. No other additions are projected at this time.

As shown in Table 3, and in the absence of additions, the Fund's holdings of ordinary resources are estimated at SDR 15.2 billion at the end of April 1983 and at SDR 9.5 billion at the end of December 1983. (Table 2 shows the same data on an uncommitted basis and, as can be seen, uncommitted ordinary resources are expected to fall to SDR 5.5 billion by end-1983.)

##### 2. Release and reuse of SFF resources

By mid-March 1983 SFF resources released from arrangements that were canceled totaled SDR 1.7 billion. Undrawn balances under SFF credit lines not being drawn upon at present because of the lenders' relatively weak external positions totaled approximately SDR 0.3 billion; about SDR 0.1 billion of SFF lines of credit have been used to refinance early encashment of SFF loan claims; and SDR 0.8 billion has already been used in substitution of EAR borrowed resources in

purchases by four members eligible for such substitution. Thus, a further SDR 0.5 billion of SFF resources are available at present for substitution for purchases by eligible members that would have been financed by EAR borrowings. This amount could increase if SFF lines of credit not at present being called upon would become usable and there were no offsetting developments in other lenders' positions.

### 3. EAR borrowed resources and financing needs

At present, commitments of borrowed resources exceed EAR lines of credit and SFF resources that may be used in substitution of EAR by SDR 1.3 billion (Table 5). This "gap" is expected to increase to over SDR 2 billion by April 30, 1983, or to about SDR 2.5 billion if account is taken of lines of credit that are at present unusable. In the absence of further borrowing agreements, the commitment "gap" is expected to rise sharply to the order of SDR 5.7 billion by the end of 1983 (and to almost SDR 7 billion by the end of April 1984). This is a measure of the new borrowing arrangements that are likely to be needed before the increases in quotas can be expected to come into effect. The existence of a commitment gap at present, which is in effect a potential claim on the Fund's ordinary resources, and the prospect of relatively large additional commitments in the near future underscore the increasing and urgent need for the Fund to enter into new borrowing arrangements; in particular, early completion of discussions for a third tranche of the SAMA agreement would be highly desirable.

The Fund's uncommitted ordinary resources, projected at SDR 5.5 billion by December 31, 1983, are clearly too low to cover in full commitments of EAR borrowed resources. It is also considered that further borrowing should not be delayed in anticipation of the additions to the Fund's usable resources that will result from the increases in quotas under the Eighth General Review and the enlargement of the GAB. These increases will be needed in the period after the quota increases in view of the extent of additional likely demands that are indicated earlier. Anticipatory commitment of the usable resources resulting from the quota increase does not seem desirable as a matter of principle and would effectively only postpone borrowing until after the new quotas come into effect.

### 4. Guidelines for borrowing by the Fund

The estimates suggest that borrowing by the Fund plus unused lines of credit (including one half of the existing GAB) needed to cover expected commitments of borrowed resources could be about SDR 26 billion by December 1983 (see Appendix, Table 1). <sup>1/</sup> The ratio of borrowing to present quotas would increase from the present 33 per cent to around 43 per cent (see Appendix, Table 2).

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<sup>1/</sup> This amount of SDR 26 billion includes further borrowing of SDR 5.7 billion needed to cover commitments of EAR borrowed resources to December 31, 1983.

Table 5. Projected EAR Commitments in Relation to Supply of Borrowed Resources  
March 15, 1983 - April 30, 1984

(In billions of SDRs)

	EAR Commitments of Borrowed Resources (net of cancellations) <u>Actual and Estimates</u> (1)	<u>Supply of Borrowed Resources</u> EAR Lines of      Substitution Credit <u>1/</u> of SFF for EAR <u>2/</u> (2)                      (3)		<u>Uncommitted EAR Lines of</u> <u>Credit or Commitment Gap(-)</u> Actual and Estimates (Cols. (2) plus (3) minus Col. (1)) (4)
<u>Actual</u>				
<u>1983</u>				
March 15	12.2 <u>3/</u>	9.3	1.6	-1.3
April 30	13.0	9.3	1.6	-2.1
December 31	16.6 <u>4/</u>	9.3	1.6	-5.7 <u>5/</u>
<u>1984</u>				
April 30	17.7 <u>4/</u>	9.3	1.6	-6.8 <u>5/</u>

1/ No further borrowing arrangements are included in the projections.

