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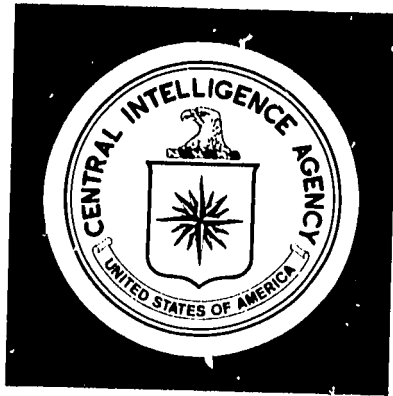
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# Economic Intelligence Weekly

**Secret**

CIA No. 8229/74  
20 November 1974

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### ECONOMIC INTELLIGENCE WEEKLY

20 November 1974

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#### Overview

**Exports by the Seven Major Developed Countries** declined 1% in real terms during the third quarter as a result of the worldwide economic downturn. Exports probably will continue to decline in the months ahead despite growth in sales to OPEC countries and the USSR.

**The Thirtieth Annual Session of the GATT Contracting Parties in Geneva** this week is expected to accomplish little more than a review of recent developments in world trade. LDC representatives will plead for greater preferential treatment in view of declining prices for their products and rising import costs. Developed country delegations will concentrate on preparing for January's Trade Negotiations Committee meeting, which is expected to revive movement in the Multilateral Trade Negotiations.

**The Continued Soviet Buying Spree** in the West promises to be a mixed blessing. Soviet contracts for Western plant and equipment, already at a record \$3 billion this year, will bolster depressed capital goods industries. Additional purchases of corn, wheat, and sugar, however, will strain already tight commodity markets.

Note: Comments and queries regarding the *Economic Intelligence Weekly* are welcomed. They may be directed

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**The World Food Conference** ended with agreement only on general goals. A World Food Council has been established to deal with the recommendations of the 130-nation conference. Key recommendations include

- a food aid program of at least 10 million tons of grain a year,
- an internationally coordinated system of national grain reserves,
- an international agricultural development fund, and
- a global information and early warning system on food and agriculture.

**An Extended US Coal Strike** would have a serious impact on many foreign purchasers. Coal stocks of world steel producers are low after several years of high steel output; the Canadian steel industry would be the first to be affected. Stocks held by utilities in Western Europe have been drawn down to reduce oil consumption.

**Currency Speculation** last week centered around the remark by West German Chancellor Schmidt that he would not object to an appreciation of the mark. This statement, coupled with an apparent absence of heavy central bank support, led to substantial speculation against the dollar. The traditionally strong Deutschmark and Swiss franc appreciated 4.7% and 7.6%, respectively.

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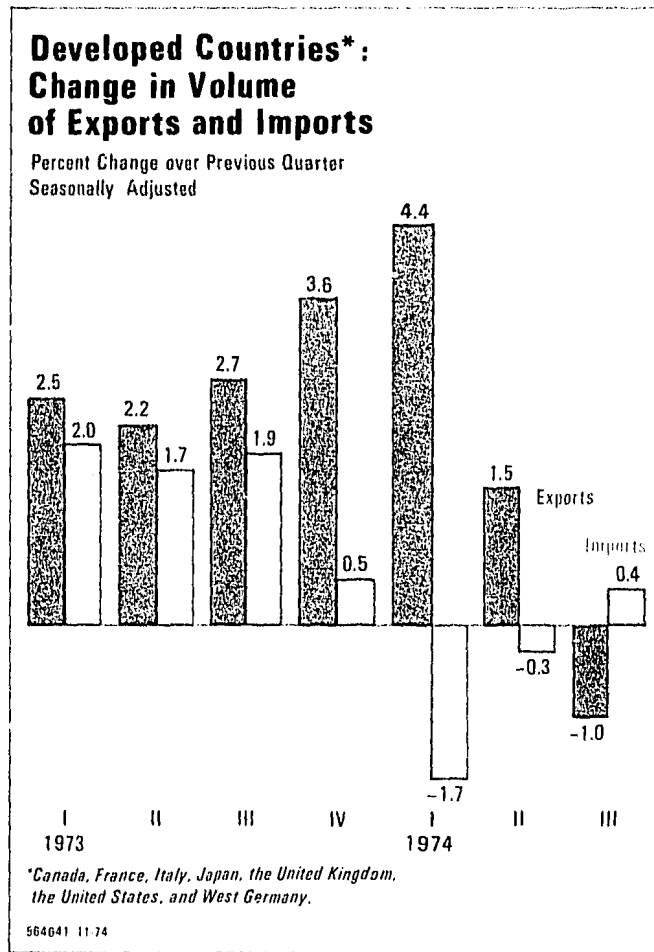
## Articles

## DEVELOPED COUNTRIES: EXPORT VOLUME SLUMPS

The seven major industrial countries are encountering growing weakness in export demand on top of the sluggishness in domestic demand. In the third quarter of 1974, their combined export volume declined by 1%, or at an annual rate of 4%. Export performance would have been even more dismal if the drop in sales among the seven had not been offset by increases in sales elsewhere.

The third-quarter trend contrasts sharply with the change in the first quarter, when exports by the seven countries rose at an annual rate of 19%. During the first quarter, their trade with one another remained buoyant, partly because automobile manufacturers were building up inventories. By the second quarter, trade among the seven had flattened out. Continued demand from the rest of the world nevertheless permitted a moderate rise in their total exports.

OPEC countries now are providing the main stimulus to foreign sales. Because economic slowdown and payments deficits are hitting the smaller OECD countries as well, their imports from the seven dropped markedly in the third quarter. Sales to the rest of the world slowed as the financial problems of non-oil LDCs worsened.

