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INTERNATIONAL MONETARY FUND

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Foreign Exchange and Financial Markets in December 1983

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The U.S. dollar continued to firm against most other major currencies through the first half of December but then lost some of the gains in quiet trading in the holiday-shortened remainder of the month. As in November, the strength of the dollar was attributed to firm interest rates on dollar-denominated assets, safe-haven buying because of continuing geopolitical tensions, and uncertainty about the course of U.S. monetary policy. The firming trend for the dollar persisted during the greater part of December despite substantial central bank intervention. Up to December 19 the Bundesbank sold over $550 million at the fixings in Frankfurt and substantial amounts of dollars in open markets, including in New York. There were unofficial reports of significant intervention by the central banks of the United Kingdom, France, Canada, and Switzerland to moderate the dollar's rise. The National Bank of Belgium sold the equivalent of about BF 15 billion in the first two weeks of the month in support of the Belgian franc on the exchange market. Toward the end of the month, the U.S. dollar weakened in thin trading on the expectation that U.S. interest rates might ease because of a slowdown in the rate of growth in the economy; the estimated growth rate for real GNP in the fourth quarter was below most expectations, and the November index of leading economic indicators posted a small decline. Over the month, the U.S. dollar firmed 0.35 percent against the SDR and 0.73 percent in effective (MERM) terms (see Table 1). The Japanese yen continued to be the only major currency to firm against the U.S. dollar in December; it firmed 0.36 percent against the dollar and 1.42 percent in effective (MERM) terms. The Norwegian krone was the weakest of the major currencies; it eased 2.73 percent against the U.S. dollar and 2.53 percent in effective (MERM) terms.

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

(In percent)

	Monthly exchange rate changes			Annual changes	
	Against U.S. dollar 2/	Against SDR	Effective exchange rate 3/	Against the U.S. dollar	Effective exchange rate 3/
Belgium	-1.56	-1.23	-0.61	-15.8	-4.8
Denmark	-1.22	-0.85	-0.38	-14.9	-6.9
France	-1.53	-1.40	-1.03	-19.1	-11.4
Germany	-0.93	-0.66	-0.14	-12.6	-3.0
Ireland	-1.23	-1.13	-0.69	-18.4	-10.4
Italy	-1.33	-1.20	-1.27	-17.2	-8.5
Netherlands	-1.22	-1.07	-0.50	-14.0	-4.0
Austria	-0.89	-1.16	-1.00	-13.0	-5.8
Canada	-0.43	-0.06	-0.07	-0.7	+3.1
Japan	+0.36	+1.12	+1.42	+1.2	+8.7
Norway	-2.73	-2.64	-2.53	-8.5	-0.9
Sweden	-0.59	-0.16	+0.37	-8.6	-0.3
Switzerland	-0.79	-0.47	-0.11	-7.7	+0.2
United Kingdom	-0.78	-0.66	-0.23	-10.2	-1.2
United States	--	+0.35	+0.73	--	+9.4

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). Effective rates and rates against the SDR are based on representative exchange rates officially advised to the Fund.

Within the EMS in December, currencies retained their relative positions that had been established in early October. The Belgian franc remained the weakest currency and was noticeably isolated from the other currencies in the narrow band of the parity grid (see Chart 1). The divergence indicator for the Belgian franc continued to remain below its lower threshold since the last week of September (see Chart 2). The French franc, the Netherlands guilder, the Danish krone and the Irish pound alternated positions at the top of the narrow band. The Deutsche mark continued under considerable selling pressure against the U.S. dollar and the Bundesbank markedly increased its daily intervention until market sentiment changed and the volume of trading became small in late December. The spread in the narrow band of the

EMS in the New York market 1/ occasionally exceeded the 2.25 percent limit maintained in European markets. The Italian lira remained the strongest currency in the EMS; the Bank of Italy continued to buy small amounts of U.S. dollars and Deutsche mark at the fixings in Milan at the start of December but as the U.S. dollar continued to strengthen the Bank switched to sales of small amounts of dollars for the remainder of the month. The spread of the lira over the Belgian franc widened from 4.92 percent at the end of November to 5.17 percent at the end of December, compared with a maximum margin of 6.0 percent above (below) the weakest (strongest) currency in the EMS exchange arrangements. Over the month of December the EMS currencies eased by 0.93-1.56 percent against the U.S. dollar and 0.14-1.27 percent in effective (MERM) terms.

The range within which major currencies were traded in December continued to widen, reflecting the weakening trend of most currencies against the U.S. dollar in the first half of the month (see Table 2). The widest range was recorded by the Norwegian krone (4.2 percent compared with 1.7 percent in November) while the narrowest range continued to be recorded by the Canadian dollar (0.9 percent compared with 0.6 percent in November). The average of absolute daily percentage changes (MAC in Table 2), however, declined for most currencies compared with November, reflecting a continuing reduction in the erraticness of most exchange rate movements against the U.S. dollar. For the EMS currencies (and the Austrian schilling) the average MAC eased to 0.29 percent from 0.34 percent in November. The MAC measure was also essentially unchanged or lower for other major currencies except the pound sterling, the Canadian dollar, and the Norwegian krone.

1/ Measured as the percentage margin of the strongest currency relative to its ECU central parity compared with the weakest currency relative to its ECU central parity.

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

	December 2/		High-low spread in percent 3/		MAC 4/	
	High	Low	Nov.	Dec.	Nov.	Dec.
Belgium	54.835	56.61	2.6	3.2	0.31	0.29
Denmark	9.7620	10.0450	2.7	2.9	0.35	0.30
France	8.2125	8.4660	2.6	3.1	0.32	0.29
Germany	2.7015	2.7762	2.6	2.8	0.36	0.28
Ireland	1.1500	1.1165	2.6	3.0	0.37	0.33
Italy	1635.5	1683.0	2.5	2.9	0.32	0.28
Netherlands	3.0250	3.11525	2.7	3.0	0.34	0.27
Austria	19.045	19.595	2.8	3.1	0.36	0.31
Canada	0.80652	0.79942	0.6	0.9	0.06	0.11
Japan	231.625	236.875	1.9	2.3	0.29	0.29
Norway	7.4940	7.8075	1.7	4.2	0.23	0.30
Sweden	7.9565	8.1375	1.9	2.3	0.22	0.23
Switzerland	2.16225	2.21525	1.7	2.5	0.40	0.26
United Kingdom	1.45815	1.4155	2.1	3.0	0.29	0.37

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 percent.
4/ Monthly average of absolute daily changes in spot exchange rates in percentage terms.

Changes in gross foreign exchange reserves in December were affected by some special factors. The large rise for Switzerland was due mainly to end-of-year transactions with commercial banks to satisfy their liquidity requirements while the large decline for France was attributable to semi-annual valuation adjustments. Germany experienced a decline of nearly $600 million largely because of intervention activities in the first half of the month. Other significant declines were recorded by the United States, Denmark, and Canada. The largest rise during the month amounted to $200 million for Japan. Over the year to December as a whole the largest reserve gains were recorded by Italy, France, and Denmark while the largest reserve losses were recorded by Germany, the United States and the United Kingdom. Because of the strength of the U.S. dollar over the year, valuation effects are a factor in the reserve decline for the United States.

Table 3. Foreign Exchange Reserves in December 1983 1/

(In millions of U.S. dollars)

	End-month reserve level	Change in December	Change over 12 months	Percentage ratio of reserve level to 1982 imports
Belgium	3,776	-67	+952	6.5
Denmark	3,282	-531	+1,321	17.4
France	17,757	-1,074	+3,163	15.3
Germany	37,320	-587	-2,300	24.0
Ireland	2,450	-8	+17	25.3
Italy	18,525	+190	+5,915	21.5
Netherlands	8,702	-5	+40	13.5
Austria	3,875	+26	-890	19.9
Canada	2,373	-685	-191	4.1
Japan	20,364	+203	+1,192	15.5
Norway	5,930	+69	-358	38.3
Sweden	3,652	+137	+561	23.3
Switzerland	14,355	+2,169	-586	50.1
United Kingdom	8,718	-58	-956	8.7
United States	6,289	-625	-3,921	2.5

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.

Table 3 this month also shows end-of-year reserves expressed as a percentage of 1982 imports (the last full year for which complete data is available), which could be considered as a measure of reserve adequacy. 1/ Among the EMS countries, Belgium has by far the lowest ratio while the highest ratios are for Ireland and Germany. For the other major countries, noticeably high ratios are recorded for Switzerland and Norway while the lowest ratios were recorded for the United States, Canada, and the United Kingdom, all countries that in recent years have undertaken little foreign exchange market intervention.

1/ Among factors that this measure does not take into account are the degree of capital mobility, access to borrowed resources, and the intervention policies of central banks.

For the year 1983 as a whole, the U.S. dollar was sharply higher against most other currencies, primarily because of interest rate factors and safe-haven buying of dollars resulting from concern about the debt crisis of developing countries and numerous unsettling international developments, especially in the second half of the year. The three-month bond equivalent Treasury bill yield was 9.32 percent at the end of the year compared with 8.30 percent at the end of 1982 while the inflation rate, as measured by the consumer price index, remained low and declined slightly to 3.8 percent from a year-on-year rate of 3.9 percent in December 1982. The dollar firmed 12.6 percent against the Deutsche mark, 19.1 percent against the French franc, 10.2 percent against the pound sterling, 7.7 percent against the Swiss franc, 5.4 percent against the SDR and 9.4 percent in effective (MERM) terms. 1/ The Japanese yen was the only major currency to firm against the U.S. dollar over the year; it firmed 1.2 percent against the dollar and 8.7 percent in effective (MERM) terms. The strength of the yen was principally related to strong performance in the external sector; the OECD has projected that without major policy changes Japan's current account surplus will widen to $31 billion in 1984 from $22 billion in 1983. The pound sterling was particularly affected by the trend in oil prices; sterling weakened in the first quarter of the year in line with a decline in oil prices but subsequently appreciated against most other currencies as oil prices stabilized; from March 30 to December 30 the pound firmed 6.2 percent in effective (MERM) terms, offsetting most of the decline in the earlier months of 1983. In effective (MERM) terms the Norwegian krone, the Swedish krona, and the Swiss franc ended the year little changed while the Canadian dollar firmed 3.1 percent and the Austrian schilling eased 5.8 percent.