2/ Under the SFF decision, the Fund can disburse SFF funds only until February 22, 1984. Release of SFF resources so far is SDR 1.7 billion; against this, existing SFF credit lines have been used for SDR 0.1 billion to refinance early encashment of SFF claims by two lenders.

3/ Existing commitments of EAR borrowed resources (SDR 11.6 billion) plus purchases made under EAR arrangements that were subsequently cancelled (SDR 0.6 billion).

4/ Estimate is for commitments of EAR borrowed resources of SDR 3.6 billion from May 1 to December 31, 1983 and SDR 1.1 billion from January 1 to April 30, 1984 (see Table 1).

5/ Provision should continue to be made for possible use of the Fund's resources by the smaller non-GAB industrial countries and perhaps by some of the major oil-exporting countries--in the order of SDR 2 billion. The need to borrow for EAR would at this time be larger by the amounts of credit lines that are not at not at present being called upon. These are SDR 0.3 billion of SFF and SDR 0.1 billion of EAR lines of credit.

Under the present guidelines on borrowing by the Fund, outstanding borrowing plus unused credit lines will not be allowed to exceed the range of 50-60 per cent of the total of Fund quotas. The guidelines are to be reviewed when the Eighth General Review of Quotas is completed, which is expected by March 31, 1983 when the Board of Governors' vote on the Resolution is completed. The review will need to take account of borrowing needs in future in relation to new quotas in the light of decisions reached on access to the Fund's resources and the mix of resources with which such access should be financed. Developments on further borrowing by the Fund will also be important. In the circumstances, it is proposed to return to this matter in the next few months in the light of the evolution of the Fund's borrowing program and the discussion by the Executive Board on the policy of enlarged access.

#### V. Summary and Conclusions

The following are the main points made above and the conclusions that may be drawn at this time:

1. Commitments under stand-by and extended arrangements for the year ended April 30, 1983 are likely to be around SDR 11.4 billion. This is about SDR 1.2 billion less than the total estimated in EBS/82/180, Supplement 1, mainly as a result of several smaller arrangements being delayed until the next financial year. Purchases under the compensatory financing facility are expected to amount to SDR 3.8 billion and to SDR 0.5 billion under the buffer stock facility in the year to April 30, 1983 as has been indicated earlier.
2. For the year to April 30, 1984, new commitments are expected to total close to SDR 9 billion. Purchases under the special facilities are estimated to be of the order of SDR 2 billion. While substantial continued use of the Fund's resources is foreseen in the period ahead, it is also expected that most new arrangements are likely to be for relatively shorter periods. It is therefore likely that a number of members will need more than one short-term arrangement with the Fund over the period ahead, thereby pushing forward the continued high demand for the Fund's resources.
3. Highly tentative estimates of potential use of the Fund's resources, using a country-by-country approach, have been made for the two-year period to April 30, 1986. The total commitments could range between SDR 10 billion to SDR 15 billion, after assigning probabilities to the amounts for each commitment, and taking account of possible use by small industrial countries as well as members with relatively large quotas. Purchases under the special facilities are estimated to amount to SDR 3.5-4 billion. These estimates are based on the somewhat limiting assumption that the present absolute level of access to the Fund's resources is maintained unchanged.

