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Economic Intelligence Weekly

On file Department of Agriculture
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Note: Comments and queries on the contents of this publication are welcomed.

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ECONOMIC INTELLIGENCE WEEKLY

Notes

International Monetary Developments

The dollar remained steady on foreign exchange markets this week, but the Middle East crisis pushed the price of gold back above \$100 an ounce. The recent calm in currency markets has encouraged some West European governments to reduce capital controls imposed during recent currency crises to counter speculative flows. Both the Swiss and the Belgians removed negative interest rates on foreign-held deposits; the French eliminated restrictions on franc borrowing by foreigners. Tight money conditions in the Netherlands have pushed the recently revalued guilder past the mark to the top of the band.

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Chile: New Economic Policies

A group of young Chilean economists, mostly trained at the University of Chicago, is attempting to influence the new regime's economic recovery program. They have proposed a program to promote a market economy, to decentralize public enterprises, and to reduce the role of the central government in the economy. These advisers have called for devaluation of the peso, reduction of tariffs to an average of 30%, promotion of traditional exports, and self-sufficiency of public enterprises. Such a program probably would qualify Chile for IMF credits, but the prospects are for only gradual adoption.

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Dependence on Arab Oil			
Million Barrels per Day			
	Total Consumption	Total Imports	Imports from Arab Countries
United States	17.0	6.4	2.1 ¹
Canada	1.8	1.0	0.4
Japan	5.6	5.6	2.8
Western Europe	15.7	16.2 ²	10.8

1. Including 1.1 million b/d of crude oil plus nearly 1 million b/d of products refined from Arab oil from refineries in the Caribbean, Western Europe, and Eastern Canada.
2. Imports exceed consumption because of exports of refined products to non-European consumers.

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Articles

Effect of the Arab-Israeli War on Oil Supplies

The Arab-Israeli war has not yet resulted in politically motivated cutbacks in oil exports. Even Qadhafi shows no signs of reducing oil shipments. Egypt and Syria are avoiding threats against the West [redacted]

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Kuwait has called for an urgent meeting of Arab oil ministers to discuss oil in the current situation. Some Western oil men speculate that the Kuwaiti initiative is a preemptive maneuver designed to keep control of any such meeting in the hands of Arab moderates.

The war is affecting oil exports, however. The terminal at Baniyas, Syria, with a capacity of 700,000 b/d has been closed, presumably for fear of damage to tankers, and the volume of oil delivered to the Tapline terminal at Sidon has been reduced by half for a total reduction of 900,000 b/d. Almost all of the oil from these sources goes to Western Europe, which has thereby lost some 6% of its supplies. Oil is flowing normally through the IPC terminal at Tripoli.

We believe that exports of crude oil to Western Europe via the Trans-Israeli Pipeline – some 350,000 b/d have been halted because of unwillingness of tankers to enter the war zone and Israel's desire to maintain a high level of oil stocks. Although alternative supplies are available in the Persian Gulf, the current tanker shortage will delay liftings and cause shortages in Italy and other Mediterranean states.

If the war is prolonged and especially if the Arab forces suffer sharp defeats, an anti-US or anti-Western embargo will become increasingly likely. The United States now depends directly or indirectly on Arab sources for about one-third of its oil imports and 12% of consumption. European exports of refined product to the United States, especially those from Italy, almost certainly would be curtailed if the war continued for several weeks. Curtailment could come sooner if the Europeans come to believe that their crude supplies will be further interrupted. [redacted]

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Brazil Seeks Closer Ties with the Arab World

Brasilia is developing closer ties with the Arab world in an effort to assure adequate oil imports, obtain financing for major Brazilian investment, and increase exports to Arab countries. It recently exchanged ambassadors with Iraq for the first time and is preparing to send its first ambassador to Saudi Arabia. At the same time, relations with Israel are being handled with great caution. Last month, Brasilia canceled a luncheon planned between the departing Israeli Ambassador and Ernesto Geisel, then head of the state petroleum monopoly and slated to become president next March.

