

EBS/83/68

CONFIDENTIAL

March 31, 1983

To: Members of the Executive Board

From: The Secretary

Subject: The Rate of Interest on Holdings of Special Drawing Rights and the Rate of Remuneration for the Quarter April 1-June 30, 1983

This is to inform the Executive Board that the rate of interest on holdings of special drawing rights and the rate of remuneration on creditor positions calculated in accordance with Rule T-1 and Rule I-10 for the quarter beginning April 1, 1983, will be 8.52 per cent and 7.24 per cent respectively. These rates compare with 8.47 per cent and 7.20 per cent, respectively, for the SDR interest rate and the rate of remuneration for the quarter ended March 31, 1983. The slight increase in these rates for the April-June 1983 quarter mainly reflects higher interest rates on the relevant financial instruments for the United States and the United Kingdom, which firmed significantly by 0.58 percentage point to 8.75 per cent and 10.90 per cent, respectively; the rates on the other instruments employed to calculate the combined market rate eased by 0.16-1.19 percentage points in the relevant period. The rate of interest on the SDR has been calculated as the combined market rate for the period of 15 business days ended March 29, 1983, rounded to the two nearest decimal places. The rate of remuneration has been calculated as 85 per cent of the SDR interest rate rounded to the two nearest decimal places.

Under Rule T-1, the combined market rate is the sum of the average yield or rate on the five financial instruments which comprise the interest rate basket, for the 15 business days preceding the last two business days of the last month before the calendar quarter for which interest is to be calculated, with each yield or rate multiplied by the number of units of the corresponding currency listed in Rule 0-1 and the value, in terms of the SDR, of a unit of that currency as determined by the Fund under Rule 0-2(a) and (b). The combined market rate for the period March 9-29, 1983, averaged 8.5176 per cent per annum compared with the rate of 8.4733 per cent that prevailed during the 15-day period ended December 28, 1982.

The following table shows the calculation of the combined market rate; detailed information on interest rates and exchange rates used are set out in the Appendix. Also attached is a chart showing the movement of the relevant interest rates.

Table 1. Calculation of the Combined Market Rate of Interest
Under Rule T-1(c) For the Quarter Beginning April 1, 1983

Currency	Currency amount <u>1/</u> (1)	Average interest rate <u>2/</u> (2)	Average exchange rate against the SDR <u>3/</u> (3)	Product (1x2x3)
Deutsche mark	0.46	5.488513	0.383720	0.968784
French franc	0.74	12.736979	0.131120	1.235854
Japanese yen	34.0	6.848000	0.00386630	0.900198
Pound sterling	0.071	10.899487	1.36944	1.059760
U.S. dollar	0.54	8.746667	0.921620	<u>4.352996</u>
Total				8.517592
Combined market rate				8.5176

1/ Currency units were calculated on December 31, 1980 in accordance with Executive Board Decision No. 6631-(80/145)G/S, adopted September 17, 1980 (see SM/80/206, Supplement 6, issued on December 31, 1980).

2/ The yields and rates used are: market yield for three-month U.S. Treasury bills; three-month interbank deposit rate in Germany; three-month interbank money rate against private paper in France; discount rate on two-month (private) bills in Japan; and market yield for three-month U.K. Treasury bills. All rates used are on the basis of a 365-day year.

3/ Exchange rates are expressed in terms of SDRs per currency unit.

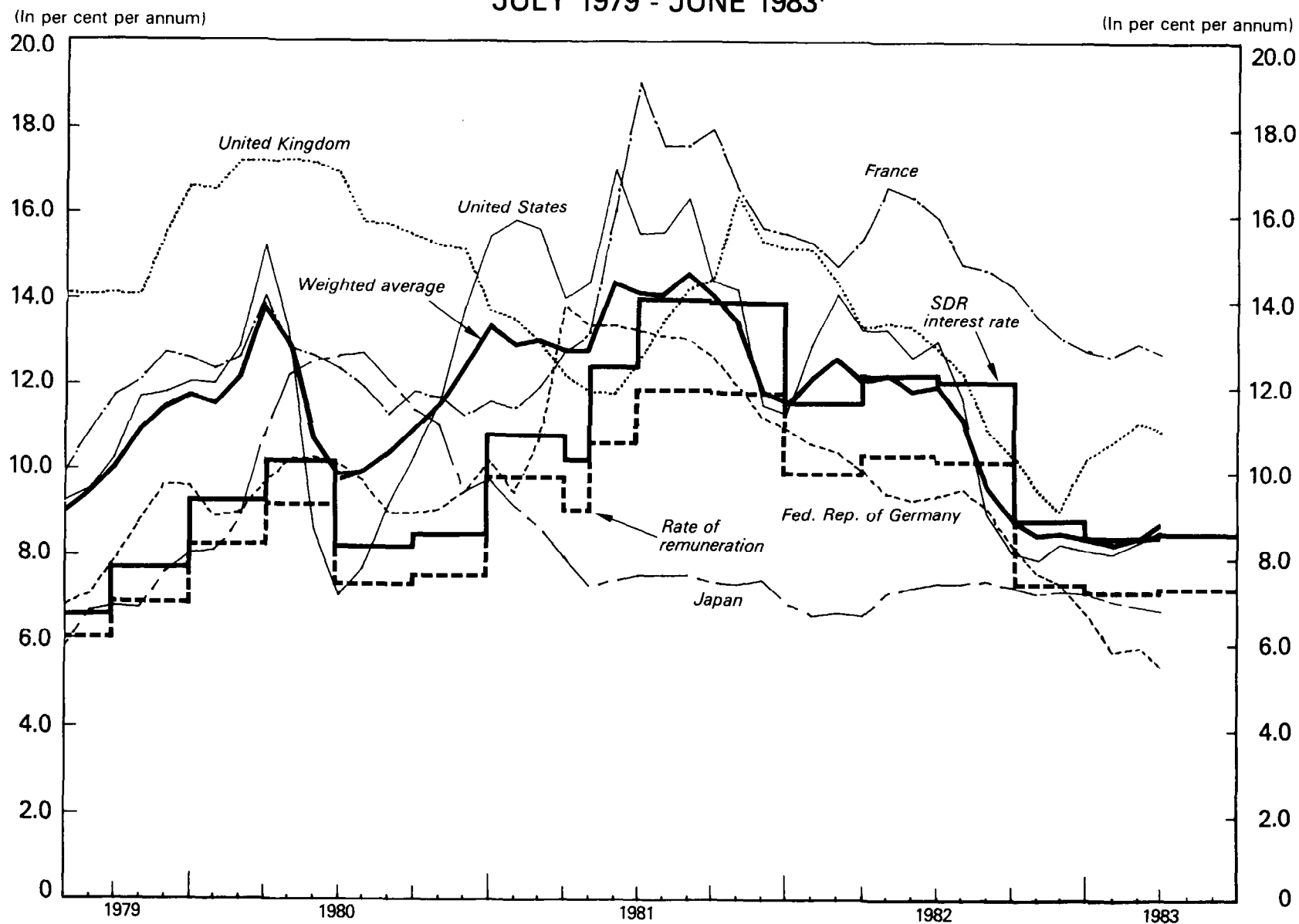
INTEREST RATES AND EXCHANGE RATES USED TO CALCULATE THE COMBINED MARKET RATE
OF INTEREST UNDER RULE T-1(B) FOR THE 15 BUSINESS DAYS ENDED MARCH 29, 1983