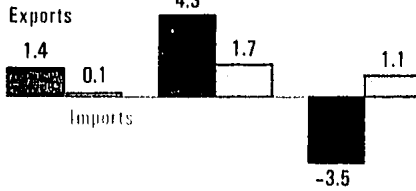


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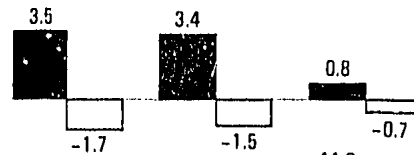
### Developed Countries: Change in Volume of Exports and Imports, by Country

Percent Change over Previous Quarter  
Seasonally Adjusted

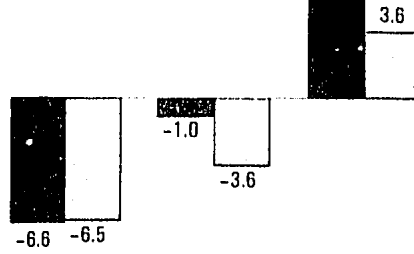
#### United States



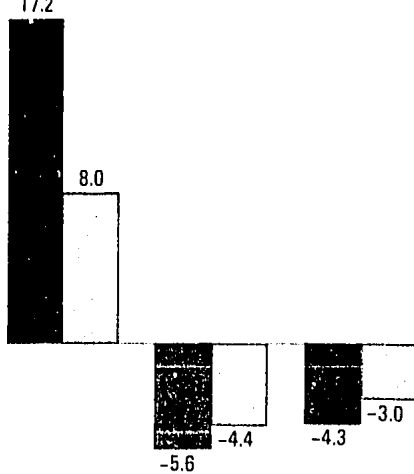
#### United Kingdom



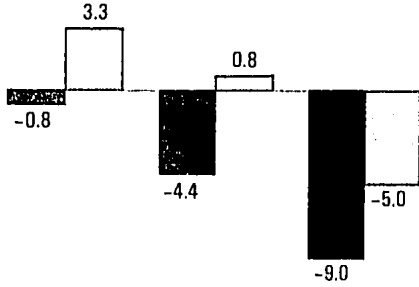
#### Italy



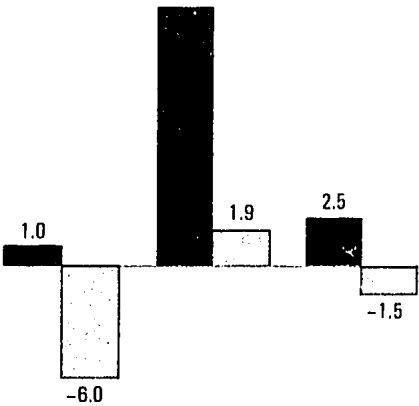
#### France



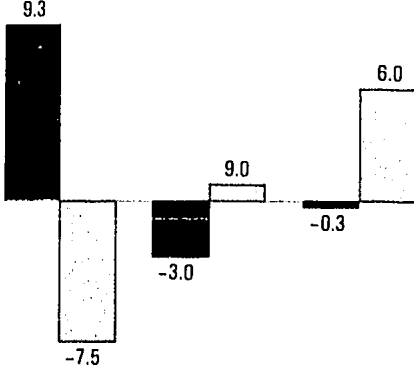
#### Canada



#### Japan



#### West Germany



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**Developed Countries<sup>1</sup> : Change in Volume of Exports,  
by Destination**

	Change over Previous Quarter Seasonally Adjusted			Percent
	1974 I	1974 II	1974 III	Share of Exports 1973
	<b>Total exports</b>	<b>4.4</b>	<b>1.5</b>	<b>-1.0</b>
To developed countries	7.2	-0.1	-4.7	39.5
To smaller OECD countries	4.4	3.6	-4.6	30.8
To OPEC countries	12.1	13.4	14.0	3.9
To non-OPEC LDCs and Communist countries	3.0	4.6	2.0	25.8

1. Canada, France, Italy, Japan, the United Kingdom, the United States, and West Germany.

Some countries have been hit harder than others. The sharp drop in Canadian export volume reflects a cutback in oil shipments as well as the slowdown in the US economy. France, West Germany, and the United Kingdom have suffered from a broad decline in demand for intermediate and manufactured goods. Japan has kept sales growing through an all-out export drive, but its efforts met with diminished success in the third quarter. Italy's remarkable export performance in the third quarter resulted from a combination of a 7% depreciation of the lira, an export promotion drive, and an austerity program that will be difficult to sustain.

The implications of a continued decline in export volume are ominous. The low rate of economic growth in major industrial countries forecast for the year ending in June 1975 is predicated on a 6% annual rise in export volume. Continuation of third-quarter export trends would further dampen chances for an economic recovery in the months ahead.

Note: Changes in the physical volume of trade for each of the seven countries were calculated by taking officially reported value series and adjusting them by export and import price indexes.