Brazil relies on the Arabs, particularly Saudi Arabia and Iraq, for about two-thirds of its petroleum requirements. Because it foresees an extended worldwide oil shortage and is becoming increasingly dependent upon petroleum imports, Brazil has negotiated concessions for oil exploration and development in Egypt, Iraq, and Algeria. The Iraqi concession will permit purchase at preferential prices up to 21% of any oil discovered, and the other agreements probably grant Brazil similar rights. Brazil is also seeking or has negotiated other exploration agreements in South America and in sub-Saharan Africa.

Brazil has signed or is negotiating long-term oil supply contracts with a number of countries. To reduce the pressure on the balance of payments, the government is tying some of these agreements with Arab countries to purchases of Brazilian goods. The Arabs also have taken some initiative in arranging barter deals and are organizing seminars for Brazil's business and government leaders.

Brazil is also seeking Arab money to help finance economic development and is interested in establishing new financial institutions. Brasilia has been negotiating with Arab and European interests to establish a bank to channel investment funds into Brazil. Brazil has also tried to interest several Arab countries in financing part of its \$2 billion hydroelectric project at Itaipu.

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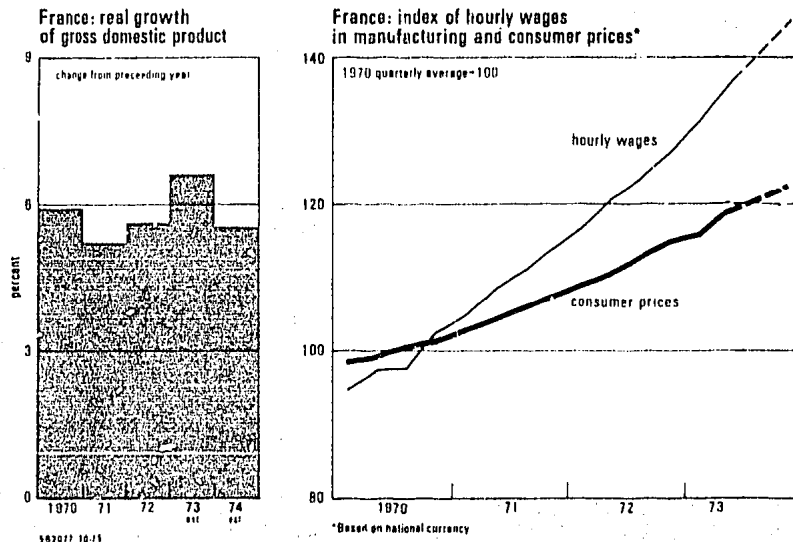
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France: Economic Situation and Outlook

The French economy is surging ahead, maintaining the lead it has had in West European economic growth for more than a decade. Spurred by a sharp first quarter advance, real growth in gross domestic product is expected to reach 6.6% this year. Industrial production grew at a 13% annual rate during the first quarter but then leveled off, partly because of an auto workers' strike.

A slackening of growth may already have occurred because the economy is running up against its productive limits. Utilization of industrial capacity has already reached 97% – several points higher than in any other EC country. Expansion of capacity lagged in 1972, as businessmen underestimated their prospects. Although investment spending has picked up rapidly this year and should continue strong well into 1974, economic growth is likely to recede next year to about the long-term average of 5.5%.



Accelerating inflation remains a major concern for the Pompidou government, but fears of inhibiting economic growth have kept it from adopting strong countermeasures. At the end of 1972 the government reduced value-added tax rates to check rising consumer prices. Prices rose only 1% in the first quarter of 1973, but since have been increasing at a 10% annual rate. Rapidly rising wages, capacity limitations, and earlier large increases in the money supply are the main factors underlying the inflation. Higher raw material costs have accounted for only about one-tenth of recent price increases.

