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DM/83/31

INTERNATIONAL MONETARY FUND

Treasurer's Department

Foreign Exchange and Financial Markets in March 1983

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April 28, 1983

The main feature of foreign exchange market in March was speculative rate movements generated by the expectation of a further realignment of the currencies participating in the European Monetary System (EMS) which overshadowed the impact of continuing uncertainties with respect to oil prices. The expected realignment finally took place on March 21, and the central rates in terms of the ECU of the Deutsche mark, the Netherlands guilder, the Danish krone and the Belgian franc were revalued by 5.5 per cent, 3.5 per cent, 2.5 per cent and 1.5 per cent respectively, while those of the French franc, the Italian lira, and the Irish pound were devalued by 2.5 per cent, 2.5 per cent, and 3.5 per cent respectively. Over the month of March, the U.S. dollar firmed against most other currencies; it firmed by 2.30 per cent in effective (MERM) terms and by 1.05 per cent against the SDR (see Tables 1 and 2), mainly reflecting the firming of short-term U.S. interest rates. The pound sterling continued to be weak although it rebounded sharply on the last day of the month when U.K. oil prices were reduced slightly and brought into conformity with lower prices set by the OPEC earlier in the month.

Speculation of an EMS realignment was quite strong in the first week of March with the National Bank of Belgium, the Bundesbank and the Bank of Netherlands intervening to support the Belgian franc at the bottom of the parity grid. The Bank of France continued to intervene to maintain the position of the franc within the parity grid and reportedly sold foreign currencies equivalent to $620 million on March 3-4. Expectation of a devaluation of the French franc, fostered by adverse trade and inflation developments, became stronger following the leak of an internal Finance Ministry paper that adopted a working hypothesis of two sizable franc devaluations over the next 18 months. Speculative activity increased in the exchange markets following the conservative election victories in Germany and France over the March 5-6 weekend, necessitating heavy intervention by almost all the EMS central banks on March 7. There were reports that the Bank of France sold $180 million and DM 30 million, the Bundesbank bought over

BF 600 million, the National Bank of Belgium sold nearly DM 600 million (in the week to March 7, it sold foreign currencies equivalent to BF 41 billion) the Bank of Italy sold $100 million and the National Bank of Denmark sold about $40 million. The Bank of France temporarily allowed the franc to fall to its lower intervention limit at the fixing in Paris on March 7, reportedly to activate access to the borrowing facilities of the European Monetary Cooperation Fund and to induce intervention support from other EMS central banks; it also instructed commercial banks to accept short-term euro-franc deposits on its behalf at high interest rates (one-month rates averaged 50-55 per cent per annum) to discourage sales of the currency. As a result, the French franc rebounded toward the top of the parity grid later in the day.

Table 1. Changes in Exchange Rates in March 1983 1/

(In per cent)

	Monthly exchange rate changes			
	Against U.S. dollar 2/	Against SDR	Effective exchange rate 3/ (In per cent)	Change in effective exchange rate since Mar. 1982 3/
Belgium	-0.75	-0.14	+0.95	+0.2
Denmark	+0.54	+1.08	+1.94	+2.9
France	-5.26	-4.61	-4.23	-10.2
Germany	+0.14	+0.82	+2.06	+6.8
Ireland	-4.79	-4.01	-3.07	-3.2
Italy	-3.05	-2.21	-1.39	-3.2
Netherlands	-1.43	-1.06	-0.03	+4.4
Austria	-0.31	+0.78	+1.50	+5.2
Canada	-0.42	+0.64	+0.73	+2.8
Japan	-0.48	-0.62	-0.40	+7.8
Norway	-0.69	+0.13	+0.85	-9.6
Sweden	-0.88	+0.11	+0.81	-15.8
Switzerland	-1.10	-0.77	-0.02	-2.4
United Kingdom	-1.90	-1.75	-0.94	-12.6
United States	--	+1.05	+2.30	+5.8

1/ Positive sign indicates appreciation of the currency.
2/ Based on New York noon quotations.
3/ Based on the Fund's multilateral exchange rate model (MERM).

During the rest of the week, the Italian lira eased markedly despite considerable support by the Bank of Italy and became the weakest currency in the EMS. Other EMS currencies moved erratically as the pace of intervention moderated. The National Bank of Belgium raised its discount rate from 11.5 per cent to 14 per cent but still had to undertake some intervention support. The Danish krone and the Irish pound also weakened. The National Bank of Denmark raised its money market intervention rate from 15.5 per cent to 20 per cent. Intervention by the Bank of France amounted to F 23 billion in the week to March 10 while for the National Bank of Belgium it amounted to BF 38 billion in the week ended March 14.

Large speculative positions were unwound on Monday, March 14 as the anticipated EMS realignment did not take place over the preceeding weekend. Most of the previously weak EMS currencies firmed relatively strongly against the U.S. dollar, the Deutsche mark and the Netherlands guilder, aided by the high cost of funds in certain currencies in the euro-market; overnight money in Belgian francs was quoted at 200 per cent, in French francs at 500 per cent, and in Italian lira at 150 per cent. The National Bank of Denmark raised its money market intervention rate again (from 20 per cent to 25 per cent) and Belgium imposed restrictive exchange controls. A final agreement by the OPEC on a moderate reduction in the price of oil and a production-sharing plan, also on March 14, triggered a rally in the pound sterling.

On March 15-16, trading was generally calmer but as the weekend approached the speculative activity against the weaker EMS currencies resurged. On March 17, Germany, the Netherlands, Switzerland, and Austria cut their discount rates 1/ and Irish clearing banks raised their prime lending rate from 14 per cent to 16.75 per cent. The Bank of France reported the pace of its intervention slowed to the equivalent of F 15 billion in the week to March 17 and the National Bank of Denmark later revealed that its intervention support in March prior to the realignment amounted to the equivalent of DKr 8 billion. Central banks were detected intervening in open market exchange dealings on Friday, March 18 as market opinion was about evenly divided whether the EMS realignment would be implemented over the forthcoming weekend. Official discussions did take place but a final agreement was not reached and a realignment in the EMS was effectively kept in abeyance; participating central banks did not hold their regular fixing sessions on Monday, March 21 and did not intervene to maintain the old bilateral

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1/ The Bundesbank reduced its discount and lombard rates by a percentage point to 4 and 5 per cent, respectively. The Netherlands Bank cut its discount rate from 4 per cent to 3.5 per cent. The Swiss National Bank reduced its discount and lombard rates by 0.5 percentage point to 4 and 5.5 per cent, respectively. The Austrian National Bank reduced its discount and lombard rates one percentage point to 3.75 and 4.25 per cent, respectively.

relationships, reportedly to help the participating currencies find their own levels through the interaction of market forces. Many other European central banks also suspended business and wide bid-ask quotations led to little private trading. Announcement of the agreed realignment (detailed above) was made in the afternoon in Europe and did not become really effective in Europe until March 22.

After the realignment, the Deutsche mark and the Netherlands guilder went to the bottom of the parity grid; the French franc, the Danish krone and the Irish pound went to the top while the Belgian franc moved toward the middle (see Charts 1 and 2). 1/ Euro-currency interest rates returned to normal levels, the National Bank of Denmark reduced its discount rate from 10 per cent to 8.5 per cent and its money market intervention rate to 15.5 per cent on strong foreign currency inflows; the National Bank of Belgium cut its discount rate the next day from 14 per cent to 11 per cent. Scepticism that the devaluation of the French franc might have been too small subsided following the announcement of a package of restrictive fiscal measures. The Italian lira became the strongest currency in the EMS, trading at a spread of about 5 per cent from the weakest currency toward the end of the month (the lira was assisted by expectations of increasing currency inflows from tourism over the next few months). The direction of speculative currency flows reversed sharply in the week following the realignment; the National Bank of Belgium bought foreign exchange equivalent to BF 9.3 billion and borrowed foreign currencies equivalent to a further BF 2.5 billion to reduce debt to the European Monetary Cooperation Fund to BF 86.9 billion, and the Bank of France reported a net foreign currency inflow equivalent to F 34 billion in the week to March 31. Subsequent to the easing of tensions within the EMS, exchange market participants switched focus mainly to the U.S. dollar. Although changes in the ECU central parities were expressed mostly in the form of revaluations, market rates against the U.S. dollar eased for most EMS currencies following the official announcement, and the dollar followed a generally firming trend to the end of the month, largely because of increases in short-term interest rates. Most of the 2.30 per cent effective (MERM) appreciation of the dollar during the month occurred after the EMS realignment.

1/ The Deutsche mark became "weak" and the French franc "strong" because the market cross rate of the French franc against the Deutsche mark depreciated only about 4.0 per cent while the bilateral central rate of the French franc against the Deutsche mark was devalued about 8.0 per cent.

Table 2. Intra-Month Variations of Exchange Rates of Major Currencies 1/

	March 2/		High-low spread in per cent 3/		MAC 4/	
	High	Low	Feb.	Mar.	Feb.	Mar.
Belgium	46.300	48.245	3.7	4.2	0.49	0.73
Denmark	8.545	8.6825	4.0	1.6	0.53	0.38
France	6.7150	7.2955	4.4	8.6	0.50	0.81
Germany	2.3805	2.4420	4.4	2.6	0.53	0.39
Ireland	1.38875	1.2975	3.8	7.0	0.42	0.56
Italy	1400.0	1446.0	3.9	4.2	0.49	0.42
Netherlands	2.6405	2.7360	3.6	3.6	0.48	0.43
Austria	16.735	17.1405	4.1	2.4	0.54	0.45
Canada	0.81790	0.81037	1.2	0.9	0.14	0.14
Japan	235.65	240.80	4.1	2.2	0.51	0.42
Norway	7.1075	7.2550	2.3	2.1	0.30	0.39
Sweden	7.4000	7.5625	2.8	2.2	0.39	0.37
Switzerland	2.0420	2.08625	4.2	2.2	0.68	0.41
United Kingdom	1.5173	1.4548	2.6	4.3	0.45	0.49

1/ Exchange rates against the U.S. dollar in the New York market.
2/ Domestic currency units per U.S. dollar except for the pound sterling, the Irish pound and the Canadian dollar, which are in U.S. dollars per domestic currency unit.
3/ Intra-month variation in per cent.
4/ Monthly average of absolute daily changes in spot exchange rates in percentage terms.

There was a marked diversity in the volatility of exchange rates during March which was mainly related to developments within the EMS. The average of absolute daily percentage changes (MAC in Table 1) increased for the French franc, the Belgian franc, and the Irish pound, which were weak within the EMS (although the MAC was slightly smaller for the Italian lira which was also weak within the system). For other currencies the MAC narrowed except for the Norwegian krone and the pound sterling. The range within which the French franc and the Irish pound were traded during the month nearly doubled from February reflecting their devaluations in the EMS but it widened somewhat less dramatically for the Belgian franc and the Italian lira. The trading range also widened substantially for the pound sterling. The range within which other major currencies traded generally narrowed, quite substantially in the cases of the Danish krone, the Deutsche mark, the

Japanese yen, and the Swiss franc. The French franc was the most volatile of the major currencies against the U.S. dollar in March in terms of both trading range and average absolute daily percentage change.

