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Foreign Exchange and Financial Markets in November 1985

Prepared by Edgardo Decarli and Michael Blackwell

Approved by Orlando Roncesvalles

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The U.S. dollar continued to depreciate significantly in November. In the apparent absence of substantial intervention by central banks, the weakness of the dollar may be attributed in large part to the market participants' assessment that prospects for strong economic growth of the U.S. economy remained poor. This also supported speculation that U.S. interest rates would decline. During the first three weeks of the month, the U.S. dollar fluctuated without trend against most other leading currencies, but it depreciated against the Japanese yen, as short-term yen interest rates continued to firm following their sharp rise in the preceding month. After briefly falling below the level of ¥ 200 per U.S. dollar, the dollar stabilized at just above this level through the end of the month. The U.S. dollar depreciated sharply against other leading currencies in the last week of November, with particularly strong demand for the Deutsche mark supported by growing optimism about the prospects for the German economy. Trading in November was generally active, and most exchange rates were more volatile than during the previous month. Over the month, the U.S. dollar depreciated by 2.57 percent in effective (MERM) terms and by 1.97 percent against the SDR; its 12-month effective (MERM) depreciation was 11.48 percent (Table 1).

By the end of November, the U.S. dollar was substantially below its peaks last February, by 19 percent in effective (MERM) terms. The Japanese yen has risen by 30 percent against the U.S. dollar, while both the Deutsche mark and the French franc have appreciated by around 38 percent, and the pound sterling by 42 percent. Most of the Japanese yen's appreciation (19 percent) has taken place since late September when G-5 Ministers agreed on coordinated efforts to encourage a lower U.S. dollar 1/, while the appreciation of the other G-5 currencies has been less marked since then (13 percent for both the Deutsche mark and the French franc, and 9 percent for the pound sterling). (See Table 2 and Chart 1.)

1/ See DM/85/64, 10/17/85. The G-5 countries are France, Germany, Japan, the United Kingdom, and the United States.

Table 1. Changes in Exchange Rates in November 1985 1/

(In percent)

	Monthly exchange rate changes			
	Against U.S. dollar 2/	Against SDR 3/	Effective exchange rate 4/	Changes in effective exchange rate since November 1984
Belgium	+4.11	+1.99	+0.81	+4.76
Denmark	+4.32	+2.09	+1.64	+9.05
France	+4.05	+2.03	+1.24	+9.26
Germany	+4.22	+2.12	+1.25	+7.55
Ireland	+4.00	+1.76	+1.44	+8.95
Italy	+3.21	+1.51	+0.56	-3.63
Netherlands	+4.50	+2.38	+1.60	+8.50
Austria	+4.16	+1.92	+1.36	+9.10
Canada	-1.24	-3.20	-2.39	-9.13
Japan	+4.68	+2.64	+3.08	+12.81
Norway	+3.64	+1.78	+1.31	+4.74
Sweden	+3.12	+0.92	+0.34	+2.15
Switzerland	+3.38	+1.16	+0.51	+8.41
United Kingdom	+3.44	+0.71	-0.07	+8.49
United States	--	-1.97	-2.57	-11.48

1/ Positive sign indicates appreciation of the currency.
2/ Based on New York noon quotations.
3/ SDR rates are derived from representative exchange rates advised to the Fund by members and the daily valuation of the SDR against the U.S. dollar.
4/ Based on the Fund's multilateral exchange rate model (MERM). Effective rates are based on representative exchange rates in the domestic markets, as officially advised to the Fund.

Table 2. Changes in Selected Exchange Rates 1/

(In percent)

	Between end-June 1980 and lows against the U.S. dollar (February 1985) 2/	Through end-November 1985	
		From February 1985 2/	From September 20, 1985 3/
Deutsche mark	-48.90	+37.41	+13.31
Pound sterling	-55.33	+41.52	+8.90
French franc	-61.22	+37.75	+13.25
Japanese yen	-16.44	+30.20	+18.81
U.S. dollar effective exchange rate (MERM)	+73.82	-19.20	-10.02

1/ Based on New York noon quotations for the value of currencies in U.S. dollar terms, and on the Fund's multilateral exchange rate model (MERM) for the U.S. dollar effective exchange rate. Positive sign indicates appreciation of the currency.

2/ Dates are February 12 for the Japanese yen; February 25 for the Deutsche mark, the French franc and the U.S. dollar effective exchange rate (MERM); and February 26 for the pound sterling.

3/ Last business day prior to the G-5 statement on September 22, 1985 on concerted intervention in foreign exchange markets.

The magnitude of official intervention that followed the September G-5 agreement was disclosed by the Federal Reserve Bank of New York in a recent report to the U.S. Congress on foreign exchange operations in the three months through October. According to the report, central banks sold more than $10 billion in the six weeks through October 31. The U.S. Treasury and the Federal Reserve sold $3.2 billion in that period to buy Deutsche mark ($1.8 billion) and Japanese yen ($1.4 billion), while the central banks of Japan, Germany, the United Kingdom, and France sold about $5 billion and other countries sold more than $2 billion. Some Federal Reserve operations were conducted in the Far East as well as in New York, and there was close coordination with the operations carried out by the Bank of Japan and European G-5 central banks in their own centers.

In November leading currencies firmed by 3.12-4.50 percent against the U.S. dollar, except for the Canadian dollar which eased (see Table 1 and Charts 2, 4, and 5). The currencies participating in the European Monetary System (EMS) firmed by 4.00-4.50 percent against the U.S. dollar, except for the Italian lira which firmed by 3.21 percent. The strengthening of the demand for Deutsche mark by the end of the month was accompanied by speculation of a currency realignment to revalue the Deutsche mark and to devalue the French franc. The forward discount on the French franc rose and the Bank of France intervened by selling Deutsche mark and buying U.S. dollars. However, throughout the month the spread in the EMS parity grid remained well below the permitted maximum 2.25 percent margin for the narrow band 1/ and the divergence indicators for all the currencies in the system remained well within their thresholds (Chart 3). The Belgian franc remained the weakest currency in the EMS throughout the month, while the French franc was the strongest. The Italian lira ceased to be the strongest currency, a position which it had maintained since its devaluation in July, and it continued to depreciate within the EMS in November, with its spread from the Belgian franc declining from 1.78 percent at the beginning of the month to 1.16 percent at the end.

The volatility of exchange rates against the U.S. dollar, as indicated by the measures given in Table 3, rose for most major currencies in November, after having declined drastically in October. For the EMS currencies, the high-low spreads rose to 3.9-4.6 percent in November from 2.6-3.1 percent in October. For other currencies this measure rose similarly to 3.4-5.5 percent from 2.1-2.8 percent, except for the Canadian dollar which spread rose to 1.2 percent from 0.7 percent. The average of absolute daily percentage changes of major currencies (MAC in Table 3 and Chart 6) against the U.S. dollar also rose. For the EMS currencies this measure rose to an average of 0.47 percent from an average of 0.40 percent in October. For the other currencies this measure also rose on average (to 0.37 percent in November from 0.35 percent in October), but the movement was not uniform for all currencies, as the measure indicated much higher volatility for the Austrian schilling and the pound sterling; but only moderately higher for the Swedish krona and somewhat lower for other currencies. The Canadian dollar remained the least volatile currency against the U.S. dollar in November while the pound sterling was among the most volatile.

1/ The Italian lira is permitted a spread of 6 percent above (below) the weakest (strongest) currency in the EMS.

Table 3. Intra-Month Variations of Exchange Rates of Major Currencies 1/

	November 2/		High-low spread in percent 3/		MAC 4/	
	High	Low	Oct.	Nov.	Oct.	Nov.
Belgium	51.030	52.995	3.0	3.9	0.40	0.48
Denmark	9.1075	9.4950	2.9	4.3	0.44	0.48
France	7.662	7.997	2.6	4.4	0.41	0.47
Germany	2.512	2.627	2.6	4.6	0.42	0.49
Ireland	1.22975	1.17900	2.9	4.3	0.39	0.47
Italy	1711.00	1772.500	2.7	3.6	0.38	0.40
Netherlands	2.826	2.957	3.1	4.6	0.39	0.48
Austria	17.655	18.440	2.5	4.4	0.38	0.48
Canada	0.732	0.723	0.7	1.2	0.13	0.12
Japan	200.750	208.950	2.7	4.1	0.46	0.42
Norway	7.591	7.900	2.3	4.1	0.39	0.35
Sweden	7.633	7.890	2.1	3.4	0.31	0.34
Switzerland	2.080	2.159	2.8	3.8	0.45	0.44
United Kingdom	1.490	1.412	2.4	5.5	0.34	0.47

1/ Exchange rates against the U.S. dollar at noon 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.

In November most major industrial countries registered increases in their gross foreign exchange reserves (Table 4). Germany showed the largest gain and Japan almost no change, in contrast with their large losses in the preceding month arising from intervention sales. Switzerland and Denmark showed large foreign exchange gains in November, while Italy and Sweden registered substantial losses. Most major industrial countries registered large increases in their gross foreign exchange reserves over the latest 12-month period. The U.S. showed a very important gain, most of it accummulated during September and October when the large purchases of Deutsche mark and Japanese yen by the Federal Reserve took place. Norway, Germany, and the United Kingdom also experienced very large foreign exchange gains in the latest 12-month period, with that of the United Kingdom partly reflecting official borrowing. Italy registered the largest foreign exchange loss in the latest 12-month period, with consecutive substantial declines in the last three months.

Table 4. Gross Foreign Exchange Reserves in November 1985 1/

(In millions of U.S. dollars)

	End-month reserve level	Change in November	Change over 12 months
Belgium	3,909	+295	+278
Denmark	5,240	+524	+1,148
France (October)	21,081	+81	+678
Germany	39,002	+3,261	+3,525
Ireland	3,075	+24	+1,079
Italy	15,800	-1,227	-4,194
Netherlands	8,894	+311	+890
Austria	3,164	+149	+604
Canada	1,792	+268	+161
Japan	21,994	+37	-27
Norway	13,156	-4	+4,245
Sweden	3,079	-576	-463
Switzerland	14,649	+1,128	+1,882
United Kingdom	10,288	-112	+3,476
United States (October)	11,798	+3,127	+5,478

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 proceeds from other official borrowings.

I. Developments in Major Factors Affecting the Exchange Market in November

The U.S. dollar eased in November against most other leading currencies, depreciating by 2.57 percent in effective (MERM) terms and by 1.97 percent against the SDR. Most of its depreciation occurred during the latter part of the month and reflected expectations of an easing of U.S. interest rates to stimulate the sluggish economy. Data released during the month showed a trade deficit of $11.5 billion in October, close to the monthly average this year but substantially below the $15.5 billion registered in September. Nonetheless, the trade deficit for the first ten months of this year amounted to $118.1 billion, some 12 percent above that for the same period the preceding year.

Revised data for the third quarter showed a better economic performance than earlier anticipated, as real GNP growth was revised upwards to a 4.3 percent annual rate from the preliminary estimate of 3.3 percent, while the rise in the implicit GNP price deflator was revised down to an annual rate of 2.3 percent from 3.3 percent. However, October data generally pointed to sluggish growth in the fourth quarter. Retail sales and automobile sales fell by 3.3 percent and by 14.6 percent, respectively, the largest declines on record; industrial production was unchanged; capacity utilization fell to 80.2 percent from 80.4 percent in the preceding month; and durable goods orders declined 2.1 percent (although they were unchanged if defense orders are excluded) after a revised 0.9 percent fall in the preceding month. However, housing starts rose 10.8 percent after declining by 8.7 percent in the preceding month, and the index of leading economic indicators continued to indicate some moderate growth, as it expanded by 0.3 percent following a revised increase of 0.4 percent in the preceding month. In November, the civilian unemployment rate declined to 7.0 percent from 7.1 percent in the two preceding months. Inflation remained moderate although the increase in producer prices in October was exceptionally large. The index rose by 0.9 percent, roughly offsetting declines during the two previous months, but it stood only one percent above a year earlier. The consumer price index rose 0.3 percent in October and was up 3.2 percent year-on-year.

