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Economic Intelligence Weekly

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ECONOMIC INTELLIGENCE WEEKLY

15 January 1975

Overview

The Buildup in Inventories that has thus far softened the slump in major industrial countries will be a drag on recovery. Above-normal accumulations since yearend 1971 are estimated at about $35 billion for Japan, equal to 8% of 1974 GNP. In Canada, the overhang is 2% of GNP.

The Slowdown in Italy and West Germany has been confirmed by recent GNP data. Italy grew at 3.9% last year, compared with 5.4% in 1973. Germany grew at only 0.4% in 1974, down from 5.3%. We expect a further slowing of Italy's growth rate and a gradual upturn in West Germany's growth rate.

As a Followup to the World Food Conference, the United States has proposed a meeting on 10-11 February of 20 major grain exporters and importers to develop a coordinated system of nationally held reserves. Most of the large importers will stress the use of reserves to stabilize prices rather than solely to assure supplies. Several invitees have reservations about such a meeting in a forum outside the Multilateral Trade Negotiations.

The IMF Proposal To Lend Up to $14 Billion in 1975 to meet members' oil needs has the strong support of EC and Japanese finance ministers at the current

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

Fund meeting in Washington. The plan would recycle the equivalent of only about 20% of OPEC surplus reserves this year and would take care of an even smaller share of the developed countries' deficits. Most countries can still be expected to seek bilateral loans from OPEC members.

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Articles

TRADE TALKS MOVE FORWARD

Multilateral trade discussions continue in Geneva next week, in the wake of the enactment of the US Trade Act of 1974. In spite of the precipitous rise in oil prices and emergence of widespread stagflation since the Tokyo discussions of 1973, some of the basic positions of the participants remain unchanged. Certain countries will doubtless voice concern about liberalizing trade in the midst of recession. Differences over the use of export controls will also emerge.

Major Issues

Rising concern is evident within the EC, particularly in France and Italy, that new trade concessions will increase domestic unemployment. In this connection, the European and Japanese press characterize the US Trade Act as a "double-edged sword" with protectionist provisions that could be invoked if the economic decline continues.

Assured access to goods in short supply has become a major issue since the Tokyo conference. Japan and the EC favor substantial limitations on the use of export controls. Canada and Australia regard control over raw material supplies as their main bargaining chip and will probably use their leverage in this area to obtain concessions in others. LDCs prize their newfound market power and will try to maximize their benefits without conceding any freedom to restrict supplies.

Objectives of Developed Countries

Overall, the EC has more limited objectives in the trade negotiations than does the United States. The Community views the talks as a means of preserving economic peace with the United States and avoiding a trade war. The EC has two basic aims: preservation of Community institutions and maintenance of trade peace. The EC will push for harmonization of tariffs on industrial goods (reducing high tariffs by a greater percentage than low tariffs) and for international agreements covering major agricultural commodities. While it recognizes that it may have to make concessions on some commodities, the EC intends to preserve the basic principles of the Common Agricultural Policy (CAP).

The Community position will represent a compromise between the limited objectives of the French and the more liberal aims of the British and Germans.

- Paris views the EC as an integrated, independent grouping that should be largely free of external influence. It regards the Common External Tariff (CXT) and the CAP as linchpins of European unity and will resist any changes that would weaken these. As the French see it, the harmonization principle could involve raising as well as lowering tariffs.

- Bonn believes that tariffs should be cut appreciably and that harmonization is not an end in itself. West Germany is more willing than France to negotiate on agriculture since it is disenchanted with various aspects of the CAP. While the Germans support the idea of world commodity agreements, they oppose the inclusion of food aid and internationally supervised storage facilities in such arrangements.

- London shares Bonn's positions on tariffs and agriculture. Though favorably disposed towards the talks, the British feel that current economic uncertainties could stifle progress at Geneva.

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25X1 [redacted] Japan favors uniform percentage reductions in tariffs on all industrial products and supports the concept of agricultural commodity agreements. The Canadians want to negotiate tariff reductions sector by sector rather than to apply an overall formula. While Ottawa is closer to the United States than to the EC position on agriculture, preferring freer market access for agricultural products, it probably will not vigorously oppose the Community proposals.

LDC Positions

The less developed countries are expected to insist on preferential application of any new trade arrangements. They are concerned about market access for their products and the effects of tariff reductions on advantages conferred by trade preferences. They are likely to push hard for improvements in the generalized system of preferences.