The government has been relying mainly on monetary policy to combat inflation – so far with little apparent effect. The monetary authorities have gradually slowed the growth of the money supply during the past 12 months. Fiscal policy remains neutral, as the government continues to

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balance the budget. Although wage and price controls have been condemned until quite recently, Pompidou stated last month that they could not be ruled out if rapid inflation continues.

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In the absence of stronger monetary and fiscal measures or a moderation of wage demands, the official forecast of a decline in the inflation rate to 7% in 1974 is unlikely to be realized.

France: Balance of Payments

	Million US \$			
	1971	1972	1973 Projected	1974 Projected
Trade balance (f.o.b./ f.o.b.)	1,174	1,275	1,375	1,550
Services and private transfers	-199	-349	-450	-575
Official transfers	-416	-642	-500	-550
Current account balance	559	284	425	425
Long-term capital	3	-656	-575	-650
Basic balance	562	-372	-150	-225

The government is faced with both skyrocketing wages and a recent spurt in unemployment. Average wage gains this year will approach the 15% level recorded in the strife-torn year of 1968. The number of unemployed, which leveled off last year after edging upward for a decade, jumped to 410,000 in August -- the highest level in the past 20 years and about 2% of the labor force.

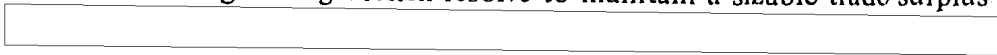
Foreign trade is booming, with exports and imports during the first eight months of 1973 both up by 13% in volume and 39% in dollar value over the same period of 1972. Since the Smithsonian agreement, the franc has experienced a trade-weighted revaluation of only 1.4% and thus has retained most of the competitive edge achieved by the 1969 devaluation. While the overall trade surplus rose to \$810 million in January-August 1973 from \$610 million a year earlier, the trade deficit with the United States increased sharply, reflecting mainly large increases in the volume and price of imported soybeans and feedgrains. According to French data, the trade deficit with the United States in the first half of the year reached \$750 million. During the same period, the deficit with West Germany -- France's only other large bilateral deficit -- also increased, to nearly \$500 million.

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Good trade performance is sustaining France's current account surplus despite weakening net earnings from services and larger transfer payments. Interest and dividend payments have increased, and private transfers by means of foreign workers' remittances - now about \$1 billion annually -- continue to rise gradually. Meanwhile, with government encouragement, the long-term capital outflow has grown from practically nothing in 1971 to about \$600 million annually in 1972-73, putting the basic balance into deficit and strengthening French resolve to maintain a sizable trade surplus



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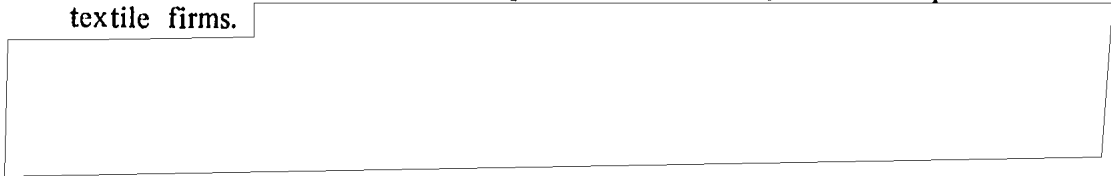
Continuing Rapid Expansion of Mexican Border Industries

Firms operating under Mexico's border industry program are heading toward new employment and export records this year. Employment increased by 18%, to 58,000 persons, during the first half of 1973. Exports to the United States, net of imports of US-made components, probably will reach about \$250 million this year - an advance of nearly 50% over 1972.

Border industry firms - mostly American owned - produce various articles from US components, selling them mainly to the United States, subject to duties on only the value added. The low labor costs also are permitting some products to be exported to other foreign markets. US companies recently have sold television tuners to Japan, color television sets to Venezuela, and chain saws to Europe, all made from US components assembled in Mexico.