The Deutsche mark firmed by 4.22 percent against the U.S. dollar and by 1.25 percent in effective (MERM) terms. Germany's external current account surplus widened to DM 6.2 billion in October from DM 4.4 billion in September, with the current account surplus for the first ten months of 1985 amounting to DM 24.7 billion, compared with DM 8.3 billion for the same period last year. Its trade surplus reached a record DM 58.3 billion in the ten months through October 1985, compared with DM 40.9 billion in the same period last year. Real GNP, seasonally and calendar adjusted, rose 1.5 percent in the third quarter and 3.2 percent year-on-year, but the unemployment rate rose to 8.9 percent in November from 8.6 percent in the preceding month. The inflation rate remained moderate, with consumer prices rising 0.2 percent in November and 1.8 percent year-on-year; producer prices fell 0.2 percent in October but rose 1.3 percent year-on-year.

The French franc firmed by 4.05 percent against the U.S. dollar and by 1.24 percent in effective (MERM) terms, and was the strongest currency in the EMS band throughout the month, in spite of some speculation at the end of the month that it would be devalued in the context of a currency realignment within the EMS. France's trade account, seasonally adjusted, was in surplus for F 1.0 billion in October following a F 2.6 billion deficit in September. Its current account, seasonally adjusted, was virtually in balance in the first nine months of 1985, compared with a F 5.2 billion in the same period a year earlier. Latest available data continued to indicate a modest recovery in economic activity, as real GDP rose a provisional 0.6 percent in the third quarter, after a revised 0.9 percent rise in the second quarter; and the number of persons unemployed, seasonally adjusted, declined 0.7 percent in October following a 1.7 percent fall in September. Retail prices rose 0.2 percent in November and were up 4.8 percent year-on-year.

The Belgian franc firmed by 4.11 percent against the U.S. dollar and by 0.81 percent in effective (MERM) terms, but it remained the weakest currency in the EMS throughout November. Belgium's industrial production seasonally rose 37 percent in August, but it was 0.7 percent below its level a year earlier. The unemployment rate declined to 13.1 percent at end-October from 13.4 percent at end-September. Consumer prices rose marginally in November and by 4.2 percent year-on-year. The external current account of the Belgium-Luxembourg Economic Union (BLEU), on a cash basis, was in surplus for BF 6.8 billion in the first eight months of 1985, compared with a BF 32.0 billion deficit for the same period a year earlier. The improvement was almost entirely in the trade account.

The Netherlands guilder firmed by 4.50 percent against the U.S. dollar and by 1.60 percent in effective (MERM) terms. The Netherlands' trade account swung into a f. 600 million surplus in September from a f. 600 million deficit in the preceding month, with the surplus for the first nine months of 1985 amounting to f. 6.5 billion, 23 percent below that for the same period a year earlier. Industrial production, seasonally adjusted, dropped 3.9 percent in September and 2 percent from a year earlier. However, the number of persons unemployed, also seasonally adjusted, declined by 1.3 percent in September and by a further 0.9 percent in October; in this latter month it was 7.5 percent lower than a year earlier. Consumer prices were unchanged in the month to mid-November but they rose 1.7 percent from a year earlier. The Netherlands' Government recently announced that it would fully de-regulate and open its capital markets by January 1, in order to keep pace with liberalization in competing financial centers. Under the liberalization measures, a range of new free-market financial instruments would be allowed and present constraints on the activities of foreign financial institutions would be eased.

The Danish krone firmed by 4.32 percent against the U.S. dollar and by 1.64 percent in effective (MERM) terms. Denmark's trade account switched into a DKr 1.58 billion deficit in October from a revised DKr 553 million surplus in September, with the trade deficit for the first ten months of this year reaching DKr 8.93 billion, more than 50 percent above that for the same period last year. Its unemployment rate, seasonally adjusted, fell to 8.5 percent in October from 8.7 percent in September and 9.8 percent a year earlier. Wholesale prices rose by 0.1 percent in October and were up 0.6 percent year-on-year.

The Irish pound firmed by 4.00 percent against the U.S. dollar and by 1.44 percent in effective (MERM) terms. Ireland's trade balance, seasonally adjusted, switched into a £Ir 82.7 million deficit in October, from a small surplus in September; the deficit was about 25 percent lower than that registered a year earlier. The unemployment rate rose to 17.2 percent in November from 17.0 percent in October and 16.5 percent a year earlier. Retail prices rose by 5.5 percent in the year to mid-August, compared with 5.2 percent in the year to mid-May.

The Italian lira appreciated by 3.21 percent against the U.S. dollar and by 0.56 percent in effective (MERM) terms, substantially less than most other currencies in the EMS. The lira, which had been the strongest currency in the EMS since its devaluation in July, thus remained within the narrow band throughout November. Italy's trade deficit narrowed to Lit 420 billion in August from Lit 1,463 billion a year earlier; however, the deficit amounted to Lit 16,792 billion in the first eight months of 1985, 53 percent above that for the same period a year earlier. Industrial production rose 4.5 percent over the year in September after a 5.6 percent decline over the year in August. Inflation, as measured by changes in consumer prices, slowed to 0.7 percent in November from 1.2 percent in October (consumer prices rose 8.6 percent year-on-year in November).

The pound sterling firmed by 3.44 percent against the U.S. dollar but remained virtually unchanged in effective (MERM) terms. The U.K. external current account surplus, seasonally adjusted, widened to 400 million in October from 170 million in September, with the surplus for the first ten months of 1985 amounting to 1.7 billion, substantially larger than that for the same period of 1984. The trade account, also seasonally adjusted, was in balance in October after registering consecutive deficits since May, with the deficit for the first ten months of 1985 amounting to 2.1 billion. Industrial output, seasonally adjusted, rose 1.5 percent in September and was up 5.6 percent from a year earlier, while real GDP (on output basis) rose at an annual rate of 3.7 percent in the third quarter. The volume of retail sales, seasonally adjusted, fell 1.6 percent in October following a 1.4 percent decline in September, while the unemployment rate, also seasonally adjusted, remained in November at 13.1 percent, the same rate as in the preceding two months. The public sector made a net repayment of 300 million in October, bringing the public sector borrowing requirement for the first seven months of the 1985/1986 fiscal year to 5.3 billion. Retail prices rose 0.2 percent in October and 5.4 percent year-on-year.

The Swiss franc firmed by 3.38 percent against the U.S. dollar and by 0.51 percent in effective (MERM) terms. Switzerland's trade deficit for the first ten months of this year amounted to Sw F 7.7 billion, about 3 percent less than in the same period last year. Its unemployment rate remained unchanged in October at 0.8 percent, but was down from 1.1 percent a year earlier. In October, consumer prices rose 0.2 percent (3.0 percent year-on-year) and wholesale prices rose 0.1 percent (0.9 percent year-on-year).

The Japanese yen firmed by 4.68 percent against the U.S. dollar and by 3.08 percent in effective (MERM) terms. Japan's external current account surplus narrowed marginally to $4.8 billion in October but was more than 20 percent above that for a year earlier; the trade surplus for the same month widened marginally to $5.4 billion and was also in excess of 20 percent above that for a year earlier. In order to reduce Japan's current account surplus, an earlier package of market-opening measures was followed in October by a plan to expand domestic demand and increase imports. Real consumer spending fell by 0.3 percent over the year in September following increases in the two previous months. Real GNP rose at an annual rate of 0.6 percent in the third quarter. In October industrial production, seasonally adjusted, rose by 1.3 percent, after declining by 1.1 percent in the preceding month, and the unemployment rate widened to a seasonally adjusted rate of 2.8 percent (the rate was 2.7 percent in the preceding month). Wholesale prices fell by a record 1.4 percent in October, and by 3.2 percent year-on-year.

The Canadian dollar was the only currency that depreciated against the U.S. dollar as well as in effective (MERM) terms (by 1.24 percent and 2.39 percent respectively). Canada's external current account, seasonally adjusted was in deficit for Can$1.5 billion in the third quarter, compared with a small surplus in the second quarter and a Can$881 million surplus in the same period a year earlier. Real GDP rose 0.4 percent in September and 4.8 percent year-on-year, while the index of leading economic indicators rose by 0.9 percent in August, the third month to show an increase after several consecutive declines in preceding months. The unemployment rate, seasonally adjusted, fell to 10.2 percent in November from 10.3 percent in October and 11.3 percent a year earlier. Consumer prices rose 0.3 percent in October and 4.2 percent year-on-year.

The Austrian schilling firmed by 4.16 percent against the U.S. dollar and by 1.36 percent in effective (MERM) terms. Austria's unemployment rate rose to 3.5 percent in September from 3.3 percent in August. Its consumer prices rose by 2.7 percent over the year in October compared with 2.9 percent over the year in September.

The Norwegian krone firmed by 3.64 percent against the U.S. dollar and by 1.31 percent in effective (MERM) terms. Norway's trade surplus widened slightly to NKr 1.8 billion in September, with the surplus for the first nine months of 1985 rising to NKr 25.9 billion, 9 percent below that for the same period a year earlier. Its unemployment rate fell to 2.3 percent in November from 2.4 percent in October and 3.4 percent a year earlier. Consumer prices rose 0.3 percent in November and 5.8 percent year-on-year.

The Swedish krona firmed by 3.12 percent against the U.S. dollar and by 0.34 percent in effective (MERM) terms. Sweden's trade surplus widened to SKr 2.0 billion in October from SKr 1.7 billion in September, with the surplus for the first ten months of 1985 amounting to SKr 10.5 billion, about 45 percent below that for the same period a year earlier. Its industrial production rose 5.2 percent in August and 4.5 percent year-on-year. The unemployment rate rose to 2.6 percent in November from 2.5 percent in October. Consumer prices rose 0.6 percent in October and 6.9 percent year-on-year.

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

Short-term interest rates eased in the West European countries, and a number of them lowered their official rates. In the United States, however, short-term rates were fairly steady while rates rose in Canada and Japan. Inflation remained subdued with year-on-year price increases at less than five percent in most countries (Table 5 and Chart 8).

Short-term interest rates in the United States were little changed in November, despite occasional speculation that the discount rate might be lowered as part of a follow-up to the G-5 Meeting of September 22. Economic data released during the month showed mixed signals and were interpreted as having little impact on the Federal Reserve's monetary policies. The Federal Funds rate tended to move within the same range in both November and October, averaging 8.05 percent for November and 7.99 percent for October. In these circumstances, the yield on three-month U.S. Treasury bills eased by 0.03 percentage point in November to 7.39 percent at the end of the month, while the 90 day CD rate firmed by 0.10 percentage point over the same period to 7.85 percent. Longer-term interest rates continued to ease, however, with yields on U.S. Treasury securities with maturities from one to 30 years falling by 0.13-0.49 percentage point from the end of October to end-November; the five-year constant maturity rate fell from 9.47 percent at end-October to 9.07 percent at end-November. The M1 measure of the U.S. money supply, seasonally adjusted, averaged $621 billion in the week ended November 25, compared with $611.4 billion in the week ended October 28. Thus, M1 at the end of November remained well above (by $13.3 billion) the upper limit of the Federal Reserve's target range based on 3-8 percent annual growth from the second to the fourth quarter of 1985.