Table 3. Foreign Exchange Reserves in March 1983 1/

(In millions of U.S. dollars)

	Reserve level	Change in March	Change over 12 months
Belgium	3,794	+621	+932
Denmark	2,204	-421	+410
France	14,213	-1,078	-3,226
Germany	43,907	+1,704	+6,819
Ireland	1,832	-401	-377
Italy	12,771	-661	-543
Netherlands	9,179	-786	+1,124
Austria	4,443	+120	+39
Canada	3,040	-357	+1,401
Japan	19,799	+233	-3,834
Norway	5,198	-534	-394
Sweden	3,044	-181	+61
Switzerland	13,327	+652	+1,306
United Kingdom	8,660	-448	-3,307
United States	8,601	-615	-520

1/ Includes ECU holdings but excludes gold, SDRs and reserve position in the Fund. Foreign exchange reserves are gross and include balances drawn on short-term swap agreements and the proceeds from other official borrowings.

Changes in gross foreign exchange reserves in March were heavily affected by intervention activities within the EMS in the first three weeks (supported by considerable use of short-term borrowing facilities) and reflows of funds following the EMS realignment. Reserve changes in ensuing months are expected to be significantly influenced by repayments of drawings on short-term credit facilities. Germany's reserve growth continued to be strong while most other industrial countries, especially

France, reported losses in reserves. Over the year to March, significant losses in reserves were recorded by France, Japan, and the United Kingdom (see Table 3). The loss of convertible foreign exchange reserves of the United States in the first three months of the year of $1.61 billion is largely attributable to an increase in the U.S. reserve position in the Fund of $1.77 billion. Denmark incurred a loss in foreign exchange reserves in March despite official borrowing abroad amounting to DKr 4.1 billion. Switzerland's reserves rose during the month principally because of normal seasonal end-of-quarter liquidity transactions with commercial banks. Canada's reserves fell partly due to official debt repayment of $250 million.

I. Developments in the Spot Exchange Markets

The main feature of foreign exchange market activity in March was speculative activity prior to the EMS realignment which eventually took place on March 21. Less dramatic events included continued easing of the pound sterling on oil market uncertainties and a general strengthening trend of the U.S. dollar reflecting mainly firming U.S. interest rates. Over the month as a whole, the U.S. dollar firmed by 2.30 per cent in effective (MERM) terms and by 1.05 per cent against the SDR. Further indications emerged that an economic recovery in the United States was underway. The index of leading economic indicators rose 1.4 per cent in February for the sixth consecutive monthly rise. The index of industrial production, seasonally adjusted, rose 1.1 per cent in March but was down 1.8 per cent year-on-year. The civilian unemployment rate fell to a seasonally adjusted 10.3 per cent in March from 10.4 per cent in January and February. Real GNP in the first quarter was estimated to have risen (preliminary) at a seasonally adjusted annual rate of 3.1 per cent. The merchandise trade deficit widened marginally in February to a seasonally adjusted $3.58 billion from $3.57 billion in Janaury while the Federal budget deficit widened to $25 billion in February from $14.8 billion in February 1982. The index of producer prices declined 0.1 per cent in March but was up 2.2 per cent year-on-year.

The Deutsche mark was revalued 5.5 per cent within the EMS in terms of its ECU central rate and it moved from being one of the strongest currencies in the system to one of the weakest. The divergence indicator for the Deutsche mark occasionally exceeded its upper threshold prior to the realignment. Over the month as a whole, the Deutsche mark firmed 0.14 per cent against the U.S. dollar and 2.06 per cent in effective (MERM) terms. Industrial production in the January-February period rose 1.5 per cent from the previous two months but was down 5.5 per cent year-on-year. The unemployment rate in March declined to 9.8 per cent from 10.4 per cent in February. The current account swung into a surplus of DM 800 million in February from a deficit of DM 100 million in January. The producer price index fell 0.1 per cent in

February but was up 2.0 per cent year-on-year, while the wholesale price index declined 0.6 per cent in March and was down 1.1 per cent year-on-year.

The French franc came under heavy pressure in March on the expectation of a realignment within the EMS. The Bank of France continued to support the franc early in March but then let the currency move to the bottom of the grid which enabled it to obtain access to intervention support facilities of the EMS; the bank also supported the currency by forcing euro-French franc interest rates to very high levels. The franc was eventually devalued 2.5 per cent and the speculative pressures eased; the divergence indicator for the currency exceeded its upper threshold toward the end of March as the franc became one of the stronger currencies in the realigned system. Scepticism that the devaluation of the French franc may have been insufficient was largely allayed by the announcement of austerity measures in an effort to align French economic policies closer to those of other EMS partners. The package was designed to reduce domestic demand by F 65 billion this year (about 2 per cent of GNP) and limit the Government budget deficit to the equivalent of about 3 per cent of GNP. In addition to a range of conventional revenue-raising measures, the plan included a proposal to limit foreign exchange allowances for travel abroad to F 2,000 per year (which was especially unpopular) and a scheme to raise F 14 billion through obligatory interest-bearing three-year loans to the Government amounting to 10 per cent of individual taxpayers' bills for the previous year. Over the month, the franc was the weakest EMS currency, easing by 5.26 per cent against the U.S. dollar and by 4.23 per cent in effective (MERM) terms. The index of industrial production, excluding construction, seasonally adjusted, rose 0.8 per cent in February following a 1.6 per cent rise in January. The trade deficit in March narrowed to a seasonally adjusted F 6.6 billion from F 7.6 billion in February and F 9.6 billion in January. The index of industrial wholesale prices rose 1.0 per cent in February, 8.7 per cent year-on-year.

The Belgian franc was also under heavy speculative pressure in the EMS but under the realignment its central ECU parity was revalued by a moderate 1.5 per cent. One indicator of the pressure on the currency was the discount of the financial franc from the commercial franc; it began the month at 5 per cent then widened further to about 7 per cent prior to the EMS realignment but narrowed afterward and ended the month at 1.9 per cent. The divergence indicator for the Belgian franc was frequently below its lower threshold early in March and the currency was the weakest in the EMS parity grid. Belgium imposed very tight exchange controls including tight limits on the foreign exchange position of banks, a one per cent per day surcharge on foreign currency loans and severe restrictions on exporters' retention of foreign currency receipts. Following the realignment the Belgian franc moved to trade around the middle of the narrow band. Against the U.S. dollar over the month, the Belgian franc eased 0.75 per cent but firmed 0.95

per cent in effective (MERM) terms. The unemployment rate in March was unchanged from February at 12.2 per cent. The trade balance of the Belgo-Luxembourg Economic Union swung into a deficit in February of BF 17.1 billion from a surplus of BF 19.9 billion in January; in February 1982, the trade account was in deficit by BF 20.0 billion. The wholesale price index rose 0.3 per cent in February for a 3.8 per cent year-on-year rise.

The Netherlands guilder was revalued 3.5 per cent within the EMS in terms of its ECU central rate and, like the Deutsche mark, moved from being one of the strongest currencies in the system to one of the weakest. Over the month of March, the guilder eased by 1.43 per cent against the U.S. dollar and was only slightly easier in effective (MERM) terms. The unemployment rate in March, seasonally adjusted, eased to 17 per cent from 17.3 per cent in February. Industrial production in February, seasonally adjusted, rose 0.9 per cent but was down 1.8 per cent year-on-year. The trade surplus in January narrowed to f. 1.3 billion from f. 2.3 billion a year earlier but widened from f. 300 million recorded in December 1982. The producer price index for consumer and investment goods fell 0.7 per cent in January but was up 1.5 per cent year-on-year.

The Danish krone was revalued 2.5 per cent against its ECU central rate but nevertheless moved from near the bottom of the old narrow band toward the top of the realigned one. The krone was the strongest EMS currency over the month as a whole, firming by 0.54 per cent against the U.S. dollar and by 1.94 per cent in effective (MERM) terms. The unemployment rate in February, seasonally adjusted, rose to 10.4 per cent from 10.3 per cent in January. The trade surplus in February narrowed to DKr 130 million from an upward-revised DKr 357 million in January, compared with a deficit of DKr 1.1 billion in February 1982. The wholesale price index declined 0.5 per cent in March, after remaining unchanged in February, but was up 4.6 per cent over March 1982.

The Irish pound was devalued in the EMS for the first time during the month (3.5 per cent--the largest of any currency at this realignment) mostly to compensate for a loss of competitiveness against the pound sterling since more than 40 per cent of Ireland's trade is with the sterling area. Following the realignment, the exchange rate of the Irish pound eased considerably against most other currencies, but because of the devaluation the currency moved from being one of the weakest to being one of the strongest in the EMS. The pound eased 4.79 per cent against the U.S. dollar over the month and 3.07 per cent in effective (MERM) terms. The unemployment rate rose to a seasonally adjusted 14.4 per cent in March from 14.1 per cent in February. The trade deficit narrowed in February to £Ir 81.3 million from £Ir 138 million in January and £Ir 147.6 million in February 1982. The consumer price index increased at an average monthly rate of 0.8 per cent in the three months to mid-February and was up 12.5 per cent year-on-year.

The Italian lira, with a 6 per cent permitted spread in the EMS exchange arrangements, eased sharply after the first week of the month and became the weakest currency in the EMS, trading below the narrow band of the parity grid. Following its devaluation by 2.5 per cent (along with the French franc) the lira became the strongest currency in the EMS and, assisted by expectations of rising foreign currency receipts as the tourist season begins, firmed relative to other EMS currencies to end the month with a spread of about 5 per cent from the weakest currency in the system. The unemployment rate in January rose to 9.8 per cent from 9.3 per cent a year earlier. Industrial production in February fell a seasonally adjusted 0.7 per cent and was down 9.2 per cent year-on-year. The trade deficit in February narrowed to Lit 1,158 billion from Lit 2,617 billion in January; it was the 40th consecutive monthly deficit.

The pound sterling traded generally easier over the month on continuing oil market uncertainties. Final agreement by the OPEC on a moderate reduction in the price of oil and a production-sharing plan triggered a rally in the pound on March 14 but this was short-lived as uncertainties grew about whether the agreement would hold. The pound, however, bounced back sharply again on March 31 when U.K. oil prices were reduced slightly and brought into conformity with the lower prices set by the OPEC. The pound eased 1.90 per cent against the U.S. dollar and 0.94 per cent in effective (MERM) terms over the month. The index of leading economic indicators (for 12 months ahead) rose 0.6 per cent in March. The Government announced its 1983-84 budget which included a projected deficit equivalent to less than 3.0 per cent of GNP. The unemployment rate rose to a seasonally adjusted 13.0 per cent in March from 12.9 per cent in February. The index of industrial production, seasonally adjusted, rose 1.1 per cent in February and 2.9 per cent year-on-year. The central government borrowing requirement in March more than doubled to £2.754 billion from £1.123 billion in March 1982; for the fiscal year as a whole the borrowing requirement widened to £12.581 billion from £7.519 billion in the previous fiscal year. The current account switched to a seasonally adjusted surplus in February of £42 million from a deficit in January of £311 million. The wholesale price index rose 0.6 per cent in March and 7.3 per cent year-on-year.