Since the beginning of 1973, the number of plants has grown from 366 to 426. Some have been located in the interior since the border industries program was extended throughout Mexico last October. Nearness to the US market, low-cost labor, and recent currency realignments have stirred interest in plant operations among non-US companies. To supply their US operations, the Japanese have established a small electronic assembly plant this year - their second plant in the border industry. Several groups of West German and Italian businessmen recently visited Mexico and expressed interest in the program.

The Mexican government strongly backs the program and has greatly simplified regulations for participating firms in recent months. Moreover, in the first ruling under the new Foreign Investment Law to limit foreign ownership, the government exempted border industry firms except cotton textile firms.



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Worldwide Food Developments

USSR

An unprecedented grain harvest has eased pressures on the USSR to import more grain. Even if the recent Soviet bid for 3-1/2 million tons of grain from Canada and Australia is accepted, total grain imports for FY 1974, including the undelivered purchases from last year, will reach only about 15 million tons, substantially below the 24 million tons last year.

A record Soviet grain harvest is now expected. A USDA task force recently forecast the Soviet gross harvest at 195 million tons while a Soviet foreign trade official has cited an estimate of 192 million tons. In light of reported yields thus far, however, these predictions appear too pessimistic. CIA estimates a gross harvest of more than 205 million tons; this is equivalent to 165 million tons of usable grain.

The bumper harvest and the planned imports should allow the Soviets to rebuild stocks and export some grain to non-Communist states. The recent agreement to lend 2 million tons of wheat and rice to India illustrates the policy flexibility provided by this year's harvest. [redacted]

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Indonesia

Jakarta wants to import an additional 300,000 tons of rice, preferably under PL-480, but it probably can get by with the 1.4 million tons scheduled to arrive in the crop year ending March 1974. The crop promises to be slightly better this year than last. [redacted]

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Brazil

On 8 October, Brasilia banned the export of soybeans and soybean products to assure domestic supplies in the face of heavy foreign demand. The ban probably will continue until the new crop begins to be harvested next March. By early October, Brazil probably had sold close to 3.5 million tons, compared with 2.8 million tons in all of 1972. These exports had begun to encroach on domestic consumption, including seed requirements for the 1974 crop, which is expected to reach about 7.0 million tons, compared with 4.8 million tons in 1973. Shortages already have appeared and some farmers are being forced to purchase poor-quality seed.

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DOMESTIC ECONOMIC INDICATORS

GNP*

Constant Market Prices

	Latest Quarter	Average Annual Growth Rate Since			
		Percent Change from Previous Quarter	1970	1 Year Earlier	Previous Quarter
United States	73 II	0.0	5.1	6.3	2.3
Japan	73 II	1.4	9.1	13.0	5.9
West Germany	73 II	-1.1	3.9	7.2	-4.2
France	73 I	3.3	6.1	5.1	13.8
United Kingdom	73 II	0.7	4.6	9.5	2.7
Italy	73 I	0.8	3.1	6.2	3.4
Canada	73 II	0.9	6.1	6.8	3.7

WHOLESALE PRICES

Industrial

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Sep 73	0.5	4.9	7.9	3.8
Japan	Aug 73	2.1	5.2	17.4	23.4
West Germany	Aug 73	0.4	4.9	7.5	7.4
France	Jul 73	1.5	6.7	14.9	13.9
United Kingdom	Aug 73	1.0	7.1	7.1	13.3
Italy	Jun 73	2.3	7.5	16.2	23.2
Canada	Jul 73	2.9	8.3	19.2	25.5

INDUSTRIAL PRODUCTION*

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier**
United States	Aug 73	0.4	6.0	10.6	9.4
Japan	Aug 73	1.1	8.9	17.2	8.4
West Germany	Jun 73	-2.8	3.7	6.7	0.8
France	Jun 73	-1.5	7.1	8.9	1.4
United Kingdom	Jul 73	-0.7	3.6	8.2	0.8
Italy	Jun 73	-1.0	2.9	10.2	26.5
Canada	Jul 73	0.1	6.9	10.7	7.1