Money market conditions eased in November in most of the countries participating in the exchange arrangements of the European Monetary System, with a number of countries lowering their official interest rates. The Bank of France cut its money market intervention rate by 0.38 percentage point on November 15 to 8.75 percent following a 0.25 percentage point reduction the month before. This move prompted French banks to lower their base lending rates by 0.25 percentage point to 10.60 percent, and the three-month interbank money rate fell from 9.38 percent at the end of October to 8.87 percent at the end of November. In Belgium, the discount rate was cut to 8.75 percent from 9.00 percent and the Lombard rate to 9.00 percent from 9.50 percent, effective November 14. The rate on four-month Fonds des Rentes certificates was reduced in two steps during the month to 8.60 percent; interest rates on the shorter-term Treasury certificates were also slightly reduced. The Bank of Italy cut its discount rate by 0.5 percentage point to 15 percent, effective November 8 following the reduction of interest rates

Table 5. 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): October	November
Austria	October	0.7	(3.1)	2.7	(2.9)	4.00	4.00
Belgium	Sept./Nov.	-1.0	(-1.0)	4.2	(4.0)	8.85	8.60
Canada	October	4.8	(4.3)	4.2	(4.1)	8.51	8.85
Denmark	October	0.6	(1.3)	3.8	(3.9)	7.00	7.00
France	Oct./Nov.	--	(1.0)	4.8	(4.9)	9.38	8.87
Germany	Oct./Nov.	-1.4	(0.3)	1.8	(1.7)	5.07	4.87
Italy	Sept./Nov.	6.4	(6.9)	8.6	(8.5)	14.81	14.63
Japan	October	-3.2	(-2.1)	2.3	(1.7)	7.85	8.17
Netherlands	Aug./Nov.	1.0	(1.3)	1.7	(1.9)	6.25	5.81
Norway	Oct./Nov.	5.3	(5.5)	5.8	(5.6)	8.00	8.00
Sweden	Sept./Oct.	4.2	(4.6)	6.9	(6.7)	10.50	10.50
Switzerland	October	0.9	(1.0)	3.0	(3.3)	4.56	4.06
United Kingdom	Sept./Oct.	5.5	(5.7)	5.4	(5.9)	11.44	11.31
United States	October	0.9	(0.8)	3.2	(3.2)	7.42	7.39

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 Belgium, 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.

in domestic and international money and financial markets. The three-month interbank money rate in Italy eased over the month falling from 14.81 percent to 14.31 percent and then edging up again to 14.63 percent at the month end. In Germany, the three-month interbank deposit rate eased steadily throughout the month and closed at 4.87 percent, compared with a level of 5.02 percent at the end of the previous month. The Bundesbank will reportedly leave its discount and Lombard rates unchanged in the immediate future unless U.S. interest rates ease significantly. Germany's central bank money stock, seasonally adjusted, rose by DM 800 million in November pushing its growth just above the upper limit of the 3-5 percent target range from the fourth quarter of 1984 through the fourth quarter of 1985. The Bundesbank's target range for central bank money stock in 1986 is expected to be set at its Central Council Meeting on December 19.

Among the other major countries, short-term interest rates continued to rise in Japan and in Canada but declined in the United Kingdom. The authorities' policy of supporting the yen following the G-5 Meeting of September 22 and strong corporate liquidity demands for month-end settlements appeared to be the major factors pushing Japanese interest rates up. The rate on two-month private bills rose by 0.32 percentage point over the month to 8.17 percent. Market sentiment during the month was that rates might well soften in the near future, although not to an extent that would significantly widen the differentials between interest rates for the yen and for the U.S. dollar. Japan's broadly defined money supply M2+CDs rose 8.6 percent in October from its year-earlier level, compared with an 8.3 percent rise in September. The three-month Treasury bill rate in Canada firmed from 8.51 percent at the end of October to 8.85 percent at the end of November. Short-term interest rates in the United Kingdom were little changed, although the authorities maintained them at high levels as part of a continuing drive to lower the rate of inflation. The three-month Treasury bill rate eased, amid fluctuations, to 11.31 percent at the end of November from 11.44 percent at the end of the previous month. The three-month interbank rate also fluctuated throughout the month but, in closing November at 11.58 percent, was almost unchanged from the 11.59 percent recorded at end-October. The latest Bank of England data show that sterling M3, seasonally adjusted, rose by a provisional 2.0 percent in the five weeks to November 20, following a 0.8 percent rise in the four weeks to October 16. The year-on-year growth rate was 14.5 percent in banking November, the same as in banking October, and well above the year-on-year target for the year ending in March 1986 of 5-9 percent.

In other industrial countries, the Bank of Sweden announced that it would raise cash reserve requirements from 1 percent to 3 percent, effective January 13, 1986. It also announced that from December 9 it would replace its uniform penalty rate by a sliding scale ranging from 12.5 percent for banks borrowing an amount equivalent to more than 25 percent of their own capital from the central bank up to 18.5 percent for those borrowing an amount equivalent to more than 175 percent of their own capital. This policy was expected to lead to the growth of an interbank market as the larger banks try to raise money from the smaller banks, which can borrow more cheaply from the Bank of Sweden because of their smaller requirements. Other measures taken included the immediate abolition of existing recommended credit ceilings on banks and mortgage institutions and of prescribed credit ceilings on finance companies.

Three-month interest rates in the eurocurrency markets in November were on balance little changed. Only the eurodollar rate firmed, ending the month at 8.13 percent, 0.13 percentage point higher than the month before. Euro-sterling was volatile during the month, moving within the range 11.38-11.63 percent, but closed November unchanged from its end-October level of 11.56 percent. Euro-Deutsche mark moved within a somewhat narrower range and closed the month at 4.81 percent, 0.07 percentage point lower than the month before. The rate on the euro-yen rose sharply in the middle of the month, peaking at 8.25 percent, and then fell back to 7.75 percent at the month end, 0.06 percentage point lower than end-October. In contrast, the euro-French franc eased by up to 0.75 percentage point during the course of November, but firmed sharply on the last day of the month to 9.75 percent only 0.06 percentage point lower than the previous month. The euro-Swiss franc eased by up to 0.63 percentage point during the same period and ended the month 0.50 percentage point lower than the previous month at 4.06 percent.

As a result of the movements of eurodollar and domestic interest rates since the end of October, the uncovered interest differentials favoring eurodollar investment widened for Germany and the Netherlands, and switched to favoring domestic investment in Japan during November. During the same month the uncovered interest differentials favoring domestic investment in October narrowed for Belgium, France, Italy and the United Kingdom (see Table 6).

In the forward exchange market, the premia against the U.S. dollar widened for the Deutsche mark, the Japanese yen, and the Netherlands guilder. The discounts against the U.S. dollar widened for the French franc but narrowed for the Belgian franc, the Italian lira, and the pound sterling. As a result of the above-mentioned movements in interest differentials and forward exchange quotations, the covered interest differentials favoring domestic investment narrowed for Belgium and Italy but widened for Germany and Japan and switched in November to favor eurodollar investment for the United Kingdom. The covered interest differential favoring eurodollar investment widened for France and moved to zero for the Netherlands (Table 6 and Charts 9 and 10).

Table 6. 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)	
	October	November	October	November	October	November
Belgium	-0.85	-0.47	-0.66	-0.31	-0.19	-0.16
France	-1.38	-0.74	-1.70	-1.76	+0.32	+1.02
Germany	+2.93	+3.26	+3.12	+3.52	-0.19	-0.26
Italy	-6.81	-6.50	-5.31	-5.20	-1.50	-1.30
Japan	+0.15	-0.04	+0.29	+0.37	-0.14	-0.41
Netherlands	+1.75	+2.32	+1.67	+2.32	+0.08	--
United Kingdom	-3.44	-3.18	-3.43	-3.22	-0.01	+0.04

1/ Positive sign indicates differential in favor of eurodollar 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.

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

The SDR interest rate rose to 7.65 percent for the week beginning November 25 from 7.56 percent for the week beginning October 28 (see Table 7). The discount rate on two-month private bills in Japan posted a very large increase, rising 0.96 percentage point. The U.K. Treasury bills rate posted the only other increase, but did so by only 0.02 percentage point. The yield on the relevant U.S. and German instruments eased marginally by 0.01 percentage point and 0.087 percentage point respectively, while the relevant French instrument eased by 0.51 percentage point.

Table 7. The SDR Interest Rate and the Rate of Remuneration 1/

	October 28	November 4	November 11	November 18	November 25
SDR interest rate	7.56	7.64	7.62	7.72	7.65
Rate of remuneration	7.03	7.11	7.09	7.18	7.11

1/ The rates apply to the weeks beginning with the dates indicated.

Combined domestic interest rates were mixed during the month, with the two and a half-year rate unchanged, the six-month rate rising by 0.06 percentage point, and the rates for the other maturities easing by 0.06-0.38 percentage point. Yields on the relevant instruments in the United States eased by 0.01-0.05 percentage point for maturities of one year or less and by 0.23-0.33 percentage point for the larger maturities. In Japan, yields on maturities of six months or less continued to rise markedly, by 0.32-0.99 percentage point, but yields on other maturities eased by up to 0.47 percentage point. Yields on the French franc and the Deutsche mark eased across the board by 0.33-0.63 percentage point and by 0.25-0.35 percentage point respectively. In contrast, yields on the relevant instruments for the pound sterling firmed by 0.02-0.19 percentage point, except for the yield on the six-month maturity which was marginally lower (Table 8 and Chart 11).

Combined eurocurrency offered rates for the three- and six-month maturities eased by 0.13 percentage point. Euro-Deutsche mark and euro-French franc rates eased by 0.31 percentage point and 0.63-0.69 percentage point respectively. The six-month euro-yen and euro-sterling rates also eased, by 0.31 and 0.06 percentage point respectively, but the three-month euro-yen rate firmed by 0.06 percentage point and the three-month euro-sterling rate was unchanged. Eurodollar rates also firmed by 0.06-0.13 percentage point.

Average interest rates on SDR-denominated deposits of selected commercial banks eased by 0.03-0.17 percentage point, except for the one-month rate which firmed by 0.10 percentage point and the three-month rate which was unchanged. Average deposit rates during the last week of November ranged from 7.81 percent for one-month deposits to 7.89 percent for 12-month deposits.

Table 8. Yields on Selected SDR-Denominated Assets 1/

	October	November
Combined market interest rates: 2/		
a. Based on domestic rates		
3-month maturity (Rule T-1)	7.66	7.60
6-month maturity	7.69	7.75
12-month maturity	7.75	7.63
2-1/2 year maturity	8.50	8.50
5-year maturity	8.88	8.50
b. *Based on eurocurrency offered rates*		
3-month maturity	8.13	8.00
6-month maturity	8.13	8.00
Average commercial bank deposit rates 3/		
1-month deposits	7.71	7.81
3-month deposits	7.87	7.87
6-month deposits	7.96	7.87
12-month deposits	8.06	7.89

1/ Rates pertain to last Wednesday of the month.