The Swiss franc eased by 1.10 per cent against the U.S. dollar and was essentially unchanged in effective (MERM) terms. The unemployment rate in March fell to 0.8 per cent from 0.9 per cent in February. The trade deficit widened in March to Sw F 1,015 million from a revised Sw F 707 million in February. The wholesale price index fell 0.1 per cent in March but was up 0.4 per cent year-on-year.

The Japanese yen eased 0.48 per cent against the U.S. dollar and 0.40 per cent in effective (MERM) terms. Industrial production declined 1.7 per cent in February compared with the level prevailing a year earlier. The unemployment rate, seasonally adjusted, declined slightly in February to 2.71 per cent from 2.72 per cent in January. The trade surplus in March, seasonally adjusted, narrowed to $1.42 billion from $1.58 billion in February. The wholesale price index fell 0.4 per cent in March and was down 1.4 per cent year-on-year.

The Canadian dollar eased 0.42 per cent against the U.S. dollar but firmed 0.73 per cent in effective (MERM) terms. The index of leading economic indicators rose by a record 2.3 per cent in January. Industrial production, seasonally adjusted, rose 5.0 per cent in January but was down 6.2 per cent year-on-year. Real GDP in January, seasonally adjusted, rose 1.6 per cent but was down 2.8 per cent from a year earlier. The unemployment rate in March, however, rose to 12.6 per cent from 12.5 per cent in February. The trade surplus widened in February to a seasonally adjusted Can$1.44 billion from Can$1.24 billion in January, and the Government's budget deficit widened to Can$2.35 billion in February from Can$1.48 billion in February 1982.

The Austrian schilling eased 0.31 per cent against the U.S. dollar but firmed 1.50 per cent in effective (MERM) terms. The Norwegian krone eased 0.69 per cent against the U.S. dollar but firmed 0.85 per cent in effective (MERM) terms. The Swedish krona eased 0.88 per cent against the U.S. dollar but firmed 0.81 per cent in effective (MERM) terms.

II. Monetary Developments, Forward Exchange Quotations and Covered Interest Differentials

Monetary and credit conditions in major industrial countries remained practically unchanged in March, with policies being aimed at achieving economic recovery while at the same time maintaining a certain degree of anti-inflationary stance. Short-term interest rates in industrial countries were relatively easier or unchanged, with notable exceptions in the United States, Switzerland, and Italy where the rates firmed by 0.77, 0.81, and 0.12 percentage points, respectively, between the end of February and the end of March.

In the United States, short-term interest rates firmed significantly at the the end of March. The three-month bond-equivalent yield on Treasury bills firmed from 8.20 per cent at the end of February to 8.97 per cent at the end of March. The federal funds rate and the 90-day CD rate firmed by 2.28 and 0.86 percentage points, respectively, to 10.81 per cent and 9.09 per cent while the prime lending rate remained unchanged at 10.50 per cent. The U.S. basic money supply M1 rose to a seasonally adjusted average of $499.4 billion in the week ended April 6 from $497.2 billion in the previous week and in the month of March, M1 averaged $497.7 billion compared with $491.1 billion in February. For the latest 13 weeks, the narrowest aggregate averaged $491.6 billion for a growth rate of 14.5 per cent. At the same time, the broader measure M2 averaged \$2.0661 trillion, up from \$2.0473 trillion in February, while M3 averaged \$2.4434 trillion, up from \$2.4274 trillion a month earlier.

Among the countries in the European Monetary System, the National Bank of Belgium lowered its discount rate from 11.00 per cent to 10.00 per cent and the rate on advances from 12.00 per cent to 11.00 per cent, effective April 14; the discount rate was last changed on March 24, when it was reduced by 3.0 percentage points to 11.00 per cent after the revaluation of the Belgian franc in the general realignment of the EMS currencies. At the same time, the Bank also announced a reduction in the interest rate on one-, two-, and three-month Treasury certificates by 0.5 percentage point to 10.75 per cent. The Italian monetary authorities lowered the base rate for rediscounts and advances by the Bank of Italy from 18.00 per cent to 17.00 per cent with effect from April 9, 1983. The Bank of France lowered its call money rate on March 28 to 12.75 per cent from 12.88 per cent; this marks the first reduction in the daily rate since February 24, when it was raised from 12.63 per cent to 12.88 per cent. The Bank's money market intervention rate was left unchanged at 12.50 per cent. Among other countries, the Bank of Sweden lowered the discount rate from 9.0 per cent to 8.5 per cent, effective April 8.

The Bank of Japan reported that the broadly defined money supply M3 grew at an average 7.4 per cent in February from a year earlier; this compared with a year-on-year growth rate of 7.7 per cent in January and 7.9 per cent in December 1982. The narrowly defined money supply M1 grew an average 6.0 per cent in February from a year earlier, down from an average growth rate of 6.7 per cent in January. The Bank of England reported that the sterling M3 rose by a seasonally adjusted £830 million or 0.9 per cent in the banking month ended March 16; this compared with a rise of £260 million or 0.3 per cent in February. The narrowest measure M1 rose by 0.8 per cent in March, compared with 0.4 per cent in February while at the same time, the broadest aggregate, Public Sector Liquidity 2 (PSL2), rose by 1.3 per cent, compared with an average monthly rise of 0.8 per cent in February. Over the 13-month period since mid-February 1982, the sterling M3 grew at an annual rate of 10.0 per cent, M1 grew at an annual rate of 9.5 per cent, and PSL2 registered a growth rate of 11.0 per cent.

Short-term money market interest rates in industrial countries were mixed at the end of March (see Table 4). Interest rates in Austria, Canada, France, Germany, Japan, the Netherlands, and the United Kingdom eased by 0.06-1.00 percentage point, while those in the United States, Italy, and Switzerland firmed by 0.12-0.81 percentage point at the end of March. Short-term rates in Belgium, Denmark, Norway, and Sweden remained unchanged between the end of February and the end of March.

Table 4. Inflation Rates and Short-Term Interest Rates

	Month 2/	Inflation Rates 1/ (year-on-year per cent changes) Wholesale price index		Consumer price index 3/		Short-term interest rates 4/ (end-of-month) Feb.	Mar.
Austria	March	0.0	(0.0)	3.5	(4.3)	4.75	3.75
Belgium	Feb./Apr.	3.8	(4.2)	8.0	(8.9)	12.25	12.25
Canada	March			7.2	(7.4)	9.20	9.05
Denmark	February	6.2	(7.3)	8.8	(9.1)	10.00	10.00
France	Feb./Mar.	8.7	(8.0)	9.0	(9.2)	13.05	12.17
Germany	March	-1.1	(-0.8)	3.5	(3.7)	5.73	5.40
Italy	Jan./Mar.	11.1	(11.9)	16.4	(16.1)	19.25	19.37
Japan	February	-0.7	(0.1)	1.9	(2.0)	6.89	6.83
Netherlands	March			2.7	(3.5)	4.75	4.25
Norway	Feb./Mar.	5.9	(6.0)	9.2	(11.7)	9.00	9.00
Sweden	February	10.8	(11.7)	8.3	(10.1)	9.00	9.00
Switzerland	Feb./Mar.	0.5	(0.5)	4.8	(4.8)	3.13	3.94
United Kingdom	Mar./Feb.	7.3	(7.1)	5.3	(4.9)	11.00	10.66
United States	March	2.2	(2.1)	3.6	(3.5)	8.20	8.97

1/ Rates appearing in parentheses are those for the preceding month.

2/ In case of double entry (month/month), the first entry applies to the wholesale price index and the second entry applies to the consumer price index.

3/ Retail price index for France and the United Kingdom, and cost of living index for Germany and the Netherlands.

4/ Three-month rates are: Market yields on Treasury bills for the United States and the United Kingdom; Treasury bill rate for Canada; inter-bank rates for Germany, France, Italy, and the Netherlands; three-month euro-franc rate for Switzerland; four-month certificates of the Government Securities Stabilization Fund for Belgium; discount rate on two-month private bills for Japan; central bank discount rates for Austria, Denmark, Norway and Sweden.

In the euro-currency market, the three-month euro-dollar interest rate firmed sharply by 0.88 percentage point to 9.69 per cent at the end of March. As a result the uncovered interest differentials favoring euro-dollar investment widened sharply for Germany and the Netherlands at the end of March while the uncovered differentials favoring domestic investment narrowed for Belgium, France, Italy, and the United Kingdom between the end of February and the end of March.

In the forward exchange market, the premia against the U.S. dollar widened sharply for the Deutsche mark and the Netherlands guilder at the end of March while the discount against the U.S. dollar eased substantially for the Belgian franc, the French franc, the Italian lira and the pound sterling between the end of February and the end of March. Consequently, the covered interest differentials favoring domestic investment narrowed for Germany and the Netherlands at the end of March. The covered interest differentials favoring euro-dollar investment narrowed sharply for Belgium and France, while differentials for Italy and the United Kingdom switched to favor domestic investment between the end of February and the end of March.

Table 5. Covered Interest Differentials for Three-Month Investments in Europe (End-month)

	Uncovered interest differentials 1/ (1)		Forward exchange quotations 2/ (2)		Covered interest differentials 1/ (3)=(1)-(2)	
	Feb.	Mar.	Feb.	Mar.	Feb.	Mar.
Belgium 3/	-3.12	-2.44	-5.01	-2.75	+1.89	+0.31
France	-4.24	-2.48	-12.87	-3.27	+8.63	+0.79
Germany	+3.08	+4.29	+3.69	+4.78	-0.61	-0.49
Italy	-10.44	-9.68	-12.06	-6.88	+1.62	-2.80
Netherlands	+4.06	+5.44	+4.45	+5.60	-0.39	-0.16
United Kingdom	-2.19	-0.97	-2.59	-0.84	+0.40	-0.13

1/ Positive sign indicates differential in favor of euro-dollar investment relative to domestic investment, while negative sign indicates the reverse. Domestic interest rates for France, Germany, Italy and the Netherlands are interbank rates. For the United Kingdom the Treasury bill rate is used, and for Belgium the rate on four-month certificates of the Government Securities Stabilization Fund.

2/ Positive sign indicates three-month forward premium of domestic currency against the U.S. dollar, while negative sign indicates forward discount.

3/ Rates pertain to the last Tuesday of the month.

