

DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

FOR
AGENDA

MASTER FILES

ROOM C-120

01

SM/85/320
Supplement 1

December 13, 1985

To: Members of the Executive Board

From: The Secretary

Subject: SDR Valuation Basket - Updated Trial Calculations

There are attached for consideration of the Executive Board, two tables showing updated trial calculations of the currency amounts in the revised SDR valuation basket. Table 1 shows calculations conducted on Friday, December 13 using as the base period October 1 through that date under (i) the 1980 guidelines and (ii) the uniform-significant-digits approach as discussed in SM/85/320 (12/2/85) which is on the agenda of the Executive Board on Monday, December 16, 1985. Table 2 shows the calculation of the SDR interest rate using the results of the trial calculations presented in Table 1. Table 2 also shows calculations of combined market interest rates on SDR-denominated assets based on the trial basket determined on December 11, the latest date for which the relevant data on interest rates were available.

Att: (1)

Other Distribution:
Department Heads



Table 1. Trial Calculation of Amounts of Currency Units in the Revised SDR Valuation Basket

Currencies (1)	Base period average exchange rates (Oct.1-Dec.13) (In US\$ per unit) (2)	Dec. 13, 1985 exchange rates (In US\$ per unit) (3)	Currency units		U.S. dollar equivalents (col.3 x col.5) (6)	Percentage change in currency amounts from those in the present basket (7)
			Unrounded units (4)	Rounded units (5)		
I. <u>Calculations Under the 1980 Guidelines</u>						
U.S. dollar	1.0	1.0	0.450699	0.447	0.44700	-17.2
Deutsche mark	0.384299	0.397614	0.530545	0.54	0.21471	17.4
Japanese yen	0.00479739	0.00494560	33.5524	34	0.16815	--
French franc	0.126024	0.129946	1.021796	1.0	0.12995	35.1
Pound sterling	1.43701	1.44250	0.0896105	0.090	<u>0.12982</u>	26.7
Total (U.S. dollar value of SDR on December 13, 1985)					1.08963 =====	
II. <u>Calculations Under Uniform-Digits Approach</u>						
U.S. dollar	1.0	1.0	0.450699	0.452	0.45200	-16.3
Deutsche mark	0.384299	0.397614	0.530545	0.530	0.21074	15.2
Japanese yen	0.00479739	0.00494560	33.5524	33.5	0.16568	-1.5
French franc	0.126024	0.129946	1.021796	1.02	0.13254	37.8
Pound sterling	1.43701	1.44250	0.0896105	0.0892	<u>0.12867</u>	25.6
Total (U.S. dollar value of SDR on December 13, 1985)					1.08963 =====	

Table 2. Shifts in Combined Market Interest Rates on SDR-Denominated Assets
Based on Hypothetical Revision of the Valuation Basket

	Combined market interest rate							
	U.S. dollar (1)	Deutsche mark (2)	French franc (3)	Japanese yen (4)	Pound sterling (5)	Present basket (6)	Hypo- thetical revised basket (7)	Diff. col.(7)- col.(6) (8)
<u>Currency amounts</u>								
Present basket	0.54	0.46	0.74	34	0.071			
Revised basket:								
(a) Calculated on Dec. 13, under the 1980 guidelines	0.447	0.54	1.0	34	0.090			
(b) Calculated on Dec. 13, under uniform significant digits approach	0.452	0.530	1.02	33.5	0.0892			
(c) Calculated on Dec. 11, under the 1980 guidelines	0.45	0.54	1.0	33	0.092			
<u>Interest rates on Fund-related assets</u>								
<u>SDK Interest Rate</u>								
Using basket in (a) above)						7.63	0.10
Using basket in (b) above) 7.20	4.8464	9.1250	8.24	11.4424	7.53	7.64	0.11
<u>Fund borrowing interest rates using basket in (c) above 1/</u>								
<u>Domestic instruments</u>								
Six-month maturity	7.37	4.85	9.1250	7.7600	11.7500	7.57	7.67	0.10
One-year maturity	7.53	4.79	9.3785	6.6620	11.5800	7.48	7.57	0.09
Five-year maturity	8.64	6.38	10.8400	6.0000	11.0600	8.28	8.36	0.08
<u>Eurocurrency instruments</u>								
Three-month maturity	8.1250	4.8750	13.5000	8.0000	11.8125	8.38	8.53	0.15
Six-month maturity	8.1250	4.8750	13.2500	7.5000	11.8125	8.28	8.42	0.14

1/ The combined market interest rate calculations for Fund borrowing employ the most recent interest rate data available on Wednesday, December 11.