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Secret

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Economic Intelligence Weekly

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28 March 1974

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Beginning with the next issue (3 April) the *Economic Intelligence Weekly* will be published on Wednesday.

Note: Comments and queries regarding this publication are welcomed. They may be directed to Mrs. [redacted]

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Publication of Interest

Comparative Indicators

The oil situation is now being covered mainly in *International Oil Developments*, published each Friday morning.

ECONOMIC INTELLIGENCE WEEKLY

Articles

DOLLAR DECLINE LIKELY TO CONTINUE

The dollar fell sharply during the last two weeks against all major currencies, and a further drop seems likely before the trend is reversed.

By declining 4.5% against the mark and by 1-1/2% to 3% against other major currencies, the dollar has essentially lost the remainder of the gains made following the imposition of the Arab oil embargo. Several factors contributed to the dollar's decline:

- Speculation that Germany's February trade surplus would be a record and lead to another mark revaluation. Bonn apparently is withholding official announcement of the surplus until the currency exchanges close on Friday. We believe that the surplus will substantially exceed last October's record $1.6 billion.

- A statement to the press by British Trade Secretary Peter Shore that the United Kingdom was considering new import controls to reduce the record trade deficit expected in 1974. (Such controls have now been ruled out.)

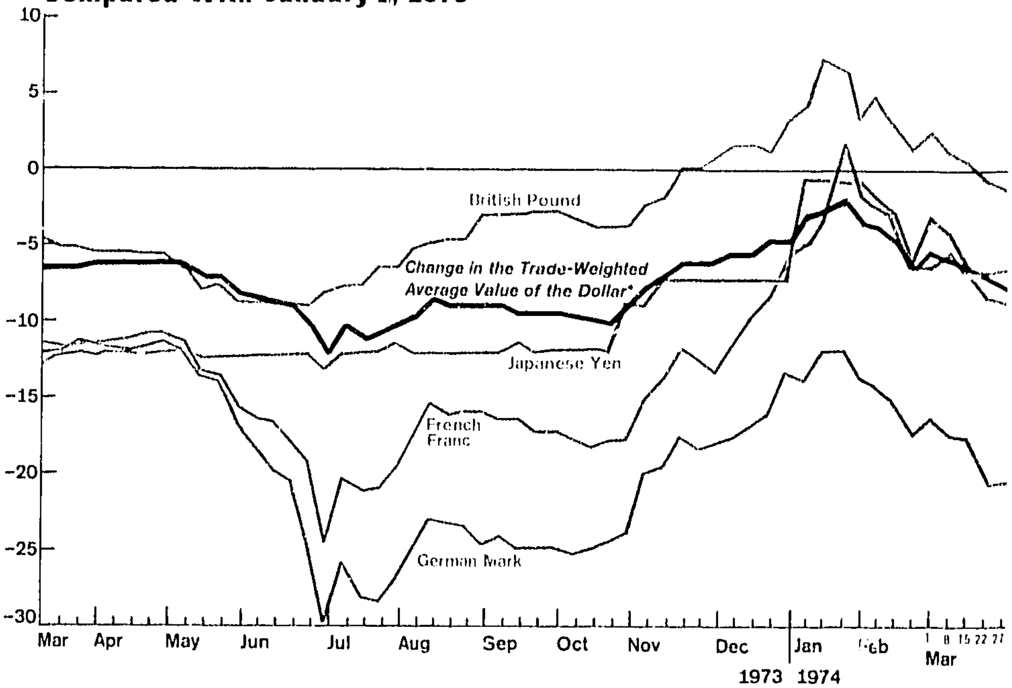
- The lifting of the Arab oil embargo, which is expected to result in greatly increased US oil imports and a further deterioration in the US trade account.

- The apparent absence of central bank intervention in recent weeks to support the dollar, coupled with concern about accelerating inflation in the United States.

As in the past, the dollar's decline was accompanied by internal pressure on the European joint float. The mark -- traditionally favored by speculators -- rose to the top of the European currency band, requiring heavy Belgian and German intervention in the market. The upward movement of the mark was aided by high German interest rates.