The EMS currencies eased 12.6-19.1 percent against the U.S. dollar and 3.0-11.4 percent in effective (MERM) terms for the year as a whole. The Deutsche mark was the strongest EMS currency and the French franc the weakest over the year. Speculative pressures, principally against the Belgian franc and the French franc, grew rapidly in February and early March, despite substantial central bank intervention and official interest rate actions. 2/ The EMS was realigned effective March 22, 1983 in which the central rates against the ECU of the Deutsche mark, the Netherlands guilder, the Danish krone, and the Belgian franc were revalued by 5.5 percent, 3.5 percent, 2.5 percent, and 1.5 percent respectively, while those of the French franc and the Italian lira were devalued by 2.5 percent and that of the Irish pound by 3.5 percent. France adopted a number of austerity measures in support of the moderate devaluation of the franc in the EMS.

1/ During the calendar year 1982, the dollar firmed 10.4 percent in effective (MERM) terms and 5.5 percent in terms of the SDR.

2/ For details, see Foreign Exchange and Financial Markets in March 1983, DM/83/31 (4/28/83).

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. The Italian lira became the strongest currency relative to new ECU central rates and traded appreciably above the narrow band. Effective May 18, in connection with the Common Agricultural Policy, the ECU central rate for the pound sterling, a non-participant in the EMS exchange arrangements, was revalued while those for the participating countries were uniformly devalued slightly. This did not change relative positions in the parity grid but did affect the divergence indicator measures, which are adjusted for deviations in the parity grid in excess of 2.25 percent for the Italian lira and the pound sterling (notional in this latter case). As the year progressed the Belgian franc eased toward the bottom of the parity grid while the other currencies in the narrow band clustered close together at or near the top. From late September to the end of the year the divergence indicator for the Belgian franc stayed below its lower threshold despite intervention support by the National Bank of Belgium and some increases in official interest rates. Although the Belgian franc was persistently weak in the parity grid in the latter part of the year, the discount of the financial franc from the commercial franc remained generally less than 2.0 percent compared with 7.0 percent prior to the March EMS realignment. The Deutsche mark came under some speculative pressure in November because of a series of unsettling domestic developments and the Bundesbank undertook substantial intervention support for the Deutsche mark. As noted above, this intervention increased in the first half of December with the result that the Deutsche mark remained close to the top of the EMS narrow band.

Of the currencies participating in the EMS only the Deutsche mark and the Netherlands guilder firmed against the ECU over the year (1.9 percent and 0.3 percent, respectively). The pound sterling, which is included in the valuation of the ECU but which does not participate in the EMS exchange arrangements, firmed 5.2 percent against the ECU while the French franc eased by 5.5 percent, the Irish pound by 4.9 percent, the Italian lira by 3.3 percent, the Belgian franc by 1.7 percent and the Danish krone by 0.8 percent. Against the U.S. dollar the ECU depreciated 17.0 percent for the year.

I. Developments in the Spot Exchange Markets

The U.S. dollar firmed over the month of December by 0.73 percent in effective (MERM) terms and by 0.35 percent against the SDR, although some of the appreciation in the first two weeks of the month was offset by depreciation in the last two weeks as economic indicators suggested that the recovery might be slowing to a more sustainable pace. Real GNP in the December quarter rose at an annual rate of 4.5 percent, considerably below most private estimates and much below the growth rates of 9.7 percent and 7.6 percent recorded in the second and third quarters, respectively. The index of leading economic indicators declined 0.4 percent in November following an upward-revised increase of 1.4 percent in October. The index of industrial production, seasonally adjusted, rose 0.5 percent in December; production was up 6.5 percent for 1983 over 1982. The civilian unemployment rate declined to 8.2 percent from 8.4 percent in November. The Federal budget deficit narrowed to $21.6 billion in November from $24.2 billion a year earlier while the trade deficit narrowed to $7.40 billion from $8.97 billion in October. Inflation remained low; the producer price index in December rose 0.2 percent, seasonally adjusted, for a 0.6 percent year-on-year rise.

The Deutsche mark eased 0.93 percent against the U.S. dollar and 0.14 percent in effective (MERM) terms despite very substantial intervention against the U.S. dollar by the Bundesbank. Among underlying economic developments, the unemployment rate in December rose to 9.5 percent from 8.8 percent in November entirely due to seasonal factors; on a seasonally adjusted basis the unemployment rate was about 8 percent. The current account surplus narrowed in November to DM 634 million from a revised DM 3.019 billion in October and DM 4.877 billion in November 1982. The trade surplus, however, widened in December to DM 4.1 billion from DM 3.3 billion in November although it was narrower than the DM 6.4 billion surplus recorded in December 1982. The wholesale price index rose 0.4 percent in December and 1.7 percent year-on-year while the producer price index rose 0.2 percent and was also up 1.7 percent year-on-year.

The French franc eased 1.53 percent against the U.S. dollar and 1.03 percent in effective (MERM) terms but continued to be one of the strongest currencies in the EMS parity grid. The Finance Minister announced that gross external debt rose to $53 billion at the end of the year from $48.3 billion at midyear. The index of industrial production rose by a seasonally adjusted 2.3 percent in November and was up 3.1 percent year-on-year. The number of persons unemployed rose a seasonally adjusted 1.0 percent in December and the unemployment rate was about 9.8 percent. The trade balance in December swung into a very small surplus of F 2.0 million, seasonally adjusted, from a deficit in November of F 1.6 billion. For the year as a whole, the trade deficit narrowed to F 43 billion from F 93 billion in 1982 and the current account deficit narrowed to F 33 billion from F 79 billion in 1982, largely because of austerity measures taken in association with the EMS realignment in March. The index of industrial wholesale prices rose 1.9 percent in November for a 14.8 percent year-on-year rise.

The Belgian franc eased 1.56 percent against the U.S. dollar and 0.61 percent in effective (MERM) terms. The franc remained the weakest currency in the EMS; its divergence indicator was significantly below its lower threshold throughout December and the discount of the financial franc from the commercial franc continued to widen somewhat, ending the month at 1.5 percent. Industrial production rose 1.3 percent in October but was down 1.2 percent year-on-year. The unemployment rate was 12.1 percent at the end of December, unchanged from the end of November. The trade balance of the Belgo-Luxembourg Economic Union was in deficit in August by BF 11.4 billion compared with a surplus in July of BF 2.9 billion and a deficit in August 1982 of BF 47.9 billion. The wholesale price index rose 1.0 percent in November and was up 8.9 percent year-on-year.

The Netherlands guilder eased 1.22 percent against the U.S. dollar and 0.50 percent in effective (MERM) terms. The number of persons unemployed rose 0.5 percent in the November-December period; the unemployment rate in October was 17.7 percent. The index of industrial production rose 2.8 percent in November and was up 5.8 percent year-on-year. The trade surplus widened to f. 1.9 billion in November from f. 100 million a year earlier. The producer price index for consumer and investment goods declined 0.3 percent in October but was up 1.6 percent year-on-year.

The Danish krone eased 1.22 percent against the U.S. dollar and 0.38 percent in effective (MERM) terms. The volume of industrial turnover in the three months to November, seasonally adjusted, declined 3.0 percent but was up 4.0 percent year-on-year. The trade balance swung into a surplus in November of DKr 260 million from a deficit of DKr 624 million a year earlier. The wholesale price index was unchanged in November but rose 3.8 percent year-on-year.

The Irish pound eased 1.23 percent against the U.S. dollar and 0.69 percent in effective (MERM) terms. The Finance Minister announced that the 1984 budget deficit would be limited to the equivalent of about 15 percent of GNP. The number of persons unemployed rose 13.5 percent over the year; the unemployment rate in December was 15.5 percent.

The Italian lira eased 1.33 percent against the U.S. dollar and 1.27 percent in effective (MERM) terms but remained the strongest currency in the EMS relative to ECU central rates. The Parliament passed a budget for 1984 that did not meet the original request for narrowing the deficit to the equivalent of 15 percent of GNP; the projected deficit is Lit 95,000 billion compared with Lit 90,000 billion in 1983. The unemployment rate rose to 10.2 percent in October from 9.8 percent in July. The trade balance swung into a surplus in November of Lit 678 billion from deficits of Lit 222 billion in October and Lit 942 billion in November 1982. The wholesale price index rose 0.7 percent in November and 8.8 percent year-on-year.

The pound sterling eased 0.78 percent against the U.S. dollar and 0.23 percent in effective (MERM) terms. Industrial production, seasonally adjusted, rose 0.4 percent in November and was up 4.4 percent year-on-year. The unemployment rate, seasonally adjusted, was unchanged in December at 12.3 percent. The public sector borrowing requirement narrowed in December to £1.302 billion from £1.671 billion in November and £1.686 billion in December 1982; for the first nine months of the fiscal year the PSBR narrowed to £10.1 billion from £10.5 billion in the same period of 1982. The current account balance, seasonally adjusted, swung into a surplus in November of £317 million from a deficit in October of £269 million, mainly because of a decline in imports. The index of producer output prices rose 0.4 percent in December and 5.5 percent year-on-year.

The Swiss franc eased 0.79 percent against the U.S. dollar and 0.11 percent in effective (MERM) terms. The unemployment rate rose to 1.0 percent in December from 0.9 percent in November. The trade deficit in December narrowed to Sw F 147 million from deficits of Sw F 440 million in November and Sw F 226 million in December 1982 while the wholesale price index rose 0.4 percent for a 1.5 percent increase over December 1982.