CONSUMER PRICES

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Aug 73	1.8	4.9	7.5	11.4
Japan	Jul 73	0.7	7.3	11.9	11.0
West Germany	Aug 73	-0.1	5.8	7.2	2.5
France	Aug 73	0.7	6.3	7.6	9.4
United Kingdom	Jul 73	0.4	8.5	9.4	7.0
Italy	Jul 73	0.8	7.2	11.8	12.6
Canada	Aug 73	1.3	5.4	8.3	13.0

RETAIL SALES*

Current Prices

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier**
United States	Aug 73	0.3	11.6	12.4	8.9
Japan	May 73	0.5	11.9	21.3	25.4
West Germany	Aug 73	2.3	9.0	4.2	0
France	May 73	6.7	5.3	13.4	4.2
United Kingdom	Jul 73	2.2	11.2	12.2	0
Italy	Feb 73	9.0	11.5	18.8	14.6
Canada	Jul 73	3.4	11.3	1.7	1.5

MONEY SUPPLY*

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier**
United States	Sep 73	-0.3	7.2	5.3	5.5
Japan	Jun 73	0.6	18.7	29.9	29.8
West Germany	Jul 73	-1.7	9.6	4.8	-13.9
France	Apr 73	2.6	13.3	14.1	2.6
United Kingdom	Jul 73	2.3	12.2	13.0	13.6
Italy	Apr 73	2.8	20.4	19.1	13.7
Canada	Aug 73	1.5	13.9	15.5	14.6

MONEY-MARKET RATES

	Representative Rates	Percent Rate of Interest				
		Latest Date	1 Year Earlier	3 Months Earlier	1 Month Earlier	
United States	Prime finance paper	Oct 5	8.25	5.00	7.63	9.13
Japan	Call money	Sep 28	9.00	4.25	6.75	7.50
West Germany	Interbank loans (3 Months)	Oct 5	14.38	6.38	14.25	14.25
France	Call money	Sep 28	11.75	5.00	8.50	9.38
United Kingdom	Local authority deposits	Sep 28	13.38	4.43	6.32	14.25
Canada	Finance paper	Oct 5	8.75	5.13	7.25	8.50
Euro-Dollars	Three-month deposits	Oct 5	10.69	8.00	9.81	11.06

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

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EXTERNAL ECONOMIC INDICATORS

EXPORTS*

f.o.b.

	Latest Month		Cumulative		Percent Change
	Million US \$		Million US \$		
	1973	1972	1973	1972	
United States	Aug 73	0,004	44,102	31,092	30.3
Japan	Aug 73	2,800	22,032	17,700	27.9
West Germany	Aug 73	0,084	42,002	30,100	41.2
France	Aug 73	3,208	23,501	16,908	39.0
United Kingdom	Aug 73	2,522	18,830	14,742	20.4
Italy	Jun 73	1,937	9,479	8,888	6.9
Canada	Jul 73	2,075	13,918	11,252	23.7

EXPORT PRICES

US\$

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous		1 Year	3 Months
		Month	1970	Earlier	Earlier
United States	Aug 73	3.0	8.4	22.5	35.7
Japan	Jun 73	1.1	11.5	19.9	32.9
West Germany	Jul 73	12.1	17.1	34.7	117.8
France	May 73	0.1	11.8	16.0	27.1
United Kingdom	Aug 73	0.6	10.5	12.3	11.5
Italy	Apr 73	0.9	8.2	9.8	24.7
Canada	Jun 73	-0.6	5.5	10.4	11.8

IMPORTS*

f.o.b.