Exclusion of OPEC members from the trade preference provisions of the US Trade Act has evoked sharp criticism from many LDCs, particularly in Latin America. Venezuela and Ecuador protest that they have not restricted oil supplies to the United States and that their exclusion from the generalized preferences offered non-OPEC LDCs undermines hemispheric cooperation. [redacted] 25X1

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OPEC INVESTMENT IN DOLLARS GROWS

Holdings by OPEC states of dollar assets, including Eurodollars, quadrupled during the first nine months of 1974 to at least $34 billion. Unless OPEC members reduce their share of investment in dollar assets, their dollar holdings will approach $100 billion by the end of 1975.

Concentration on Dollar Assets

The foreign official assets of the OPEC states grew from $21 billion at the end of 1973 to $52 billion at the end of the third quarter of 1974. Dollar-denominated holdings increased from about $8 billion, 40% of the total, to at least $34 billion, or nearly two-thirds of the total.

The growing concentration in dollar holdings reflects both the ability of international dollar markets to satisfy OPEC investment goals and the lack of attractive alternatives. The depth and versatility of the Eurodollar and US capital markets have enabled producers to retain effective control over their investment, to earn a reasonable return, and to minimize the risk of political seizure. Investment in other currencies has been constrained by greater concern over devaluation (as in the case of sterling), by capital controls, and by the limited size of domestic markets.