Table 6. Summary Data on the Fund's Liquidity Position

(In billions of SDRs)

	March 15, 1983	Apr. 30, 1983	Estimates 1/		Memoranda Increases from Quota Payments and the Enlarged GAB
			Dec. 31, 1983	Apr. 30, 1984	
1. a. Holdings of Usable Currencies and SDRs (adjusted) 2/	15.9	15.2	9.5	7.0	+15.0 5/
b. SFF and EAR Credit lines in place not yet disbursed 3/	8.8 24.7	8.1 23.3	3.1 12.6	0.5 7.5	
2. Less					
Undrawn balances under arrangements					
- Ordinary resources	5.7	5.6	4.0	2.9	
- Borrowed resources	10.1	10.2	8-8	7.3	
3. Loanable funds (uncommitted)					
- Ordinary resources	10.2	9.6	5.5	4.1	+15.0 5/
- Borrowed resources 3/4/	-1.3 8.9	-2.1 7.5	-5.7	-6.8	
<u>Memorandum Items</u>					
- GAB					
(one half of lines of credit)	3.2	3.2	3.2	3.2	+9.0 6/
Reserve tranche positions	20.5	21.2	26.9	29.4	+6.0
Loan claims	9.0	11.2	13.8	16.0	--

1/ The projections do not take account of increase in the Fund's resources through quota increases and the enlargement of the GAB, which are shown as a memoranda item in the final column, or any major additions to usable currencies and further borrowing agreements before that date, or of any arrangements for large quota members other than for one case where there is the possibility of a stand-by arrangement.

2/ Adjusted by one fifth of currency holdings for the Fund's need to hold working balances and for the possibility that the currencies of some members in weakening external positions becoming unusable in the future.

3/ The amounts exclude GAB resources as these are available only for use of Fund resources by GAB participants when they are needed to forestall or cope with an impairment of the international monetary system.

4/ The minus figures represent the estimated need to arrange further borrowing agreements to cover in full commitments of borrowed resources under stand-by and extended arrangements.

5/ Based on a total increase of the Fund quotas of SDR 29 billion and assuming that 100 per cent of the increases are effective. The increases for members considered sufficiently strong for the March-May, 1983 quarterly period, after adjusting by about one-fifth, total about SDR 13 billion. The asset payments for quota increases by other members that would not be expected to be drawn back promptly as reserve tranche purchases could total about SDR 2 billion.

6/ The amounts for the present GAB participants in the enlarged GAB considered sufficiently strong together with Switzerland total about SDR 13.2 billion. This is reduced by SDR 3.2 billion (i.e. one-half of the present total GAB) as well as a small adjustment for members with relatively weak balance of payments positions.



4. Table 6 presents in summary form the main data bearing on the Fund's overall liquidity position for the period to April 30, 1984.

a. At present, uncommitted usable ordinary resources are approximately SDR 10.2 billion (Table 2 and line 3 of the summary Table 6); commitments of EAR borrowed resources, after the extended arrangement with Brazil, are in excess of lines of credit by approximately SDR 1.3 billion (Table 5). The total of net uncommitted usable resources is

thus approximately SDR 8.9 billion (line 3, Table 6). It is estimated that by the latter part of 1983 net uncommitted usable resources are likely to have fallen to minimal levels, or effectively to zero, because the commitment gap will be approximately of the same size as the total of uncommitted ordinary resources.

b. Reserve tranche positions and loan claims held by members with current account deficits total SDR 5 billion (of which about SDR 2 billion are held by GAB participants and activation of these claims could be financed through the GAB); in present circumstances, it would be reasonable to expect some use of these positions, say of the order of SDR 1.5-2.0 billion. If total net uncommitted resources fell to a relatively small proportion of the total of members' positions in the Fund, members may find it difficult to maintain that such positions are fully liquid and may hesitate to use these positions because of the impact on the Fund's liquidity; this perception would be damaging to the usability of the asset.

c. The commitment "gap" of SDR 5.7 billion, which it is estimated will emerge by the end of 1983, is a measure of further borrowing arrangements that will be needed by the Fund to meet its commitments of borrowed resources under arrangements with members. The level of the Fund's ordinary uncommitted resources are expected to have fallen to very low levels by that time, and in the event of unexpectedly large use by non-GAB countries they could be effectively exhausted. In this connection, it would be prudent to provide for possible use of the Fund's resources by the smaller non-GAB industrial countries and, perhaps, by some of the major oil-exporting countries. Such use could increase the Fund's borrowing need by the end of 1983 by SDR 2 billion to approximately SDR 7.7 billion with a further commensurate commitment of ordinary resources.