	Latest Month		Cumulative		Percent Change
	Million US \$		Million US \$		
	1973	1972	1973	1972	
United States	Aug 73	6,020	44,881	38,074	24.4
Japan	Aug 73	2,922	10,429	11,818	64.4
West Germany	Aug 73	4,794	32,810	24,828	33.2
France	Aug 73	3,198	22,088	16,300	39.2
United Kingdom	Aug 73	3,010	21,417	15,821	37.1
Italy	Jun 73	2,212	10,720	8,092	32.5
Canada	Jul 73	1,949	12,977	10,818	22.2

EXPORT PRICES

National Currency

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous		1 Year	3 Months
		Month	1970	Earlier	Earlier
United States	Aug 73	3.9	8.4	22.5	35.7
Japan	Jun 73	1.2	0.9	4.3	26.7
West Germany	Jul 73	3.1	1.6	0.7	5.7
France	May 73	-2.3	3.7	3.5	-4.5
United Kingdom	Aug 73	2.0	9.2	9.8	18.0
Italy	Apr 73	2.6	5.7	10.4	28.0
Canada	Jun 73	-0.5	4.2	12.0	11.8

TRADE BALANCE*

f.o.b./f.o.b.

	Latest Month		Cumulative (Million US \$)		Change
	Million US \$		Million US \$		
	1973	1972	1973	1972	
United States	Aug 73	-16	-719	-4,382	3,663
Japan	Aug 73	-42	3,202	5,882	-2,680
West Germany	Aug 73	1,890	9,792	5,540	4,252
France	Aug 73	12	812	608	204
United Kingdom	Aug 73	-488	-2,778	-879	-1,899
Italy	Jun 73	-275	-1,241	776	-2,017
Canada	Jul 73	128	941	835	305

IMPORT PRICES

National Currency

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous		1 Year	3 Months
		Month	1970	Earlier	Earlier
United States	Aug 73	2.1	10.8	20.6	19.2
Japan	Jun 73	0.7	0	4.9	18.7
West Germany	Jul 73	-1.9	-0.5	2.0	-9.2
France	May 73	2.2	4.0	7.7	29.3
United Kingdom	Aug 73	4.0	13.3	34.1	42.6
Italy	Apr 73	3.3	8.5	16.7	49.2
Canada	Jun 73	1.1	4.8	10.8	13.4

BASIC BALANCE**

Current and Long-Term-Capital Transactions

	Latest Period		Cumulative (Million US \$)		Change
	Million US \$		Million US \$		
	1973	1972	1973	1972	
United States*	73 II	-800	-1,700	-5,700	4,000
Japan	Aug 73	-770	-5,926	1,257	-7,193
West Germany	Jul 73	138	1,605	3,593	-1,988
France	73 I	-578	-578	524	-52
United Kingdom	73 I	-995	-995	-448	-549
Italy	72 IV	800	N.A.	2,983	N.A.
Canada	73 I	-272	-272	-117	-155

EXCHANGE RATES

As of 5 Oct 73

	US \$ Per Unit	Spot Rate			
		Percent Change from			
		Dec 68	18 Dec 1971	19 Mar 1973	28 Sep 1973
Japan (Yen)	0.0038	36.21	15.74	-1.18	-0.19
West Germany (Deutsche Mark)	0.4144	64.84	33.55	17.03	0.05
France (Franc)	0.2356	16.69	19.65	6.90	0
United Kingdom (Pound Sterling)	2.4131	-13.53	-7.39	-1.95	-Negl.
Italy (Lira)	0.0018	10.58	2.91	0	-0.28
Canada (Dollar)	0.9930	7.65	-0.48	-0.47	-0.20

OFFICIAL RESERVES

	Latest Month		Billion US \$		
	Billion US \$		1 Year	3 Months	
	End of	Jun 1970	Earlier	Earlier	
United States	Aug 73	14.0	18.3	13.1	14.0
Japan	Sep 73	14.8	4.1	16.5	15.2
West Germany	Aug 73	37.9	8.8	24.6	32.2
France	Aug 73	10.3	4.4	10.0	11.0
United Kingdom	Aug 73	8.5	2.8	6.1	6.7
Italy	Jun 73	6.0	4.7	6.4	6.3
Canada	Sep 73	6.5	4.3	6.2	6.0