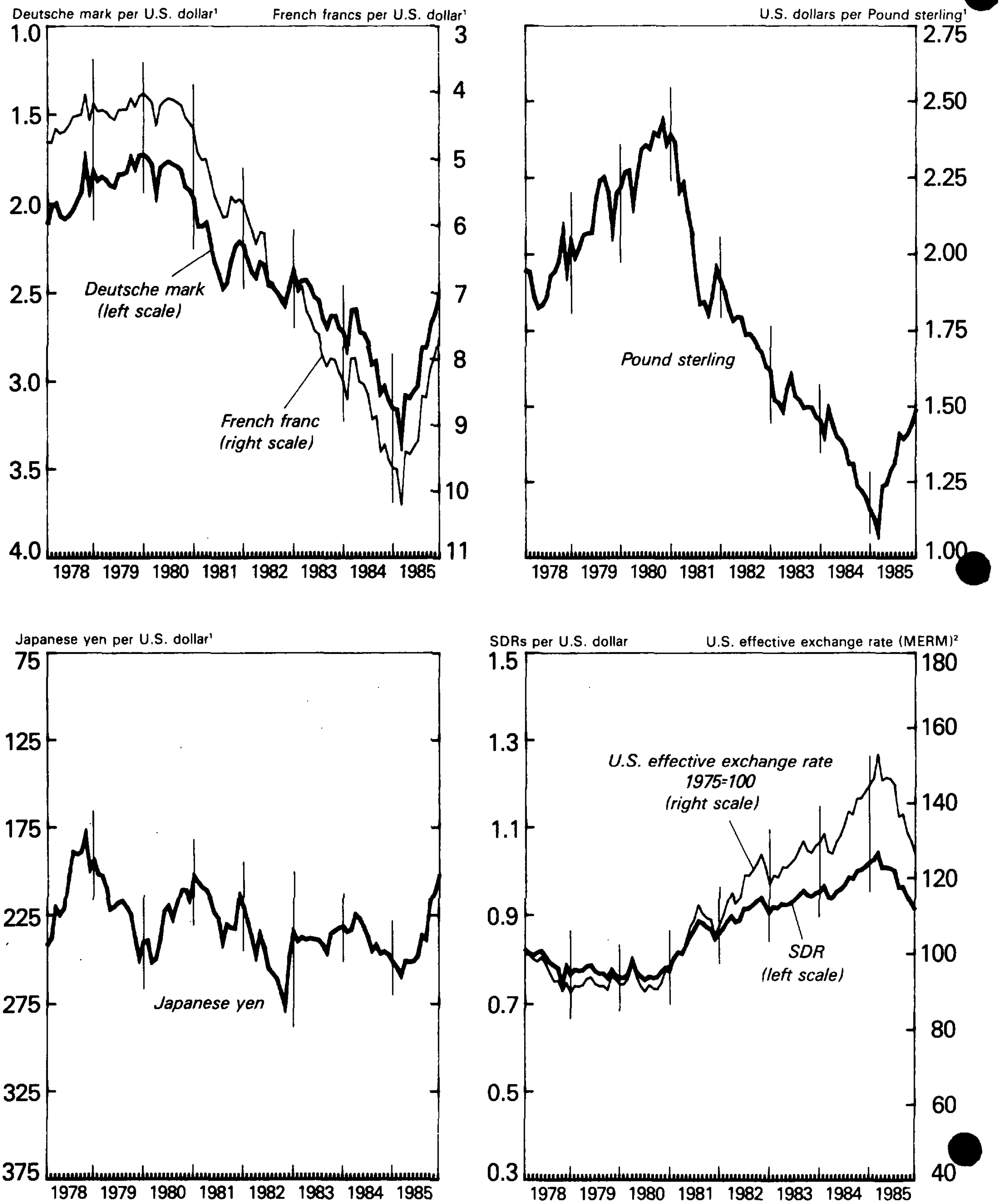
2/ Combined market rates (according to the Rule T-1) are calculated by multiplying the yields or rates of each of the respective instruments by the number of units of the corresponding currency listed in Rule O-1 and the value in terms of the SDR of a unit of that currency as determined by the Fund under Rule O-2(a) and (b). Combined interest rates are those that are applicable to Fund-related assets, appropriately rounded.

3/ Average of rates quoted by selected commercial banks.

CHART 1

SPOT EXCHANGE RATES 1978-1985

(end of month)



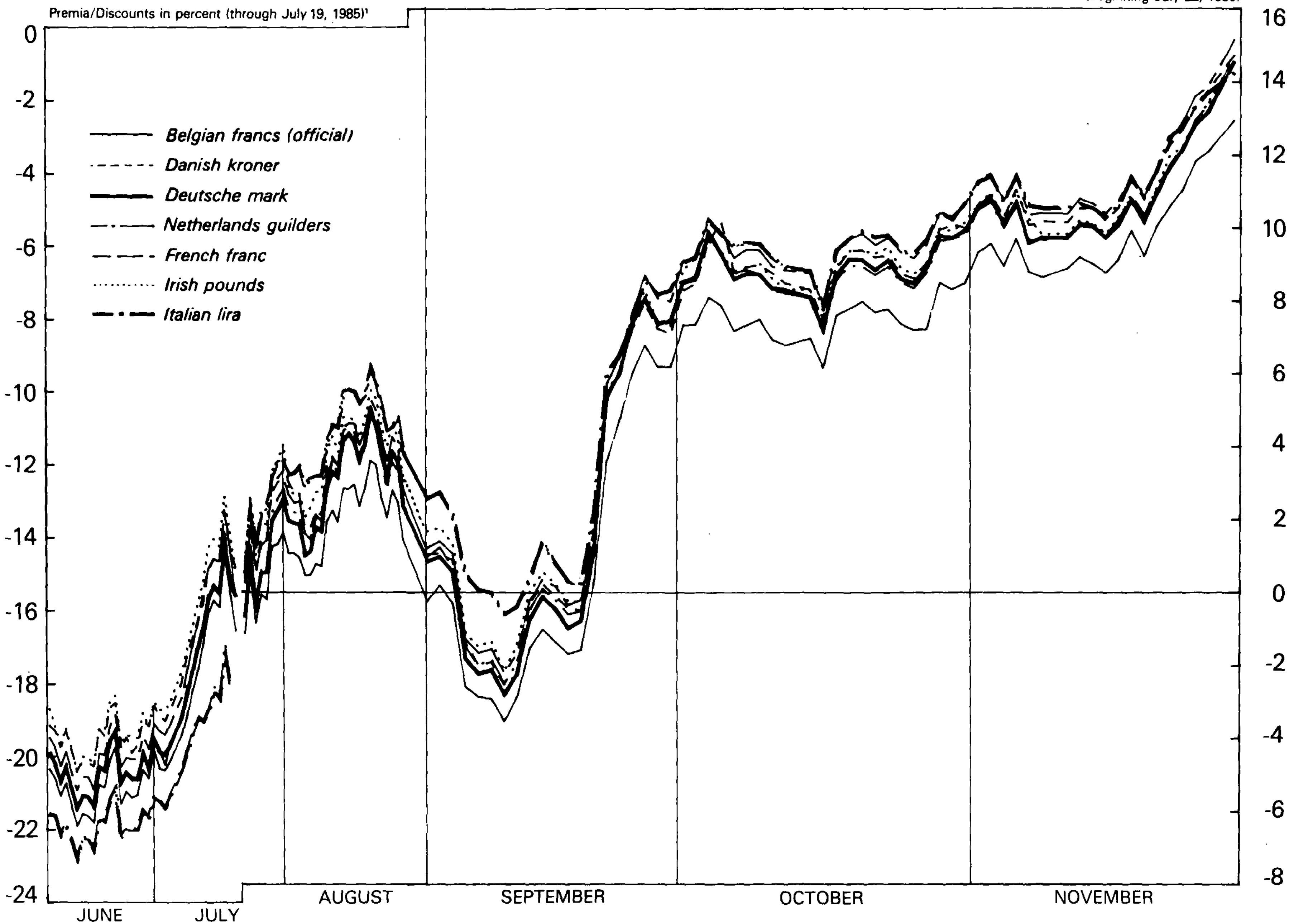
[1]New York noon quotations.

[2]IMF's multilateral exchange rate model. Increase in the index means appreciation.

CHART

SPOT EXCHANGE RATES: EUROPEAN MONETARY SYSTEM

(Based on noon quotations in New York)



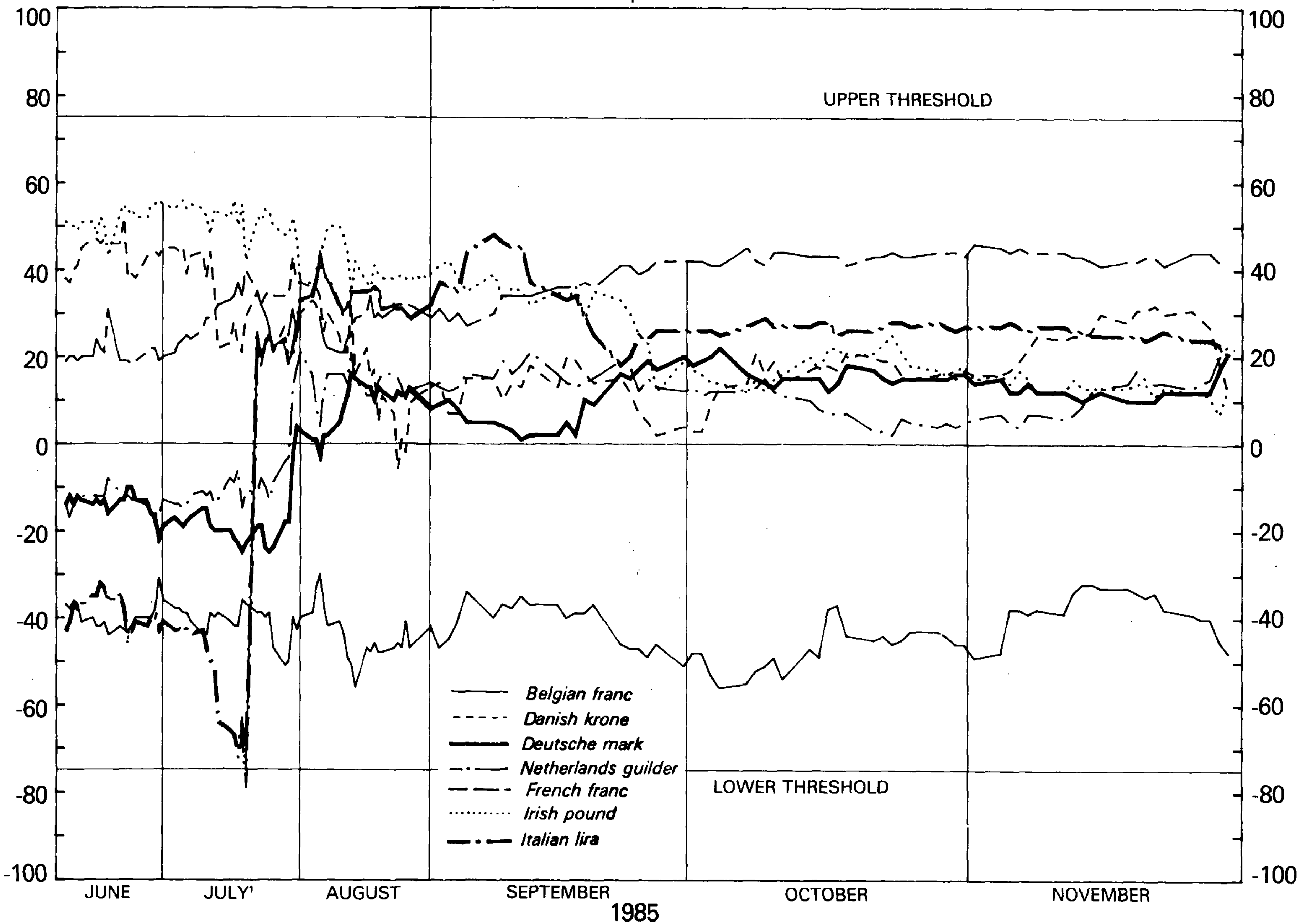
1985

[1]Premia/Discounts over declared ECU central rates converted to U.S. dollar terms on the basis of 1 ECU=$0.920041 effective May 18, 1983.
[2]Effective July 22, 1985, the Italian lira was devalued by 6 percent while the other currencies were revalued by 2 percent. Consequently, ... lated on the basis of the rate as of July 22, 1985, of 1 ECU=$0.777846.