The Japanese yen was the only major currency to firm against the U.S. dollar in December; it firmed 0.36 percent (1.42 percent in effective, MERM, terms). Further to yen support measures taken in November, seven trust banks reduced the proportion of their net new investments that are made abroad from 30 percent to 20 percent. Industrial production, seasonally adjusted, rose 2.1 percent in November following a decline of 1.2 percent in October and was up 7.8 percent year-on-year. The current account surplus, seasonally adjusted, widened in November to $1.74 billion from $1.56 billion in October. The trade surplus in December, however, narrowed to a seasonally adjusted $1.345 billion from $1.985 billion in November; for the year as a whole the surplus widened to $20.5 billion from $6.9 billion in 1982. The index of wholesale prices rose 0.1 percent in December but was down 2.2 percent year-on-year.

The Canadian dollar eased 0.43 percent against the U.S. dollar but was essentially unchanged in effective (MERM) terms. The index of leading economic indicators rose 1.8 percent in September, following a rise of 2.1 percent in August, for the twelfth consecutive monthly rise. The unemployment rate, however, in December was unchanged at 11.1 percent. The budget deficit narrowed to Can$1.85 billion in November from Can$2.10 billion in November 1982. The trade surplus, seasonally adjusted, widened to Can$1.77 billion from Can$1.13 billion in October. Industrial selling prices were unchanged in November after rises of 0.2 percent in each of the previous two months and were up 3.5 percent year-on-year.

The Austrian schilling eased 0.89 percent against the U.S. dollar and 1.00 percent in effective (MERM) terms. The Norwegian krone was the weakest of the major currencies during December; it eased 2.73 percent against the U.S. dollar and 2.53 percent in effective (MERM) terms. The Swedish krona eased 0.59 percent against the U.S. dollar but firmed 0.37 percent in effective (MERM) terms.

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

Monetary and credit conditions moved divergently in December in major industrial countries. Short-term interest rates firmed by 0.05-0.37 percentage point in Belgium, Canada, France, Germany and the United States, while those in the Netherlands, Switzerland and the United Kingdom eased by 0.03-0.38 percentage point between the end of November and the end of December; short-term interest rates in other major countries including Japan remained unchanged.

Regarding developments in 1983, the monetary and credit conditions in most major industrial countries eased, as the deceleration of inflation provided authorities more room for maneuver to stimulate the economic recovery. However, the interest rates did not decline as sharply as had been expected at the beginning of 1983, with the U.S. interest rates exceptionally firm, and concern on exchange rates was a factor that influenced the monetary policies in other countries. A major improvement was observed in the stability of the movement of the interest rates, compared with 1981 and 1982; the bond-equivalent rate on three-month U.S. Treasury bills, for example, moved in the range of 8.0 percent to 10.0 percent in 1983, compared with the range of 7.5 percent to 15.5 percent in 1982. The three-month interbank rate in Germany moved in the range of 5.0 percent to 6.5 percent in 1983, compared with the range of 6.5 percent to 11 percent in 1982.

In the United States, short-term interest rates continued to firm until the middle of December. However, later in the month, interest rates eased as the Commerce Department announced its flash estimate of GNP growth in the fourth quarter as 4.5 percent, much lower than expected and well below the 7.6 percent registered in the third quarter. Over the month, interest rates were higher--the three-month bond-equivalent rate on Treasury bills firmed by 0.08 percentage point to 9.32 percent between the end of November and the end of December. The 90-day CD rate firmed more significantly by 0.31 percentage point to 9.62 percent and the Federal Funds rate also firmed to 9.92 percent from 9.34 percent. The prime lending rate, however, remained at 11.0 percent.

The monetary aggregates ended the calendar year within the respective target ranges set by the Federal Open Market Committee. The M1 measure of the money supply rose to $521.1 billion in December from $518.3 billion in November, accelerating the growth rate to a 6.5 percent annual rate from 0.9 percent. It grew at an annual rate of 5.4 percent from the second quarter of 1983, just above the lower end of the target range of 5.0 percent to 9.0 percent. M2 rose to $2.185 trillion in December from $2.175 trillion in November. It grew at an annual rate of 7.6 percent from February/March 1983, compared with the target range of 7.0 percent to 10.0 percent. M2 grew at an annual rate of 11.4 percent, if measured from the fourth quarter of 1982, its

Table 4. Inflation Rates and Short-Term Interest Rates

	Month 2/	Inflation rates 1/ (year-on-year percent changes): Wholesale price index		Consumer price index 3/		Short-term interest rates 4/ (end-of-month): Nov.	Dec.
Austria	December	--	(--)	3.8	(3.7)	3.75	3.75
Belgium	Nov./Dec.	8.9	(7.9)	7.2	(6.9)	10.75	11.00
Canada	Nov./Dec.	3.5	(3.3)	4.5	(4.2)	9.35	9.72
Denmark	November	3.8	(4.9)	5.4	(5.3)	7.00	7.00
France	Nov./Dec.	14.8	(13.5)	9.2	(9.8)	12.29	12.42
Germany	December	1.7	(0.7)	2.6	(2.6)	6.49	6.54
Italy	Nov./Dec.	8.8	(9.5)	12.8	(13.0)	17.88	17.88
Japan	Dec./Nov.	-2.2	(-3.7)	1.8	(1.4)	6.38	6.38
Netherlands	Nov./Dec.	1.7	(2.1)	3.0	(2.8)	6.31	6.06
Norway	Sept./Dec.	2.1	(2.1)	7.1	(7.0)	8.00	8.00
Sweden	October	11.0	(12.7)	8.9	(9.5)	8.50	8.50
Switzerland	December	1.5	(0.9)	2.1	(1.8)	4.19	3.81
United Kingdom	December	5.5	(5.6)	5.3	(4.8)	9.04	9.01
United States	December	0.6	(0.7)	3.8	(3.2)	9.24	9.32

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, the Netherlands, and Switzerland.

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

original base of targeting, compared with the original range of 6.0 percent to 9.0 percent. M3 rose to $2.600 trillion in December from $2.586 trillion and grew at an annual rate of 9.2 percent from the last quarter of 1982, remaining within the target range of 6.5 percent to 9.5 percent.

In Germany, the Central Bank's money stock grew at an annual rate of 7.0 percent in December, down from 7.25 percent in November and 7.5 percent in October, and was at the upper end of the target range of 4.0 percent to 7.0 percent over the fourth quarter of 1982. On December 15, the Central Bank Council of the Deutsche Bundesbank decided to expand the money stock by 4.0 percent to 6.0 percent between the fourth quarter of 1983 and the fourth quarter of 1984, to foster stronger growth of the economy. The council noted that increased attention must be paid to maintaining stable prices in the second year of an economic recovery.

Among other countries in the EMS, the French authorities set a target range for M2 money supply growth of 1984 at between 5.5 percent to 6.5 percent on December 20. This compares with the target of 9.0 percent for 1983, which is expected to be higher than actual growth, reflecting a slowdown in the economic activity. The lower target range for 1984 is aimed at bringing the inflation down to 5.0 percent. The retail prices increased by a preliminary 9.2 percent over the year, overshooting the target of 8.0 percent; the authorities regarded the appreciation of the U.S. dollar against the French franc as a major factor behind domestic price developments in 1983. On December 22, the Bank of France announced that the increase of the normal lending by larger banks should be limited to 2.5 percent at the end of 1984 from the level of December 1983. The credit ceiling for 1983 was originally set at an increase of 3.0 percent but was reduced to an increase of 2.5 percent in June as a result of austerity measures.

Sterling M3, the broad monetary aggregate of the United Kingdom increased by 1.3 percent in the banking month ended December 14, compared with increases of 0.6 percent in November and 1.5 percent in October. Sterling M1 rose by 1.6 percent, up from the increase of 0.6 percent in November. Over the ten-month period since mid-February, 1983, sterling M3 grew at an annual rate of 11.0 percent and M1 at 12.9 percent; both aggregates are at the top or above the target range of 7.0 percent to 11.0 percent set for the 14 months from mid-February 1983 to mid-April 1984.

Japan's broadly defined money supply, M2 plus CDs, grew an average 6.8 percent in November from a year earlier, down from a year-on-year increase of 6.9 percent in October and marking the slowest pace in 1983. The Bank of Japan estimates that it will grow at an annual rate between 7.0 percent and 8.0 percent in the first quarter of 1984, reflecting the steady economic recovery and the price stability.

The Swiss National Bank set a target rate of money supply growth for 1984 at 3.0 percent, unchanged from the targets it set for both 1982 and 1983. The 1983 target is expected to be exceeded by slightly more than half a percentage point, mainly attributed to the authorities' intention to maintain the exchange rate between the Deutsche mark and the Swiss franc.

The Bank of Sweden recommended that bank lending be restricted to a 4.0 percent increase in 1984 over the average of 1983, compared with an increase of 6.0 percent in 1983, in order to reduce the high level of liquidity mainly attributed to a large government budget deficit and to curb inflation.

In the euro-currency markets, the three-month euro-dollar interest rate firmed by 0.07 percentage point to 9.88 percent at the end of December. As a result, the uncovered interest differential favoring euro-dollar investment widened for Germany, Japan, the Netherlands, and the United Kingdom. Those favoring domestic investment narrowed for Italy but widened for Belgium and France.

In the forward exchange market, the premia against the U.S. dollar widened in December for the Deutsche mark, the Japanese yen, the Netherlands guilder, and the pound sterling. The premia against the U.S. dollar narrowed for the Italian lira but widened for the Belgian franc and the French franc. Consequently, the covered interest differentials favoring euro-dollar investment widened for France and were little changed for the United Kingdom while those for Belgium narrowed and those for Japan switched to favor domestic investment. The covered interest differentials favoring domestic investment widened for Germany and Italy, but narrowed for the Netherlands.