III. Yields on the SDR and Other SDR-Denominated Assets

For the calendar quarter beginning April 1, 1983, the SDR interest rate increased slightly to 8.52 per cent from 8.47 per cent in the previous quarter. The increase reflected 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, partly offset by declines in the rates on the other instruments employed to calculate the combined market rate which eased by 0.16-1.19 percentage points in the relevant period. The rate of remuneration paid on creditor positions in the Fund (85 per cent of the SDR interest rate) increased from 7.20 per cent in the previous quarter to 7.24 per cent in the current quarter.

As shown in Appendix B, the average domestic interest rates eased in Germany, France, the United Kingdom, and Japan during March but firmed in the United States by 0.27 percentage point to 8.67 per cent. As a result, the average combined market interest rate remained practically unchanged at 8.50 per cent in March.

The combined domestic market interest rates for maturities ranging from three months to five years firmed modestly by 0.03-0.13 percentage point at the end of March (see Table 6), reflecting mainly firmer interest rates on the relevant instruments for the United States, which firmed by 0.25-0.73 percentage point between the end of February and the end of March. The combined domestic rates displayed a rising yield curve moving up from 8.52 per cent on the three-month maturity through 8.61 per cent and 8.66 per cent on the six- and twelve-month maturities, respectively, to 9.92 per cent on the five-year maturity.

The combined euro-currency interest rates for the three-, six- and twelve-month maturities eased by 0.92, 0.62, and 0.22 percentage points, respectively to 8.73 per cent, 8.97 per cent, and 9.28 per cent at the end of March. This reflected generally easier euro-currency deposit rates for the five currencies included in the SDR basket, especially those on the euro-French franc deposits, which eased substantially by 3.25-10.38 percentage points between the end of February and the end of March.

Average interest rates on SDR-denominated deposits of selected commercial banks eased by 0.22-0.89 percentage point at the end of March. The deposit rates displayed a rising yield curve moving up from 8.56 per cent on one-month deposits through 8.58 per cent and 8.86 per cent on three- and six-month, respectively, to 9.02 per cent on twelve-month deposits. The yields on SDR-denominated bonds quoted on the Luxembourg Stock Exchange eased slightly at the end of March. The current yield ranged from 9.02 per cent to 11.50 per cent, with the average current yield easing marginally by 0.06 percentage point to

10.18 per cent at the end of March while the yield to maturity ranged from 10.98 per cent to 19.03 per cent with the average yield to maturity easing marginally by 0.03 percentage point to 12.54 per cent between the end of February to the end of March.

Table 6. Yields on the SDR and Other SDR-Denominated Assets

	Feb.	Mar.	Apr.
SDR quarterly rate	8.47	8.47	8.52
Rate of remuneration	7.20	7.20	7.24
Yields on other SDR-denominated assets 1/			
Combined market interest rates 2/			
Based on domestic rates			
3-month maturity (Rule T-1)	8.39	8.52	
6-month maturity	8.49	8.81	
12-month maturity	8.57	8.66	
5-year maturity	9.89	9.92	
Based on euro-currency rates			
3-month maturity	9.65	8.73	
6-month maturity	9.59	8.97	
12 month maturity	9.50	9.28	
Average commercial bank deposit rates 3/			
1-month deposits	9.28	8.56	
3-month deposits	9.47	8.58	
6-month deposits	9.44	8.86	
12-month deposits	9.24	9.02	
Bonds quoted on the Luxembourg Stock Exchange 4/			
Average current yield	10.24	10.18	
Average yield to maturity	12.57	12.54	

1/ Rates pertain to last Wednesday of the month.

2/ As of January 1, 1981, combined market rates (according to the Rule T-1) are calculated by multiplying the yields or rates of each of the respective instrument by the number of units of the corresponding currency listed in Rule O-1 and the value in terms of the SDR of a unit of that currency as determined by the Fund under Rule O-2(a) and (b). Domestic rates are those used to determine interest rates on the SDR or on borrowings by the Fund. Euro-currency rates are midpoint midmorning rates in London, and for sterling, in Paris.

3/ Average of rates quoted by selected commercial banks.

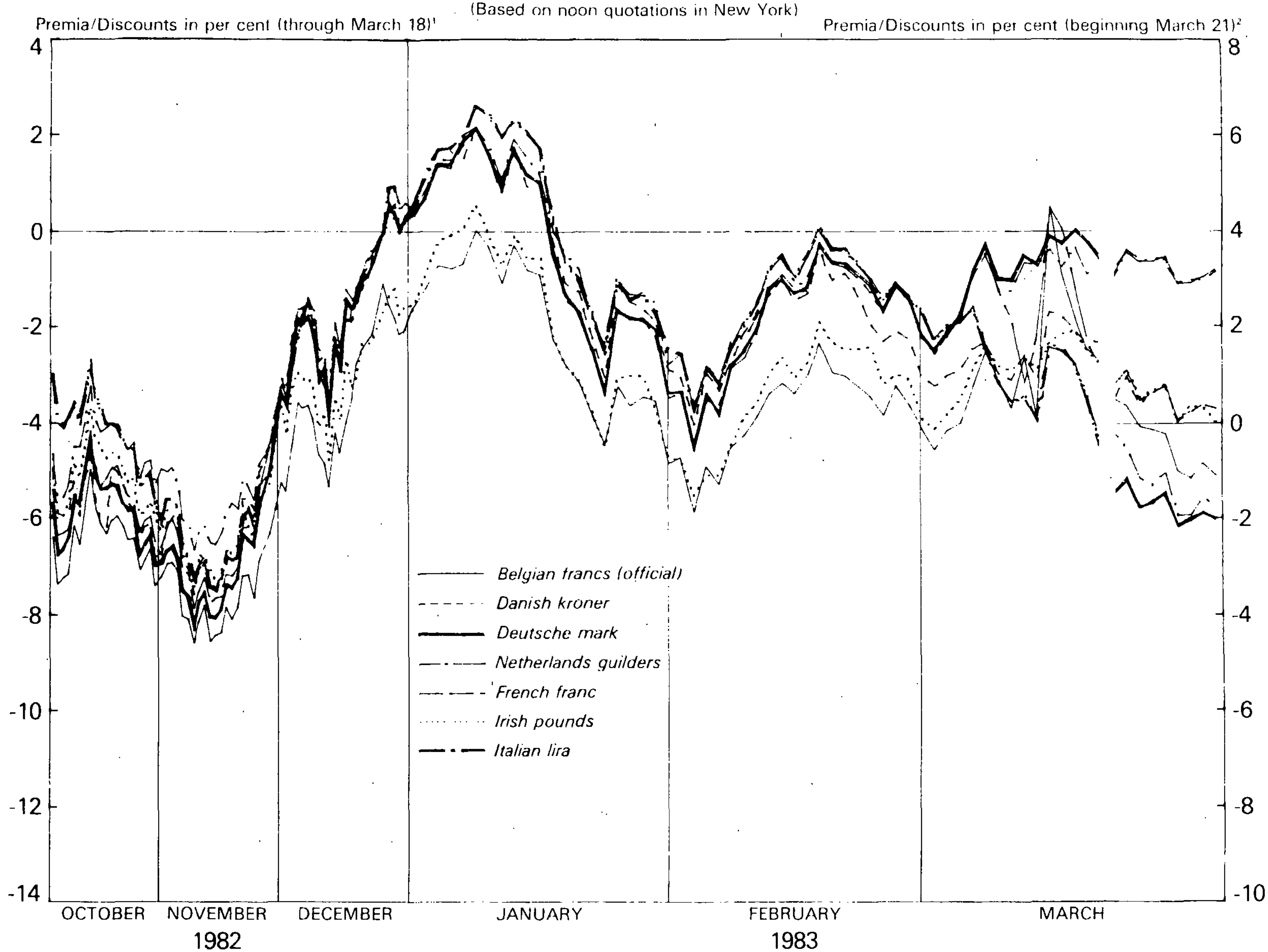
4/ Maturity dates for these issues range from 1983 to 1989.

CHAP. 1

SPOT EXCHANGE RATES: EUROPEAN MONETARY SYSTEM

DEVIATIONS FROM CENTRAL RATES EXPRESSED IN U.S. DOLLARS

(Based on noon quotations in New York)



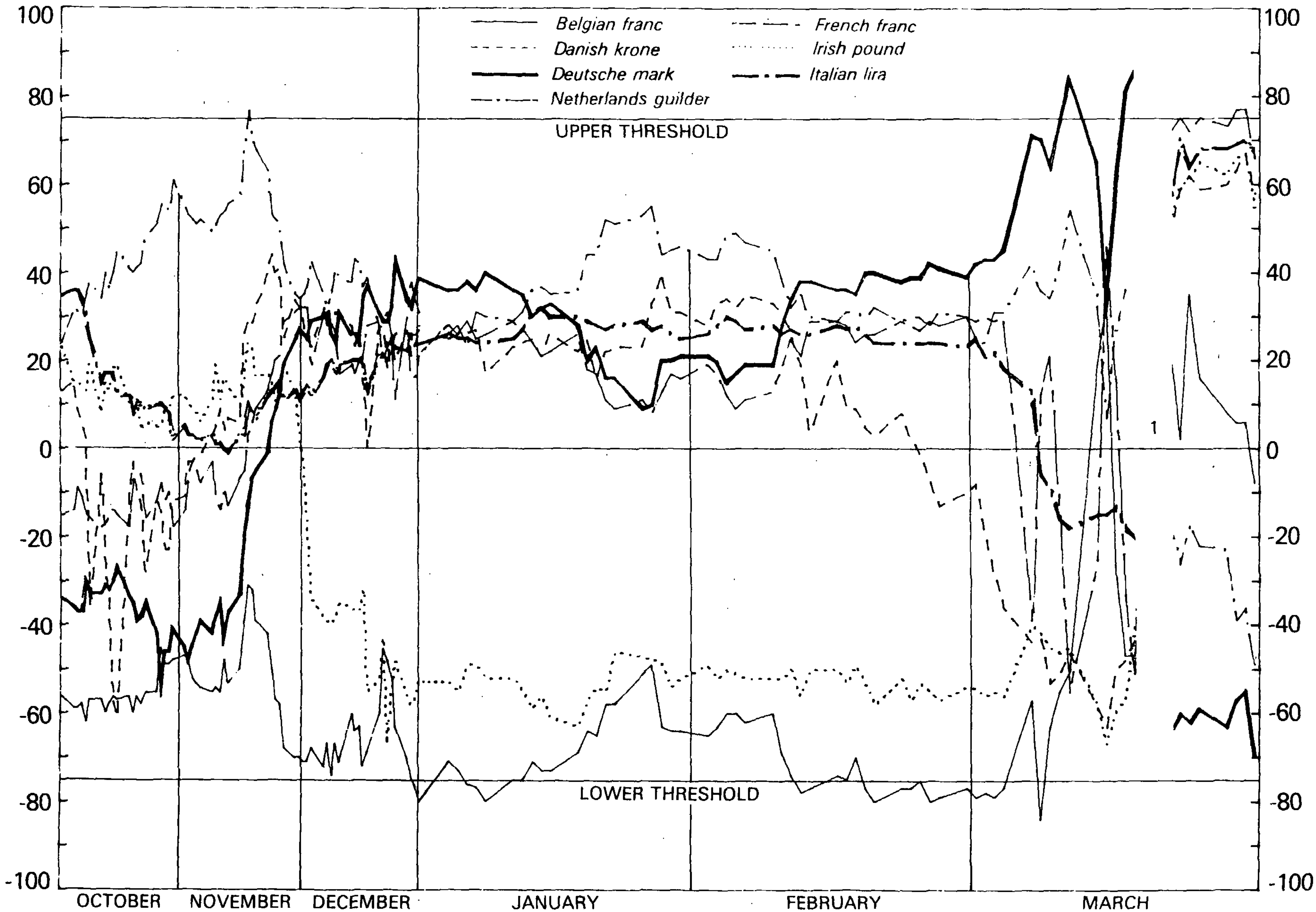
[1]Premia/discounts over declared ECU central rates converted to U.S. dollar terms on the basis of 1 ECU - \$0.98 through March 18, 1983.