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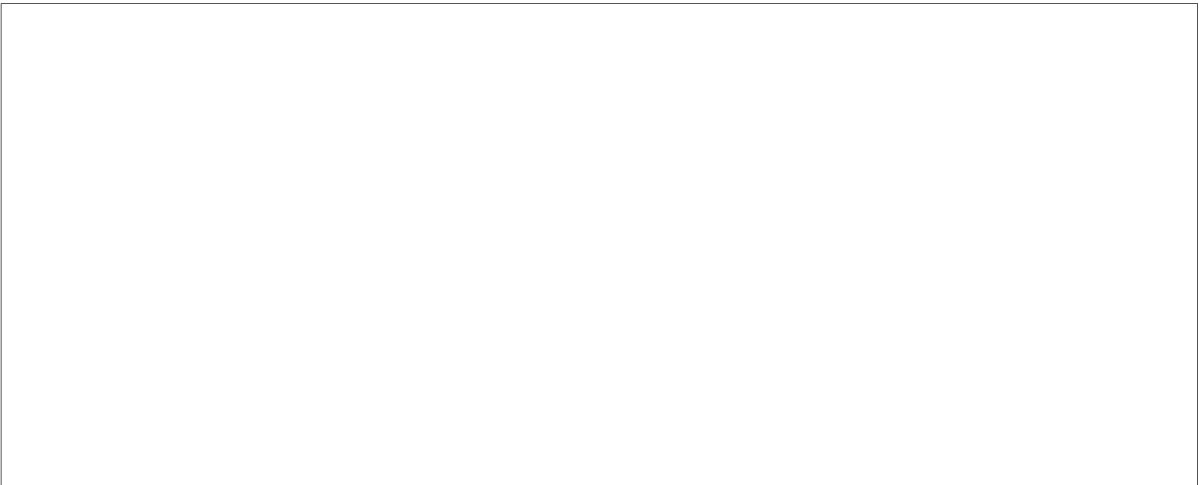
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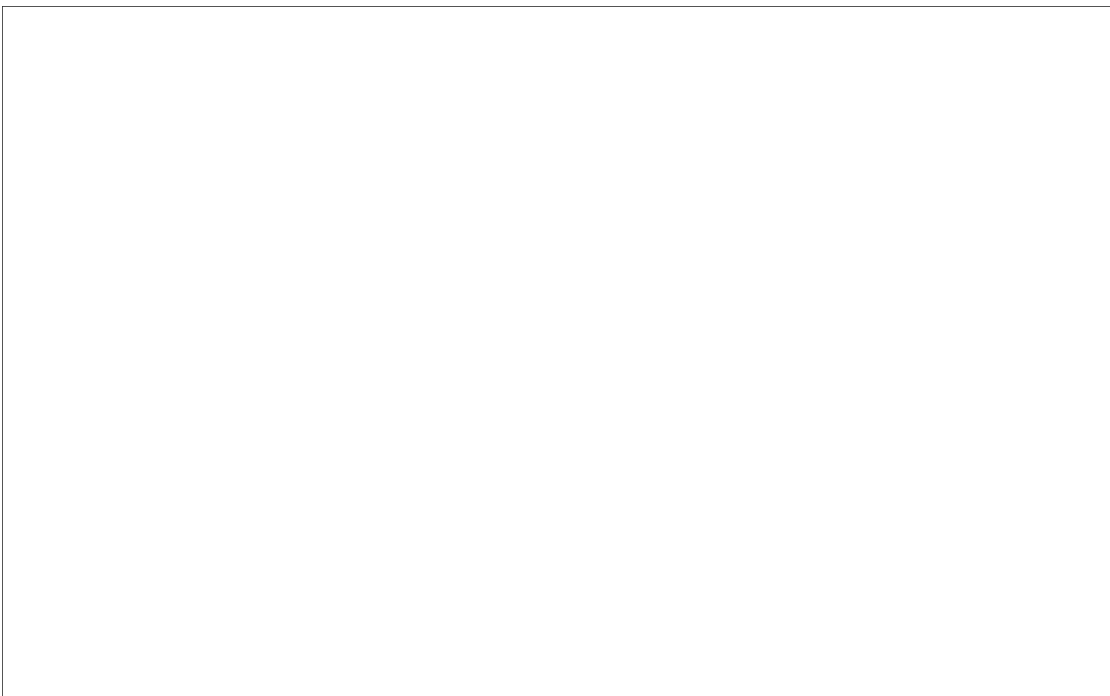


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### END OF GUARANTEES SHOULD DEPRESS STERLING

London's decision to eliminate exchange-rate guarantees for official holdings of sterling at yearend will tend to weaken the pound. Although oil producers will be less willing than before to accumulate sterling, they are unlikely to start a rapid sell-off of present holdings. The oil producers are conservative financial managers and stand to lose a great deal if the pound plummets. They have added roughly \$4 billion so far this year to their sterling assets, which now amount to about \$6 billion.

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The guarantees cover less than \$1.4 billion of OPEC members' sterling assets -- basically investments made before the recent surge in oil revenues. These guarantees nonetheless are important psychologically because of the implied British commitment to maintaining the value of the pound. The pound is overvalued in terms of the trade competitiveness of British industry. The exchange rate for sterling has been maintained this year in part because of the willingness of oil producers to invest a substantial part of their surplus earnings in sterling denominated assets. If the oil producers anticipate that the pound is headed down and stop accumulating sterling, the prophecy could easily become self-fulfilling. One Middle East country apparently has already decided to get out of sterling in an orderly manner.

A gradual depreciation of sterling accompanied by reduced OPEC investment probably would not present much of a problem for the United Kingdom in the short run. Although part of the British trade deficit would no longer be financed automatically by the reflow of oil money, Britain already has credit sufficient to cover the deficit through most of 1975. A lack of investment alternatives aside from the already heavily utilized dollar will tend to limit the switch from sterling as will attractive interest rates for sterling assets.

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### **SUGAR PRICES: SPIRAL CONTINUES**

Scare psychology triggered by adverse market reports in the past four weeks has sent world sugar prices soaring another 50% -- to 61 cents a pound f.o.b. Caribbean ports, five times the 31 December 1973 level.

- Reports from the EC, the USSR, and Eastern Europe indicate that their combined harvests in the crop year ending 31 August 1975 could drop 2 million tons, or 8%.
- The poor harvest outlook could bring the USSR into the world market and is forcing the EC countries to greatly increase purchases for 1975 delivery.
- Poland has suspended sugar shipments, and the Philippines also has held up sales, ostensibly to assess damage from recent typhoons.

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We believe that the market has overreacted to these reports. Nevertheless, they point to substantially increased pressure during the coming year on the 20% of world sugar supplies that enters Free World trade. The combined EC and Soviet purchases, which could exceed 1 million tons in 1975, compared with an estimated 300,000 tons in 1974, would add 5%-7% to normal world market demand. At the same time, the Polish withdrawal will mean a slight reduction in world market supply in 1975. We believe the Philippine move was intended only to drive up prices and will soon be canceled.

The tight sugar market has been several years in the making. Rising LDC demand, particularly in Asia, helped to push up world prices from the average of 3 cents a pound for 1964-70 to 10 cents in 1973. Having been burned by overexpanding production following the 1963 sugar boom, the main exporting countries except for Brazil responded slowly to subsequent price increases. Thus, world production remained below consumption for four consecutive years. By the end of the 1973/74 crop year (31 August), the ratio of total world stocks to annual consumption had slipped to 18.5% -- well below the 25% level desired for market stability.

The price rise of the last four weeks, coupled with the worsening recession, probably will induce consumers to curb purchases enough to put substantial downward pressure on prices. Prices could drop in the second quarter of 1975 even if the EC and USSR go ahead with the presently expected purchases.