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

	Uncovered interest differentials 1/ (1)		Forward exchange quotations 2/ (2)		Covered interest differentials 1/ (3) = (1)-(2)	
	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.
Belgium 3/	-0.94	-1.12	-1.06	-1.13	+0.12	+0.01
France	-2.48	-2.54	-3.00	-3.40	+0.52	+0.86
Germany	+3.32	+3.34	+3.72	+4.11	-0.40	-0.77
Italy	-8.07	-8.00	-7.44	-6.57	-0.63	-1.43
Japan	+3.43	+3.50	+2.91	+3.58	+0.52	-0.08
Netherlands	+3.50	+3.82	+3.75	+3.98	-0.25	-0.16
United Kingdom	+0.77	+0.87	+0.63	+0.70	+0.16	+0.17

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 Japan the discount rate for two-month private bills is used, for the United Kingdom the three-month Treasury bill rate, 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

The SDR interest rate increased to 8.70 percent in the week beginning December 26, compared with 8.60 percent in the week beginning November 28, reflecting higher yields on the relevant instruments for the U.S. dollar and the Deutsche mark which firmed by 0.19 and 0.12 percentage points, respectively, partly offset by a lower rate on the instrument for the French franc, which eased by 0.13 perecentage point, while the yields on the instruments for the pound sterling and the Japanese yen were unchanged between the end of November and the end of December. The rate of remuneration paid on creditor positions in the Fund (85.0 percent of the SDR interest rate) increased, accordingly, to 7.40 percent in the last week of December from 7.31 percent in the last week of November.

Table 6. The SDR Interest Rate and the Rate of Remuneration 1/

	Nov. 28	December 5	12	19	26
SDR interest rate	8.60	8.67	8.72	8.80	8.70
Rate of remuneration	7.31	7.37	7.41	7.48	7.40

1/ The rate pertains to the week beginning on the date indicated above.

Over the calendar year, the SDR interest rate eased by 0.20 percentage point, moving in the narrow range of 8.47 percent (in the first quarter and in the week beginning October 31) to 9.03 percent (in the week beginning August 15), compared with the much wider range of 8.90 percent to 12.15 percent in 1982. The maximum absolute change in the SDR interest rate since August 1, 1983, when it started to be fixed weekly instead of quarterly, was 0.15 percentage point.

The combined domestic interest rates for maturities ranging from three months to five years firmed modestly by 0.06-0.12 percentage point from the end of November to the end of December. This reflected higher yields on the relevant instruments in the United States, Germany and France which firmed by 0.05-0.20 percentage point during December while those in the United Kingdom and Japan were mixed. The combined domestic rates displayed a rising yield curve moving up from 8.72 percent on the three-month maturity, through 9.00 percent and 9.31 percent on the six- and twelve-month maturities, respectively, to 10.56 percent on the five-year maturity.

The combined euro-currency interest rates for three, six, and twelve months firmed by 0.11, 0.13 and 0.08 percentage points, respectively, to 9.17 percent, 9.37 percent, and 9.59 percent at the end of December. This reflected higher euro-dollar and euro-sterling rates which firmed by 0.13-0.25 percentage point during December, partly offset by lower euro-yen rates which eased by 0.13-0.44 percentage point, while euro-Deutsche mark and euro-French franc rates were mixed.

Average interest rates on SDR-denominated deposits of selected commercial banks firmed by 0.05-0.17 percentage point between the end of November and the end of December. The deposit rates displayed a rising yield curve moving up from 8.91 percent on the one-month deposits, through 9.05 percent and 9.23 percent on three- and six-month deposits, respectively, to 9.40 percent on the twelve-month deposits. Yields on

SDR-denominated bonds quoted on the Luxembourg Stock Exchange firmed between the end of November and the end of December. The current yield ranged from 8.79 percent to 11.50 percent with an average current yield firming by 0.14 percentage point to 9.89 percent at the end of November. The yield to maturity ranged from 10.23 percent to 14.90 percent, with the average yield to maturity firming by 0.13 percentage point to 11.30 percent.

Table 7. Yields on Alternative SDR-Denominated Assets 1/

	November	December
Combined market interest rates 2/		
Based on domestic rates		
3-month maturity (Rule T-1)	8.64	8.72
6-month maturity	8.88	9.00
12-month maturity	9.25	9.31
5-year maturity	10.44	10.56
Based on euro-currency rates		
3-month maturity	9.06	9.17
6-month maturity	9.24	9.37
12-month maturity	9.51	9.59
Average commercial bank deposit rates 3/		
1-month deposits	8.80	8.91
3-month deposits	8.90	9.05
6-month deposits	9.06	9.23
12-month deposits	9.35	9.40
Bonds quoted on the Luxembourg Stock Exchange 4/		
Average current yield	9.75	9.89
Average yield to maturity	11.17	11.30

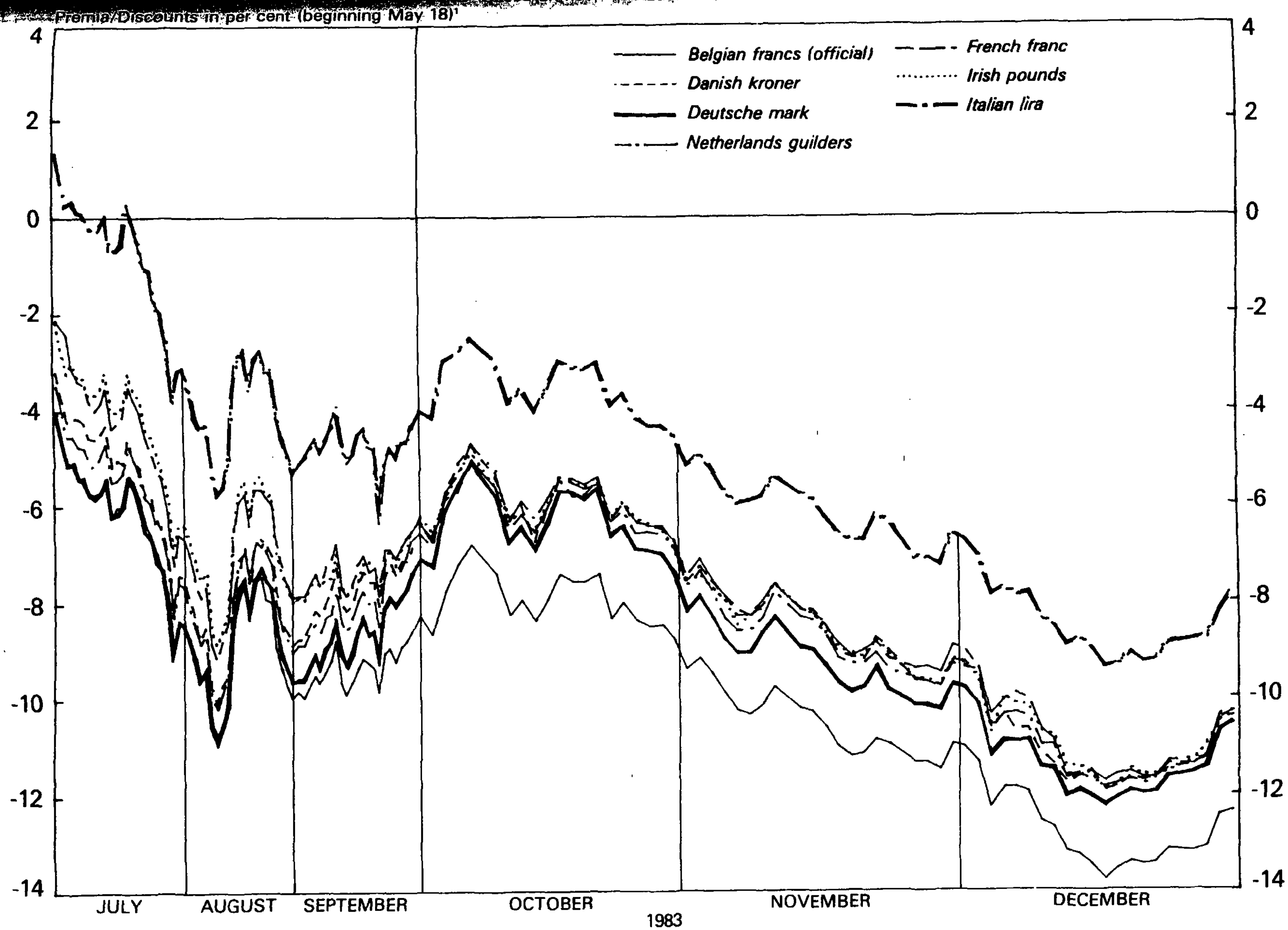
1/ Rates pertain to last Wednesday of the month.

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 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). 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 1984 to 1989.

(Based on noon quotations in New York)



[1]Effective May 18 the central ECU rate of the pound sterling was appreciated and those of the other participants depreciated in connection with the Common Agricultural Policy. Premia/discounts over declared ECU central rates have been converted into U.S. dollar terms at the rate of 1 ECU = .920041.

CHART 2

EUROPEAN MONETARY SYSTEM: DIVERGENCE INDICATORS

(Based on noon quotations in London)