[2]Effective March 21, the Deutsche mark, the Netherlands guilder, the Danish krone, and the Belgian franc were revalued by 5.5, 3.5, 2.5, and 1.5 per cent, respectively, and the French franc, the Italian lira, and the Irish pound were devalued by 2.5, 2.5, and 3.5 per cent respectively. Consequently, the premia/discounts over declared ECU central rates are calculated on the basis of the rate as of March 22 of 1 ECU - \$0.930217.

CHART 2

EUROPEAN MONETARY SYSTEM: DIVERGENCE INDICATORS

(Based on noon quotations in London)



[1]Effective March 22, the Deutsche mark, the Netherland guilder, the Danish krone, and the Belgian franc were revalued by 5.5, 3.5, 2.5, and 1.5 per cent respectively, while the French franc, the Italian lira and the Irish pound were devalued by 2.5 per cent, 2.[illegible] cent, and 3.5 per cent respectively.

CHART 3
SPOT EXCHANGE RATES
(Noon quotations in New York)

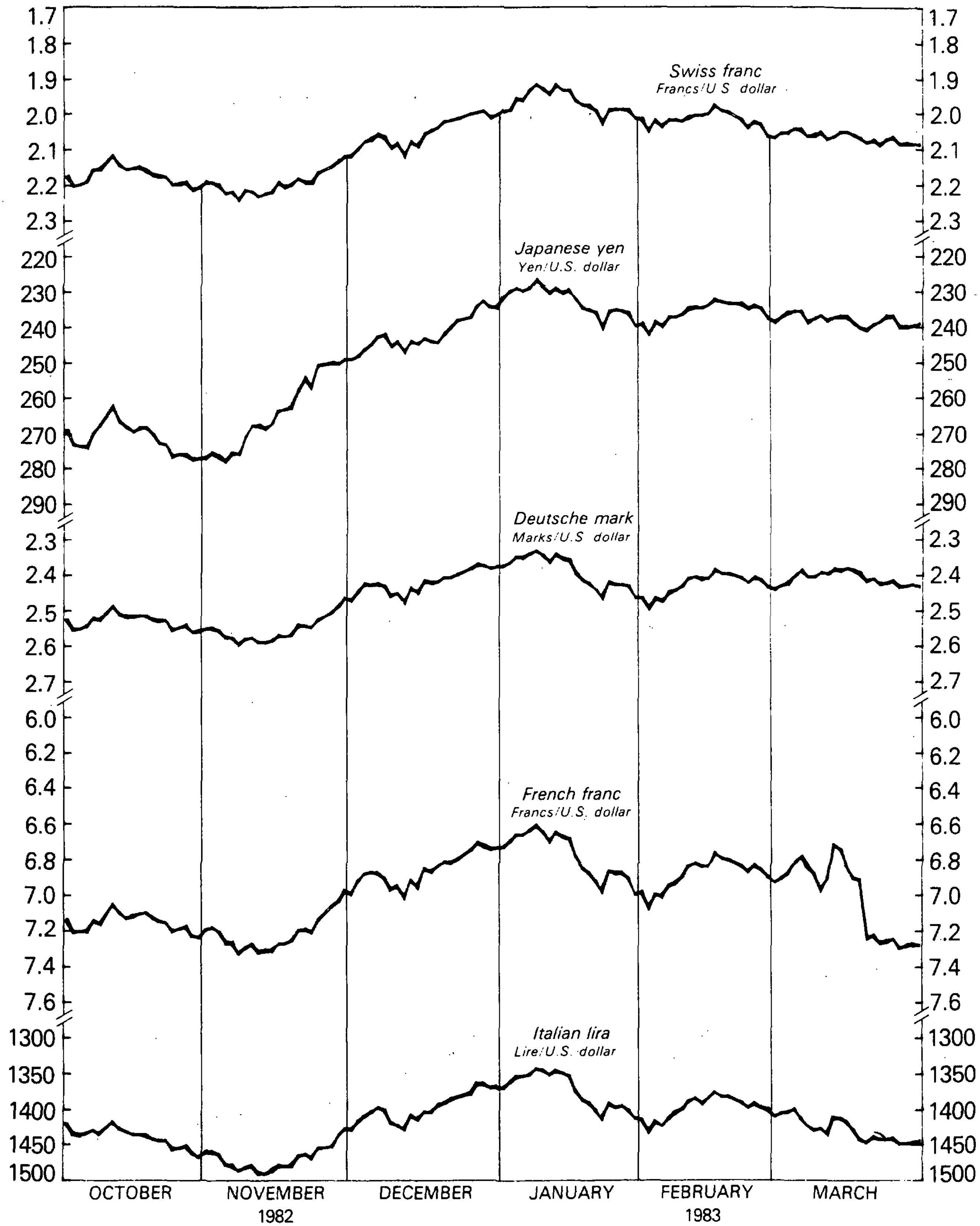


CHART 4

SPOT EXCHANGE RATES

(Noon quotations in New York)

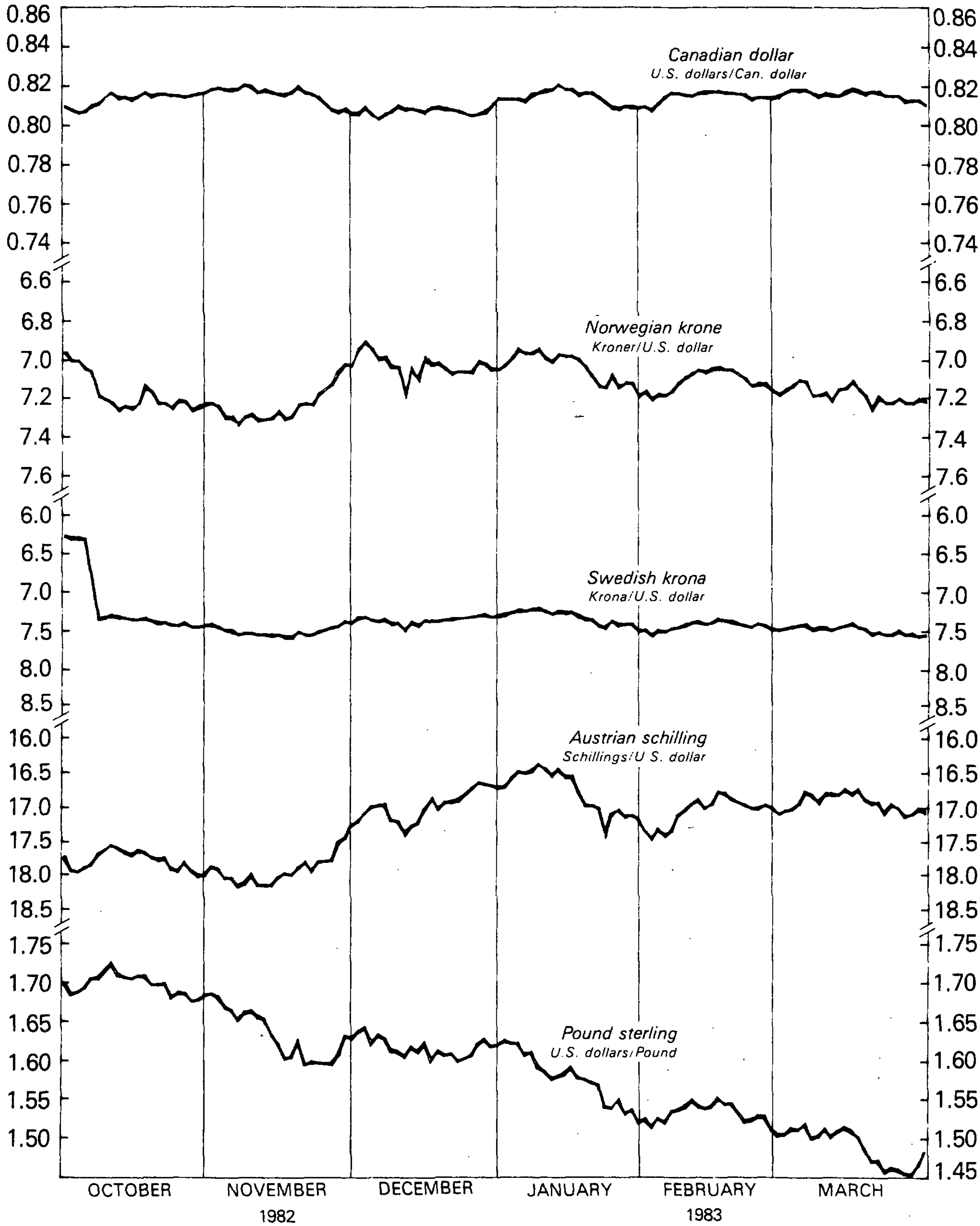
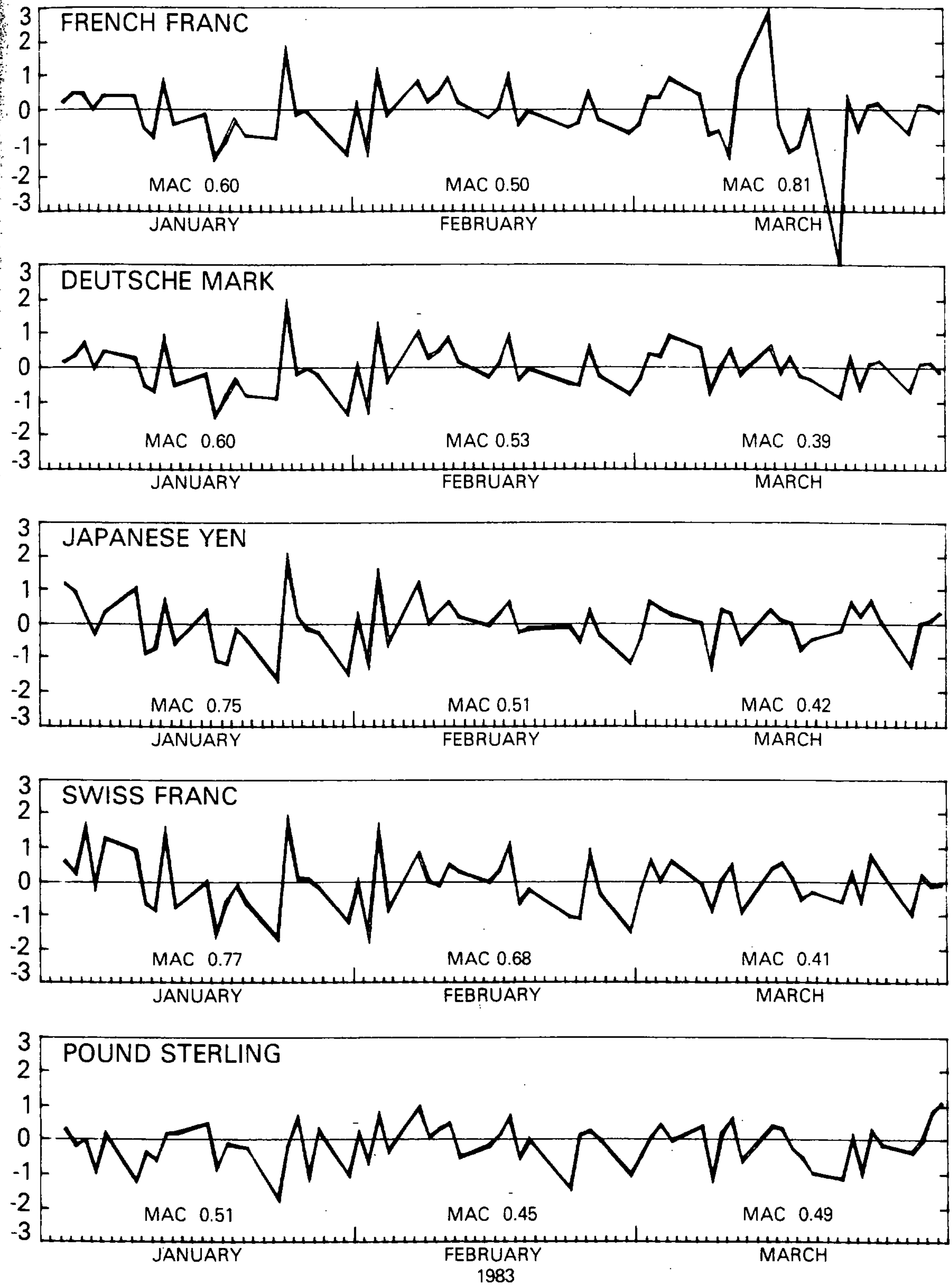