TRADE-WEIGHTED EXCHANGE RATES***

As of 5 Oct 73

	Percent Change from			
	Percent Change from			
	Dec 68	18 Dec 1971	19 Mar 1973	28 Sep 1973
United States	-19.08	-9.52	-2.74	0.07
Japan	22.68	8.67	-3.38	-0.19
West Germany	32.10	15.02	9.97	-0.06
France	-11.86	1.38	-1.06	-0.02
United Kingdom	-36.41	-22.09	-7.63	-0.08
Italy	-16.55	-15.35	-8.52	-0.36
Canada	3.71	-2.82	-1.17	-0.20

*Seasonally adjusted.

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

***Weighting is based on each listed country's trade with 18 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.

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The **Economic Indicators** provide up-to-date information on changes in the domestic and external economic activities of the major non-Communist developed countries. To the extent possible, the **Economic Indicators** are updated from press ticker and Embassy reporting, so that the results are made available to the reader weeks - or sometimes months - before receipt of official statistical publications.

The attached **Notes** provide basic information on sources, coverage, and adjustments for the series included in the **Economic Indicators**. As series are changed from time to time, explanatory notes will be included.

Comments and queries regarding the **Economic Indicators** are welcomed. They may be directed to [redacted] the Office of Economic Research [redacted]

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NOTES

Domestic Economic Indicators

Specific Series Used

**GNP at constant market prices
(quarterly, seasonally adjusted)**

United States
Japan

West Germany
France

United Kingdom
Italy
Canada

**Industrial production
(seasonally adjusted)**

United States
Japan
West Germany

France

United Kingdom

Italy
Canada

**Retail sales at current prices
(seasonally adjusted)**

United States
Japan
West Germany
France
United Kingdom

Italy

Canada

GNP at constant 1958 market prices
Expenditures on GNP at constant 1965 market prices
GNP at constant 1962 market prices
Gross internal product (excludes property income from abroad and the value of services of government workers and domestic servants)
GDP at constant 1963 market prices
GNP at constant 1963 market prices
GNP at constant 1961 market prices

Index of industrial production, manufacturing
Index of industrial production, all industries
Index of industrial production, excluding construction
Index of industrial production, excluding construction and public works
Index of industrial production, all manufacturing industries
Index of industrial production, total
Index of industrial production, total

Estimated value of sales by all retail stores
Index of retail sales¹
Value of retail turnover
Index of sales by large and small stores
Index of total value of retail sales, excluding motor vehicles
Index of retail sales by department stores, including cooperatives
Value of retail sales, all provinces

Domestic Economic Indicators

Specific Series Used

Wholesale prices (industrial)	
United States	Wholesale prices, industrial commodities
Japan	Wholesale prices, all industries
West Germany	Producer prices for industrial products, excluding utilities
France	Index of prices of industrial products, including taxes
United Kingdom	Index of wholesale prices, home sales of manufactured products
Italy	Wholesale prices, general
Canada	Index of wholesale prices, non-farm goods
Consumer prices	
United States	Consumer prices, all items
Japan	Index of consumer prices, general, all Japan
West Germany	Price index for the standard of living, all private households
France	Monthly index of consumer prices, overall
United Kingdom	Index of retail prices, all items
Italy	Consumer prices, all goods and services
Canada	Index of consumer prices, all items
Money supply (seasonally adjusted)	
United States	Total money supply
Japan	Money outstanding ¹
West Germany	Currency and sight deposits ¹
France	Money supply ¹
United Kingdom	Money stock
Italy	Money supply ¹
Canada	Currency and demand deposits
Money-market rates²	
United States	Prime finance paper
Japan	Call money
West Germany	Interbank loans (three months)
France	Call money
United Kingdom	Local authority deposits
Canada	Finance paper
Euro-dollars	Three-month deposits

1. Seasonally adjusted by OER.

2. From Selected Interest & Exchange Rates for Major Countries & the U.S., Publication H-13, Board of Governors of the Federal Reserve System.