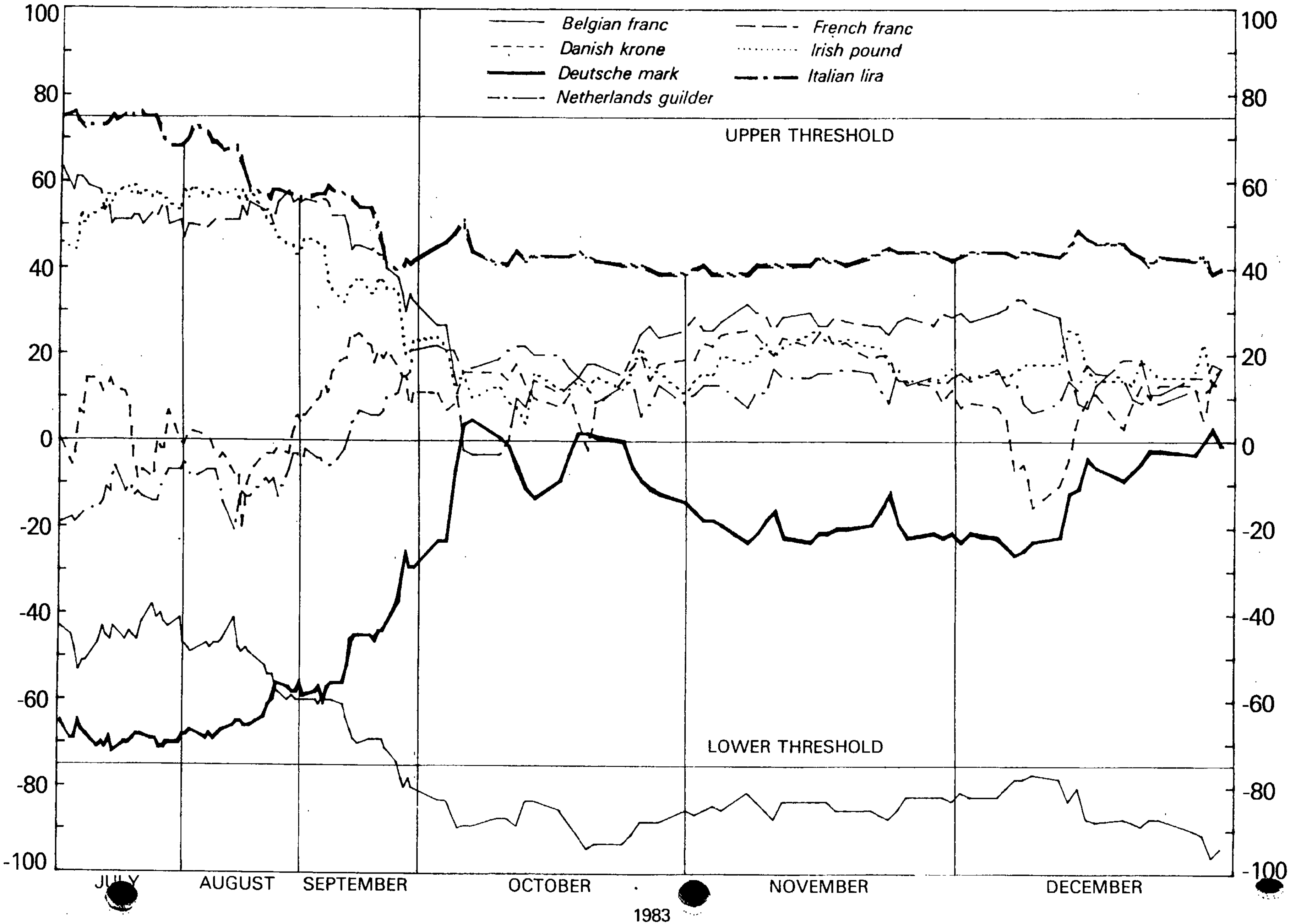


CHART 3
SPOT EXCHANGE RATES
(Noon quotations in New York)

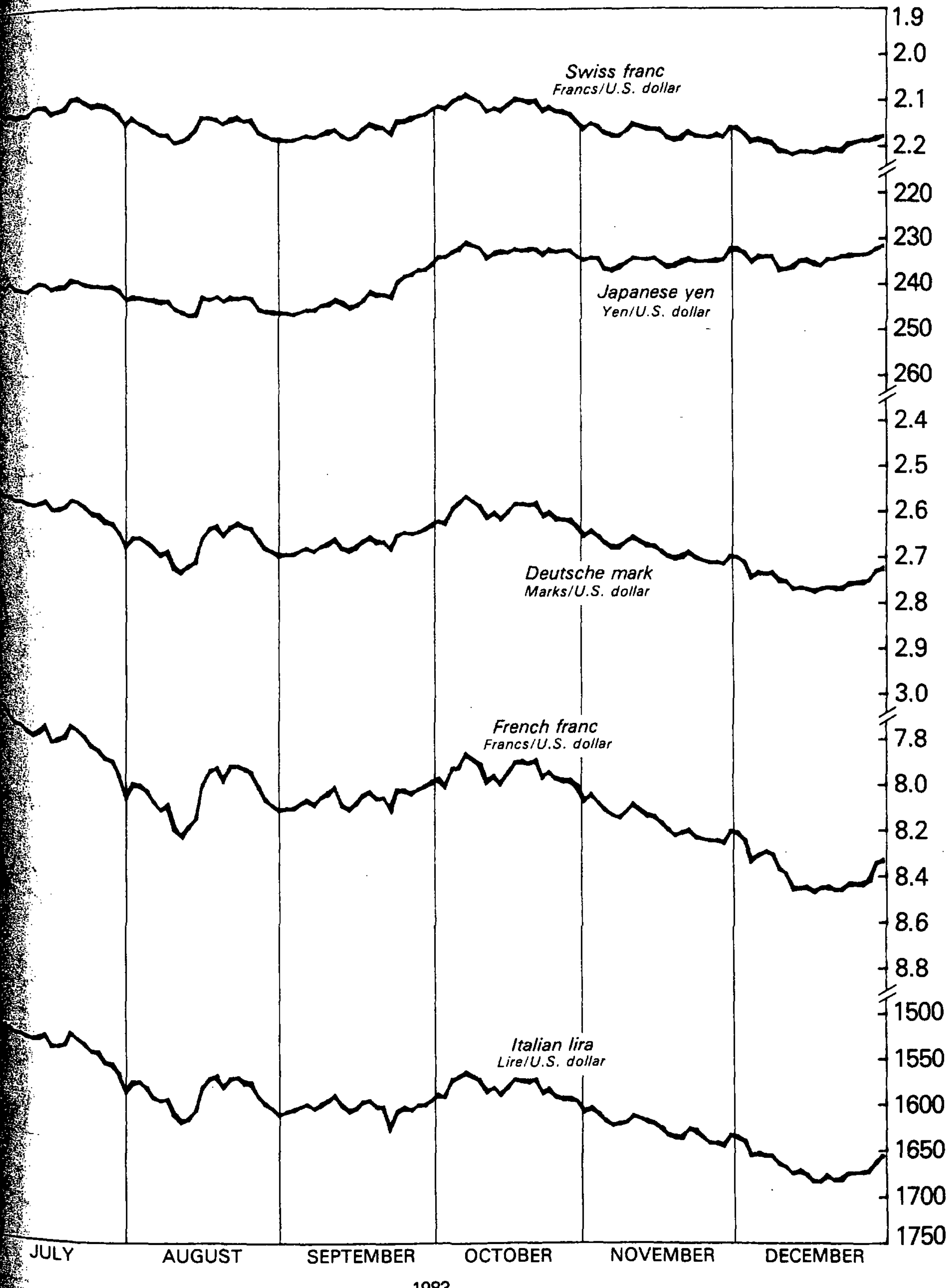


CHART 4

SPOT EXCHANGE RATES

(Noon quotations in New York)