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Prospects

The size of the dollar markets assures a continued heavy inflow of OPEC investments. Assuming stable oil prices and output, foreign official holdings of OPEC states should increase by about $60 billion in 1975. If the share of investment in dollars remains unchanged, OPEC dollar holdings will grow to almost $100 billion. Even in the event of a sharp decline in US and Eurodollar short-term interest rates, we would not expect a substantial drop in the share of OPEC wealth going into dollar assets [redacted]

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DEVELOPED COUNTRIES: OVERHANG OF INVENTORIES

The continuing buildup in inventories in major industrial countries, while softening the slump, poses an obstacle to early recovery.

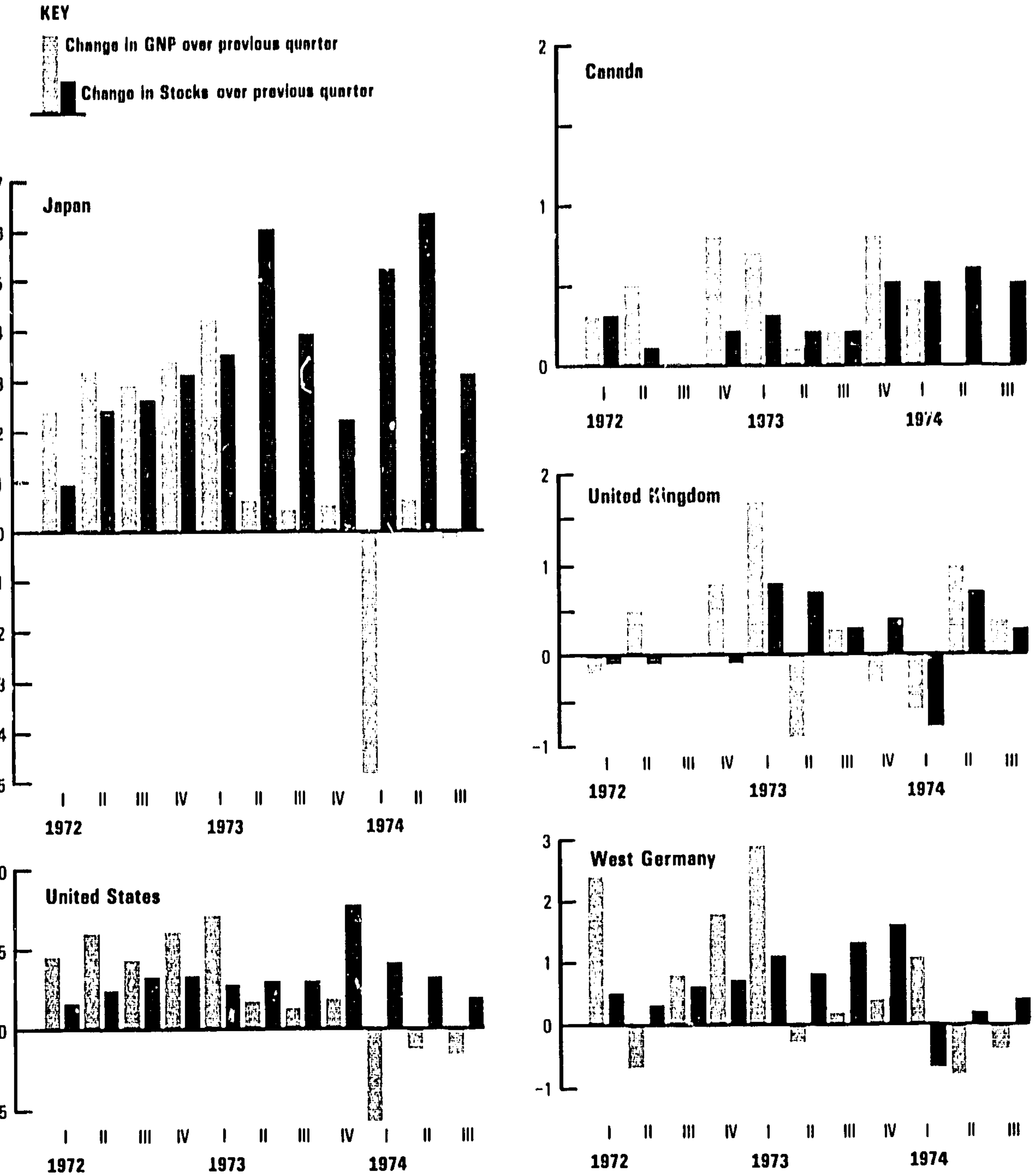
In each of the five countries for which data are available, the real value of additions to stocks from the spring of 1973 to the fall of 1974 exceeded the real increment in GNP -- a rare phenomenon. If it had not been for stock-building, GNP would have dropped in most of these countries during the last three quarters of 1973 instead of merely showing a smaller rate of growth. In 1974, the continued accumulation of stocks moderated the leveling off or decline of GNP experienced in these countries. By contrast, inventories plummeted in 1958, the last recession to bring a drop in the aggregrate GNP of the major industrial countries.