CHART 5

DAILY CHANGES IN SPOT EXCHANGE RATES

(In per cent against the U.S. dollar, based on noon quotations in New York)[1]



[1]Monthly averages of absolute changes (MAC) are also indicated.

CHART 6

INDEXES OF EXCHANGE RATES OF FIVE MAJOR CURRENCIES AGAINST THE SDR

JUN. 1974 - MAR. 1983

(June 28, 1974 = 100)

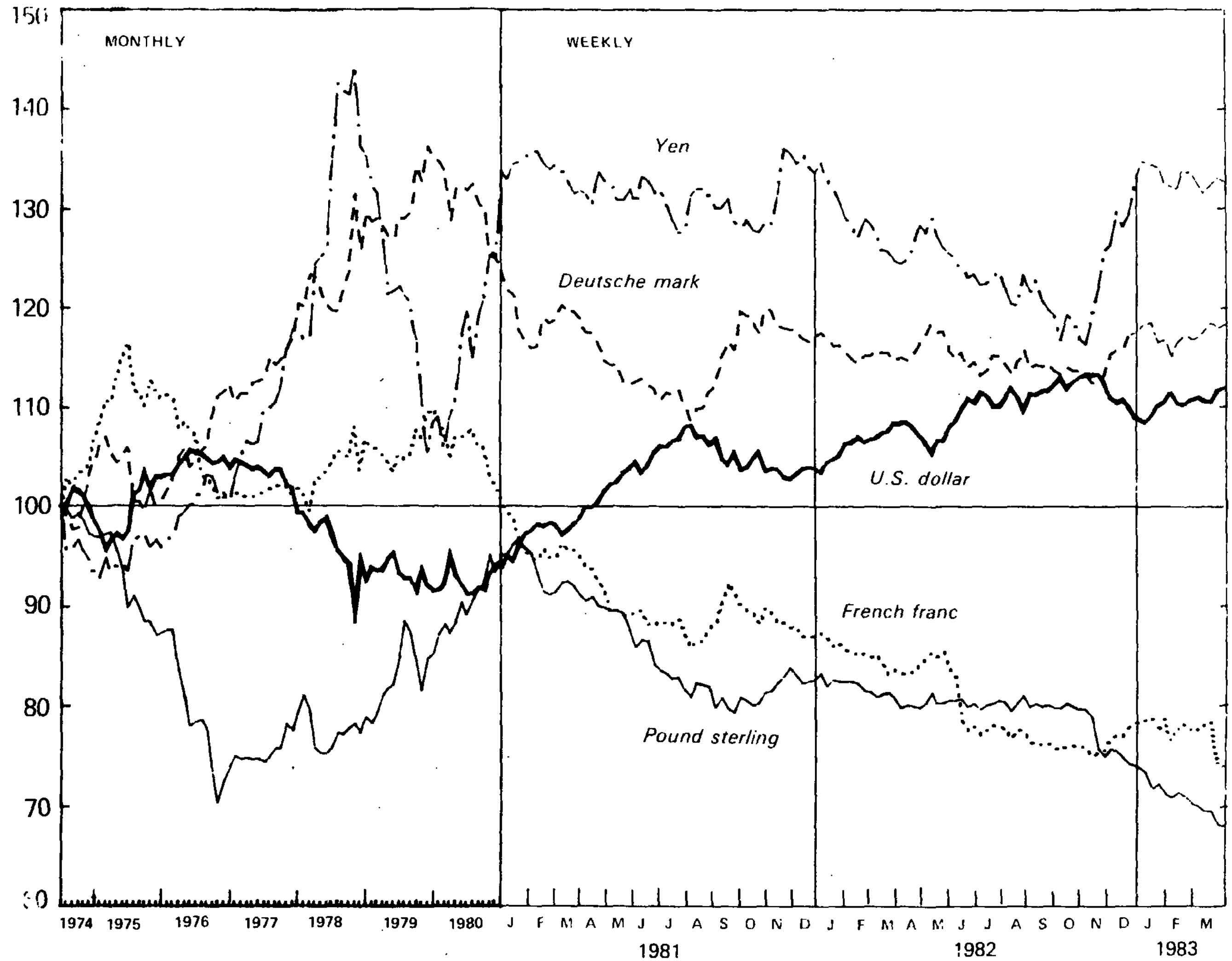
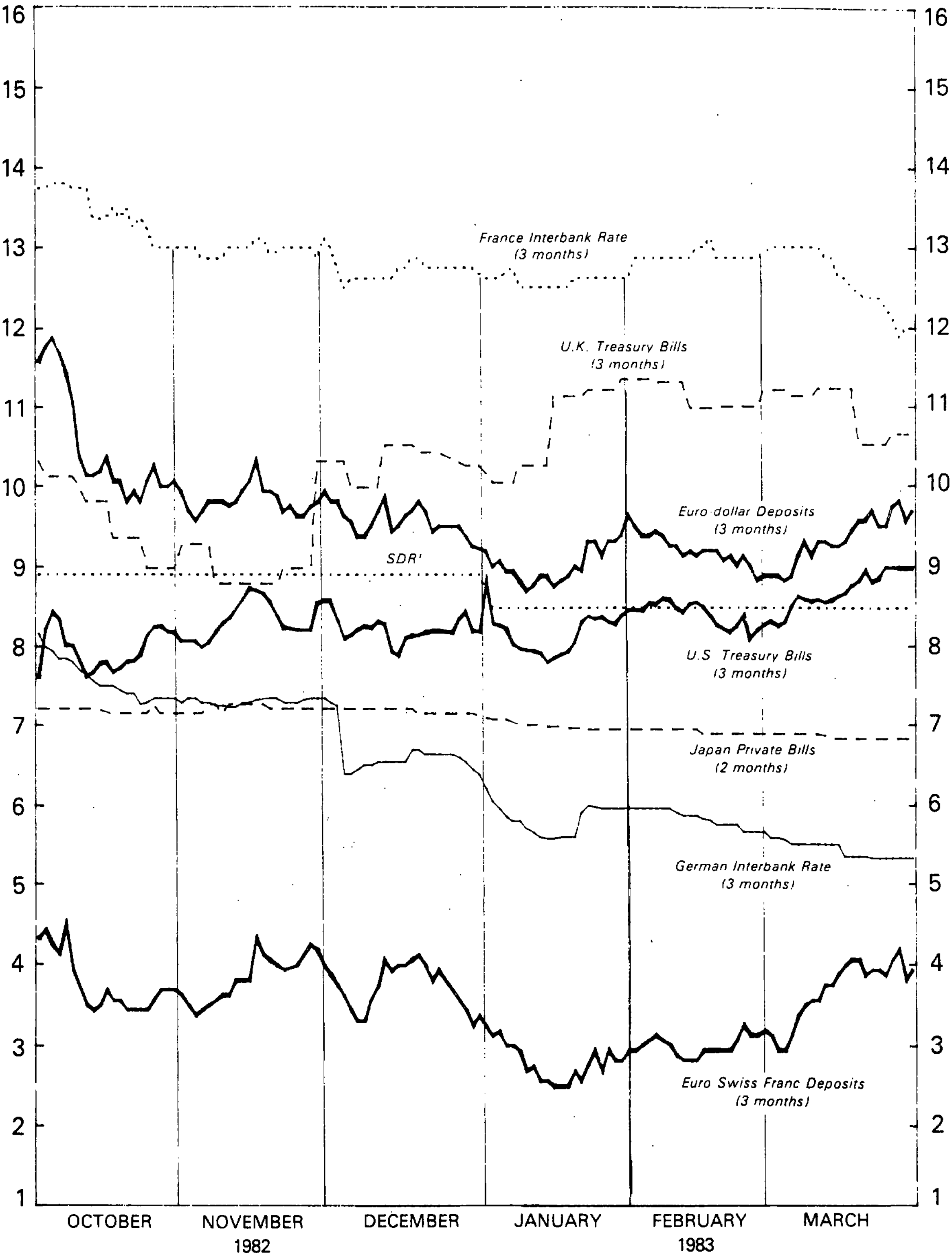


CHART 7

SHORT-TERM MONEY MARKET RATES

(Per cent per annum)



¹The rate of interest on SDR holdings for each quarter, under Rule T-1(b), is based on a combined market rate of interest.

