

**DOCUMENT OF INTERNATIONAL MONETARY FUND AND NOT FOR PUBLIC USE**

EBS/82/244

CONFIDENTIAL

December 30, 1982

To: Members of the Executive Board

From: The Acting Secretary

Subject: The Rate of Interest on Holdings of Special Drawing Rights and the Rate of Remuneration for the Quarter January 1-March 31, 1983

This is to inform the Executive Board that the rate of interest on holdings of special drawing rights and the rate of remuneration on creditor positions calculated in accordance with Rule T-1 and Rule I-10 for the quarter beginning January 1, 1983, will be 8.47 per cent and 7.20 per cent respectively. These rates compare with 8.90 per cent and 7.57 per cent, respectively, for the SDR interest rate and the rate of remuneration for the quarter ended December 31, 1982. The marked decline in these rates for the January-March 1983 quarter reflects lower interest rates on all the financial instruments employed to calculate the combined market rate, except the yield on U.S. Treasury bills which firmed marginally from 8.12 per cent to 8.17 per cent in the relevant period. The rate of interest on the SDR has been calculated as the combined market rate for the period of 15 business days ended December 28, 1982, rounded to the two nearest decimal places. The rate of remuneration has been calculated as 85 per cent of the SDR interest rate rounded to the two nearest decimal places.

Under Rule T-1, the combined market rate is the sum of the average yield or rate on the five financial instruments which comprise the interest rate basket, for the 15 business days preceding the last two business days of the last month before the calendar quarter for which interest is to be calculated, with each yield or rate multiplied by the number of units of the corresponding currency listed in Rule 0-1 and the value, in terms of the SDR, of a unit of that currency as determined by the Fund under Rule 0-2(a) and (b). The combined market rate for the period December 7-28, 1982 averaged 8.4733 per cent per annum compared with the rate of 8.9009 per cent that prevailed during the 15-day period ended September 28, 1982.

The following table shows the calculation of the combined market rate; detailed information on interest rates and exchange rates used are set out in Appendix I followed by a graphical representation of the relevant interest rates.

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

Currency	Currency amount <u>1/</u> (1)	Average interest rate <u>2/</u> (2)	Average exchange rate against the SDR <u>3/</u> (3)	Product (1x2x3)
Deutsche mark	0.46	6.678148	0.377952	1.161049
French franc	0.74	12.893287	0.133398	1.272755
Japanese yen	34.0	7.186000	0.00376727	0.920434
Pound sterling	0.071	10.316333	1.48060	1.084480
U.S. dollar	0.54	8.167333	0.914789	<u>4.034549</u>
Total				8.473267
Combined market rate				8.4733

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

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

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

Appendix

INTEREST RATES AND EXCHANGE RATES USED TO CALCULATE THE COMBINED MARKET RATE  
OF INTEREST UNDER RULE T-1(B) FOR THE 15 BUSINESS DAYS ENDED DECEMBER 28, 1982

	UNITED STATES			GERMANY			UNITED KINGDOM			FRANCE			JAPAN			COMBINED MARKET RATE
	INTEREST RATE	EXCHANGE RATE		INTEREST RATE	EXCHANGE RATE		INTEREST RATE	EXCHANGE RATE		INTEREST RATE	EXCHANGE RATE		INTEREST RATE	EXCHANGE RATE		
DECEMBER																
7	8.2000	0.912286		6.5396	0.379124		9.9840	1.48748		12.8003	0.133707		7.2100	0.00375581		8.4217
8	8.2500	0.915141		6.5903	0.375812		9.9840	1.49589		12.8003	0.132533		7.2100	0.00378784		8.4607
9	8.2300	0.917163		6.5903	0.375394		9.9840	1.48489		12.8003	0.132624		7.2100	0.00376813		8.4466
10	8.3100	0.918513		6.6410	0.375210		9.9840	1.48551		12.8003	0.132351		7.2100	0.00376594		8.4978
13	8.2700	0.922699		6.6410	0.373411		10.5230	1.48093		12.8003	0.131673		7.2100	0.00376305		8.5375
14	7.9400	0.918524		6.6410	0.375721		10.5230	1.48369		12.8003	0.132534		7.2100	0.00373992		8.3668
15	7.8900	0.918491		6.6410	0.375615		10.5230	1.48382		12.9271	0.132471		7.2100	0.00374436		8.3544
16	8.1000	0.916308		6.6410	0.377330		10.5230	1.48259		12.9271	0.133088		7.2100	0.00374080		8.4584
17	8.1300	0.914033		6.7931	0.379109		10.5230	1.47936		13.0538	0.133914		7.2100	0.00375065		8.5157
20	8.1400	0.916018		6.7931	0.378755		10.4220	1.47387		13.0538	0.133901		7.1500	0.00373352		8.5016
21	8.1700	0.913692		6.7424	0.379598		10.4220	1.47269		12.9271	0.134268		7.1500	0.00372936		8.4890
22	8.1900	0.912599		6.7424	0.380646		10.4220	1.47047		12.9271	0.134156		7.1500	0.00377888		8.5067
23	8.1900	0.911948		6.7424	0.379741		10.4220	1.46659		12.9271	0.133815		7.1500	0.00380137		8.5004
27	8.1700	0.908936		6.7424	0.381137		10.2530	*		12.9271	0.134797		7.1500	0.00381745		*
28	8.3300	0.905488		6.6917	0.382676		10.2530	*		12.9271	0.135137		7.1500	0.00383194		*