In the earlier part of the economic slowdown. firms continued to build stocks because they expected demand to revive quickly Moreover, material shortages and accelerating inflation made stock-building attractive. In 1974, the drop in final demand was so abrupt that sales slumped even more than output, resulting in an unplannned increase in stocks.

Japan has had the most pronounced buildup in inventories. In the first nine months of 1974, $15 billion worth of stocks (at 1973 prices) were added while GNP was suffering a cumulative loss of $6 billion. Since early 1972, accumulation of inventories in excess of the historic stock/output norm has totaled about $35 billion – a figure equal to 8% of annual GNP.

Changes in Stocks and GNP[1]

Billion 1973 US $ (seasonally adjusted)



[1] Each graph is scaled according to the relative size of the country's GNP.

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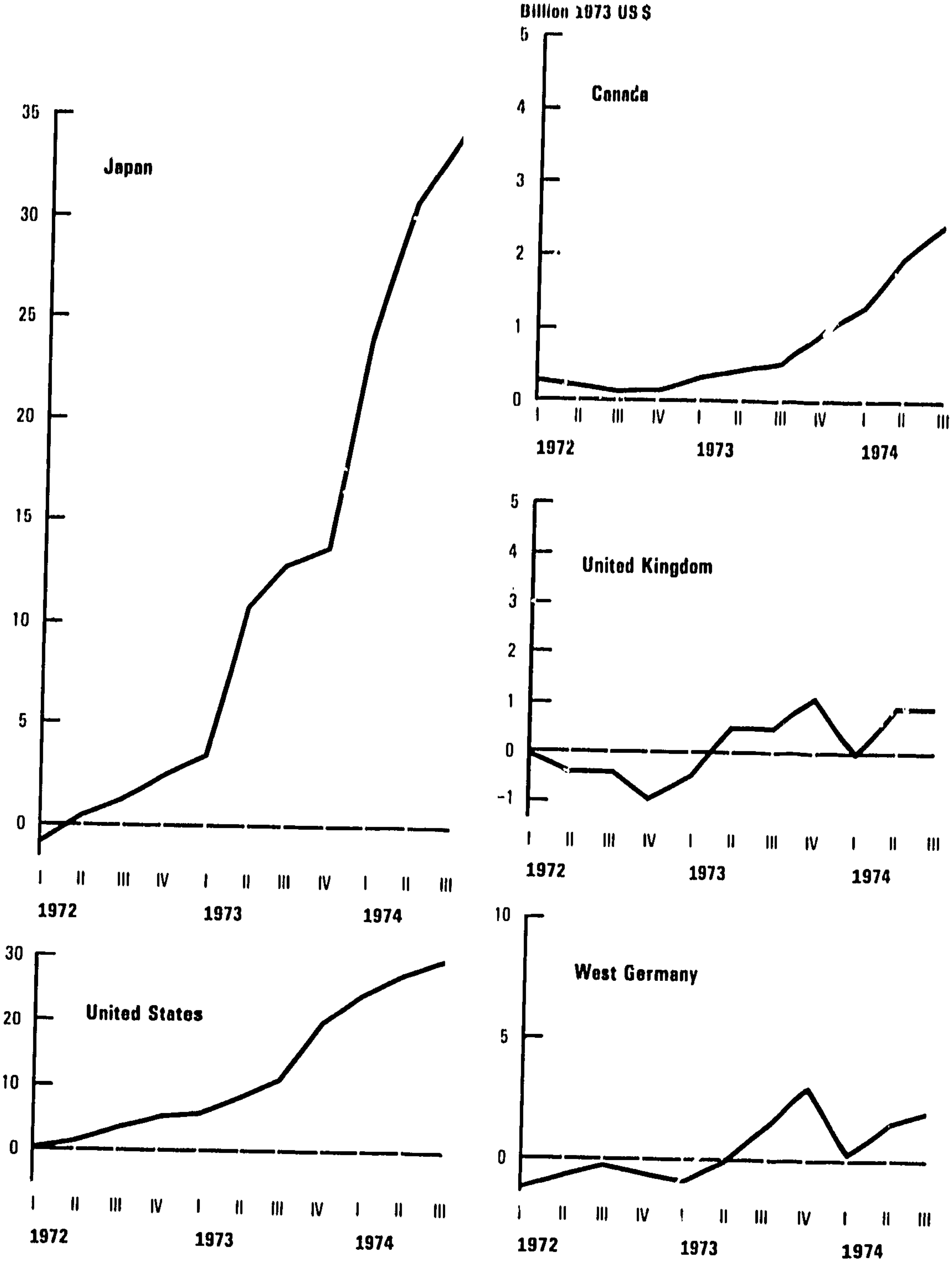
Cumulative Abnormal Additions to Stocks[1]



NOTE: Defined as the difference between total additions to stocks and the product of changes in final demand (GNP minus stock changes) and the long-term marginal stock/out ratio.

[1] Each graph is scaled according to the relative size of the country's GNP.

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In *Canada*, inventory accumulation ran at normal levels through 1973. Stock-building subsequently has accelerated even though the GNP growth rate has plunged. By September 1974, abnormal accumulations of goods equaled 2% of annual GNP.

In *West Germany* and the *United Kingdom*, inventory accumulation has been erratic. Stocks were drawn down in the first quarter of 1974 because of increased foreign demand for German products and the three-day work week in the United Kingdom. In the next two quarters, stocks grew rapidly. In September, the excess accumulation was still less than 1% of GNP in both countries.

The timing and pace of economic recovery in these countries will depend heavily on how rapidly industry tries to bring stocks back to desired levels. If business chooses to liquidate stocks before final demand revives, the current recession will be deepened but recovery will be more rapid once begun. If firms hold stocks constant and allow an increase in demand to gradually improve the stock/output ratio, below-normal stock accumulations will act as a drag on recovery.

[redacted]