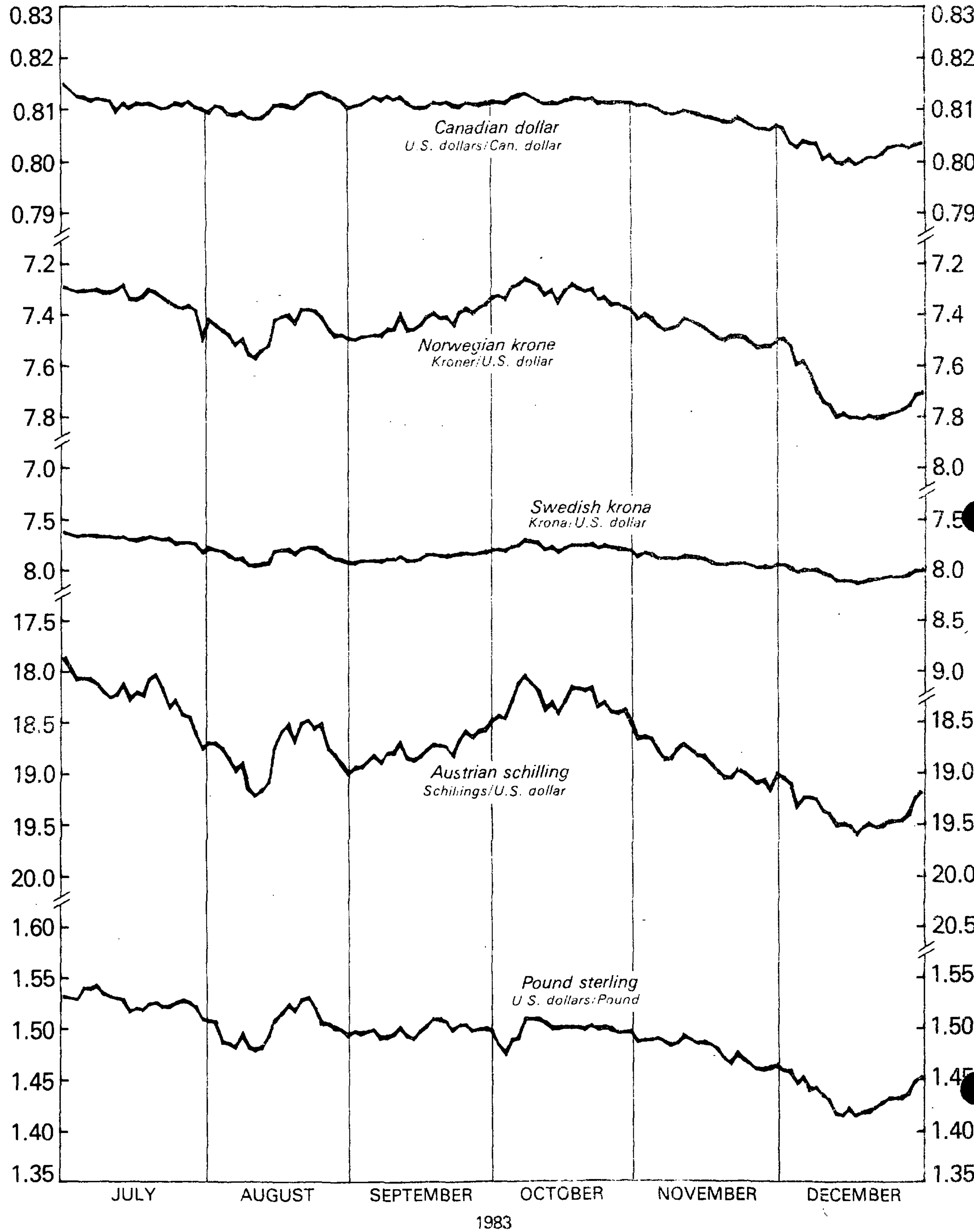
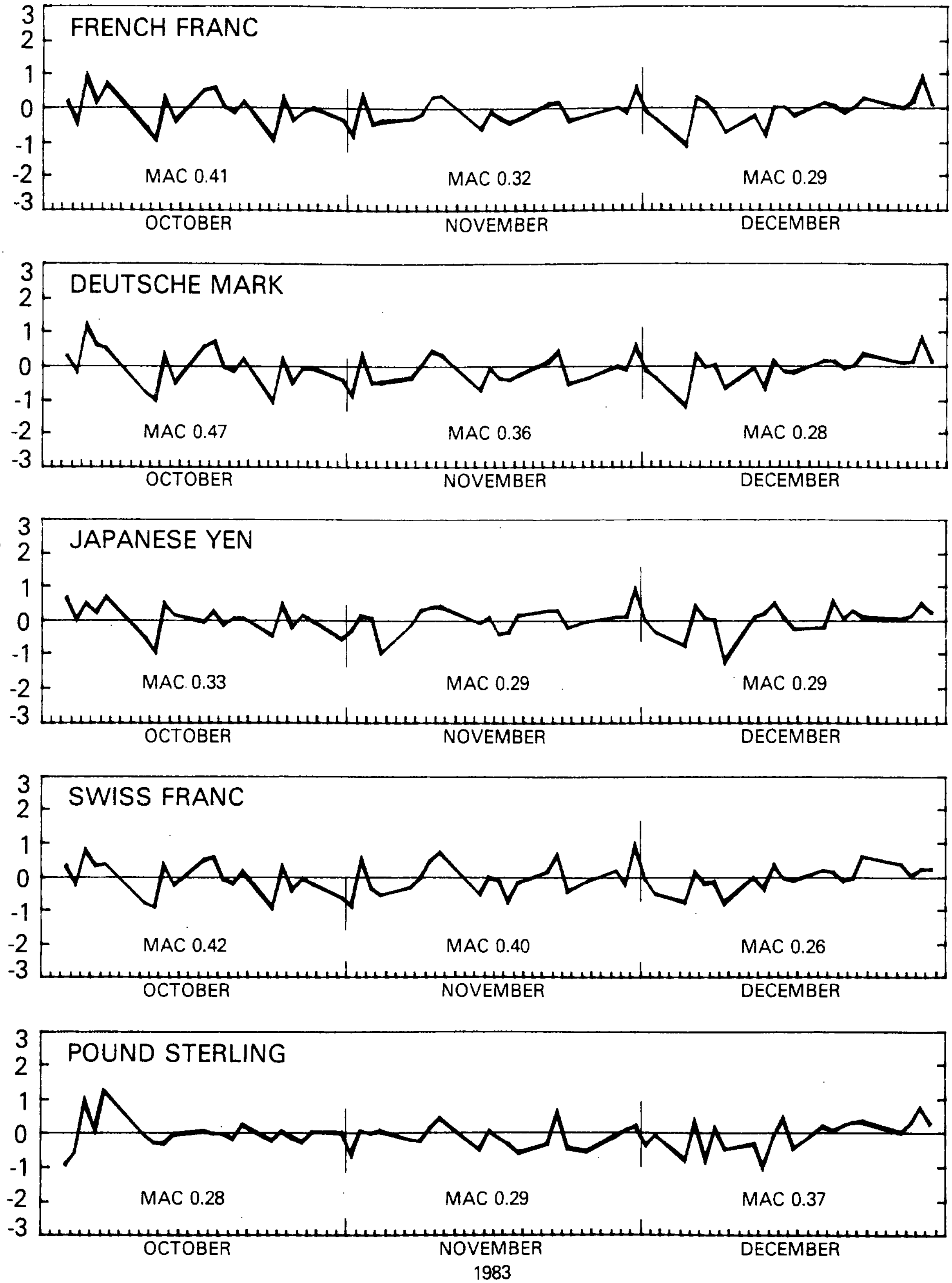


CHART 5

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 - DEC. 1983

(June 28, 1974=100)

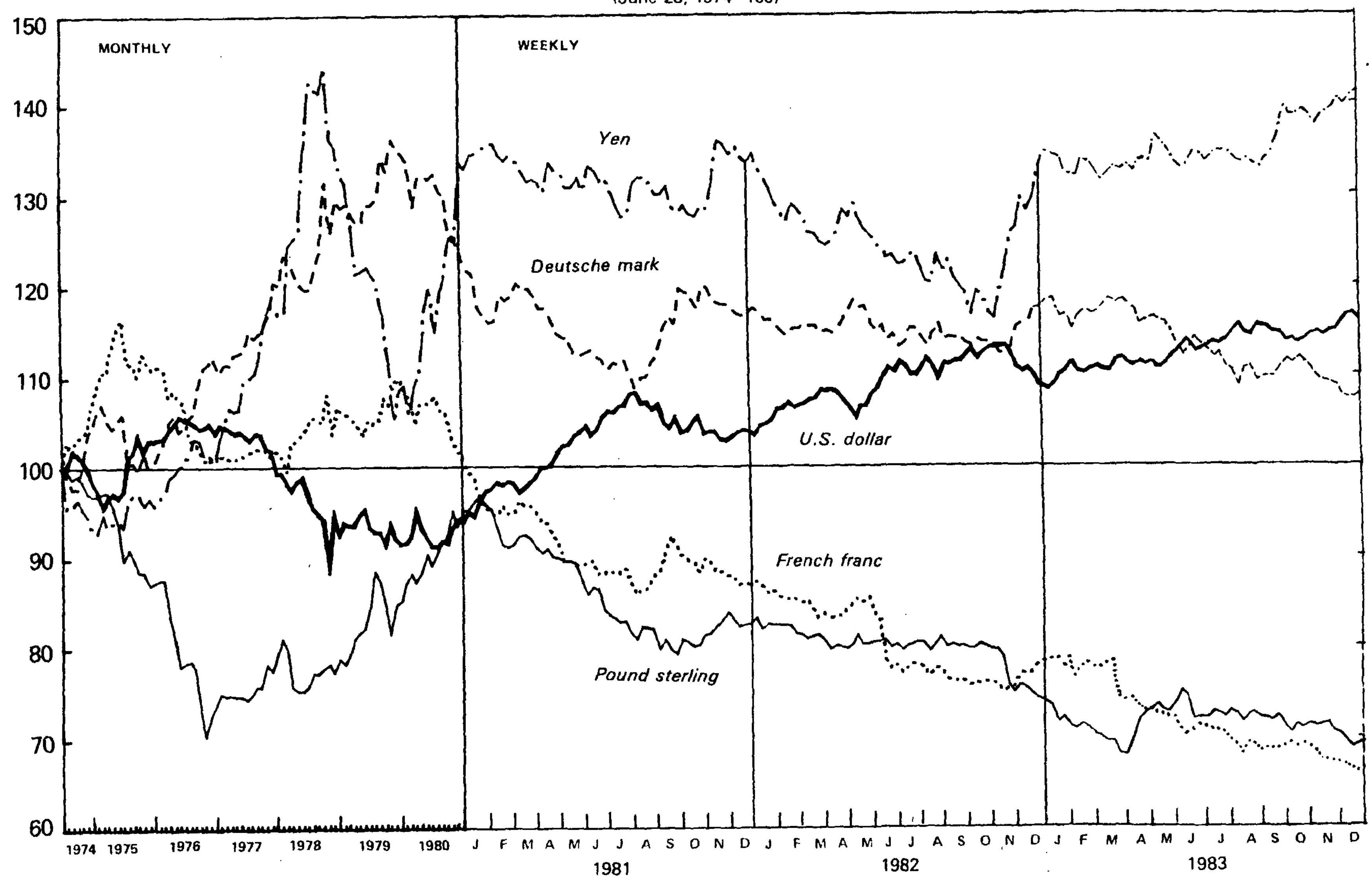
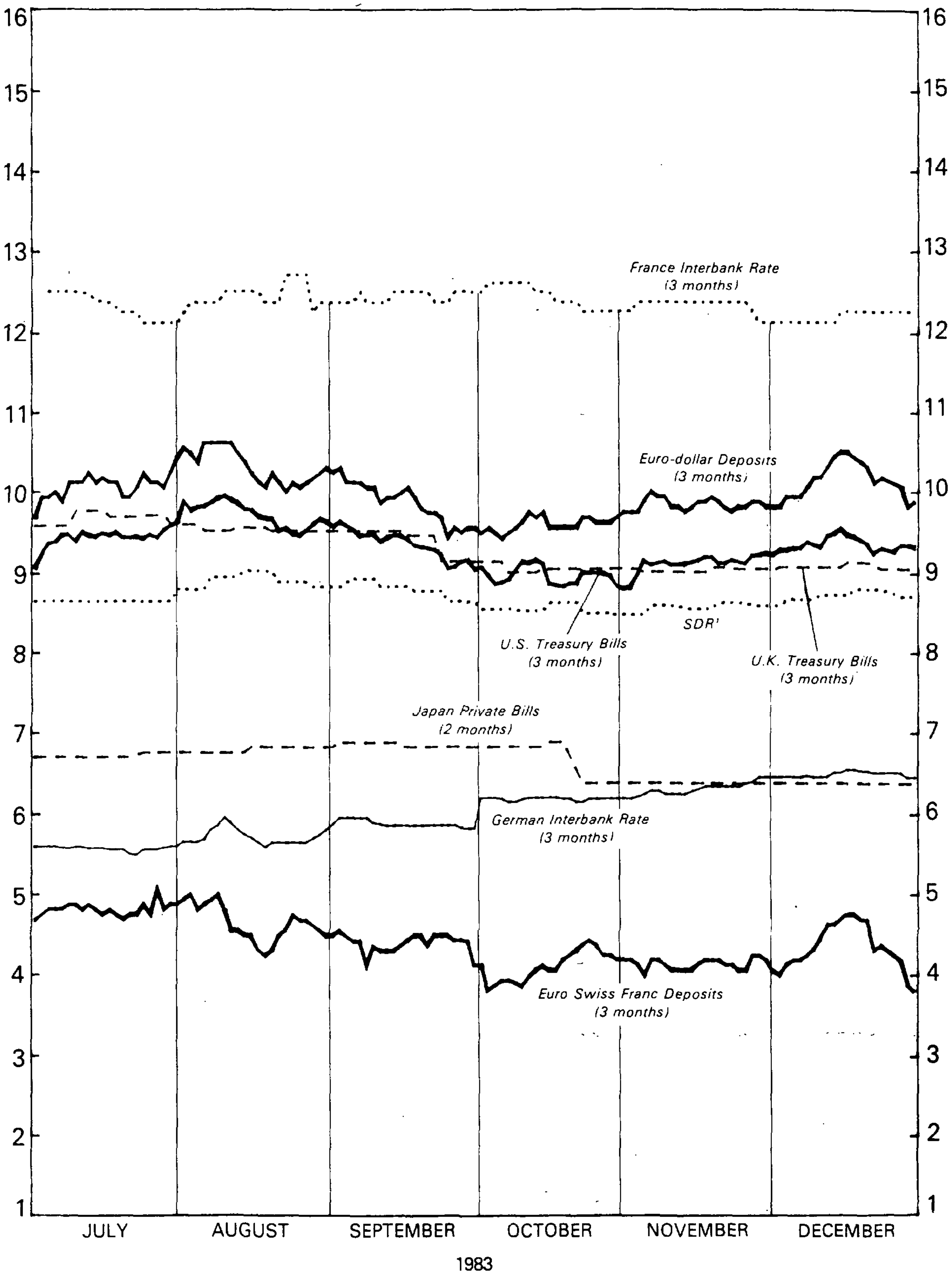