CHART 3

EUROPEAN MONETARY SYSTEM: DIVERGENCE INDICATORS

(Based on noon quotations in London)



[1]On July 22, 1985, the Italian lira was devalued by 6 percent while the other currencies were revalued by 2 percent.

CHART 4

SPOT EXCHANGE RATES

(Noon quotations in New York)

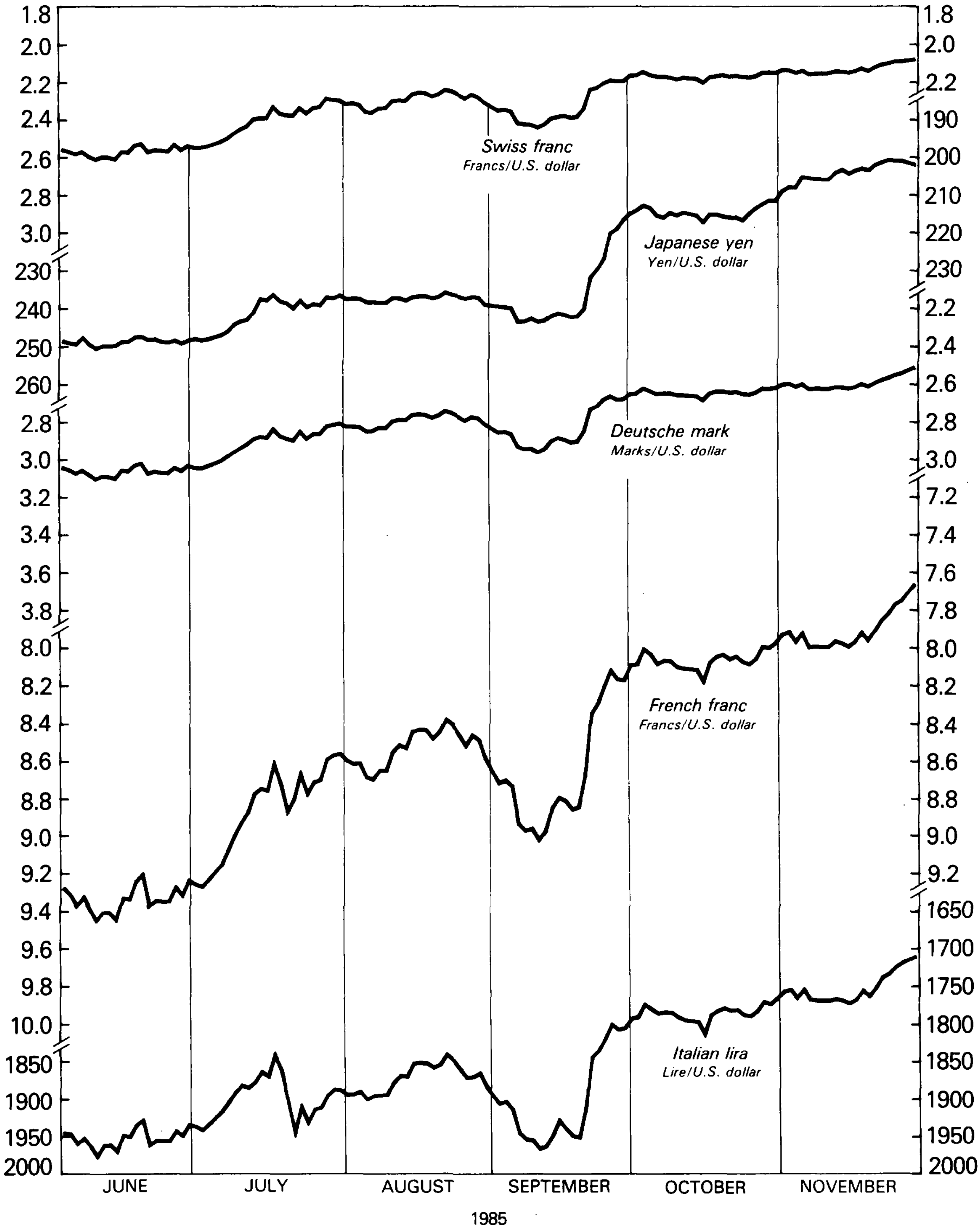


CHART 5

SPOT EXCHANGE RATES

(Noon quotations in New York)

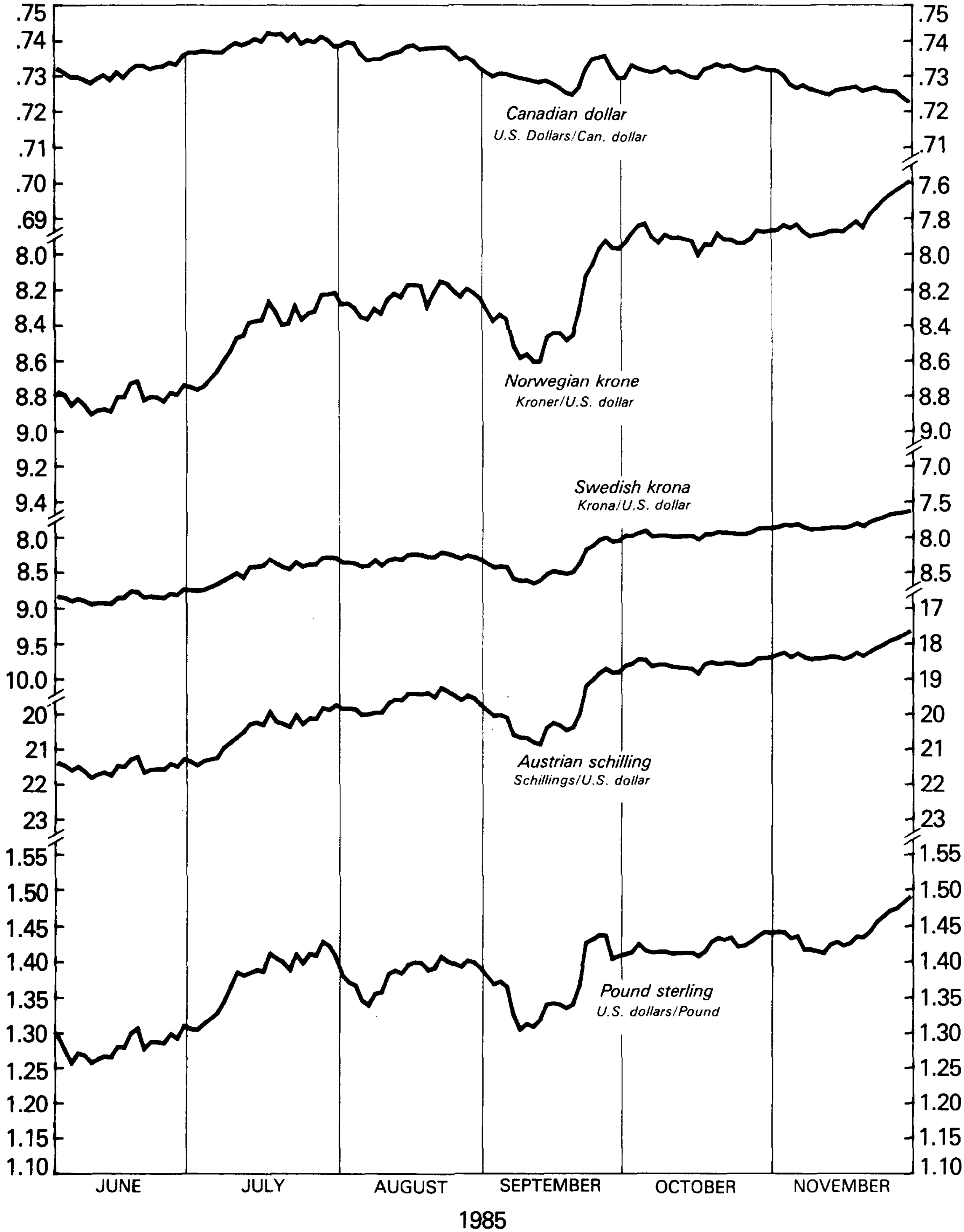
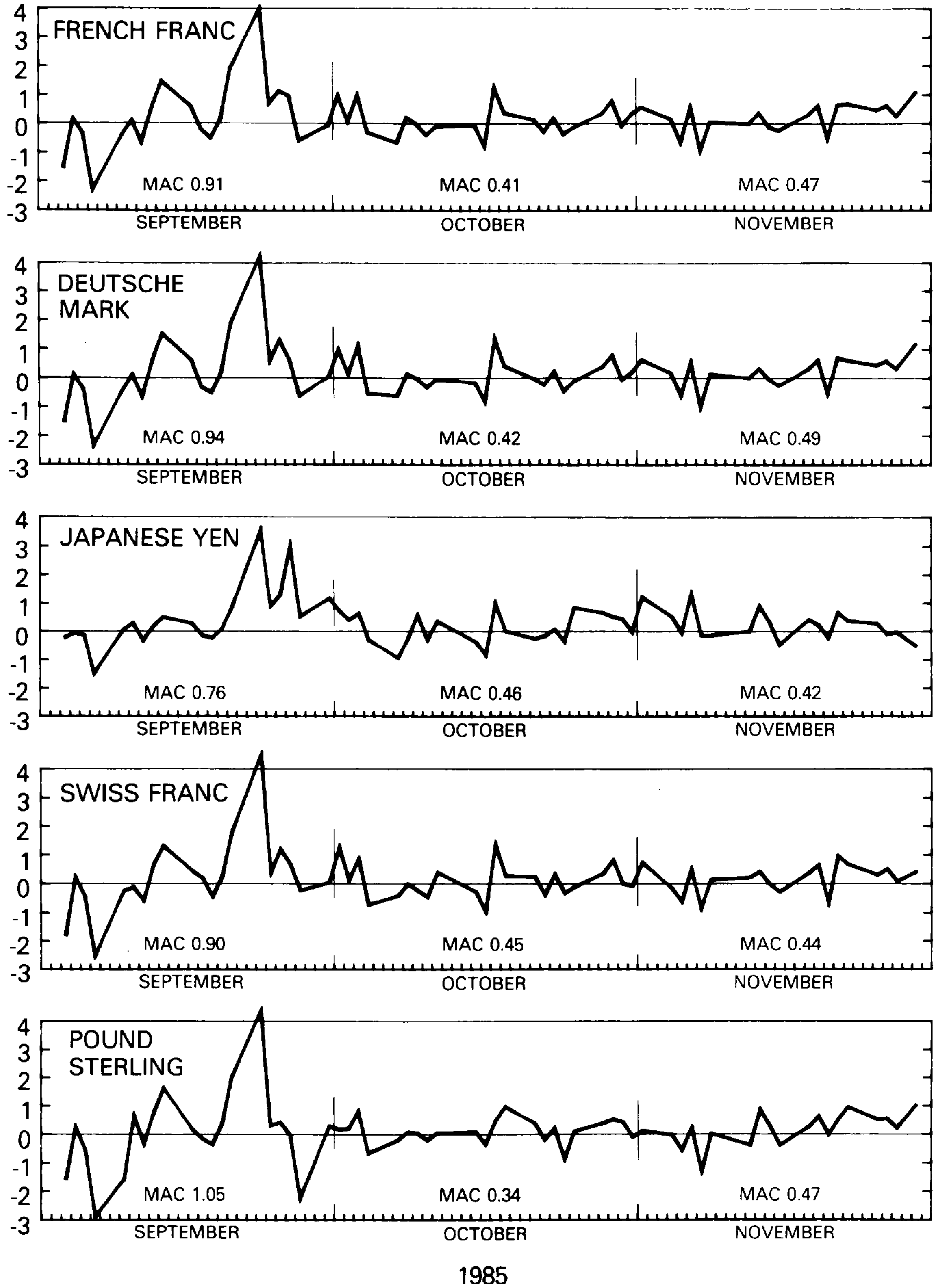