Continuing internal pressure among joint float currencies could force a mark, and possibly guilder, revaluation or a devaluation of the Belgian franc. The Belgians, concerned about the competitiveness of their exports, do not want their currency to appreciate relative to the currencies of trading

Percent Change In the Value of the US Dollar Relative to Selected Foreign Currencies Compared With January 2, 1973



*Relative to 16 major currencies.

partners outside the float. The Bundesbank seems determined to maintain a tight money policy despite Minister of Finance Schmidt's concern with rising unemployment and Germany's commitment to the currency band.

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CASH PURCHASE FROM WEST GERMANY REFLECTS SOVIET FINANCIAL STRENGTH

Moscow's decision last week to pay cash for West German steelmaking equipment reflects brighter Soviet export prospects and reduced pressure for Western credits.

On 21 March the USSR and a consortium of three West German firms signed a contract for the first stage of construction of a $1 billion iron ore pellet and steel plant at Kursk. Following preliminary agreement on the project last December, negotiations stalled over the question of financing.

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[redacted] 25X6

Moscow uncharacteristically dropped its demand for concessionary terms, possibly to avoid a showdown that could endanger Soviet-West German detente. But another factor was the more sanguine prospects for the USSR's hard currency balance of payments. Although Soviet imports of machinery and equipment will grow substantially in 1974, imports of Western grain are expected to be half or less of their 1973 level. Much higher export earnings should move the trade account into balance, an improvement of approximately $2 billion compared with 1973. Additional revenues from invisibles and gold sales could provide the USSR with a hard currency surplus of as much as $1 billion in 1974. Exports and hard currency surpluses promise to be even larger in 1975-76.

Sharp increases in world market prices for major Soviet exports -- crude oil, wood products, chemicals -- are the principal cause of the change in the trade outlook. Exports to the hard currency area should increase by 35% per year in 1974-76. Supported by Soviet imports from the Middle East under barter arrangements, hard currency earnings from oil exports alone could rise to $3 billion in 1974, pushing total Soviet hard currency exports to $6 billion -- more than double the 1972 level.

With hard currency earnings on the upswing, the USSR will be less dependent on long-term credits for machinery imports and can avoid increasing its already sizable debt burden. Moscow will continue to press for long-term, low-interest credits -- especially for multibillion dollar projects such as the LNG proposals. But the Soviets now appear willing and able to buy for cash when other considerations – economic and political -- outweigh the advantages of credit. [redacted] 25X1

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JAPAN SEEKS MORE GRAIN FROM NON-US SUPPLIERS

The expected 5% increase in Japanese imports of grain and soybeans in 1974 will come largely from non-US suppliers.

Grain imports from the United States, which jumped by 60% in 1973, will increase only slightly this year. Declining purchases of US wheat are

Japanese Imports of Grain and Soybeans

			Million Tons
	1972	1973 Estimated	1974 Projected
Wheat			
Total	5.1	5.4	5.5
United States	2.5	3.5	3.0
Corn			
Total	6.1	7.7	8.0
United States	3.4	6.5	7.0
Grain sorghums			
Total	3.5	3.7	4.3
United States	2.0	2.7	2.8
Soybeans			
Total	3.4	3.6	3.7
United States	3.1	3.2	3.3

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expected to largely offset rising purchases of corn and grain sorghums. Imports of US soybeans probably will increase about 3%, the same as in 1973.

Several developments that led to increased Japanese demand for grain and soybeans in 1973 will not recur this year. Abnormally large imports of feed grains were needed to replace rice, a major source of animal feed until stocks ran out, and to accommodate a big increase in livestock numbers. In addition, grain and soybeans were imported to build up stocks in anticipation of shortages. Wheat stocks were raised from 50 days to 70 days of consumption and soybeans from 45 days to 60 days, notwithstanding the temporary embargo on US exports last summer.

The sharply higher demand in 1973, combined with crop shortfalls experienced by other traditional suppliers, led to the surge in imports from the United States. This year Australia will ship one million tons of wheat and nearly one million tons of grain sorghums compared with only 235,000 tons and 500,000 tons, respectively, last year. Japanese corn imports from Thailand, which totaled about 300,000 tons in 1973, are expected to more than double this year; imports of South African corn also will pick up. Total grain imports from non-US suppliers probably will increase by 20%

Japan's recourse to other suppliers will ease pressure on US wheat supplies. Tokyo has agreed to halt buying until the 1974 crop is available. Pressure on US feed grains supplies will continue. Already the largest buyer of US feed grains, Japan will increase its purchases this year by an estimated 600,000 tons, or 7%.