5. On the basis of current estimates, outstanding borrowing by the Fund plus unused lines of credit (including one half of the existing GAB) needed to cover expected commitments of borrowed resources could be about SDR 26 billion by December 1983 (see Appendix). On that basis, the ratio of borrowing to quotas could increase from the present 33 per cent to 43 per cent.

Under the present guidelines on borrowing by the Fund, outstanding borrowing plus unused credit lines are not to exceed the range of 50-60 per cent of the total of Fund quotas. The guidelines are to be reviewed when the Eighth General Review of Quotas is completed, which is expected by March 31, 1983 when the Board of Governors vote on the Resolution is completed. In the circumstances, it is proposed to return to this matter in the near future and in the light of developments in Fund borrowing and the Executive Board's discussion of the policy on enlarged access.

6. The rapidly widening commitment gap, and the substantial depletion of the Fund's uncommitted ordinary resources, underscore the increasing and urgent need for the Fund to enter into new EAR borrowing arrangements at an early date. In this connection, early completion of discussions on the possible third tranche of the SAMA loan would be desirable and could provide a significant boost to the Fund's liquidity position. Other sources of borrowing will also need to be considered, in particular from official sources, but also from other sources if that should be necessary. The Fund is not in a position to use ordinary resources to cover in full commitments of EAR borrowed resources. It would also not be prudent to delay borrowing in anticipation of the additions to the Fund's usable resources that will result from the increases in quotas under the Eighth Review and from the enlarged GAB. Taking into account the extent of likely additional demands for use of the Fund's resources, advance commitment of the new resources could possibly only postpone borrowing until after the new quotas come into effect.

ANNEX

(Annex) Table 1. Estimated Total Reserve Tranche Positions  
and Outstanding Loan Claims  
March 15, 1983 - April 30, 1984

(In billions of SDRs)

	Reserve Tranche Positions <u>1/</u>	Outstanding Loan Claims <u>2/</u>	Total
<u>March 15, 1983 (actual)</u>	<u>20.5</u>	<u>9.0</u>	<u>29.5</u>
<u>March 15, 1983 - April 30, 1983</u>			
Purchases/borrowings	0.8	2.2	
Repurchases/repayments	<u>-0.1</u>	<u>-</u>	
	<u>21.2</u>	<u>11.2</u>	<u>32.4</u>
<u>May 1, 1983 - December 31, 1983</u>			
Purchases/borrowings	6.3	3.5	
GAB Repayments	0.8	-0.8	
Repurchases/repayments	<u>-1.4</u>	<u>-0.1</u> <u>3/</u>	
	<u>26.9</u>	<u>13.8</u>	<u>40.7</u>
<u>January 1, 1984 - April 30, 1984</u>			
Purchases/borrowings	2.8	2.3	
Repurchases/repayments	<u>-0.3</u>	<u>-0.1</u> <u>3/</u>	
	<u>29.4</u>	<u>16.0</u>	<u>45.4</u>

Note: In view of the uncertainties and assumptions, all figures are indicative and are intended to suggest possible orders of magnitude.

1/ Reserve tranche positions would be larger to the extent that SDRs were used for repurchases, and smaller to the extent that decisions were taken to sell SDRs to finance the purchases. No adjustments have been made in this regard.

2/ Includes amounts that have been called under borrowing arrangements and are expected to be temporarily invested in the borrowed resources suspense accounts pending disbursement. For this reason the projected amounts will not be the same as estimated disbursements of borrowed resources shown in Table 4 of the text.

3/ Repurchases that are linked to repayment to lenders.