#### Net Sugar Imports from the World Markets

	Million Tons, Raw Value		
	1972	1973	1974 <sup>1</sup>
<b>Total</b>	<b>16.3</b>	<b>16.9</b>	<b>16.4</b>
Asia	5.6	6.0	6.0
Africa	1.6	1.6	1.6
USSR	0.8	1.0	Negl.
Canada	1.0	1.0	1.0
Europe	1.7	1.9	1.8
Of which:			
EC <sup>2</sup>	0.4	0.3	0.3
United States	5.0	4.8	5.5
Other	0.6	0.6	0.5

1. Estimated.

2. Including the United Kingdom.

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The sugar market is sensitive to small changes or rumors of changes in supply. Because rumor has played a leading role in the price advances of the past four weeks, we remain uncertain as to the timing and size of the anticipated drop in prices. In any case, the market will continue tight in 1975. Prices seem unlikely to drop below the range of 25 to 35 cents, required to maintain supplies in view of inflated production costs and high prices for competing crops.

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### ISRAEL: A STRAINED ECONOMY

The partial mobilization of Israeli reservists will heighten strains on an economy already staggering under a heavy arms burden.

The mobilization of up to 10,000 reservists from the labor-short economy follows closely the announcement of new austerity measures. Massive arms purchases have placed Israel's foreign exchange reserves under severe pressure. Defense imports this year are likely to total \$2.4 billion, compared with \$500 million to \$600 million in pre-war years. Although the United States is covering the bulk of Israeli arms imports with official aid, the government apparently has purchased up to \$400 million in arms under commercial contracts.

The austerity package – including a devaluation of the Israeli pound, a reduction in food subsidies, and an increase in taxes to cut consumption – aims mainly at slowing the foreign currency drain. Last July the government implemented measures to curb inflation and trim nonessential budget outlays. A third economic package that will concentrate on wage, income, and tax reforms has yet to be announced.

Finance Ministry officials said the new economic program was made imperative by the large decline in foreign exchange reserves. According to Israeli officials, the current account deficit has soared to \$3.5 billion this year from a deficit of only \$1 billion before the war. At the end of September, official reserves stood at \$1 billion, a drop of \$800 million since the beginning of the year. The new measures are expected to save \$700 million in foreign exchange.

The new measures will surely aggravate inflation, which has climbed to a 40% rate since the war. The reduction in food subsidies by itself has caused the consumer price index to jump 17% – some officials are speculating that prices could rise as much as 50% within a year.

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The success of the economic program depends vitally on whether the Histadrut labor federation goes along with the government's desire to hold the line on wages in upcoming negotiations. The position of Prime Minister Rabin was buttressed when the Knesset approved the economic package. Public reaction has moderated in recent days as attention has shifted from economic problems to the tense military situation on the border with Syria and deteriorating security in the occupied territories.

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### US-SOVIET TRADE: SHIFTING GEARS

The rapid growth of US-Soviet trade in recent years has been marked by the sale of American grain and machinery in an atmosphere of detente. In coming years, expansion of trade will depend largely on the degree of US participation in Soviet economic development projects, especially in Siberia.

#### Recent Growth

In two short years US-Soviet trade shot up from \$219 million (1971) to \$1.4 billion (1973). Soviet purchases of grain and machinery dominated the growth, grain alone accounting for 70% of US exports in 1973. As for imports, the United States bought substantial quantities of platinum-group metals from the USSR, and oil became an important purchase for the first time.

Because of a sharp decline in deliveries of grain, US exports to the USSR will fall in 1974. Imports probably will double, however, because of increased purchases of oil, platinum-group metals, and nickel. The roughly \$1 billion US surplus in 1973 will be reduced to \$200 million to \$300 million in 1974.

#### 1975 and Beyond

US exports are expected to rebound in 1975. About \$300 million in grain deliveries are already scheduled, and the Soviets could place additional orders in the fall of 1975. As a result of the large number of new Soviet contracts, deliveries of machinery in 1975 could climb to \$400 million to \$500 million. US imports from the USSR may also increase, particularly if recent trends in imports of oil and metals are sustained. The granting of MFN would also stimulate imports, especially of diamonds, although the initial effect would be small. Whatever the rise in US imports, the USSR will have no difficulty in paying for its purchases, given the dramatic turnaround in its hard currency trade balance.

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**US-USSR Trade  
1971-74<sup>1</sup>**

	Million US \$			
	1971	1972	1973	1974 <sup>2</sup>
<b>US exports</b>	<b>162</b>	<b>547</b>	<b>1,187</b>	<b>600-700</b>
Grain	14	369	837	300
Soybeans	....	52	67	....
Machinery and transport equipment	63	62	204	200-300
Chemicals	38	21	17	30
Iron and steel	2	....	14	10
Other	45	43	48	60
<b>US imports</b>	<b>57</b>	<b>96</b>	<b>215</b>	<b>400</b>
Oil and oil products	1	7	76	150
Platinum group metals	20	45	75	150
Diamonds and other precious stones	11	13	17	15
Chrome ore	11	14	6	10
Nonferrous base metals	2	2	18	45
Other	12	15	22	30
<b>Net exports</b>	<b>105</b>	<b>451</b>	<b>972</b>	<b>200-300</b>

1. US Department of Commerce statistics, except for 1974 estimates, by CIA.

2. Estimated.

The current suspension of Eximbank credit thus far has not affected the level of US-Soviet trade. Indeed, the Soviets have concluded two major contracts with US firms since the suspension, including a \$100 million cash purchase of International Harvester earthmoving equipment. Delays are being encountered, however, in placing a \$35 million contract for the Cheboksary Tractor Plant and in concluding an agreement on the Yakutsk oil exploration project. So far in 1974 US firms have signed almost \$700 million in equipment contracts with the USSR out of a total of \$3 billion placed with Western firms. Both are record totals.

The major potential for growth in US-Soviet trade lies in the exports and imports generated by large Soviet development projects, principally in Siberia. Japan and West Germany will supply most of the \$3-1/2 billion in equipment and technology for coal, timber, and infrastructure projects already begun or negotiated. At least \$10 billion in foreign investment over the next few years will be needed for proposed projects involving oil, LNG, and nonferrous metals. US firms negotiating on some of these projects are Gulf (Sakhalin offshore oil); Texas Eastern, El Paso, Tenneco, and Brown and Root (LNG); and Kaiser (aluminum).

