

EBS/83/136

CONFIDENTIAL

June 30, 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 July 1-September 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 July 1, 1983, will be 8.65 per cent and 7.35 per cent respectively. These rates compare with 8.52 per cent and 7.24 per cent, respectively, for the SDR interest rate and the rate of remuneration for the quarter ended June 30, 1983. The modest increase in these rates for the July-September 1983 quarter mainly reflects higher interest rates on the relevant financial instruments for the United States, Germany, and France, which firmed by 0.08-0.45 percentage point in the relevant period, offset in part by a decline in those for the United Kingdom and Japan, which eased by 1.10 and 0.22 percentage points respectively. The rate of interest on the SDR has been calculated as the combined market rate for the period of 15 business days ended June 28, 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 June 8-28, 1983 averaged 8.6450 per cent per annum compared with the rate of 8.5176 per cent that prevailed during the 15-day period ended March 29, 1983.

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 July 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	5.652450	0.36755864	0.955699
French franc	0.74	12.817207	0.12213787	1.158445
Japanese yen	34.0	6.630000	0.003893191	0.877603
Pound sterling	0.071	9.800380	1.44455133	1.005158
U.S. dollar	0.54	9.195333	0.93608260	4.648099
Total				8.645004
Combined market rate				8.6450

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.

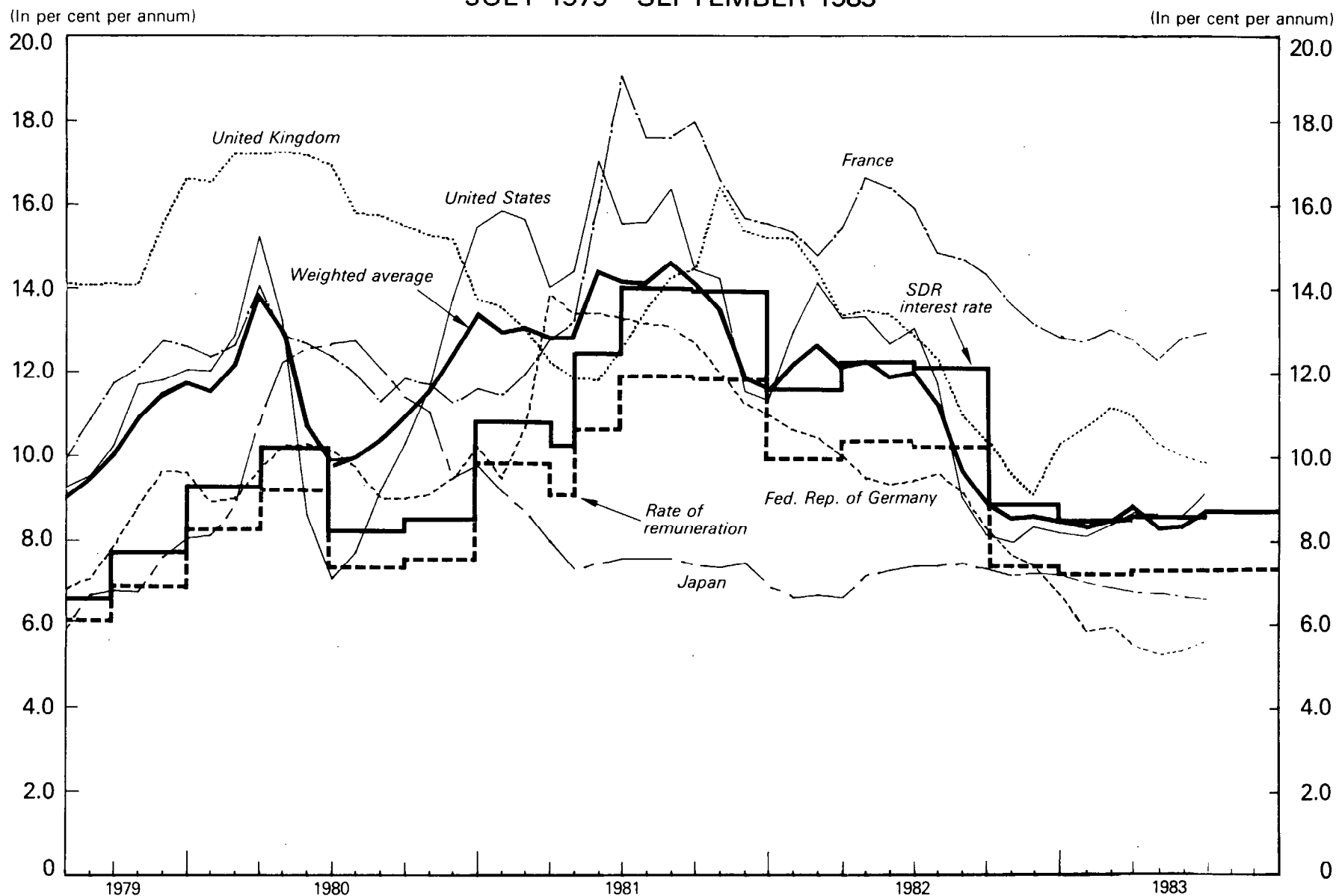
3/ Exchange rates are expressed in terms of SDRs per currency unit.