CHART 6

DAILY CHANGES IN SPOT EXCHANGE RATES

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



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

CHART 7

INDEXES OF EXCHANGE RATES OF FIVE MAJOR CURRENCIES AGAINST THE SDR

JUNE 1974 - NOVEMBER 1985

(June 28, 1974=100)

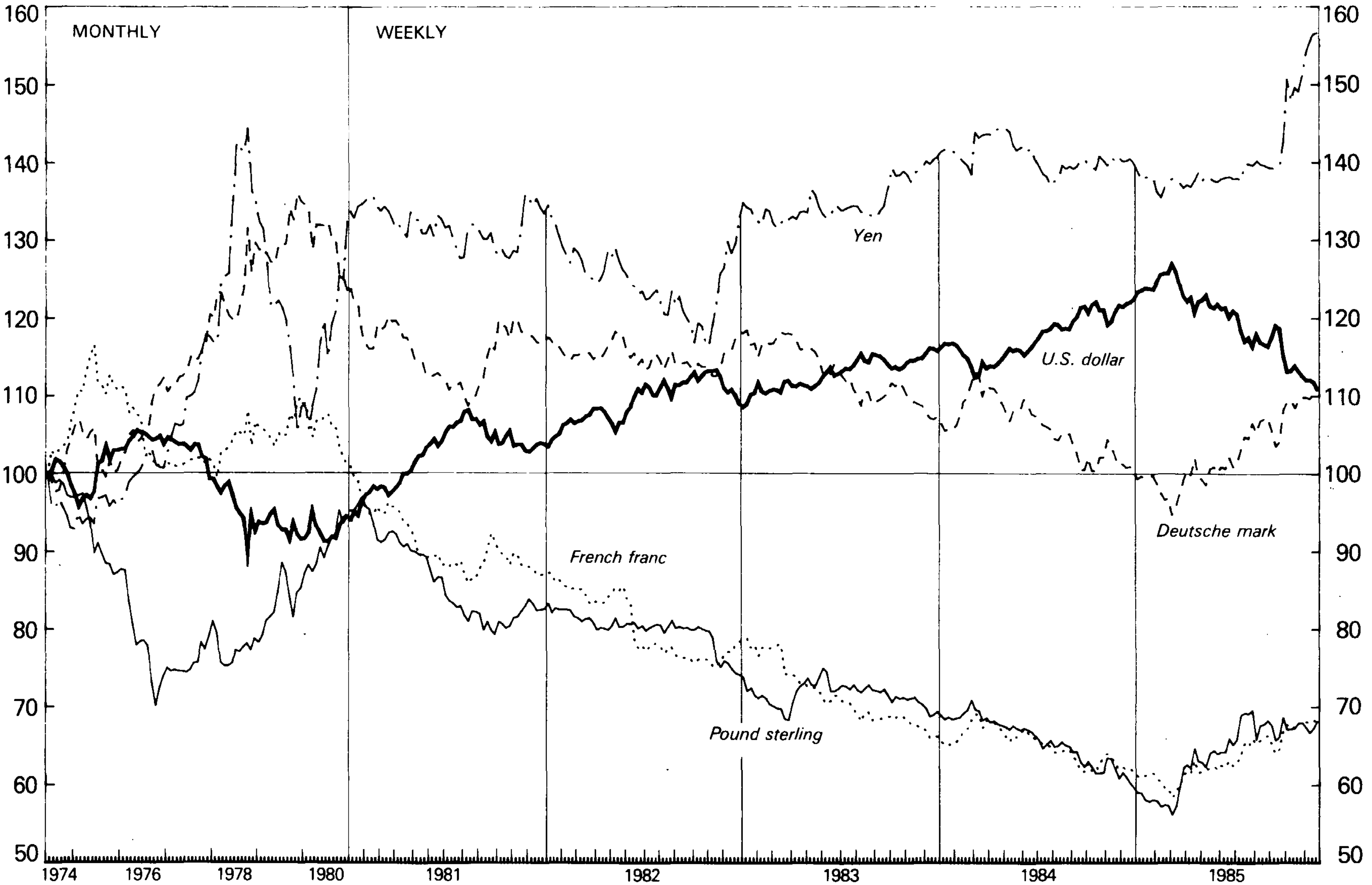


CHART 8

SHORT-TERM MONEY MARKET RATES

(Percent per annum)

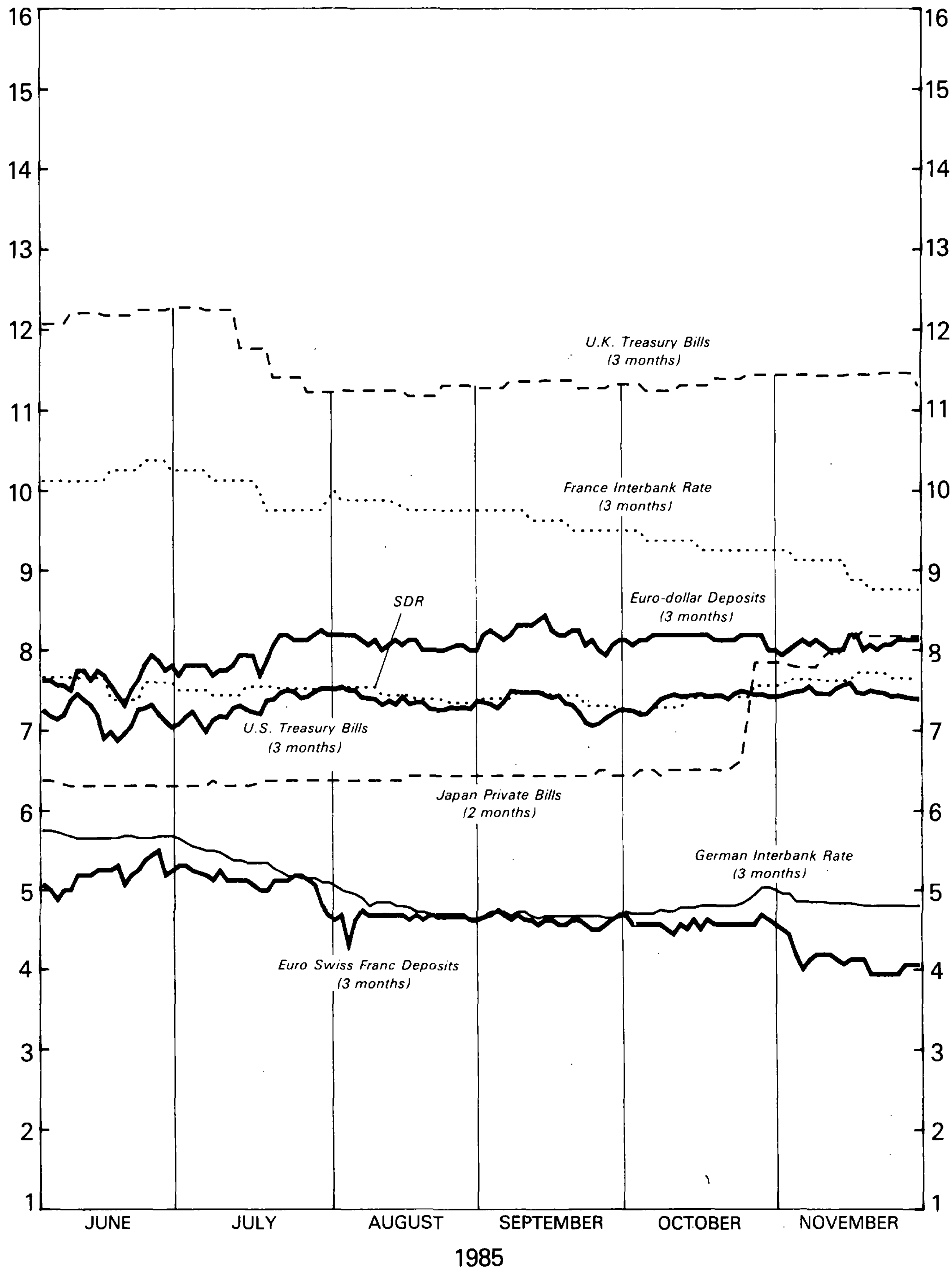


CHART 9

THREE-MONTH FORWARD RATES

Margins from Spot Rates based on noon quotations in New York

(Percent per annum)

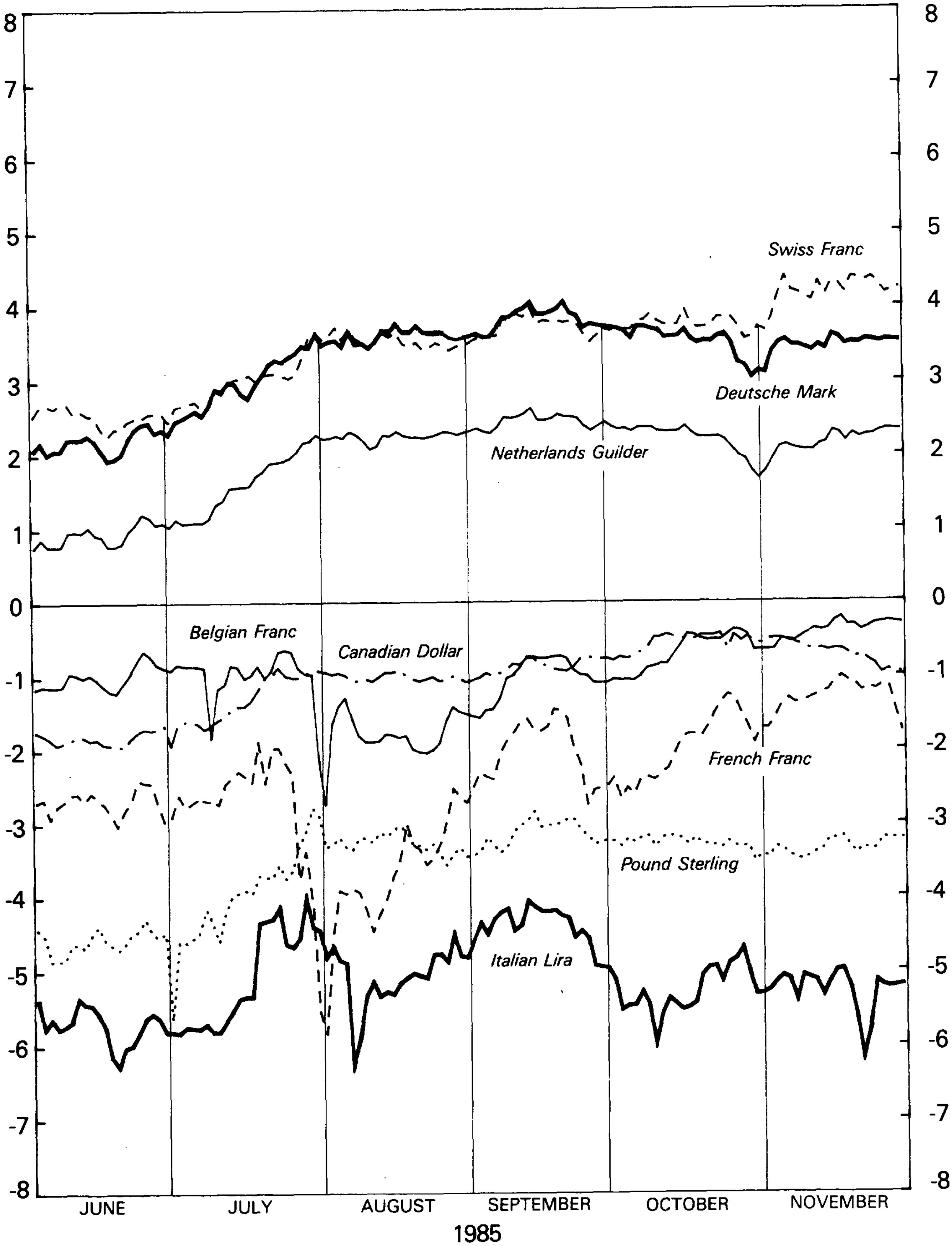


CHART 10

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)