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## Notes

**Saudis, West Germans Agree on Economic Commission**

A Saudi-West German economic cooperation commission to focus on FRG technical assistance was agreed to last week during a visit to Riyadh by West German officials. The joint commission will boost West German chances to participate in the \$60 billion 1975-80 Saudi development plan. For their part, the Saudis would gain access to German economic and industrial expertise, diluting their dependence on the United States. Saudi oil supplies for West Germany and Saudi investments in the FRG economy appear to be beyond the purview of the commission.

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**Arab League to Speed Up African Aid**

At the recent summit in Rabat, the Arab League began making amends for its neglect of African needs by agreeing to

- renew the original capital of the Arab Economic Aid Fund for Africa to maintain available funds at \$200 million,
- increase the capitalization of the Arab Fund for Technical Assistance for Africa from \$15 million to \$25 million,
- establish quickly an Arab Bank for Economic Development in Africa, to be located in Khartoum, with a minimum capital of \$230 million,
- continue disbursements of \$80 million in OAPEC funds to the six poorest Arab states, which include three African nations.

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**French and US Computer Firms to Merge?**

The French government is considering a merger of the French computer firm Compagnie Internationale pour l'Informatique (CII) with the US-controlled Honeywell Bull, according to CII sources. A successful merger could salvage financially troubled CII and strengthen the ability of Unidata - a consortium of CII, Siemens (West Germany), and Philips (Netherlands) - to compete with US computer firms in the West European market.

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**Venezuela: Financing Higher Coffee Prices**

A Venezuelan offer of \$80 million to finance coffee stockpiling by several Central American countries is the first use of oil revenues to boost prices of other primary commodities. Past cooperative efforts among coffee exporters to withhold coffee have foundered partly because small exporters could not afford to sacrifice current export income. [redacted]

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**Iron Ore Exporters in Disarray**

Australia was able, with the support of Brazil, to defuse a drive led by Algeria and Peru last week to establish an iron ore producers' cartel. Canberra insisted on representation of the views of importing countries at the recent meeting of producers in Geneva. India and Venezuela -- early proponents of a cartel -- came out in favor of a looser, OPEC-like organization. The 13 nations agreed to meet in New Delhi in January to hammer out a proposal to be considered at a ministerial-level meeting in the spring. [redacted]

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**Publication of Interest\*****The Economic Situation in South Vietnam, October 1974**

(ER IR 74-28, October 1974, [redacted])

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This month's report discusses (1) the relative calm in Saigon markets despite sporadic political unrest, (2) price trends outside Saigon, (3) a falloff in export receipts, (4) case studies of export development, (5) unemployment relief in the Saigon area, and (6) a promising oil discovery.

[redacted]

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## INTERNAL ECONOMIC INDICATORS

### GNP\*

Constant Market Prices

	Percent Change		Average Annual Growth Rate Since		
	Latest	1970	1 Year	Previous	
	Quarter	Quarter	Earlier	Quarter	Quarter
United States	74 III	-0.5	3.2	-2.2	-2.1
Japan	74 II	0.6	5.7	-3.3	2.4
West Germany	74 II	-0.7	3.1	1.1	-2.9
France	73 IV	1.7	-3.6	6.0	7.0
United Kingdom	74 III	1.0	2.7	0.6	4.2
Italy	73 IV	1.9	3.7	5.3	7.7
Canada	74 II	0	5.7	4.9	0

### WHOLESALE PRICES

Industrial

	Percent Change		Average Annual Growth Rate Since		
	Latest	1970	1 Year	3 Months	
	Month	Month	Earlier	Earlier	Earlier
United States	Oct 74	1.2	9.9	28.2	19.0
Japan	Oct 74	0.4	11.0	28.7	6.6
West Germany	Sep 74	0.2	6.8	14.6	6.9
France	Sep 74	-1.0	11.8	27.9	7.1
United Kingdom	Sep 74	1.5	11.5	25.7	19.9
Italy	Aug 74	0.5	16.1	45.9	23.5
Canada	Jul 74	2.0	11.2	24.6	12.2

### INDUSTRIAL PRODUCTION\*

	Percent Change		Average Annual Growth Rate Since		
	Latest	1970	1 Year	3 Months	
	Month	Month	Earlier	Earlier**	Earlier**
United States	Oct 74	-0.8	3.8	-1.7	-1.6
Japan	Sep 74	0.2	5.2	-6.9	-13.5
West Germany	Aug 74	0	2.5	-3.8	-7.9
France	Aug 74	0	6.2	4.1	12.4
United Kingdom	Sep 74	-1.8	2.2	-1.6	4.1
Italy	Sep 74	1.7	4.0	-1.6	-13.4
Canada	Aug 74	0.4	5.8	5.3	-3.6

### CONSUMER PRICES

	Percent Change		Average Annual Growth Rate Since		
	Latest	1970	1 Year	3 Months	
	Month	Month	Earlier	Earlier	Earlier
United States	Sep 74	1.1	6.6	12.1	13.7
Japan	Sep 74	1.6	11.7	23.8	19.1
West Germany	Oct 74	0.5	6.1	7.1	4.1
France	Sep 74	1.1	8.3	14.7	13.3
United Kingdom	Sep 74	1.1	10.4	17.1	8.7
Italy	Sep 74	3.3	10.9	24.6	35.8
Canada	Sep 74	0.6	6.7	10.9	9.7

### RETAIL SALES\*

Current Prices

	Percent Change		Average Annual Growth Rate Since		
	Latest	1970	1 Year	3 Months	
	Month	Month	Earlier	Earlier**	Earlier**
United States	Oct 74	-0.4	9.4	6.8	9.3
Japan	Jun 74	2.7	13.4	16.4	6.2
West Germany	Jul 74	5.9	9.3	10.0	7.0
France	May 74	6.2	8.5	18.1	1.3
United Kingdom	Aug 74	2.8	12.8	17.8	24.9
Italy	Jun 74	6.6	17.1	31.0	1.7
Canada	Aug 74	2.7	12.9	19.4	24.9

### MONEY SUPPLY\*

	Percent Change		Average Annual Growth Rate Since		
	Latest	1970	1 Year	3 Months	
	Month	Month	Earlier	Earlier**	Earlier**
United States	Oct 74	0.4	5.8	5.7	2.2
Japan	Jul 74	-2.9	16.7	13.0	15.0
West Germany	Aug 74	0.8	9.1	9.6	10.9
France	Jun 74	1.4	12.6	8.7	16.2
United Kingdom	Sep 74	-0.3	8.3	1.9	5.0
Italy	Jan 74	0.1	20.6	20.5	19.6
Canada	Sep 74	-0.7	11.8	6.6	-6.1