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FRANCE MOVES TO CURB TRADE DEFICIT

Paris last week revealed further plans to trim the large trade deficit forecast for 1974-75 and to balance the trade account by 1976. The new plans came hard on the heels of the announcement of a sobering $300 million trade deficit for February.

The measures establish an $835 million fund to help finance investment in export industries, expand risk coverage under export insurance guarantees, and raise guarantee ceilings for some countries, notably those benefiting from higher oil revenues. Special efforts will be made to promote exports to Indonesia, Nigeria, and Venezuela – non-Arab oil countries with ambitious industrialization plans.

Paris has assumed a more aggressive posture since higher oil payments threatened to turn a previously anticipated surplus into a $3.5 billion deficit for 1974.

- In mid-January, France withdrew the franc from the European joint float to protect its reserve holdings and to improve its competitive trade position.
- It has pursued barter agreements with producing countries to cover part of the increased oil bill. Agreements have been signed with Saudi Arabia and Abu Dhabi; other swaps of military and industrial equipment for oil are being negotiated with Iran, Libya, Abu Dhabi, and Kuwait.
- In early March, Paris announced an extensive energy development program to hold oil consumption at 1973 levels indefinitely. The key to the program is accelerated installation of nuclear capacity, which is to generate about 70% of France's electricity by 1985.

The export promotion schemes are unlikely to have an appreciable impact on this year's trade balance and appear insufficient to restore equilibrium by 1976, as planned. Export growth will be depressed by reduced demand in other European countries, which account for 70% of French sales. The 3% devaluation of the franc (on a trade-weighted basis) in the first quarter will do little to improve France's competitive position, and Paris will be vying with Tokyo, Bonn, and other capitals in closing barter deals with oil-producing countries.

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CHINA USES CREDITS TO FINANCE GROWING IMPORTS*

Traditionally reluctant to incur foreign debt, China has been rapidly expanding its use of short-term and medium-term credit to finance imports from the non-Communist world.

Increased purchases of grain and machinery last year led to a trade deficit with non-Communist countries of $400 million to $500 million. Sizable deficits are expected to continue. China has signed grain contracts for 1974-76 with Canada, Australia, and Argentina, and additional purchases from the United States are likely. Deliveries on the $1.2 billion in contracts for industrial plants signed in 1973 will gather momentum; a like volume of new contracts is already under negotiation for 1974; and China's needs for foreign technology and equipment will continue unabated over the next several years.

China's drawings on foreign credits totaled about $550 million in 1973 and will reach about $1.4 billion in 1974. Even though the ratio of debt service obligations to exports will rise sharply in 1974 and remain high, the ratio will almost certainly remain within a manageable limit of 25%. Continued rapid growth in export earnings -- petroleum probably can provide more than one-half billion dollars annually in a few years -- will help China pursue its present foreign trade policy without dangerously drawing down reserves, now estimated at $1.5 billion.

If Peking further shifts its policy and follows the Soviet example of seeking long-term credits and self-liquidating loans, even higher levels of imports would be possible without greatly increasing annual debt service. China so far has shown no disposition to follow Moscow's venturesome example. [redacted] 25X1

* For further details, see CIA ER IR 74-7, *China: Financing Capitalist Trade*, March 1974, [redacted] 25X1