	UNITED STATES		GERMANY		UNITED KINGDOM		FRANCE		JAPAN		COMBINED MARKET RATE
	INTEREST RATE	EXCHANGE RATE	INTEREST RATE	EXCHANGE RATE	INTEREST RATE	EXCHANGE RATE	INTEREST RATE	EXCHANGE RATE	INTEREST RATE	EXCHANGE RATE	
MARCH											
9	8.5800	0.918609	5.5764	0.381324	11.1316	1.38223	13.1806	0.134104	6.8900	0.00383873	8.5339
10	8.5500	0.917164	5.5764	0.383238	11.1316	1.38409	13.1806	0.133357	6.8900	0.00385849	8.5161
11	8.5800	0.918124	5.5764	0.384088	11.1316	1.37994	13.1806	0.132457	6.8900	0.00387067	8.5283
14	8.5400	0.917355	5.5764	0.383429	11.2333	1.38291	13.0538	0.133414	*	0.00383349	*
15	8.5700	0.913079	5.5764	0.384195	11.2333	1.38121	13.0538	0.135713	*	0.00385835	*
16	8.6200	0.915940	5.5764	0.383768	11.2333	1.38115	12.8003	0.134204	6.8300	0.00385334	8.5155
17	8.6600	0.916500	5.5764	0.385343	11.2333	1.37979	12.8003	0.133309	6.8300	0.00387035	8.5364
18	8.7600	0.920110	5.4243	0.384549	11.2333	1.37556	12.6736	0.132657	*	0.00384983	*
21	8.8200	0.923573	5.4243	0.386918	10.5230	1.36707	*	*	6.8300	0.00383871	8.5318
22	8.9500	0.924938	5.4243	0.385166	10.5230	1.36243	12.5469	0.128294	6.8300	0.00388138	8.4591
23	8.8000	0.927843	5.4040	0.382884	10.5230	1.35493	12.5469	0.127582	6.8300	0.00389663	8.4759
24	8.8400	0.925449	5.4040	0.383558	10.5230	1.35319	12.5469	0.128037	*	0.00390372	*
25	8.9800	0.926549	5.4040	0.382840	10.5230	1.35137	12.4201	0.127756			
28	8.9800	0.929483	5.4040	0.382110	10.6580	1.35342	12.2934	0.127431	6.8300	0.00388905	8.5437
29	8.9700	0.929589	5.4040	0.382390	10.6580	1.35227	12.0399	0.127367	6.8300	0.00388543	8.5137
AVERAGE FOR THE PERIOD:	8.7467	0.921620	5.4885	0.383720	10.8995	1.36944	12.7370	0.131120	6.8480	0.00386630	8.5176

NOTE: THE YIELDS AND RATES USED ARE: MARKET YIELD FOR THE THREE-MONTH U.S. TREASURY BILLS; THREE-MONTH INTERBANK DEPOSIT RATE IN GERMANY; THREE-MONTH INTERBANK MONEY RATE AGAINST PRIVATE PAPER IN FRANCE; DISCOUNT RATE ON TWO-MONTH (PRIVATE) BILLS IN JAPAN; AND MARKET YIELD FOR THREE-MONTH U.K. TREASURY BILLS. ALL RATES USED ARE ON THE BASIS OF A 365-DAY YEAR. EXCHANGE RATES ARE EXPRESSED IN TERMS OF SDRS PER CURRENCY UNIT.

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SDR INTEREST RATE, RATE OF REMUNERATION, AND SHORT-TERM INTEREST RATES, JULY 1979 - JUNE 1983¹



¹ Up to December 1980, short-term domestic interest rates are the yield on three-month treasury bills for the United Kingdom and the United States, the rate on three-month interbank deposits for France and the Federal Republic of Germany, and the call money market rate (unconditional) for Japan. From January 1981, the yield on U.S. Treasury bills was converted to a coupon equivalent

basis, and the discount rate on two-month (private) bills was used for Japan. From March 1981, from a 360-day year to a 365-day year. The weighted average and the components shown in the chart are based on monthly averages.