### MONEY-MARKET RATES

	Representative Rates	Percent Rate of Interest				
		Latest Date	1 Year	3 Months	1 Month	
			Earlier	Earlier	Earlier	
United States	Dealer-placed finance paper	Nov 6	9.00	7.50	11.68	10.13
Japan	Call money	Oct 23	12.50	8.75	13.50	13.00
West Germany	Interbank loans (3 Months)	Nov 6	9.43	14.19	9.50	9.66
France	Call money	Oct 9	13.13	11.13	14.00	13.75
United Kingdom	Sterling interbank loan (3 mo)	Nov 6	11.48	12.44	12.70	11.63
Canada	Finance paper	Nov 6	10.65	9.13	11.63	11.23
Euro-Dollars	Three-month deposits	Nov 6	10.00	9.39	13.19	11.64

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

20 November 1974  
Office of Economic Research/CIA

Note: US data provided by US government agencies

## EXTERNAL ECONOMIC INDICATORS

### EXPORTS\*

f.o.b.

	Latest Month		Cumulative		
	Million US \$		Million US \$		Percent Change
	Sep 74	Oct 74	1974	1973	
United States	8,288	7,157	50,428	41.9	
Japan	5,299	44,157	29,036	52.1	
West Germany	7,220	65,808	48,788	34.9	
France	4,007	34,305	26,950	27.3	
United Kingdom	3,081	29,693	23,219	27.9	
Italy	2,859	21,889	15,589	39.1	
Canada	2,808	23,829	18,445	29.2	

### EXPORT PRICES

US\$

	Latest Month		Average Annual Growth Rate Since		
	Percent Change from Previous		1 Year Earlier	3 Months Earlier	
	Month	Month			1970
United States	Sep 74	0.7	12.8	29.9	30.7
Japan	Sep 74	-0.9	15.9	23.7	-3.9
West Germany	Aug 74	-0.7	14.8	13.3	-3.0
France	Jun 74	2.5	14.7	11.5	33.5
United Kingdom	Jul 74	1.5	13.5	25.1	29.5
Italy	Jul 74	4.8	14.8	28.6	35.7
Canada	Jul 74	0.7	14.3	41.5	9.4

### IMPORTS\*

f.o.b.

	Latest Month		Cumulative		
	Million US \$		Million US \$		Percent Change
	Sep 74	Oct 74	1974	1973	
United States	8,520	73,922	50,491	46.4	
Japan	4,416	43,891	25,811	70.0	
West Germany	5,354	47,760	37,069	28.8	
France	4,221	37,397	25,709	45.5	
United Kingdom	4,105	39,709	27,622	43.8	
Italy	3,078	27,412	17,584	55.9	
Canada	2,799	23,389	16,863	38.7	

### EXPORT PRICES

National Currency

	Latest Month		Average Annual Growth Rate Since		
	Percent Change from Previous		1 Year Earlier	3 Months Earlier	
	Month	Month			1970
United States	Sep 74	0.7	12.8	29.9	30.7
Japan	Sep 74	-0.4	11.0	39.7	23.6
West Germany	Aug 74	2.0	5.8	22.6	24.8
France	Jun 74	3.3	11.1	28.5	42.5
United Kingdom	Jul 74	1.6	13.8	33.2	29.6
Italy	Jul 74	3.9	15.4	42.8	43.4
Canada	Jul 74	1.7	12.4	38.3	13.5

### TRADE BALANCE\*

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

	Latest Month		Cumulative (Million US \$)		
	Million US \$		Million US \$		Change
	Sep 74	Oct 74	1974	1973	
United States	-233	-2,347	-63	-2,284	
Japan	882	266	3,225	-2,959	
West Germany	1,866	18,046	11,899	6,347	
France	-214	-3,092	1,241	-4,333	
United Kingdom	-1,023	-10,016	-4,403	-5,613	
Italy	-418	-5,722	-1,995	-3,735	
Canada	9	441	1,582	-1,142	

### IMPORT PRICES

National Currency

	Latest Month		Average Annual Growth Rate Since		
	Percent Change from Previous		1 Year Earlier	3 Months Earlier	
	Month	Month			1970
United States	Sep 74	-0.2	19.4	54.3	22.0
Japan	Sep 74	-0.5	16.8	75.6	4.3
West Germany	Aug 74	3.1	7.5	35.3	23.0
France	Jun 74	0	15.6	61.5	37.0
United Kingdom	Jul 74	0.5	21.3	55.9	18.3
Italy	Jul 74	-2.4	24.8	68.5	7.3
Canada	Jul 74	-1.8	11.6	32.5	39.7

### BASIC BALANCE\*\*

Current and Long-Term-Capital Transactions

	Latest Period		Cumulative (Million US \$)		
	Million US \$		Million US \$		Change
	74 II	74 I	1974	1973	
United States*	-2,740	-954	-2,164	1,210	
Japan	400	-8,669	-6,978	-1,691	
West Germany	503	5,058	6,774	-1,716	
France	-475	N.A.	-2,472	N.A.	
United Kingdom	74 II	-1,297	-2,951	-868	-2,083
Italy	74 I	-2,037	-2,037	-872	-1,164
Canada	74 II	-445	-613	-6	-608

### EXCHANGE RATES

Spot Rate

As of 15 Nov 74

	US \$ Per Unit	Percent Change from			
		18 Dec 1971	19 Mar 1973	8 Nov 1974	
		Dec 66	1971	1973	1974
Japan (Yen)	0.0033	20.80	2.65	-12.36	-0.06
West Germany (Deutsche Mark)	0.4015	59.71	29.39	13.39	2.40
France (Franc)	0.2134	5.70	8.38	-3.18	-0.19
United Kingdom (Pound Sterling)	2.3130	-17.11	-11.23	-6.01	-1.07
Italy (Lira)	0.0015	-6.00	-12.50	-14.97	0.27
Canada (Dollar)	1.0119	9.70	1.41	1.42	0.09