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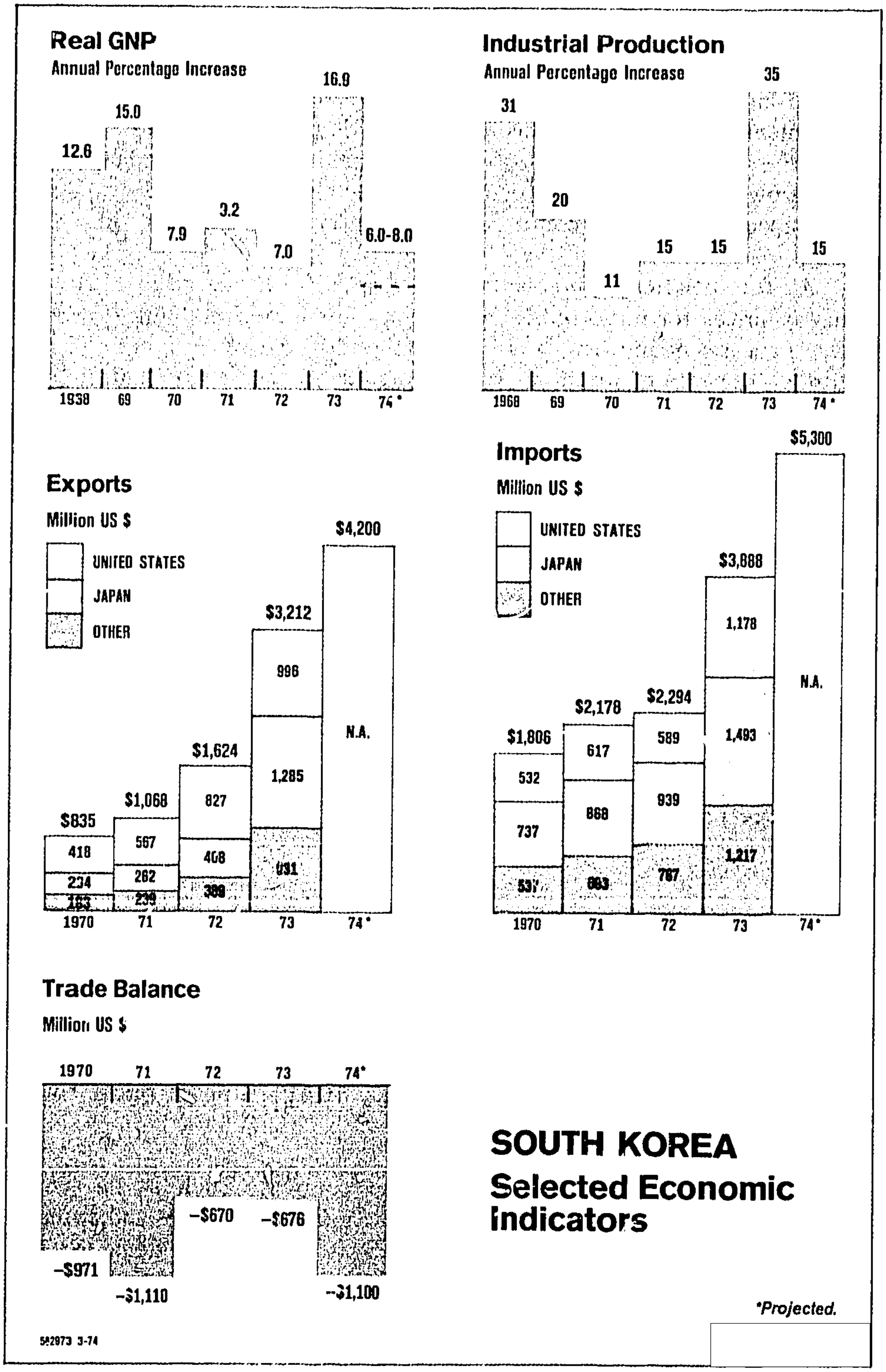
SOUTH KOREA: SLOWDOWN AHEAD

Real GNP growth in South Korea probably will slow to 6% to 8% compared with the 17% increase of 1973, which had put South Korea toward the front of the international GNP sweepstakes.

The chief cause of the slowdown will be slack foreign demand for South Korean goods. The ROK is especially affected by the economic climate in Japan and the United States, which take 70% of its exports.