(Annex) Table 2. Estimates of Actual Fund Borrowings Net of Repayments:  
March 15, 1983 - April 30, 1984

(In billions of SDRs)

	Supplementary Financing Facility	General Arrangements to Borrow <u>2/</u>	Enlarged Access Resources <u>3/</u>	Total
<u>As of March 15, 1983 (Actual) <u>1/</u></u>	<u>5.9</u>	<u>0.8</u>	<u>2.3</u>	<u>9.0</u>
<u>March 15, 1983 - April 30, 1983</u>				
New borrowings	+0.3	--	1.9	+2.2
Repayments	--	--	--	--
<u>As of April 30, 1983</u>	<u>6.2</u>	<u>-0.8</u>	<u>4.2</u>	<u>11.2</u>
<u>May 1, 1983 - December 31, 1983</u>				
New borrowings	+1.2 <u>4/</u>	--	+2.3	+3.5
Repayments	-0.1	-0.8	--	-0.9
<u>January 1, 1984 - April 30, 1984</u>	<u>7.3</u>	<u>--</u>	<u>6.5</u>	<u>13.8</u>
New borrowings	--	--	+2.3	+2.3
Repayments	-0.1	--	--	-0.1
<u>As of April 30, 1984</u>	<u>7.2</u>	<u>--</u>	<u>8.8</u>	<u>16.0</u>

1/ Outstanding oil facility borrowing is less than SDR 50 million and will be repaid by May, 1983.

2/ Excludes any commitment of GAB resources under the existing GAB arrangements.

3/ Includes amounts that have been called under borrowing arrangements and are expected to be temporarily invested in the borrowed resources suspense accounts pending disbursement.

4/ Includes reuse of SFF in place of EAR equivalent to SDR 0.5 billion.

(Annex) Table 3. Total Purchases and Repurchases on a Half-yearly Basis Beginning May 1, 1979

(In billions of SDRs)

Half-year to End	Total purchases	Total repurchases	Net purchases
October 1979	1.2	2.1	-0.9
April 1980	1.3	1.7	-0.4
October 1980	1.8	1.7	0.1
April 1981	3.1	1.2	1.9
October 1981	3.3	1.0	2.3
April 1982	4.7	1.0	3.7
October 1982	2.8	0.8	2.0
April 1983 (est)	8.5	0.8	7.7
October 1983 (est)	8.7	0.7	8.0
April 1984 (est)	8.2	0.8	7.4

Note: Disbursements of ordinary and borrowed resources to finance purchases, net of repurchases, in the period January 1 - March 15, 1983 totaled SDR 4.2 billion. Net disbursements in the rest of 1983 to finance purchases are estimated as follows: SDR 5.6 billion of ordinary resources (Table 3 in text) and SDR 5.7 billion of SFF and EAR borrowed resources (Table 4 in text).

Principal Ratios for Assessing Fund Liquidity

1. The data on the principal elements of Fund's borrowing and its liquidity position for the period 1977-1984 are set out in Table 1. On the basis of these data, the quota, liquidity and asset ratios have been calculated (Table 2). The present estimates of the inflow of usable ordinary resources from quota increases and the potential increases in the GAB resources are shown as memoranda items for December 31, 1983 and April 30, 1984.

2. Quota ratio

Under the Guidelines for Borrowing by the Fund the total of outstanding borrowing plus unused credit lines is not to exceed a range of 50-60 per cent of the total of Fund quotas. If the ratio were to reach the level of 50 per cent, the Executive Board would assess the various technical factors that determine, at that time, the availability of unused credit lines.

The quota ratio is 33 per cent at present and is projected to stay below 50 per cent in the period to December 1983 and April 30, 1984 or at about 43-44 per cent. However, the ratio could get to that level if more members with larger quotas or some smaller industrial countries and oil exporting members in deficit positions not included in the estimates in the tables established arrangements with the Fund that would require borrowing of an additional SDR 4 billion before December 31, 1983.

As discussed in the text, the question of the quota ratio will need to be reviewed later this year.

Actual outstanding borrowing is at present SDR 9 billion, or 15 per cent of quotas; this is projected to increase to about SDR 16 billion by April 30, 1984, which is about 25 per cent of present quotas.