External Economic Indicators

	Specific Series Used
Exports; imports; and trade balance (f.o.b. basis, seasonally adjusted)	
United States	Exports; imports; exports minus imports
Japan	Exports ¹ ; imports ¹ ; exports minus imports
West Germany	Exports ^{1,2} ; imports ^{1,2,3} ; exports minus imports
France	Exports ² ; imports ² ; exports minus imports
United Kingdom	Exports ² ; imports ² ; exports minus imports
Italy	Exports ^{1,2} ; imports ^{1,2,3} ; exports minus imports
Canada	Exports ² ; imports ² ; exports minus imports
Basic balance of payments (US \$) (not seasonally adjusted except for the United States)	
United States	Basic balance
Japan	Basic balance ²
West Germany	Current account balance and long-term capital balance ²
France	Balance on current transactions and balance on long-term capital ²
United Kingdom	Current balance, official long-term capital, overseas investment in the UK public sector (excluding investment in British government stocks by central monetary institutions and international organizations), overseas investment in the UK private sector, and UK private investment overseas ²
Italy	Current account, net private investment, and net private and public loans (excluding long-term commercial credits and some long-term capital outflows in the form of banknote remittances) ²
Canada	Total current account balance and balance of capital movements in long-term forms ²
Official reserves⁴	
United States	Total official reserve assets
Japan	Gold and foreign exchange reserves
West Germany	Total holdings of gold and external claims ⁵
France	Gold and reserves ⁵
United Kingdom	Total official reserves ⁵
Italy	Reserves
Canada	Total official international reserves ⁵
Export prices (US \$)	
United States	Index of unit value of exports
Japan	Index of export prices, all commodities, in national currency ⁶
West Germany	Index of average value of exports, in national currency ⁶
France	Index of value of exports, in national currency ⁶

External Economic Indicators

	Specific Series Used
Export prices (US \$) (Continued)	
United Kingdom	Index of unit value of exports, in national currency ⁶
Italy	Index of average value of exports, in national currency ⁵
Canada	Index of export prices, in national currency ⁶
Export prices (national currency)	
United States	Index of unit value of exports
Japan	Index of export prices, all commodities
West Germany	Index of average value of exports
France	Index of value of exports
United Kingdom	Index of unit value of exports
Italy	Index of average value of exports
Canada	Index of export prices
Import prices (national currency)	
United States	Index of unit value of imports
Japan	Index of import prices, all commodities
West Germany	Index of average value of imports
France	Index of value of imports
United Kingdom	Index of unit value of imports
Italy	Index of average value of imports
Canada	Index of import prices

Exchange rates (spot rates)

Closing spot rate for each currency, as reported by Reuters from quotations in the principal exchange market of the country of issue.

Trade-weighted exchange rates

For the currencies of seven major industrial countries, the exchange-rate relationships are weighted by 1971 trade shares. For each country's currency, the changes are calculated with respect to its exchange rate (using the US dollar as a *numeraire*) against the currencies of the following countries:

United States	Denmark	Netherlands	Sweden
Australia	France	Norway	Switzerland
Austria	Italy	South Africa	United Kingdom
Belgium	Japan	Spain	West Germany
Canada			

1. Seasonally adjusted by OER.
2. Converted to US dollars at the average exchange rate for the period.
3. Adjusted to f.o.b. basis by OER.
4. Including official holdings of gold, SDRs, reserve position in IMF, and foreign exchange.
5. Converted to US dollars at end-of-period exchange rate.
6. Adjusted for exchange rate movements by OER.