Real GNP
Annual Percentage Increase
12.6
15.0
7.9
3.2
7.0
16.9
6.0-8.0
1968 69 70 71 72 73 74*
Industrial Production
Annual Percentage Increase
31
20
11
15
15
35
15
1968 69 70 71 72 73 74*
Exports
Million US $
UNITED STATES
JAPAN
OTHER
$835
418
234
$1,068
567
262
$1,624
827
408
$3,212
996
1,285
$4,200
N.A.
1970 71 72 73 74*
Imports
Million US $
UNITED STATES
JAPAN
OTHER
$1,806
532
737
$2,178
617
868
$2,294
589
939
787
$3,888
1,178
1,493
1,217
$5,300
N.A.
1970 71 72 73 74*
Trade Balance
Million US $
1970 71 72 73 74*
-$971
-$1,110
-$670
-$676
-$1,100
SOUTH KOREA
Selected Economic Indicators
*Projected.
552973 3-74

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Because cyclical factors and soaring oil bills will reduce economic growth in most developed countries, South Korea's exports, by volume, in 1974 probably will increase by only 15%. This increase compares with a 90% gain last year, when exports accounted for nearly all the growth in GNP.

Strong domestic demand will help ease the impact on industry. The government estimates that industrial output will rise 15% this year compared with 35% in 1973. Most industrial firms should be able to adjust to the lower growth rate without difficulty; firms that borrowed heavily to expand their capacity last year could face bankruptcy.

As for inflation, wholesale prices rose 15% during 1973 because of runaway prices for imported foodstuffs and raw materials. Since December, prices have risen another 20%, in part because of the trimming of price controls. The rate of inflation should slow during the second half of 1974, especially if world prices of fuels and foodstuffs level off.

Higher oil prices and slackening export growth will boost the current account deficit to an estimated $1 billion in 1974, up from $340 million in 1973. Because industry is a heavy user of petroleum products, South Korea's oil import bill will increase by about $600 million -- more than for any other LDC except Brazil and India.

To offset the current account deficit, Seoul hopes to attract $1 billion in long-term capital and substantially increase short-term borrowing, to $400 million. Korea will be aided in obtaining funds by the notable improvement in its foreign debt position last year. Debt service payments equaled only 10% of export earnings in 1973 compared with 20% in 1971.

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EC SETS NEW AGRICULTURAL PRICES

In surprisingly short order, EC agricultural ministers reached agreement last week on Common Agricultural Policy (CAP) support prices for the upcoming crop year.

A compromise was struck between countries such as the United Kingdom that are intent on holding down retail food prices and countries such as France that want to curry favor with strong domestic farm organizations. Fear that a stalemate would threaten the whole CAP structure helped speed the key decision to raise farm prices by an average 8-1/2% -- less than Paris wanted but more than the EC Commission had recommended.

Selected Factors in EC Grain Marketing

	Prices (US $ Per Ton)			
		19 March 1974		1973 Imports from the United States
	CAP Support (1974/75 Crop Year)	Domestic Market	Imports[1]	(Thousand Tons)
Wheat (Durum)	221	290	300	2,100
Corn	132	156	145	10,000
Barley	134	159	146	270

1. c.i.f. Rotterdam

Because EC market prices on most farm products exceed the new support prices, consumers will not immediately be affected. Imports of agricultural goods, especially grains from the United States, will be able to enter the EC without a levy so long as world prices remain at their present level.

In the few cases where new support prices exceed current market prices, deviations from EC policy were conceded. The United Kingdom and Ireland, for example, are allowed to subsidize calf and pig farmers directly rather than burden consumers with support price increases. To avoid a reduction in the CAP support price for butter, Britain was authorized a higher government subsidy than that allowed other members. Italy was granted another year's special subsidy for olive oil.

In a conciliatory gesture to Paris, the ministerial council also adopted a CAP program to encourage soybean production, which is currently extremely small. The anticipated regulations are expected to take the form of production subsidies rather than the traditional CAP import levies.