3. Liquidity ratios

The "liquidity ratio" (Table 2, line 2) shows the relation between the Fund's highly liquid assets (i.e. uncommitted adjusted ordinary resources and temporary investments in BRS accounts) and the Fund's possible immediate obligations in the form of reserve tranche positions and loan claims. This ratio could decline from about 35 per cent in early March, 1983 to around 15 per cent in December 1983, using present quotas for the calculation. The ratio would be expected to increase to around 45 per cent at the time the quota increases would be paid in full, or at about the same level as of December 31, 1982.

This ratio gives a very cautious view of the Fund's liquidity situation because normally a substantial proportion of the reserve tranche positions are firmly held by members in a strong balance of payments and reserve positions, and a larger proportion of loan claims are held by such members. As loan claims are not as likely to be drawn as reserve tranche positions, the relationships between uncommitted ordinary resources and, respectively, reserve tranche positions and loan claims are shown separately in lines 3(i) and 3(ii). At present, only 5 per cent of the loan claims on the Fund are held by members with weak current account balances, while approximately one-fourth of the reserve tranche positions are held by such members.

#### 4. Asset ratio

The asset ratio relates the Fund's total usable assets to its total obligations. The ratio is calculated in Table 2, both excluding and including the Fund's gold holdings in the numerator, which also includes unadjusted ordinary resources and temporary investments in the BRS accounts. The denominator consists of the total of outstanding borrowing and total reserve tranche positions.

The asset ratio, including gold valued at SDR 35 per ounce, is at present about 76 per cent and is projected to approach a level of about 40 per cent by December 31, 1983 and about 30 per cent by April 1984, if the quota increase is not taken into consideration. The quota increase would result in asset ratios of approximately 74 per cent by December 31, 1983 and 62 per cent by April 30, 1984.

(Appendix) Table 1. Selected Balance Sheet Data

(In billions of SDRs)

	April 30						Dec.	March	Apr. 30	Dec. 31	Apr. 30	Memoranda 1/ Increase from Quota payments and Enlarged GAB
	1977	1978*	1979	1980	1981*	1982	31, 1982	15, 1983	1983 (est)	1983 (est)	1984 (est)	
1. Usable Ordinary Resources (gross)	6.6	12.7	10.1	11.9	28.9	22.2	17.4	18.8	18.1	12.4	9.9	
2. (a) Usable Ordinary Resources (adjusted)	4.6	8.9	7.2	8.4	21.9	18.7	14.7	15.9 <sup>2/</sup>	15.2	9.5	7.0	
(b) Uncommitted Ordinary Resources (adjusted)	0.7	5.3	5.2	7.0	19.6	15.1	10.8	10.2	9.6	5.5	4.1	+15
3. Gold at SDR 35 per fine ounce	5.0	4.5	4.1	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	
4. BRS Accounts	--	--	--	--	--	0.2	0.4	0.2	1.8	0.4	0.2	
5. Reserve Tranche Positions	10.8	9.0	8.3	8.4	13.1	15.6	17.7	20.5	21.2	26.9	29.4	+ 6
6. Outstanding Borrowing												
a) EAR <sup>3/</sup>	--	--	--	--	--	1.4	2.0	2.3	4.2	6.5	8.8	
b) SFF	--	--	--	0.5	2.0	4.1	5.3	5.9	6.2	7.3	7.2	
c) GAB <sup>4/</sup>	0.9	1.6	0.8	0.8	0.8	0.8	0.8	0.8	0.8	--	--	
d) Others <sup>5/</sup>	6.8	6.5	4.3	2.5	1.5	0.5	0.1	--	--	--	--	
Total	7.7	8.1	5.1	3.8	4.3	6.8	8.2	9.0	11.2	13.8	16.0	
7. Unused Credit Lines												
a) EAR	--	--	--	--	--	7.9	7.3	7.0	7.6 <sup>6/</sup>	8.9 <sup>6/</sup>	7.7 <sup>6/</sup>	
b) SFF	--	--	7.8	7.3	5.8	3.6	2.4	1.8	1.5	0.3	--	
c) GAB <sup>4/</sup>	2.2	1.7	2.5	2.5	2.5	2.4	2.4	2.4	2.4	3.2	3.2	+ 9
d) Others <sup>5/</sup>	0.2	0.2	--	--	--	--	--	--	--	--	--	
Total	2.4	1.9	10.3	9.8	8.3	14.0	12.1	11.2	11.5	12.4	10.9	
8. Total Outstanding Borrowing and Unused <sup>4/</sup> Credit Lines	10.1	10.0	15.4	13.6	12.6	20.8	20.3	20.2	22.7	26.2	26.9	
9. Total Quotas	29.2	32.3	39.0	39.0	59.6	60.7	61.1	61.1	61.1	61.1	61.1	+29