CHART 8

THREE-MONTH FORWARD RATES

Margins from Spot Rates based on noon quotations in New York
(Per cent per annum)

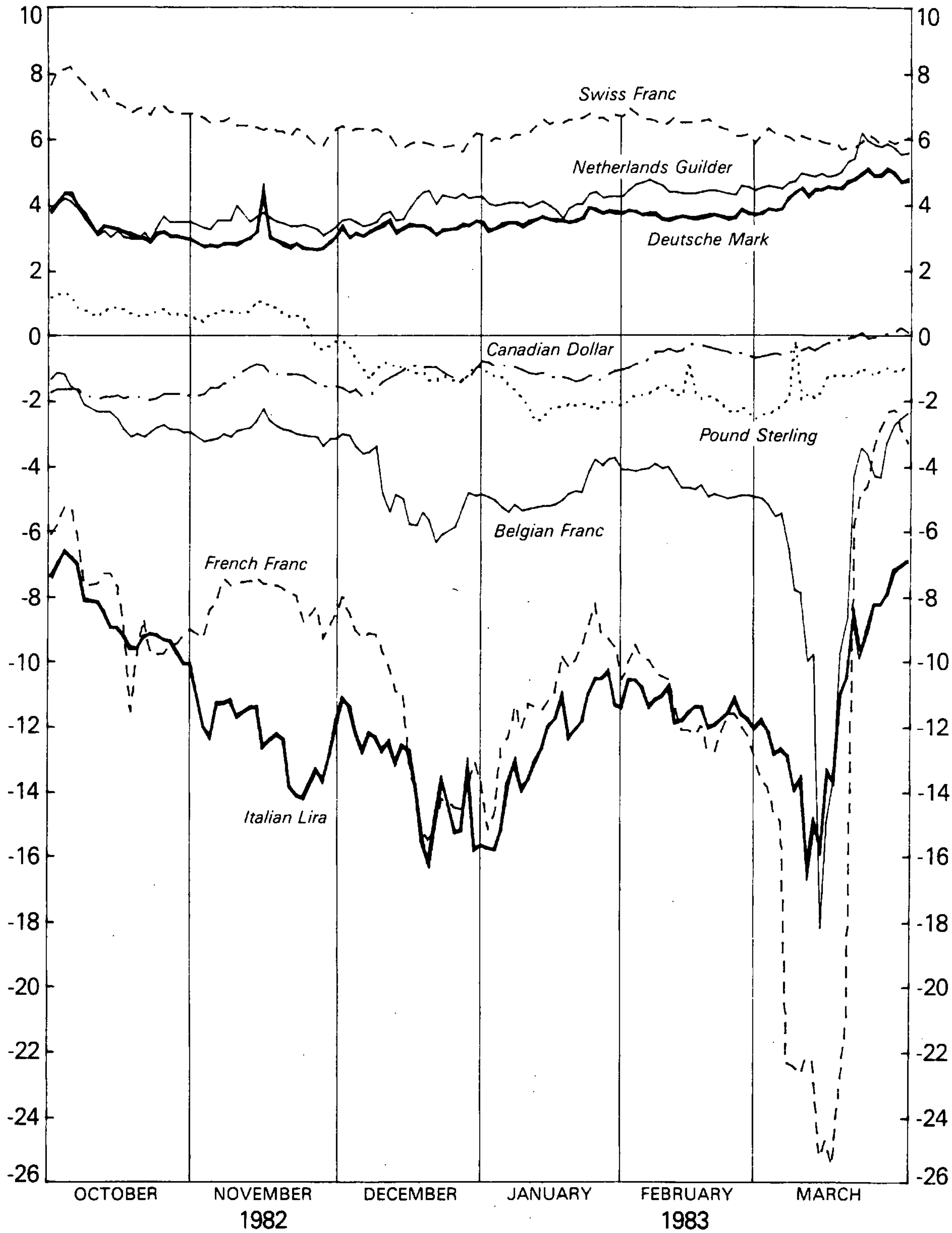
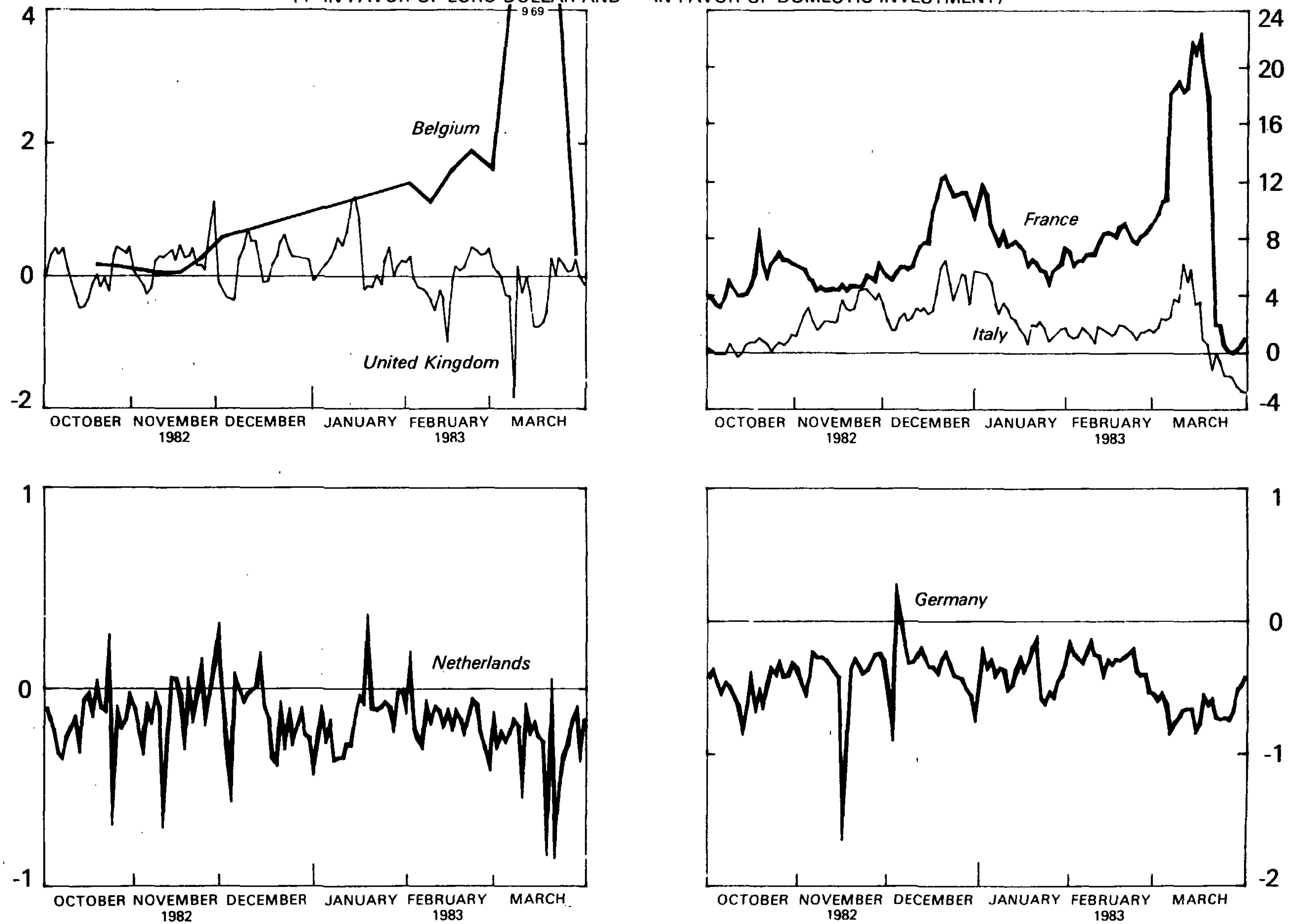


CHART 9

COVERED INTEREST DIFFERENTIALS BETWEEN THREE-MONTH EURO-DOLLAR DEPOSITS AND LOCAL SHORT-TERM INVESTMENTS

(+ IN FAVOR OF EURO-DOLLAR AND — IN FAVOR OF DOMESTIC INVESTMENT)



Foreign Exchange Rates, February-March 1983 1/

	February				March				
	2	9	16	23	2	9	16	23	30
Austrian schilling	17.4650	17.0350	16.7750	17.0150	17.0650	16.9250	16.8050	17.0825	17.0275
Belgian franc									
Official	48.745	47.740	46.985	47.720	47.885	47.655	46.725	47.725	48.105
Financial	50.250	49.500	48.600	49.500	50.515	50.250	49.950	50.050	49.050
Canadian dollars	0.80762	0.81576	0.81743	0.81304	0.81623	0.81470	0.81823	0.81470	0.81268
Danish kroner	8.7550	8.5475	8.4350	8.6000	8.6625	8.6700	8.5775	8.6150	8.6150
Deutsche mark	2.49400	2.43050	2.38750	2.42200	2.43250	2.40600	2.38050	2.42400	2.42700
French francs	7.0685	6.8960	6.7675	6.8635	6.9005	6.8750	6.8300	7.2662	7.2750
Irish pounds	1.3400	1.3675	1.3913	1.3730	1.3640	1.3768	1.3888	1.3045	1.3016
Italian lire	1431.000	1399.000	1377.000	1398.000	1405.500	1429.000	1417.000	1442.000	1447.000
Japanese yen	242.150	236.525	232.525	234.975	237.400	237.675	237.175	238.750	239.725
Netherlands guilder	2.7340	2.6810	2.6390	2.6765	2.6898	2.6658	2.6405	2.7148	2.7258
Norwegian kroner	7.2050	7.0900	7.0425	7.1387	7.1575	7.1825	7.1138	7.2250	7.2025
Pounds sterling	1.5143	1.5413	1.5518	1.5240	1.5055	1.5030	1.5104	1.4583	1.4670
Swedish kroner	7.5550	7.4200	7.3475	7.4450	7.4725	7.4625	7.4000	7.5500	7.5625
Swiss francs	2.04775	2.02050	1.97775	2.04000	2.05450	2.06100	2.04925	2.08625	2.08350

1/ Wednesday noon spot quotations in New York, expressed in terms of currency units per U.S. dollar, except for the Canadian dollar, the Irish pound, and the pound sterling which are expressed in U.S. dollars per currency unit.