* * * *

DEVELOPED COUNTRIES: SHAMBLES IN HOUSING CONSTRUCTION

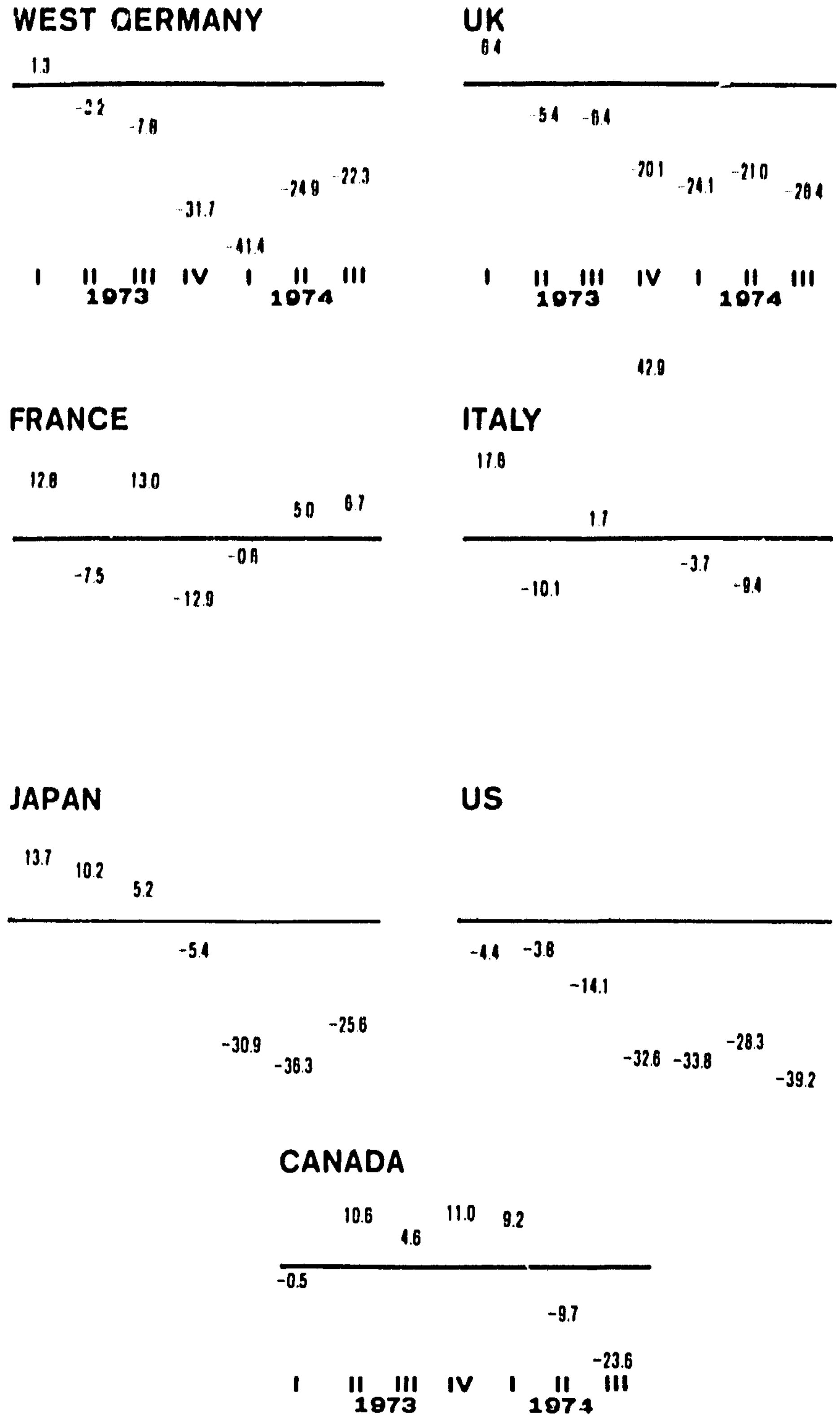
Housing construction in major developed countries is experiencing one of its sharpest downturns in 30 years and faces continuing hard times in 1975.

Housing starts began to fall off in several countries in 1973 because of overbuilding and rising construction costs. The problem deepened in 1974 when costs rose further and tight money kept many consumers and builders out of the market. Japan, West Germany, the United Kingdom, and the United States have been the hardest hit so far.

Country Situations

Housing starts in *Japan* were down 36% in the second quarter of 1974 from a year earlier and picked up only slightly in the third quarter. Although dismissals of workers have been limited by the Japanese policy of providing lifetime jobs, unemployment has increased considerably faster in construction than in other sectors.

Developed Countries: Trends in Residential Construction*
(Percent)



* percent change in housing starts compared with same period in previous year.