CHART 7

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)

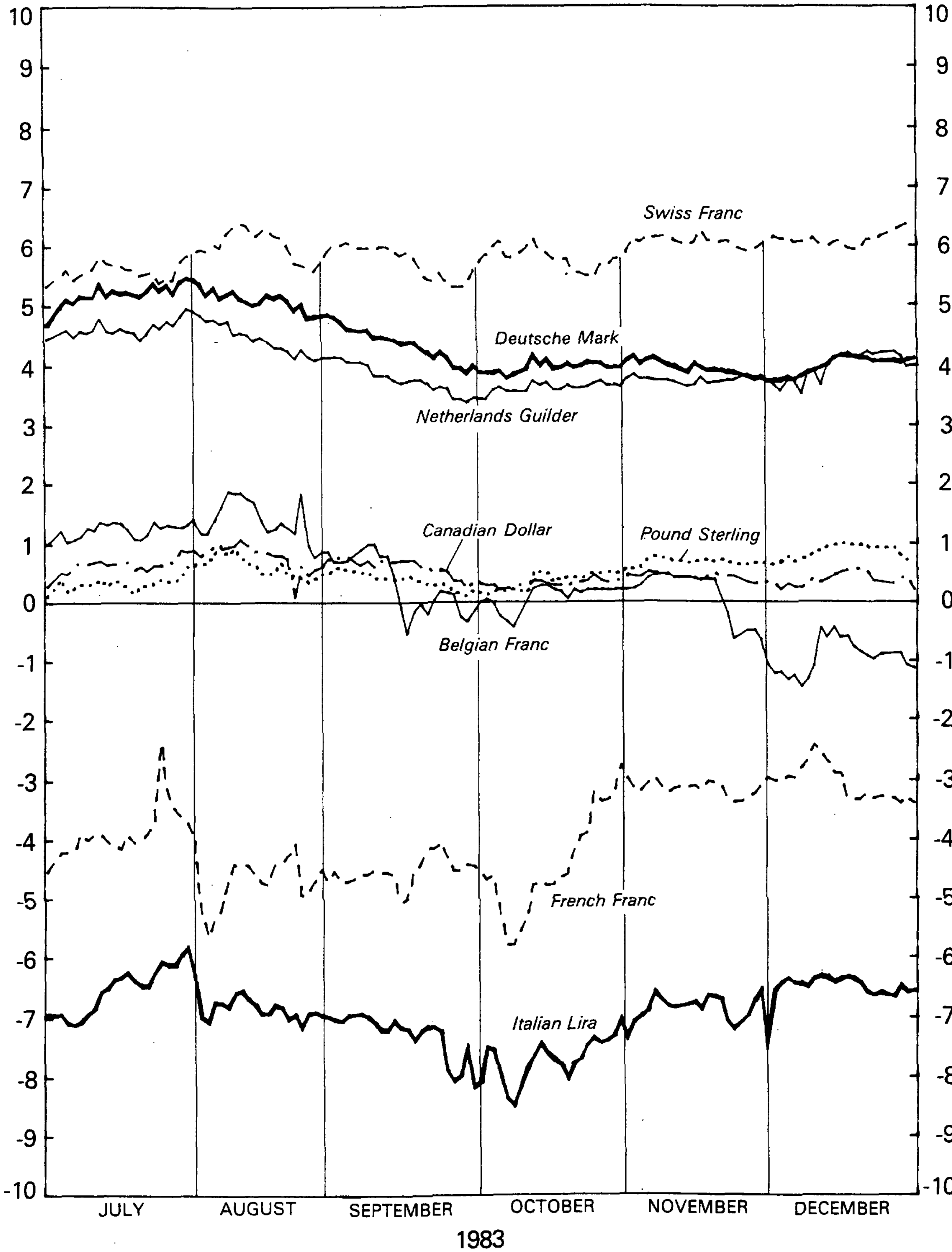
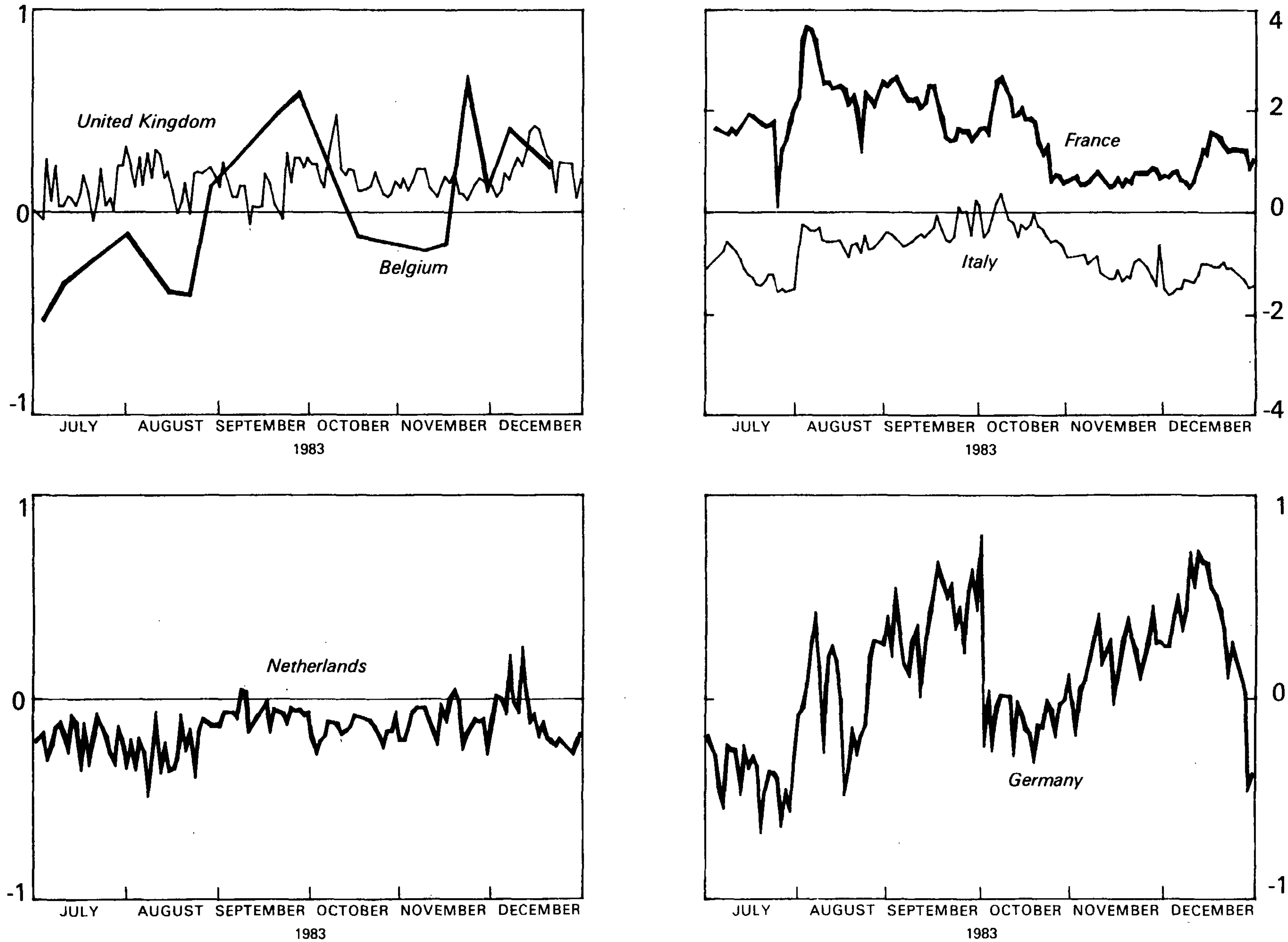


CHART 9

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, November-December 1983 1/

	November					December			
	2	9	16	23	30	7	14	21	28
Austrian schilling	18.6445	18.7750	18.9175	19.0100	19.0125	19.2350	19.4950	19.5270	19.3975
Belgian franc									
Official	53.715	54.300	54.585	54.815	54.815	55.365	56.265	56.405	56.155
Financial	54.575	54.855	54.745	55.525	55.425	56.225	57.125	57.225	57.045
Canadian dollars	0.81110	0.80945	0.80867	0.80802	0.80707	0.80363	0.79958	0.80067	0.80260
Danish kroner	9.5420	9.6250	9.6700	9.7275	9.7550	9.9050	10.0125	10.0232	9.9725
Deutsche mark	2.64495	2.66700	2.68625	2.70200	2.69850	2.73500	2.76600	2.76850	2.75100
French francs	8.0450	8.1200	8.1645	8.2275	8.2025	8.2925	8.4500	8.4587	8.4145
Irish pounds	1.1735	1.1650	1.1585	1.1525	1.1515	1.1395	1.1230	1.1205	1.1285
Italian lire	1604.500	1619.500	1626.500	1628.750	1633.000	1655.500	1672.000	1681.250	1672.000
Japanese yen	234.425	235.350	235.375	235.000	232.450	234.000	235.040	234.650	233.350
Netherlands guilder	2.9635	2.9948	3.0055	3.0305	3.0240	3.0608	3.1058	3.1133	3.0945
Norwegian kroner	7.4000	7.4425	7.4750	7.4875	7.4950	7.6275	7.7875	7.8040	7.7525
Pounds sterling	1.4874	1.4845	1.4832	1.4678	1.4634	1.4395	1.4155	1.4230	1.4369
Swedish kroner	7.8375	7.8900	7.9300	7.9400	7.9575	8.0150	8.1120	8.1022	8.0500
Swiss francs	2.15000	2.16700	2.16600	2.17800	2.16100	2.19000	2.21200	2.21000	2.18850

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.