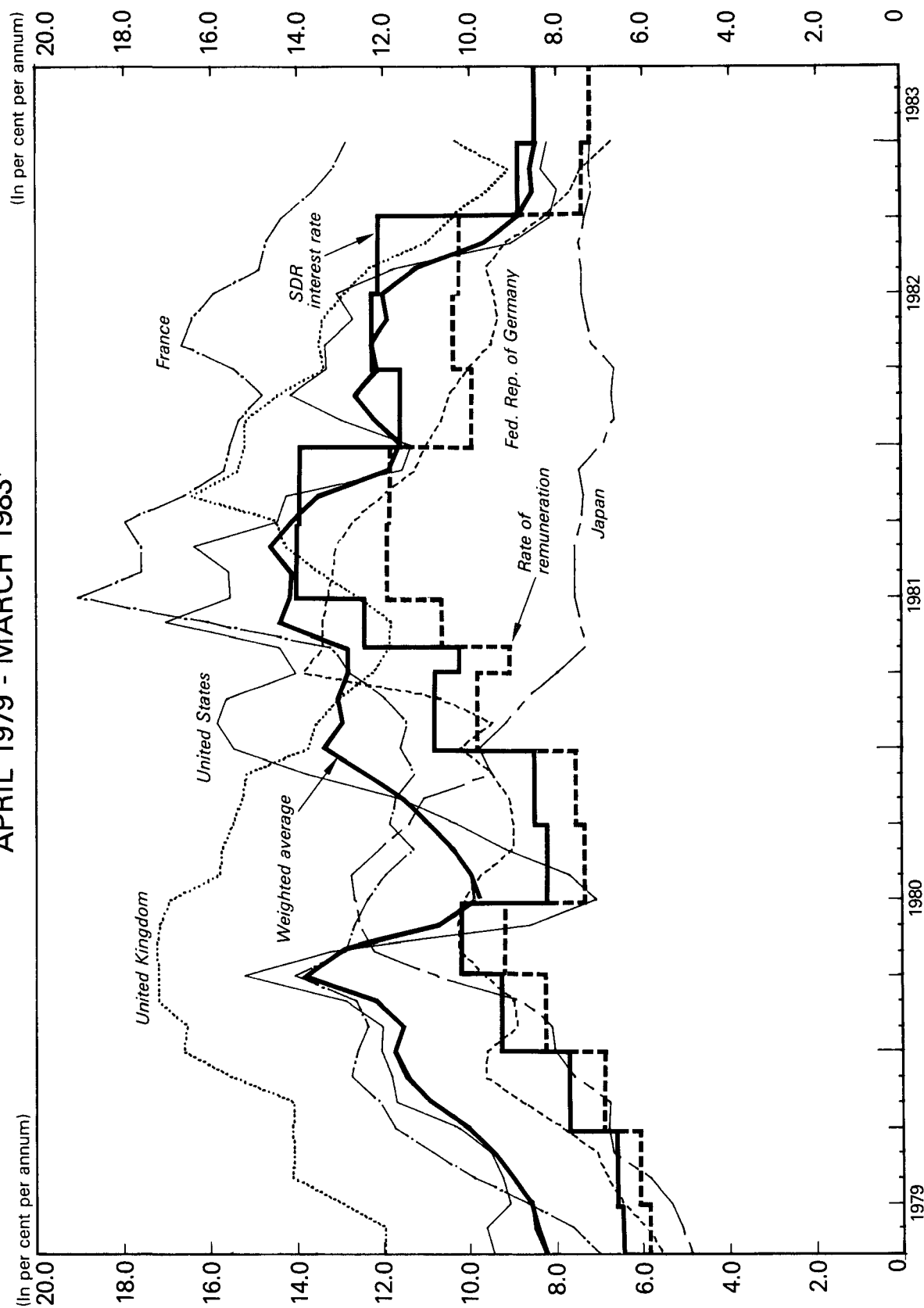
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THE PERIOD: 8.1673 0.914789 6.6781 0.377952 10.3163 1.48060 12.8933 0.133398 7.1860 0.00376727 8.4733

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



# SDR INTEREST RATE, RATE OF REMUNERATION, AND SHORT-TERM INTEREST RATES, APRIL 1979 - MARCH 1983<sup>1</sup>



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

basis, and the discount rate on two-month (private) bills was used for Japan. From March 1981, the basis for the interbank rates for France and the Federal Republic of Germany was converted from a 360-day year to a 365-day year.