\* Years in which quota increases became effective.

1/ See Table 6 included in text.

2/ Usable currency holdings reduced by about one fifth accounting for Fund's holdings of the currencies of creditor members with weakening balance of payments positions and necessary working balances.

3/ Including borrowings temporarily invested in the Borrowed Resources Suspense Account.

4/ The total of GAB credit lines as of March 15, 1983 was SDR 6.4 billion of which SDR 777 million had been used, leaving a balance of about SDR 5.6 billion. For the purposes of this table the definition in the guidelines for borrowing is used. These guidelines provide that the GAB be included for an amount equal to outstanding borrowing by the Fund under the GAB or one half of total credit lines under the GAB, whichever is the greater. The one half of the total, or SDR 3.2 billion, which is the greater amount at present, is composed of SDR 0.8 billion (line 6(c)) and SDR 2.4 billion (line 7(c)).

5/ Oil facility and special borrowing arrangements with Swiss National Bank in connection with activation of the GAB.

6/ Including further borrowing needed to cover commitments through April 30, 1984 as indicated in the text and also the credit lines that are unusable at present.



(Appendix) Table 2. Fund Liquidity - Selected Ratios

(In per cent)

	April 30						Dec. 31 1982	Mar. 15 1983	April 30	December 31	April 30	Memoranda 1/ Including changes due to the payment of the quota increase	
	1977	1978	1979	1980	1981	1982			1983 (est)	1983 (est)	1984 (est)		
												Dec. 31, 1983	April 30, 1984
1. Quota ratio <u>2/</u>	34.6	31.0	39.5	34.9	21.1	34.3	33.2	33.1	37.2	42.9	44.0	...	...
2. Liquidity ratio <u>3/</u>	3.8	31.0	38.8	57.4	112.6	68.3	43.2	35.3	35.2	14.5	9.5	44.8	37.5
3. Ratio of uncommitted ordinary resources (adjusted but not including BRS Accounts) to													
(i) reserve tranche positions	6.5	58.9	62.7	83.3	149.6	96.8	61.0	49.8	45.3	20.4	13.9	62.3	54.0
(ii) loan claims	9.1	65.4	102.0	184.2	455.8	222.1	131.7	113.3	85.7	39.9	25.6	148.6	119.4
4. Asset ratio <u>4/</u>													
(i) excluding gold	35.7	74.3	75.4	97.5	166.1	100.0	68.7	64.4	61.4	31.4	22.2	66.0	54.7
(ii) including gold	62.7	100.6	106.0	127.0	186.8	116.1	82.6	76.6	72.5	40.3	30.2	73.7	61.7

1/ See Table 6 included in text.

2/ The quota ratio as defined under the decision on guidelines for borrowing, is the ratio of total Fund borrowing plus unused credit lines to total Fund quotas.

3/ The liquidity ratio is the ratio of uncommitted adjusted ordinary resources (including SDRs) and temporary investments in BRS accounts to total Fund borrowing and total reserve tranche positions.

4/ The asset ratio (i) is the ratio of unadjusted ordinary resources (excluding the Fund's gold holdings) and temporary investments in BRS accounts to outstanding borrowing and total reserve tranche positions. The second version (ii) also includes gold valued at SDR 35 per fine ounce in the Fund's assets.