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	Germany	United Kingdom	France	Japan	Weighted average	U.S. dollar	Deutsche mark	Pound sterling	French franc	Japanese yen	Swiss franc	LIBOR 3/	U.S. prime 4/	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1983															
Jan.	8.15	5.90	10.72	12.76	7.00	8.32	9.01	5.53	11.17	21.16	6.52	2.80	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	22.11	6.71	2.98	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	26.92	6.71	3.67	9.53	10.50	10.08
Apr.	8.52	5.27	10.30	12.31	6.76	8.26	9.26	5.02	10.25	13.37	6.29	4.28	9.44	10.50	10.02
May	8.50	5.39	10.08	12.73	6.66	8.27	9.03	5.04	10.25	13.90	6.29	4.53	9.18	10.50	10.03
June	9.14	5.65	9.85	12.81	6.64	8.62	9.75	5.33	10.00	14.45	6.55	5.00	10.05	10.50	10.63
July	9.44	5.65	9.69	12.45	6.72	8.74	10.07	5.18	9.89	14.15	6.58	4.81	10.51	10.50	11.21
Aug.	9.72	5.79	9.56	12.62	6.80	8.93	10.35	5.47	9.86	15.22	6.67	4.66	10.82	10.89	11.63
Sept.	9.34	5.95	9.41	12.61	6.86	8.74	9.88	5.70	9.64	14.71	6.81	4.41	10.19	11.00	11.43
Oct.	8.97	6.27	9.06	12.62	6.69	8.54	9.60	5.80	9.37	14.29	6.51	4.13	9.78	11.00	11.28
Nov.	9.11	6.38	9.03	12.50	6.38	8.57	9.84	6.07	9.32	13.06	6.49	4.15	10.06	11.00	11.41
Dec.	9.35	6.57	9.08	12.36	6.38	8.71	10.14	6.29	9.42	13.27	6.63	4.35	10.38	11.00	11.54
1983 Weekly															
Jan. 7	8.32	6.05	10.05	12.83	7.08	8.38	9.03	5.74	10.52	23.78	6.57	3.11	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	21.43	6.44	2.69	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	20.28	6.40	2.55	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	19.35	6.65	2.83	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	20.30	6.69	2.95	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	21.00	6.73	2.99	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	23.63	6.68	2.89	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	22.85	6.74	3.03	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	24.85	6.74	3.06	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	36.70	6.74	3.43	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	41.70	6.74	3.89	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	15.53	6.74	3.94	9.75	10.50	10.26
Apr. 1	8.97	5.40	10.66	12.17	6.83	8.53	9.70	4.95	10.86	12.22	n.a.	4.00	9.94	10.50	10.28
8	8.77	5.30	10.66	12.42	6.79	8.43	9.56	5.02	10.28	14.11	6.39	4.02	9.74	10.50	10.13
15	8.47	5.24	10.19	12.04	6.76	8.18	9.28	5.00	10.15	13.38	6.24	4.10	9.46	10.50	9.98
22	8.43	5.23	10.19	12.34	6.76	8.19	9.23	5.05	10.26	13.38	6.28	4.30	9.39	10.50	10.02
29	8.42	5.33	10.08	12.47	6.70	8.20	9.05	5.02	10.25	12.98	6.25	4.65	9.24	10.50	9.95
May 6	8.32	5.37	9.98	12.80	6.70	8.18	8.84	5.00	10.15	14.70	6.24	4.37	8.96	10.50	9.77
13	8.33	5.37	9.92	12.80	6.70	8.18	8.79	4.99	10.19	13.98	6.20	4.32	8.91	10.50	9.84
20	8.45	5.37	10.15	12.67	6.63	8.24	9.07	5.02	10.35	13.70	6.30	4.51	9.21	10.50	10.10
27	8.80	5.44	10.29	12.67	6.63	8.45	9.29	5.10	10.32	13.38	6.37	4.86	9.48	10.50	10.32
June 3	8.90	5.58	10.07	12.77	6.63	8.51	9.56	5.39	10.34	13.97	6.55	4.91	9.83	10.50	10.51
10	9.10	5.71	10.12	12.80	6.63	8.64	9.75	5.46	10.25	14.44	6.54	5.00	10.05	10.50	10.61
17	9.04	5.64	9.92	12.80	6.63	8.57	9.64	5.27	9.88	14.40	6.49	5.03	9.99	10.50	10.49
24	9.33	5.63	9.58	12.85	6.63	8.69	9.84	5.27	9.84	14.73	6.59	5.14	10.14	10.50	10.71
July 1	9.22	5.65	9.58	12.80	6.67	8.64	9.84	5.25	9.73	14.43	6.55	4.82	10.14	10.50	10.80
8	9.42	5.67	9.58	12.67	6.70	8.74	9.98	5.23	9.86	14.34	6.56	4.81	10.31	10.50	11.07
15	9.46	5.67	9.78	12.61	6.70	8.77	10.17	5.21	9.92	14.19	6.58	4.83	10.64	10.50	11.22
22	9.46	5.60	9.70	12.45	6.70	8.74	10.04	5.10	9.92	14.30	6.60	4.75	10.53	10.50	11.22
29	9.50	5.64	9.72	12.29	6.76	8.76	10.16	5.14	9.92	13.73	6.59	4.88	10.68	10.50	11.39
Aug. 5	9.79	5.72	9.61	12.47	6.76	8.94	10.50	5.39	9.96	15.31	6.68	4.90	10.99	10.50	11.74
12	9.91	5.94	9.54	12.62	6.76	9.05	10.60	5.75	9.92	15.58	6.69	4.77	11.13	10.71	11.89
19	9.73	5.75	9.56	12.61	6.82	8.92	10.21	5.38	9.81	15.10	6.65	4.37	10.68	11.00	11.49
26	9.52	5.73	9.53	12.85	6.83	8.83	10.09	5.33	9.77	14.93	6.65	4.64	10.51	11.00	11.34
Sept. 2	9.63	5.90	9.53	12.52	6.84	8.90	10.28	5.63	9.83	15.08	6.71	4.53	10.74	11.00	11.73
9	9.50	6.02	9.53	12.58	6.89	8.85	10.10	5.68	9.72	14.94	6.79	4.35	10.50	11.00	11.53
16	9.45	5.94	9.53	12.62	6.88	8.82	9.96	5.70	9.64	15.06	6.84	4.35	10.25	11.00	11.46
23	9.30	5.93	9.40	12.62	6.83	8.72	9.79	5.71	9.64	14.49	6.90	4.48	10.06	11.00	11.37
30	9.10	5.92	9.14	12.64	6.83	8.58	9.52	5.71	9.46	14.24	6.76	4.39	9.77	11.00	11.22
Oct. 7	8.95	6.27	9.12	12.78	6.83	8.56	9.50	5.81	9.47	14.68	6.71	3.94	9.69	11.00	11.15
14	9.14	6.28	9.02	12.74	6.83	8.65	9.71	5.81	9.38	14.89	6.56	4.02	9.85	11.00	11.36
21	8.86	6.27	9.04	12.57	6.89	8.50	9.56	5.76	9.28	14.35	6.43	4.17	9.75	11.00	11.20
28	8.99	6.26	9.04	12.42	6.38	8.48	9.65	5.81	9.37	13.16	6.42	4.34	9.84	11.00	11.39
Nov. 4	8.92	6.28	9.04	12.50	6.38	8.46	9.75	5.89	9.31	13.23	6.42	4.14	9.94	11.00	11.42
11	9.11	6.35	9.01	12.55	6.38	8.57	9.90	5.98	9.31	13.12	6.45	4.14	10.11	11.00	11.50
18	9.15	6.38	9.02	12.55	6.38	8.60	9.85	6.14	9.34	13.05	6.44	4.13	10.06	11.00	11.42
25	9.13	6.43	9.06	12.55	6.38	8.60	9.80	6.89	9.33	13.02	6.45	4.13	10.06	11.00	11.35
Dec. 2	9.23	6.52	9.05	12.32	6.38	8.64	9.84	6.21	9.32	13.06	6.68	4.15	10.09	11.00	11.38
9	9.32	6.55	9.07	12.29	6.38	8.70	10.01	6.30	9.32	12.93	6.61	4.21	10.31	11.00	11.52
16	9.45	6.58	9.09	12.34	6.38	8.79	10.39	6.43	9.49	13.14	6.70	4.63	10.59	11.00	11.62
23	9.35	6.61	9.11	12.42	6.38	8.73	10.29	6.33	9.51	13.74	6.67	4.56	10.46	11.00	11.55
30	9.31	6.56	9.03	12.42	6.38	8.70	9.92	6.03	9.39	13.44	6.41	3.96	10.21	11.00	11.54

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-mongh 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.