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Notes

[redacted]

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[redacted]

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British-French Cooperation on Telephone Switching Systems

Plessey Telecommunications of Britain and CIT/Alcatel of France have agreed to jointly develop and manufacture digital telephone switching systems for marketing in Western Europe and in the less developed countries. The agreement, which stands as a challenge to the American-dominated ITT on world export markets, has been hailed as the most significant telecommunications venture since the formation of the Common Market. Plessey estimates potential sales of digital switching centers at $1.2 billion per year by 1980. [redacted]

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US-Romanian Diesel Engine Venture

The Cummins Engine Company, a major US manufacturer of diesel engines, expects to reach agreement soon with Romania on a joint venture to build 17,000 engines a year at Romania's CIAT plant. Cummins would supply licenses, technology, and certain components and receive one-third ownership and a share in the profits from new markets. Cummins would also buy a third of the engines for its overseas markets and various components for use in its US and foreign plants. 25X1

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Soviet and Polish Fertilizer Prices

Poland and the USSR are charging record prices in international markets for urea. Poland will export 180,000 tons to India for $285 per ton, more than four times the $65 price India paid to Poland in early 1973. Poland also exported 50,000 tons to the Philippines for $250 per ton and 10,000 tons to Thailand at a price of $310 per ton (f.o.b.). In January the USSR sold 40,000 tons to Indonesia for $265 per ton, compared with the price of $150 per ton charged four months earlier.

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EC Export Credit Agreement

The EC is nearing an accord that would set a minimum interest rate of 7% on export credits and establish limits on their duration. At present, some governments subsidize exports by making up the difference between the contracted and the market rate of interest. West Germany strongly supports the EC proposal; France and Italy have been reluctant to go along. Once EC members coordinate their positions they intend to ask other principal exporting countries, particularly the United States and Japan, to adopt similar credit terms. [redacted]

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Chile: Improved Balance of Payments

Record copper exports and last week's rescheduling of $490 million of the $641 million debt repayments due major Western creditors have improved the outlook for Chile's 1974 balance of payments. High prices and record output will raise copper exports to an estimated $1.6 billion. The trade deficit now is expected to be only $200 million, despite food and petroleum imports of $1.0 billion. Even with these improvements, the balance-of-payments problem remains serious. Additional foreign credits will be required to cover the deficit this year. [redacted]

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Higher Panama Canal Tolls Spark Protests

Several west coast Latin American countries, led by Peru, are vigorously protesting possible increases in Panama Canal tolls. Representatives at a recent meeting of the OAS Special Committee for Consultation and Negotiations contended that a proposed 20% hike in charges would have detrimental effects on key economic sectors. Forty percent of Peru's foreign trade passes through the canal; the increase would probably add more than a million dollars to an already difficult balance-of-payments situation. [redacted]

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Publication of Interest

Growing Competition in the World Market for Uranium Enrichment Services
(CIA ER IR 74-6, March 1974, [redacted]

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This report assesses recent developments and prospects in the world market for enriched uranium to fuel nuclear powerplants, with emphasis on non-Communist countries. It reviews estimates of demand for enriched uranium, summarizes changes in enrichment capacity, and considers whether planned capacity will be able to satisfy growing requirements for uranium enrichment services. 25X1

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INTERNAL ECONOMIC INDICATORS

GNP*
Constant Market Prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since 1970	1 Year Earlier	Previous Quarter
United States	73 IV	0.4	4.7	4.0	1.5
Japan	73 IV	1.4	8.3	7.3	5.8
West Germany	73 IV	-0.1	3.1	3.4	-0.3
France	73 III	0.9	5.6	6.1	3.8
United Kingdom	73 III	1.3	3.9	6.0	5.2
Italy	73 I	0.8	3.1	5.2	3.4
Canada	73 IV	2.8	6.1	7.2	11.6

WHOLESALE PRICES
Industrial

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Feb 74	1.4	7.4	17.6	29.8
Japan	Feb 74	3.9	11.3	37.6	89.7
West Germany	Dec 73	0.9	5.3	8.8	11.0
France	Jan 74	5.3	10.6	26.6	56.0
United Kingdom	Feb 74	2.9	9.3	15.5	31.3
Italy	Nov 73	1.6	9.0	21.1	17.5
Canada	Dec 73	0.6	8.5	18.3	19.5

INDUSTRIAL PRODUCTION*

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier**
United States	Feb 74	-0.6	4.8	1.6	-4.0
Japan	Jan 74	1.3	8.9	10.6	7.5
West Germany	Dec 73	0.9	4.4	6.2	9.0
France	Dec 73	-4.4	5.7	2.1	0
United Kingdom	Jan 74	-6.7	0.1	-7.0	-17.7
Italy	Dec 73	-7.5	4.4	12.8	22.3
Canada	Dec 73	-0.1	6.3	4.7	9.9