### OFFICIAL RESERVES

	Latest Month		Billion US \$		
	Billion US \$		1 Year Earlier		3 Months Earlier
	End of Sep 74	Jun 1970	1970	1973	
United States	15.9	14.5	12.9	14.9	
Japan	13.5	4.1	14.0	13.2	
West Germany	33.7	8.8	35.0	33.9	
France	8.5	4.4	11.2	8.2	
United Kingdom	7.5	2.8	8.8	8.7	
Italy	7.6	4.7	6.5	5.3	
Canada	5.8	4.3	5.8	6.0	

### TRADE-WEIGHTED EXCHANGE RATES\*\*\*

As of 15 Nov 74

	Percent Change from			
	18 Dec 1971	19 Mar 1973	8 Nov 1974	
	Dec 66	1971	1973	1974
United States	-14.90	-5.58	1.03	-0.38
Japan	12.10	-1.41	-13.23	-0.33
West Germany	33.77	16.60	11.51	1.79
France	-17.94	-4.50	-6.96	-1.40
United Kingdom	-37.59	-23.18	-8.68	-1.83
Italy	-29.77	-28.35	-21.36	-0.73
Canada	7.18	0.59	2.23	0.25

\*Seasonally adjusted.

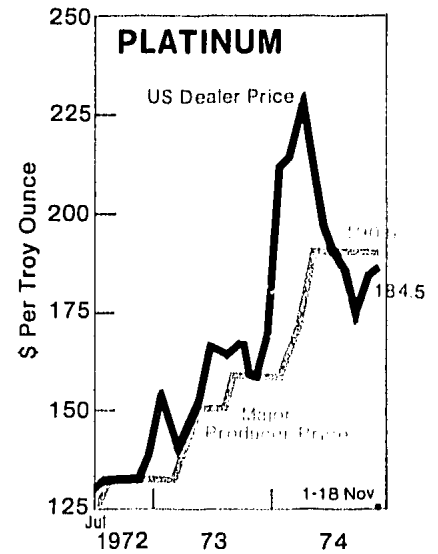
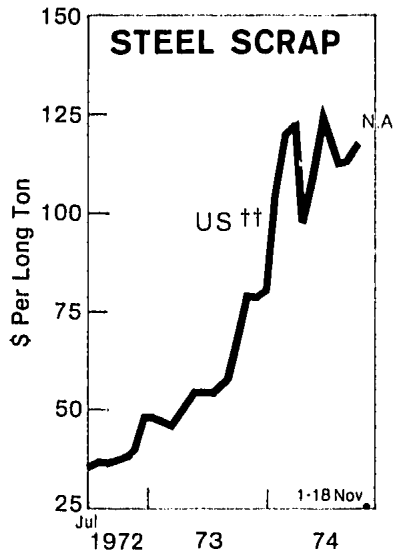
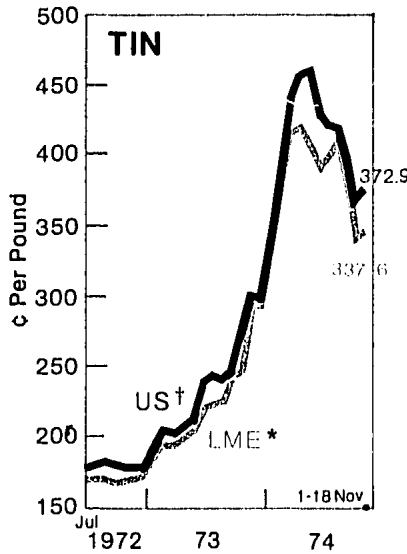
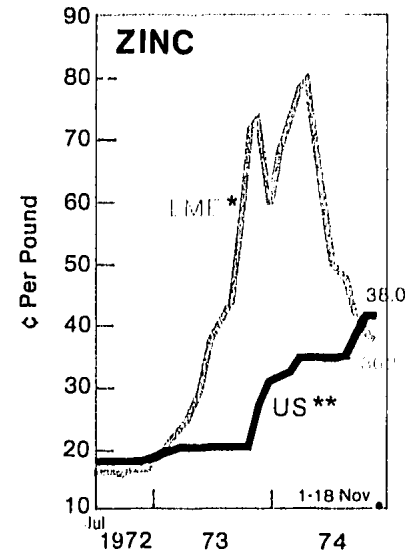
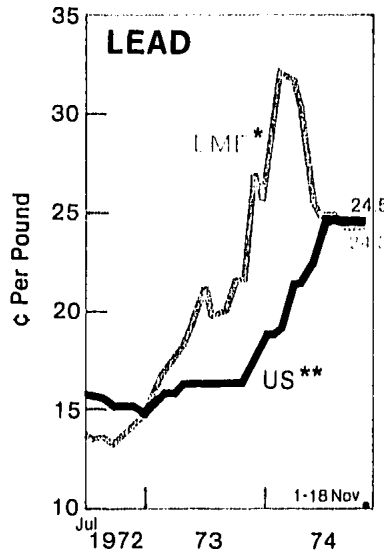
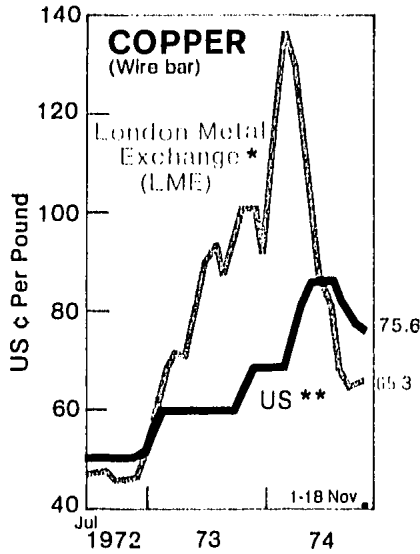
\*\*Converted into US dollars at current market rates of exchange.

\*\*\*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.