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 JUNE 28, 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	
JUNE											
8	9.1800	0.937134	5.7285	0.364134	10.1184	1.47542	12.8003	0.121038	6.6300	0.00387726	8.6856
9	9.0800	0.935957	5.7285	0.366051	10.1184	1.47694	12.8003	0.121592	6.6300	0.00386280	8.6374
10	9.1200	0.935348	5.7285	0.366602	10.1184	1.47832	12.8003	0.121703	6.6300	0.00385393	8.6560
13	9.0300	0.935149	5.6778	0.367952	9.9167	1.46024	12.8003	0.122226	6.6300	0.00387225	8.5798
14	9.0800	0.938467	5.6271	0.367335	9.9167	1.44468	12.8003	0.121784	6.6300	0.00386519	8.5944
15	9.0700	0.942210	5.6271	0.365964	9.9167	1.42556	12.8003	0.121646	6.6300	0.00387980	8.5927
16	8.9900	0.938234	5.6271	0.367244	9.9167	1.43268	12.8003	0.122094	6.6300	0.00387220	8.5435
17	9.0200	0.935673	*	*	9.9167	1.43111	12.8003	0.122286	6.6300	0.00390108	*
20	9.3100	0.937051	5.6271	0.367111	9.5810	1.43612	12.8003	0.121837	6.6300	0.00388737	8.6685
21	9.3100	0.937171	5.6271	0.367086	9.5810	1.43725	12.8003	0.122027	6.6300	0.00392122	8.6792
22	9.3300	0.933555	5.6271	0.370047	9.5810	1.42591	12.9271	0.122949	6.6300	0.00392497	8.6922
23	9.2900	0.933307	5.6271	0.369612	9.5810	1.43356	12.9271	0.122860	6.6300	0.00392146	8.6732
24	9.4000	0.932594	5.6271	0.369330	9.5810	1.44179	12.8003	0.122702	* 0.00391517		*
27	9.3800	0.931358	5.6271	0.370174	9.5810	1.43979	12.8003	0.123025	6.6300	0.00393144	8.7066
28	9.3400	0.938031	5.6271	0.367179	9.5810	1.42890	12.8003	0.122299	6.6300	0.00391172	8.6937
AVERAGE FOR THE PERIOD:	9.1953	0.936083	5.6524	0.367559	9.8004	1.44455	12.8172	0.122138	6.6300	0.00389319	8.6450

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.

SDR INTEREST RATE, RATE OF REMUNERATION, AND SHORT-TERM INTEREST RATES, JULY 1979 - SEPTEMBER 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.