CONSUMER PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Feb 74	1.3	5.6	10.1	12.1
Japan	Jan 74	4.3	10.2	23.1	41.9
West Germany	Jan 74	0.7	6.2	7.4	11.8
France	Jan 74	1.7	7.1	10.3	13.6
United Kingdom	Feb 74	1.7	9.5	13.2	19.0
Italy	Dec 73	1.4	7.7	12.5	14.5
Canada	Feb 74	1.0	5.8	9.6	9.9

RETAIL SALES*
Current Prices

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier**
United States	Feb 74	-0.7	9.8	6.0	-3.4
Japan	Nov 73	3.4	14.6	27.4	32.0
West Germany	Dec 73	0.5	7.8	5.8	7.6
France	Nov 73	-2.4	5.6	15.2	20.1
United Kingdom	Nov 73	0.7	12.1	14.8	21.9
Italy	Aug 73	6.7	12.4	19.0	5.0
Canada	Dec 73	-0.9	10.6	13.7	9.3

MONEY SUPPLY*

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier**
United States	Feb 74	1.2	7.4	6.1	9.2
Japan	Dec 73	0.1	17.5	16.7	14.7
West Germany	Dec 73	0.9	9.1	0.2	5.1
France	Dec 73	5.0	13.2	9.7	14.2
United Kingdom	Feb 74	-0.5	9.0	3.6	0.2
Italy	Sep 73	1.4	20.7	23.3	24.7
Canada	Feb 74	0	13.0	11.6	13.3

MONEY-MARKET RATES

	Representative Rates	Latest Date	Percent Rate of Interest	1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Prime finance paper	15 Mar	7.75	6.63	8.75	7.38
Japan	Call money	8 Mar	12.50	5.50	10.00	12.00
West Germany	Interbank loans (3 Months)	15 Mar	11.13	8.44	13.00	10.63
France	Call money	15 Mar	12.13	7.50	11.88	12.00
United Kingdom	Local authority deposits	15 Mar	15.50	7.61	15.94	15.69
Canada	Finance paper	15 Mar	8.38	5.13	9.50	8.50
Euro-Dollars	Three-month deposits	15 Mar	8.88	8.63	11.00	8.31

***Seasonally adjusted.**
****Average for latest 3 months compared with average for previous 3 months.**

28 March 1974
Office of Economic Research/CIA

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EXTERNAL ECONOMIC INDICATORS

EXPORTS*
f.o.b.

	Latest Month		Cumulative		
		Million US $	Million US $ 1973	1972	Percent Change
United States	Jan 74	7,110	70,790	49,221	43.8
Japan	Feb 74	3,623	35,989	27,916	28.9
West Germany	Jan 74	7,014	67,643	46,725	44.8
France	Feb 74	3,412	36,674	26,378	39.0
United Kingdom	Jan 74	2,280	28,393	22,869	24.2
Italy	Dec 73	2,553	22,286	18,570	20.0
Canada	Jan 74	2,444	25,197	20,266	24.3

EXPORT PRICES
US $

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Jan 74	0.6	10.2	26.6	27.5
Japan	Nov 73	-0.8	13.2	27.4	11.6
West Germany	Dec 73	-0.8	12.4	25.7	18.3
France	Oct 73	2.9	15.9	31.9	15.7
United Kingdom	Dec 73	0.1	8.7	17.3	12.4
Italy	Sep 73	3.4	11.2	22.3	51.7
Canada	Nov 73	4.9	9.5	22.5	42.9

IMPORTS*
f.o.b.