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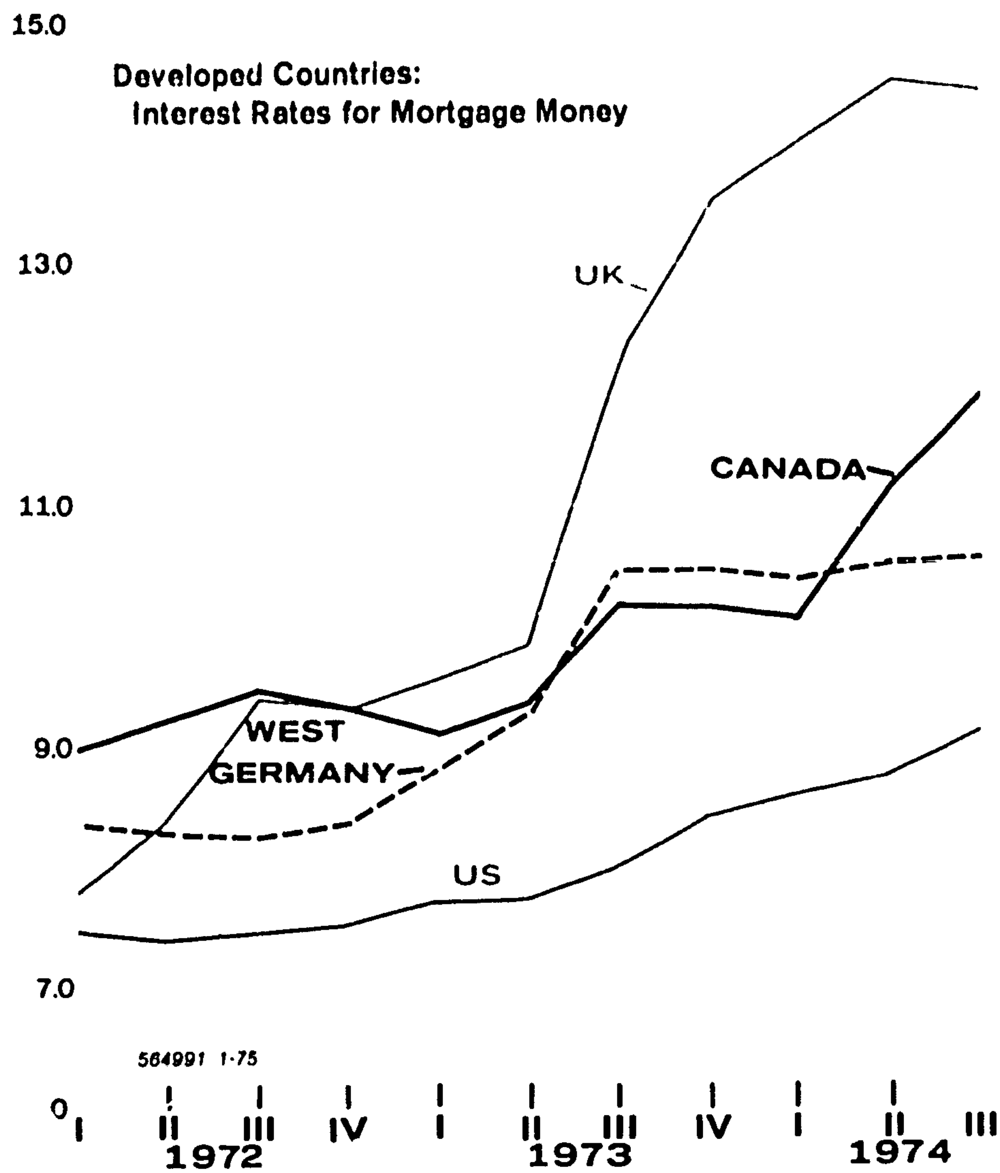
The *West German* housing construction industry, long accustomed to boom conditions, has slipped badly since late 1973. Housing starts were off 41% by the first quarter of 1974 and have remained far below 1973 levels. A shift of construction workers to nonresidential projects held unemployment in construction in the third quarter to 6.7%, or five times the year-earlier level.

In the *United Kingdom*, housing starts dropped by about one-fourth in 1974. Mortgage rates of 14% - 14-1/2% were a major factor in the decline. Unemployment in the construction industry has been running at 14%, accounting for one-fifth of the national total.



France is the one major country in which residential building has held up well. The industry has benefited from government housing subsidies and, until recently, the economy's strong performance. Employment has been propped up by public works projects.

In *Italy*, housing construction began to drop in 1974 after a generally strong showing the previous year. Housing starts dropped by 9% in the second quarter, compared with the same quarter of 1973 -- itself a soft period. The decline has prompted the Treasury to reduce the discount rate to 8%.

In *Canada*, housing construction remained brisk until the second quarter of 1974. By September, starts had plummeted 24% from the 1973 level, partly because of a 2-percentage point rise in mortgage rates.