APPENDIX A

Short- and Medium-Term Interest Rates

APPENDIX B

(Monthly and weekly averages)

	National Money Markets 1/						Euro-currency Markets 2/					Lending Rate		U.S. Treasury 5/ Securities
	United States (1)	Germany (2)	United Kingdom (3)	France (4)	Japan (5)	Weighted average (6)	U.S. dollar (7)	Deutsche mark (8)	Pound sterling (9)	Swiss franc (10)	French franc (11)	LIBOR 3/ (12)	U.S. prime 4/ (13)	(14)
1982														
Apr.	13.30	9.46	13.45	16.61	7.15	12.24	15.22	9.04	13.80	4.98	23.12	15.30	16.50	14.00
May	12.66	9.31	13.36	16.39	7.29	11.88	14.61	8.67	13.35	3.93	24.97	14.62	16.50	13.75
June	13.04	9.40	12.86	15.90	7.37	11.99	15.55	8.98	13.05	5.38	18.70	15.75	16.50	14.43
July	11.73	9.58	12.29	14.83	7.40	11.20	14.39	9.00	12.39	4.38	15.77	14.96	16.26	14.07
Aug.	9.00	9.13	10.98	14.68	7.44	9.62	11.65	8.65	11.15	4.22	17.62	12.64	14.39	13.00
Sept.	8.21	8.29	10.36	14.24	7.31	8.94	11.85	7.83	10.93	4.08	19.43	12.75	13.50	12.25
Oct.	7.97	7.68	9.59	13.65	7.19	8.56	10.51	7.19	9.82	3.75	19.01	10.82	12.52	10.80
Nov.	8.34	7.41	9.08	13.16	7.23	8.59	9.82	7.07	9.35	3.83	18.77	10.06	11.85	10.38
Dec.	8.20	6.71	10.30	12.90	7.19	8.49	9.57	6.38	10.55	3.73	22.46	9.84	11.50	10.22
1983														
Jan.	8.15	5.90	10.72	12.76	7.00	8.32	9.01	5.53	11.17	2.80	21.16	9.25	11.16	10.03
Feb.	8.40	5.92	11.14	13.07	6.92	8.51	9.22	5.66	11.33	2.98	22.11	9.53	10.98	10.26
Mar.	8.67	5.52	10.95	12.77	6.85	8.50	9.32	5.06	10.98	3.67	26.92	9.53	10.50	10.08
1982 Weekly														
Apr. 2	13.97	9.69	13.13	16.58	7.08	12.56	15.43	9.19	13.65	5.44	24.70	15.56	16.50	14.34
9	13.72	9.48	13.09	16.77	7.08	12.43	15.47	9.13	13.69	5.12	24.31	15.53	16.50	14.25
16	13.37	9.48	13.46	16.67	7.15	12.29	15.47	9.18	13.88	5.22	23.12	15.56	16.50	14.00
23	12.96	9.44	13.84	16.32	7.21	12.09	15.10	8.96	13.88	4.94	22.23	15.16	16.50	13.85
30	12.99	9.38	13.56	16.70	7.21	12.09	14.93	8.92	13.83	4.61	21.71	14.98	16.50	13.87
May 7	13.12	9.34	13.59	16.45	7.21	12.12	14.81	8.74	13.48	4.12	22.22	14.80	16.50	13.87
14	12.95	9.33	13.28	16.35	7.27	11.99	14.53	8.53	13.14	3.56	22.47	14.49	16.50	13.69
21	12.43	9.26	13.25	16.35	7.27	11.74	14.63	8.71	13.41	3.76	26.25	14.66	16.50	13.72
28	12.03	9.30	13.32	16.38	7.34	11.58	14.48	8.68	13.41	4.20	27.90	14.54	16.50	13.74
June 4	12.64	9.27	13.18	16.48	7.34	11.87	14.63	8.72	13.22	4.25	27.75	14.75	16.50	13.98
11	12.60	9.31	12.77	16.48	7.34	11.82	14.93	8.98	12.92	5.14	n.a.	15.14	16.50	14.04
18	13.04	9.36	12.77	15.51	7.38	11.93	15.68	8.91	12.91	5.67	17.88	15.86	16.50	14.48
25	13.49	9.50	12.77	15.49	7.40	12.18	16.26	9.12	13.05	6.10	17.69	16.54	16.50	14.90
July 2	13.41	9.60	12.87	15.18	7.40	12.14	16.23	9.21	13.11	5.38	16.55	16.49	16.50	14.73
9	12.78	9.68	12.82	14.73	7.40	11.80	15.72	9.16	12.72	5.00	15.82	15.98	16.50	14.48
16	12.13	9.59	12.32	14.85	7.40	11.41	14.80	9.01	12.44	4.46	15.50	15.13	16.50	14.10
23	10.72	9.55	12.15	14.75	7.40	10.68	13.54	8.86	12.27	3.65	15.71	14.21	16.36	13.66
30	10.94	9.52	11.74	14.93	7.40	10.74	13.13	8.93	11.98	4.27	16.15	14.18	16.00	13.89
Aug. 6	10.18	9.44	11.54	14.88	7.42	10.34	12.48	8.78	11.61	4.28	16.38	13.38	15.29	13.62
13	10.08	9.48	11.22	14.63	7.42	10.23	12.75	9.11	11.38	4.47	16.58	13.75	15.00	13.59
20	8.14	9.10	11.10	14.64	7.47	9.20	10.74	8.56	10.88	4.08	16.44	11.75	14.71	12.53
27	7.75	8.67	10.32	14.73	7.46	8.85	10.64	8.21	10.85	4.06	20.48	11.68	13.79	12.38
Sept. 3	8.65	8.47	10.39	14.09	7.40	9.20	11.71	8.19	10.93	4.06	21.22	12.72	13.50	12.54
10	8.63	8.35	10.25	14.26	7.34	9.16	11.61	7.86	10.91	3.81	20.19	12.66	13.50	12.43
17	8.31	8.28	10.29	14.42	7.32	9.00	12.20	7.79	10.95	4.10	18.65	13.16	13.50	12.47
24	7.78	8.22	10.52	14.32	7.27	8.74	11.88	7.69	11.00	4.10	19.31	12.73	13.50	12.11
Oct. 1	7.77	8.22	10.32	14.04	7.25	8.68	11.65	7.82	10.73	4.34	18.28	12.29	13.50	11.74
8	8.20	8.00	10.12	13.98	7.21	8.82	11.56	7.59	10.50	4.25	17.54	12.00	13.50	11.29
15	7.72	7.65	9.82	13.66	7.21	8.46	10.24	7.05	9.70	3.55	17.88	10.45	12.86	10.46
22	7.78	7.50	9.35	13.59	7.15	8.40	9.94	6.95	9.43	3.49	20.45	10.23	12.00	10.50
29	8.19	7.44	8.96	13.74	7.17	8.52	10.07	7.04	9.50	3.61	20.35	10.35	12.00	10.73
Nov. 5	8.04	7.42	9.28	13.10	7.19	8.46	9.74	6.99	9.29	3.49	19.00	9.93	12.00	10.34
12	8.35	7.35	8.78	13.12	7.25	8.55	9.82	7.07	9.16	3.69	n.a.	9.98	12.00	10.44
19	8.60	7.43	8.78	13.22	7.25	8.70	10.03	7.12	9.20	4.07	18.13	10.28	12.00	10.51
26	8.21	7.41	8.98	13.18	7.21	8.51	9.69	7.08	9.27	4.06	18.46	10.01	11.50	10.21
Dec. 3	8.42	7.23	10.32	13.03	7.21	8.17	9.80	6.88	10.23	3.89	19.35	10.14	11.50	10.31
10	8.23	6.57	9.98	12.80	7.21	8.44	9.50	6.34	10.11	3.47	19.83	9.78	11.50	10.26
17	8.07	6.67	10.52	12.90	7.21	8.45	9.63	6.44	10.66	4.07	22.85	9.93	11.50	10.23
24	8.17	6.76	10.42	12.96	7.15	8.50	9.61	6.44	11.06	3.97	26.50	9.86	11.50	10.22
31	8.28	6.62	10.25	12.93	7.15	8.51	9.41	5.98	10.72	3.36	24.21	9.61	11.50	10.15
1983 Weekly														
Jan. 7	8.32	6.05	10.05	12.83	7.08	8.38	9.03	5.74	10.52	3.11	23.78	9.23	11.50	10.04
14	7.92	5.74	10.25	12.67	7.02	8.12	8.80	5.38	11.33	2.69	21.43	9.00	11.36	9.88
21	8.01	5.73	11.13	12.72	n.a.	n.a.	8.88	5.40	11.14	2.55	20.28	9.10	11.00	9.92
28	8.33	6.05	11.20	12.80	6.95	8.48	9.27	5.57	11.60	2.83	19.35	9.58	11.00	10.22
Feb. 4	8.45	6.03	11.34	12.95	6.95	8.56	9.45	5.75	11.57	2.95	20.30	9.80	11.00	10.38
11	8.51	6.00	11.30	13.05	6.95	8.59	9.29	5.80	11.24	2.99	21.00	9.66	11.00	10.45
18	8.44	5.90	10.98	13.16	6.91	8.51	9.18	5.68	11.13	2.89	23.63	9.46	11.00	10.28
25	8.22	5.78	11.00	13.05	6.89	8.37	9.08	5.49	11.40	3.03	22.85	9.31	11.00	9.95
Mar. 4	8.26	5.68	11.16	13.15	6.89	8.40	8.85	5.26	11.34	3.06	24.85	9.06	10.50	9.76
11	8.56	5.58	11.13	13.18	6.89	8.52	9.15	5.10	11.16	3.43	36.70	9.32	10.50	10.03
18	8.63	5.55	11.23	12.88	6.83	8.52	9.31	5.08	10.78	3.89	41.70	9.54	10.50	10.08
25	8.88	5.41	10.52	12.52	6.83	8.49	9.56	4.93	8.63	3.94	15.53	9.75	10.50	10.26

1/ As of January 1, 1981, the combined market interest rate under the amended Rule T-1 is calculated by multiplying the yield or rate on each of the respective instruments listed below by the number of units of the corresponding currency listed in Rule O-1 and the value in terms of the SDR of a unit of that currency as determined by the Fund under Rule O-2(a) and (b). The interest rates and the respective currency units (shown in parentheses) are as follows: market yield for three-month U.S. Treasury bills (0.54), three-month interbank deposit rate in Germany (0.46), three-month interbank money rate against private paper in France (0.74), discount rate on two-month (private) bills in Japan (34), and market yield for three-month U.K. Treasury bills (0.071).

2/ Euro-currency interest rates are those on three-month deposits for the U.S. dollar, the Deutsche mark, the Swiss franc, and the French franc (in London), and for the pound sterling (in Paris).

3/ LIBOR is six-month euro-dollar offered rate in London.

4/ Prime lending rate of major New York banks.

5/ Yield is adjusted to constant five-year maturity by the U.S. Treasury and is based on only recently issued, actively traded securities. The interest rate paid to lenders and charges on drawings under the Supplementary Financing Facility are based on this rate.