	Latest Month		Cumulative		
		Million US $	Million US $ 1973	1972	Percent Change
United States	Jan 74	6,470	69,076	55,553	24.3
Japan	Feb 74	4,036	32,314	19,063	69.5
West Germany	Jan 74	4,987	51,644	37,990	35.9
France	Feb 74	3,714	35,272	25,250	39.7
United Kingdom	Jan 74	3,132	33,873	24,619	37.6
Italy	Dec 73	2,973	24,833	17,196	44.4
Canada	Jan 74	2,226	23,504	18,851	23.6

EXPORT PRICES
National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Jan 74	0.6	10.2	26.6	27.5
Japan	Nov 73	3.6	4.8	14.9	34.1
West Germany	Dec 73	2.1	2.4	4.3	17.6
France	Oct 73	1.8	6.6	10.7	34.9
United Kingdom	Dec 73	3.1	9.8	18.8	33.4
Italy	Sep 73	0.8	7.7	18.7	21.4
Canada	Nov 73	4.6	8.0	24.5	40.1

TRADE BALANCE*
f.o.b./f.o.b.

	Latest Month		Cumulative (Million US $)		
		Million US $	1973	1972	Change
United States	Jan 74	640	1,714	-6,332	8,046
Japan	Feb 74	-414	3,675	8,854	-5,178
West Germany	Jan 74	2,027	15,999	8,735	7,264
France	Feb 74	-303	1,402	1,129	273
United Kingdom	Jan 74	-852	-5,480	-1,749	-3,731
Italy	Dec 73	-420	-2,548	1,374	-3,922
Canada	Jan 74	218	1,892	1,414	478

IMPORT PRICES
National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Jan 74	3.7	14.3	34.4	56.6
Japan	Nov 73	3.7	4.6	19.8	31.0
West Germany	Dec 73	4.7	3.3	13.8	54.2
France	Oct 73	-1.5	5.3	14.3	35.2
United Kingdom	Dec 73	5.2	16.4	43.1	53.1
Italy	Sep 73	0	13.2	34.2	44.1
Canada	Nov 73	0.3	5.5	13.6	8.1

BASIC BALANCE**
Current and Long-Term-Capital Transactions

	Latest Period		Cumulative (Million US $)		
		Million US $	1973	1972	Change
United States*	73 IV	200	1,186	-9,838	11,024
Japan	Feb 74	-1,670	-9,702	2,137	-11,839
West Germany	Dec 73	193	3,950	4,566	-616
France	73 III	-1,482	-2,039	-202	-1,838
United Kingdom	73 III	-521	-1,840	-1,252	-587
Italy	72 IV	800	N.A.	2,983	N.A.
Canada	73 III	238	267	574	-308

EXCHANGE RATES
Spot Rate

As of 22 March 74

	US $ Per Unit	Percent Change from Dec 66	18 Dec 1971	19 Mar 1973	15 Mar 1974
Japan (Yen)	0.00361	30.84	11.18	-5.07	1.86
West Germany (Deutsche Mark)	0.39060	55.37	25.88	10.31	3.50
France (Franc)	0.20860	3.32	5.94	-5.35	1.07
United Kingdom (Pound Sterling)	2.34050	-16.13	-10.17	-4.90	0.32
Italy (Lira)	0.00160	0.12	-6.80	-9.44	2.36
Canada (Dollar)	1.02980	11.64	3.21	3.22	0.20

OFFICIAL RESERVES

	Latest Month		Billion US $		
	End of	Billion US $	Jun 1970	1 Year Earlier	3 Months Earlier
United States	Jan 74	14.6	16.3	13.1	14.4
Japan	Feb 74	11.9	4.1	19.1	13.2
West Germany	Jan 74	32.2	8.8	23.7	35.0
France	Feb 74	7.5	4.4	10.6	8.6
United Kingdom	Feb 74	6.0	2.8	5.9	6.6
Italy	Jan 74	6.0	4.7	5.8	6.2
Canada	Feb 74	6.2	4.3	6.2	5.7

TRADE-WEIGHTED EXCHANGE RATES***
As of 22 March 74

	Percent Change from Dec 66	18 Dec 1971	19 Mar 1973	15 Mar 1974
United States	-17.13	-7.70	-0.98	-1.19
Japan	19.40	5.54	-6.43	1.39
West Germany	32.38	15.33	10.30	1.89
France	-18.75	-5.34	-7.78	-1.05
United Kingdom	-35.43	-21.18	-6.79	-1.08
Italy	-20.81	-19.53	-12.67	0.50
Canada	8.53	1.92	3.56	-0.13

***Seasonally adjusted.**
****Converted into US dollars at current market rates of exchange.**

*****Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.**