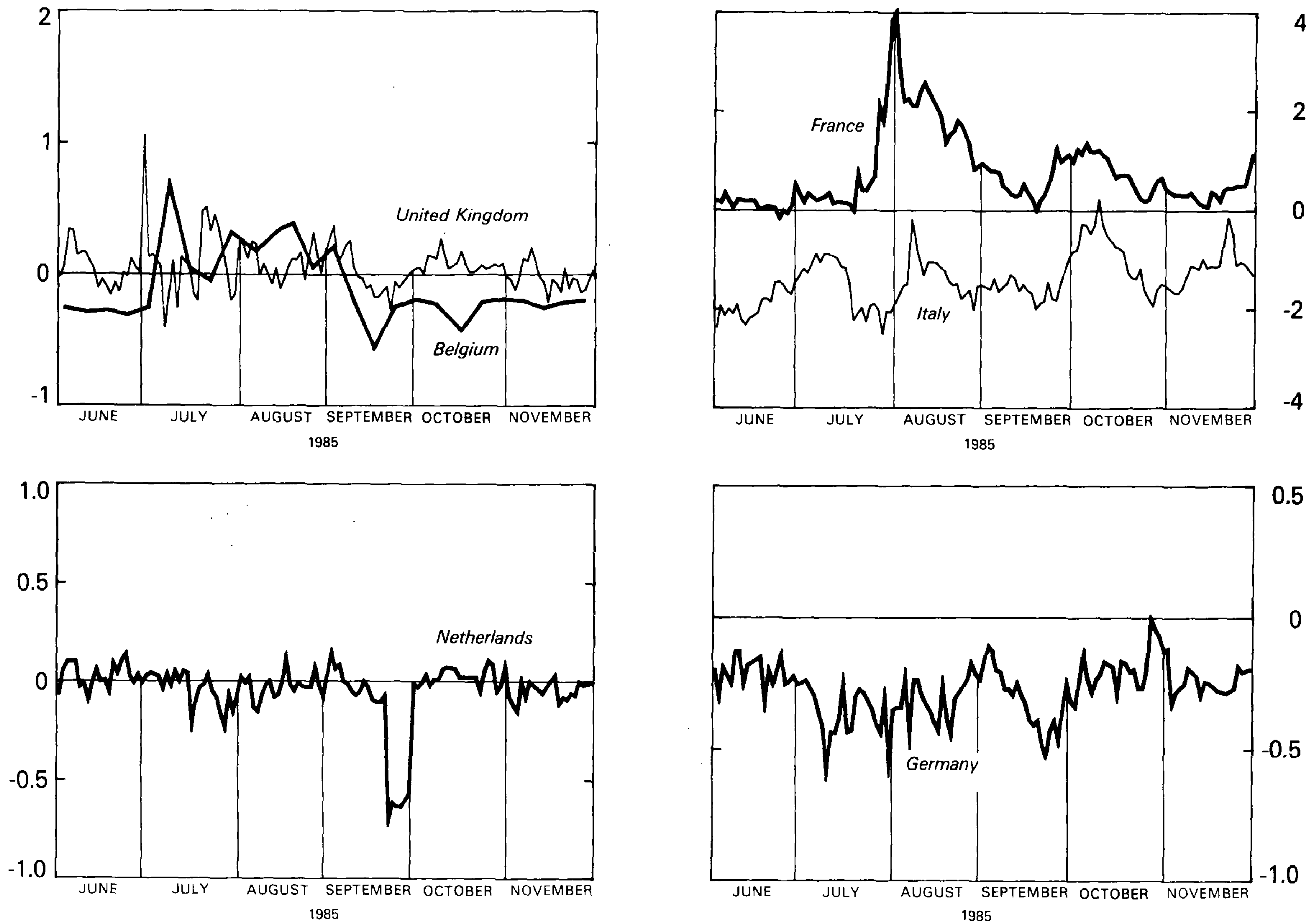
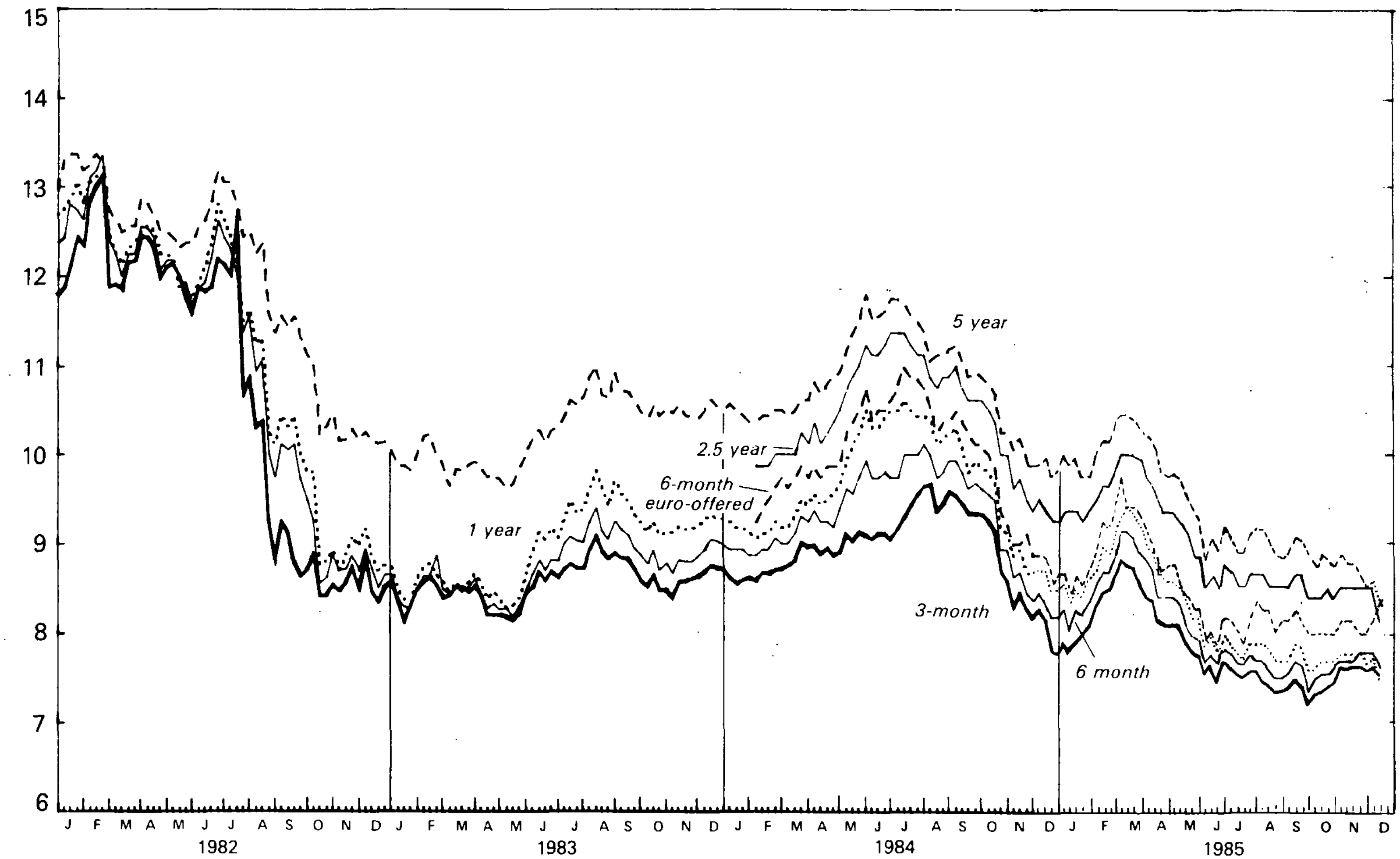


CHART 11

INTEREST RATES ON FUND-RELATED SDR ASSETS[1]

(In percent per annum; weekly Wednesday observations)



[1]Combined market rates according to Rule T-1

Foreign Exchange Rates, October-November 1985 1/

	October					November			
	2	9	16	23	30	6	13	20	27
Austrian schilling	18.5613	18.5850	18.8463	18.5395	18.4025	18.2700	18.3725	18.3550	17.8450
Belgian franc									
Official	53.685	53.615	54.295	53.475	53.210	52.550	52.790	52.775	51.410
Financial	54.075	54.125	54.625	53.900	53.575	52.895	53.045	52.935	51.585
Canadian dollars	0.73308	0.73263	0.72947	0.73308	0.73198	0.72666	0.72482	0.72587	0.72572
Danish kroner	9.6338	9.5875	9.7255	9.5665	9.4925	9.4100	9.4550	9.4325	9.1840
Deutsche mark	2.64850	2.64700	2.68450	2.63750	2.62300	2.59950	2.61425	2.61200	2.54225
French francs	8.0850	8.0675	8.1775	8.0425	7.9995	7.9220	7.9637	7.9590	7.7475
Irish pounds	1.1723	1.1705	1.1540	1.1750	1.1800	1.1915	1.1830	1.1840	1.2180
Italian lire	1790.000	1784.500	1813.000	1780.500	1773.500	1754.500	1766.500	1763.000	1719.000
Japanese yen	214.050	214.700	217.250	215.850	211.450	205.200	203.950	203.400	201.000
Netherlands guilder	2.9868	2.9818	3.0260	2.9765	2.9560	2.9323	2.9440	2.9380	2.8590
Norwegian kroner	7.8850	7.8925	8.0065	7.9200	7.8750	7.8325	7.8725	7.8515	7.6375
Pounds sterling	1.4140	1.4145	1.4079	1.4337	1.4415	1.4358	1.4238	1.4343	1.4741
Swedish kronor	7.9775	7.9775	8.0345	7.9460	7.8725	7.8125	7.8675	7.8475	7.6585
Swiss francs	2.16400	2.17500	2.20375	2.16450	2.14900	2.14100	2.14300	2.14125	2.08900

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)