20 November 1974

# METAL PRICES

(Monthly Average Price)



## COMMODITIES

### Cash Prices

	18 Nov	Week Ago	Oct 74 Average	Nov 73 Average
Copper-LME (c per pound)	66.1	66.5	63.4	101.1
Copper-US (c per pound)	75.6	75.6	77.5	59.5
Lead-LME (c per pound)	23.9	24.2	24.2	21.7
Lead-US (c per pound)	24.5	24.5	24.5	16.5
Zinc-LME (c per pound)	35.4	35.9	37.4	72.3
Zinc-US (c per pound)	38.0	38.0	38.0	20.4
Tin-LME (c per pound)	343.6	335.8	333.4	250.0
Tin-US (c per pound)	384.0	373.2	365.0	262.4
Steel scrap (\$ per long ton)	N.A.	107.8	119.0	79.3
Platinum-US dealer (\$ per troy ounce)	176.5	192.5	183.1	158.9
Platinum-US producer (\$ per troy ounce)	190.0	190.0	190.0	158.0

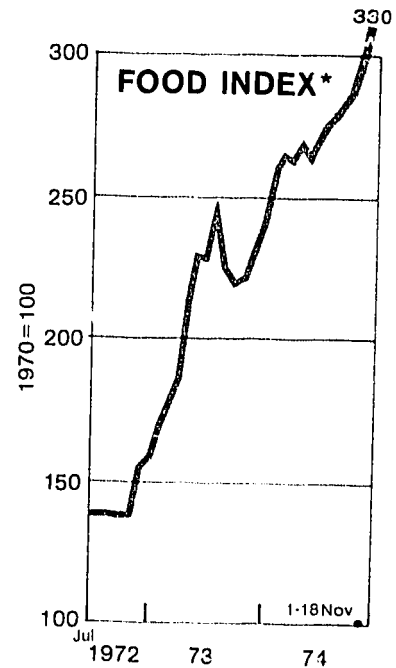
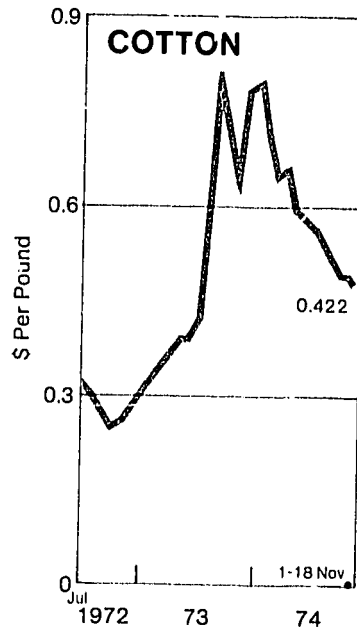
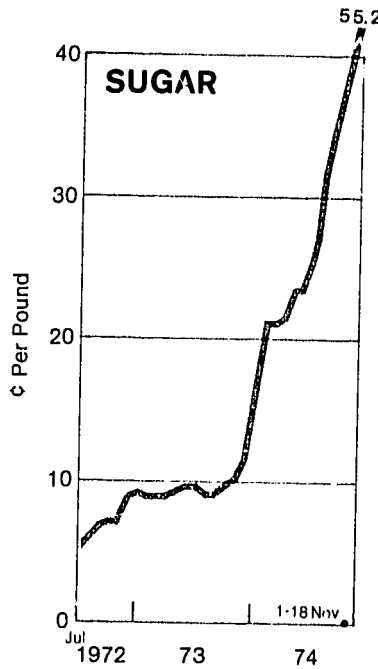
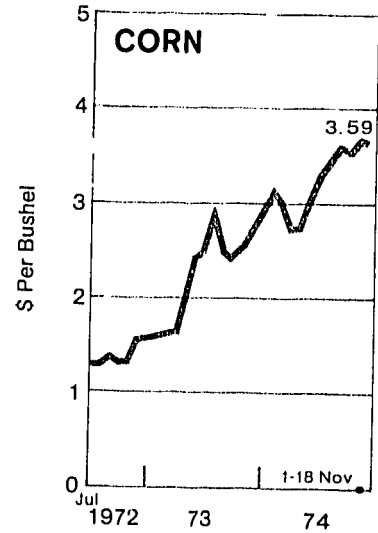
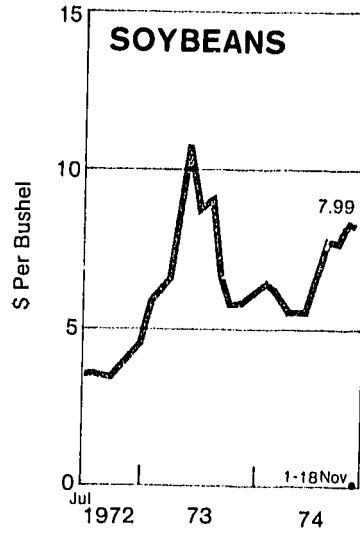
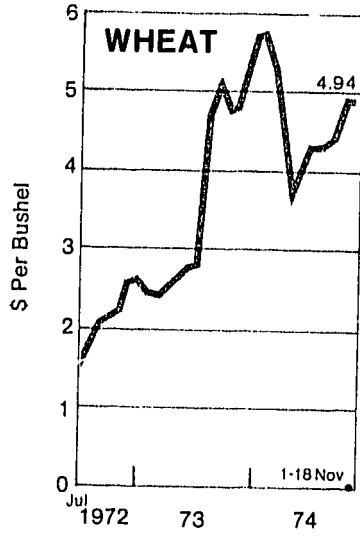
\*Approximates world market price frequently used by major world producers and traders, although only small quantities of these metals are actually traded on the LME.

\*\*Producers' price, covers most primary metals sold in the United States.

† Quoted on New York market. †† Composite price for Chicago, Philadelphia, and Pittsburgh.

# AGRICULTURAL PRICES

(Monthly Average Price)



\* This is a compiled index by the Economist for 16 food commodities which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

## COMMODITIES

	Cash Prices			
	18 Nov	Week Ago	Oct 74 Average	Nov 73 Average
Wheat—Kansas City #2 Hard Winter (\$ per bushel)	4.60	5.05	4.96	4.78
Corn—Chicago #2 Yellow (\$ per bushel)	3.44	3.65	3.71	2.50
Soybeans—Chicago #1 Yellow (\$ per bushel)	7.38	8.21	8.36	5.65
Sugar—World Raw New York #11 (¢ per pound)	61.00	56.50	39.60	10.02
Cotton—Memphis 1 <sup>1</sup> / <sub>6</sub> (\$ per pound)	0.3705	0.4335	0.4640	0.6310