	Domestic Money Markets 1/ (three-month)						Eurocurrency Markets 2/ (three-month)						Lending Rates		U.S. Treasury
	United States (1)	Germany (2)	United Kingdom (3)	France (4)	Japan (5)	Combined rate (6)	U.S. dollar (7)	Deutsche mark (8)	Pound sterling (9)	French franc (10)	Japanese yen (11)	Swiss franc (12)	LIBOR 3/ (13)	U.S. prime 4/ (14)	Securities (five-year) 5/ (15)
1984															
Nov.	8.92	6.04	9.50	10.69	6.43	8.32	9.56	5.76	9.91	11.12	6.42	5.07	9.90	11.77	11.33
Dec.	8.34	5.91	9.29	10.83	6.41	7.98	9.04	5.65	9.80	10.81	6.31	4.97	9.51	11.06	11.07
1985															
Jan.	8.02	5.95	10.61	10.60	6.29	7.89	8.44	5.77	11.64	10.71	6.31	5.12	8.91	10.61	10.93
Feb.	8.55	6.24	13.07	10.79	6.45	8.47	9.11	6.19	13.78	11.06	6.42	5.72	9.57	10.50	11.13
Mar.	8.82	6.48	13.45	10.86	6.48	8.70	9.36	6.18	13.62	11.11	6.41	5.80	10.04	10.50	11.52
Apr.	8.22	6.11	12.33	10.65	6.34	8.21	8.76	5.89	12.80	10.70	6.33	5.42	9.18	10.50	11.01
May	7.73	5.92	12.31	10.31	6.38	7.89	8.17	5.61	12.65	10.28	6.32	5.16	8.54	10.31	10.34
June	7.17	5.75	12.18	10.35	6.32	7.55	7.65	5.51	12.44	10.37	6.28	5.19	7.95	9.78	9.60
July	7.31	5.42	11.79	10.12	6.35	7.54	7.95	5.13	12.08	10.51	6.33	5.11	8.18	9.50	9.70
Aug.	7.36	4.85	11.24	9.95	6.41	7.42	8.08	4.65	11.50	11.86	6.37	4.66	8.33	9.50	9.81
Sept.	7.33	4.75	11.33	9.75	6.45	7.38	8.20	4.52	11.52	10.23	6.43	4.62	8.46	9.50	9.81
Oct.	7.39	4.87	11.34	9.46	6.80	7.44	8.15	4.71	11.54	10.17	6.80	4.57	8.32	9.50	9.69
Nov.	7.47	4.90	11.44	9.06	8.04	7.65	8.07	4.74	11.57	9.35	7.91	4.11	8.15	9.50	9.28
1984 Week ending:															
Nov. 2	9.44	6.13	10.06	10.39	6.38	8.64	10.09	5.85	10.53	10.97	6.34	5.11	10.43	12.29	11.58
9	8.96	6.10	9.77	10.54	6.38	8.36	9.75	5.76	10.03	11.05	6.43	4.88	10.03	12.00	11.47
16	8.99	6.08	9.59	10.75	6.41	8.37	9.66	5.85	9.91	11.14	6.41	5.10	9.99	11.79	11.53
23	8.85	5.99	9.26	10.77	6.46	8.27	9.51	5.77	9.74	11.30	6.46	5.24	9.88	11.75	11.21
30	8.71	5.93	9.21	10.77	6.51	8.19	9.16	5.64	9.77	11.08	6.40	5.06	9.60	11.68	11.09
Dec. 7	8.74	5.94	9.25	10.82	6.49	8.21	9.29	5.73	9.74	10.93	6.34	4.99	9.71	11.25	11.21
14	8.56	5.93	9.30	10.75	6.44	8.11	9.20	5.73	9.72	10.77	6.36	5.05	9.71	11.25	11.19
21	8.08	5.88	9.30	10.87	6.39	7.84	8.70	5.55	9.86	10.77	6.29	5.01	9.30	11.25	10.90
28	7.93	5.88	9.29	10.90	6.36	7.75	9.02	5.58	9.96	10.79	6.27	4.83	9.27	10.75	10.96
1985 Week ending:															
Jan. 4	8.09	5.86	9.33	10.81	6.31	7.83	8.73	5.61	10.27	10.72	6.19	4.77	9.27	10.75	11.16
11	8.01	5.85	9.57	10.67	6.25	7.79	8.39	5.60	10.23	10.60	6.22	4.75	8.94	10.75	11.07
18	7.99	6.02	10.52	10.52	6.31	7.87	8.41	5.90	12.05	10.81	6.33	5.28	8.93	10.68	11.01
25	7.91	5.96	11.74	10.52	6.31	7.91	8.31	5.77	12.17	10.77	6.39	5.35	8.75	10.50	10.70
Feb. 1	8.19	6.07	11.69	10.57	6.31	8.11	8.55	5.99	13.28	10.69	6.38	5.41	8.86	10.50	10.76
8	8.45	6.29	12.24	10.65	6.40	8.34	8.96	6.29	13.41	11.03	6.40	5.56	9.28	10.50	10.99
15	8.49	6.26	12.93	10.82	6.44	8.42	9.04	6.24	13.91	10.98	6.44	5.69	9.53	10.50	11.00
22	8.60	6.22	13.62	10.82	6.47	8.54	9.16	6.08	13.96	11.18	6.44	5.83	9.69	10.50	11.17
Mar. 1	8.77	6.26	13.84	10.87	6.50	8.66	9.41	6.15	14.07	11.14	6.43	5.88	10.02	10.50	11.47
8	9.00	6.52	13.82	10.90	6.50	8.83	8.61	6.31	14.01	11.33	6.43	5.91	10.40	10.50	11.51
15	8.65	6.60	13.73	10.90	6.48	8.75	9.33	6.31	13.59	11.15	6.43	5.80	10.01	10.50	11.54
22	8.81	6.45	13.41	10.90	6.51	8.70	9.24	6.09	13.32	11.01	6.42	5.78	9.93	10.50	11.60
29	8.58	6.39	12.74	10.82	6.44	8.50	9.20	6.00	13.47	10.95	6.38	5.73	9.78	10.50	11.43
Apr. 5	8.45	6.24	12.64	10.74	6.38	8.39	9.08	5.99	13.27	10.97	6.39	5.63	9.58	10.50	11.33
12	8.36	6.20	12.62	10.68	6.33	8.32	8.92	5.99	13.03	10.80	6.31	5.58	9.38	10.50	11.19
19	8.12	6.06	12.21	10.65	6.32	8.14	8.65	5.80	12.43	10.63	6.32	5.24	8.99	10.50	10.81
26	8.03	6.01	12.03	10.60	6.32	8.05	8.54	5.81	12.61	10.56	6.30	5.35	8.93	10.50	10.79
May 3	8.05	6.03	12.25	10.52	6.38	8.08	8.65	5.83	12.72	10.50	6.32	5.23	9.04	10.50	10.85
10	8.02	5.96	12.31	10.36	6.38	8.05	8.36	5.66	12.72	10.38	6.31	5.05	8.74	10.50	10.68
17	7.75	5.90	12.34	10.27	6.38	8.00	8.24	5.56	12.63	10.24	6.32	5.06	8.63	10.50	10.39
24	7.49	5.86	12.36	10.27	6.38	7.76	7.95	5.54	12.60	10.19	6.34	5.20	8.31	10.29	10.06
31	7.42	5.88	12.25	10.27	6.38	7.71	7.81	5.58	12.65	10.20	6.33	5.31	8.16	10.00	9.84
June 7	7.23	5.81	12.10	10.27	6.36	7.58	7.58	5.49	12.40	10.34	6.30	4.99	7.83	10.00	9.45
14	7.25	5.73	12.20	10.27	6.31	7.58	7.71	5.54	12.52	10.35	6.26	5.21	7.99	10.00	9.60
21	7.02	5.74	12.18	10.39	6.31	7.47	7.49	5.50	12.30	10.34	6.28	5.21	7.79	9.86	9.50
28	7.19	5.75	12.24	10.49	6.31	7.58	7.84	5.51	12.54	10.46	6.30	5.35	8.18	9.50	9.85
July 5	7.12	5.64	12.26	10.39	6.31	7.52	7.78	5.41	12.54	10.62	6.32	5.27	8.00	9.50	9.53
12	7.21	5.51	12.14	10.27	6.32	7.55	7.79	5.20	12.42	10.42	6.33	5.15	7.95	9.50	9.50
19	7.29	5.41	11.70	10.04	6.36	7.52	7.90	5.13	11.95	10.12	6.34	5.06	8.11	9.50	9.64
26	7.45	5.25	11.37	9.89	6.38	7.54	8.15	5.02	11.92	10.24	6.32	5.15	8.39	9.50	9.91
Aug. 2	7.51	5.15	11.23	9.99	6.38	7.55	8.20	4.86	11.40	12.42	6.32	4.78	8.53	9.50	10.01
9	7.44	4.96	11.24	10.01	6.38	7.47	8.14	4.76	11.54	12.00	6.33	4.61	8.43	9.50	9.98
16	7.35	4.88	11.23	9.97	6.39	7.41	8.08	4.67	11.43	12.30	6.38	4.68	8.33	9.50	9.84
23	7.30	4.76	11.20	9.89	6.44	7.36	8.03	4.50	11.41	11.38	6.40	4.68	8.25	9.50	9.67
30	7.30	4.71	11.30	9.89	6.44	7.37	8.03	4.55	11.61	11.06	6.40	4.67	8.27	9.50	9.66
Sept. 6	7.37	4.76	11.29	9.89	6.44	7.41	8.19	4.61	11.63	10.53	6.41	4.69	8.38	9.50	9.76
13	7.47	4.76	11.36	9.81	6.44	7.46	8.35	4.55	11.62	10.14	6.41	4.63	8.68	9.50	9.95
20	7.35	4.75	11.36	9.70	6.44	7.38	8.23	4.47	11.50	9.84	6.42	4.60	8.55	9.50	9.85
27	7.10	4.73	11.29	9.63	6.48	7.25	8.04	4.45	11.34	10.42	6.45	4.55	8.28	9.50	9.66
Oct. 4	7.24	4.76	11.31	9.61	6.47	7.31	8.12	4.56	11.51	10.64	6.44	4.61	8.27	9.50	10.16
11	7.40	4.80	11.26	9.51	6.49	7.38	8.19	4.64	11.52	10.56	6.45	4.52	8.38	9.50	10.26
18	7.44	4.86	11.33	9.43	6.51	7.42	8.18	4.70	11.51	10.19	6.54	4.56	8.37	9.50	10.11
25	7.45	4.89	11.40	9.38	6.69	7.46	8.15	4.73	11.56	9.71	6.92	4.56	8.31	9.50	10.03
Nov. 1	7.43	5.05	11.44	9.38	7.85	7.65	8.06	4.94	11.61	9.74	7.79	4.59	8.22	9.50	9.55
8	7.49	4.94	11.44	9.28	7.79	7.65	8.08	4.78	11.63	9.51	7.73	4.19	8.17	9.50	9.38
15	7.53	4.90	11.43	9.19	7.99	7.68	8.05	4.73	11.53	9.34	8.10	4.14	8.14	9.50	9.30
22	7.47	4.87	11.45	8.92	8.18	7.65	8.06	4.71	11.54	9.16	8.03	4.02	8.13	9.50	9.21
29	7.41	4.87	11.43	8.87	8.17	7.62	8.12	4.71	11.56	9.30	7.83	4.01	8.18	9.50	9.17

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 money market 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/ Eurocurrency 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. Weekly figures are averages of seven calendar days ending on Wednesday.

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.