Outlook

Even with an easing of credit in 1975, recovery in housing construction will be impeded by the pinch on real incomes, general economic uncertainty, and prices that place homes beyond the reach of many families. Even when the job market improves and the economic climate brightens, a heavy backlog of unsold dwellings will absorb much of the rise in demand. 25X1

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SUGAR PRICES TUMBLE

Buyer resistance in recent weeks has punctured the speculative boom and sent world sugar prices tumbling to 36 cents per pound f.o.b. Caribbean ports, down from the 65-cent mid-November high. Sugar prices probably will decline further before yearend because of slackened world demand and prospects for a larger sugar crop.

The recent price drop was expected, since the November spiral seemed to represent market overreaction to adverse crop reports and exaggerated warnings about the 1975 supply situation. Little trading has taken place. Major importers in the United States and Japan are curtailing purchases. Lack of market activity suggests that most importers already have filled their requirements for at least the first quarter of 1975.

The end of US and UK preferential buying arrangements at the start of 1975 and the shift of this trade to the free market could complicate US and UK purchasing but probably will not substantially affect overall supply and demand relationships. (With the end of Commonwealth preference, the United Kingdom has to reconcile its policy with the sugar policy of its EC partners who have a long history of protecting domestic beet growers.) The demise of these arrangements, combined with last year's chaotic market conditions, has prompted several sellers to enter into long-term bilateral agreements to insure future markets for their sugar. The United States and the United Kingdom, long attuned to preferential deliveries, apparently have not yet contracted for all of their 1975 requirements. They may find themselves, as a result, competing for supplies in a narrowed market over the next several months.

For the next few months, world sugar supplies will remain tight because of:

- an anticipated 2% drop in world production to about 79 million tons in the 1974/75 crop year,

- an estimated 5% reduction in free market supplies caused by smaller EC and East European shipments, and

- low world stocks – equal to about 18% of annual consumption – which will inhibit further drawdowns to supplement diminished production.

Prices probably will continue to move erratically over the next few months while following a gradual downward trend from their present exaggerated level. High prices for sugar and deepening recession in major importing countries will continue to exert downward pressure on demand. On the supply side, prospects for an increased 1975/76 harvest should bring prices down by next fall to the 20-30-cent range. High prices have induced an expansion of sugar acreage, and, given average weather in Europe and the USSR, 1975/76 output will exceed the 1973/74 record of 80.4 million tons. 25X1

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USSR: PROBLEMS MOUNT AT THE KAMA TRUCK PLANT

Startup of production at the sprawling Kama Truck Plant, scheduled to be the largest heavy truck plant in the world, is being delayed beyond the 1971-75 plan period by planning errors, construction mistakes, and distrust of Western contractors. Difficulties at Kama are forcing the USSR to order additional heavy-duty trucks in the West and to postpone plans for another giant truck plant at Krasnoyarsk in Siberia.

Initial production of the 8- to 11-ton diesel trucks was first planned for 1974, recently reset for 1976, and now seems unlikely before 1978. Full-scale production (150,000 trucks and 250,000 diesel engines per year) may not be possible before the end of the 1976-80 Plan.

Too Hasty and Too Secretive

Kama officials, under intense pressure to build the complex and put it in operation by 1975, began construction before the engineering layout and the selection of production equipment had been completed by Western suppliers. The attempt to carry out design and construction concurrently have resulted in lost time, higher costs, and the tying up of enormous investment resources. The Soviets have not been able to capitalize, as expected, on the experience gained in building the Tolyatti Passenger Car Plant. Design, construction, and procurement of equipment at Tolyatti was carried out under close supervision of Fiat.

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Repercussions

Failure to start Kama up on schedule already has had wide repercussions. The Krasnoyarsk Truck Plant, which the Soviets were planning to build in Siberia during 1976-80, has been postponed indefinitely. Moscow is buying large numbers of trucks in the West to fill immediate needs, in particular for long-haul transport and for Siberian development. West Germany over the next two years will supply 10,000 heavy diesel trucks worth nearly $400 million, Japan will furnish 4,000 to 5,000, and other Western countries (including the United States) are likely to supply an additional 1,000 to 2,000. The experience at Kama shows that the Soviets have overestimated their engineering capabilities and have not advanced nearly so far as they had thought on the basis of the Tolyatti experience. [redacted] 25X1

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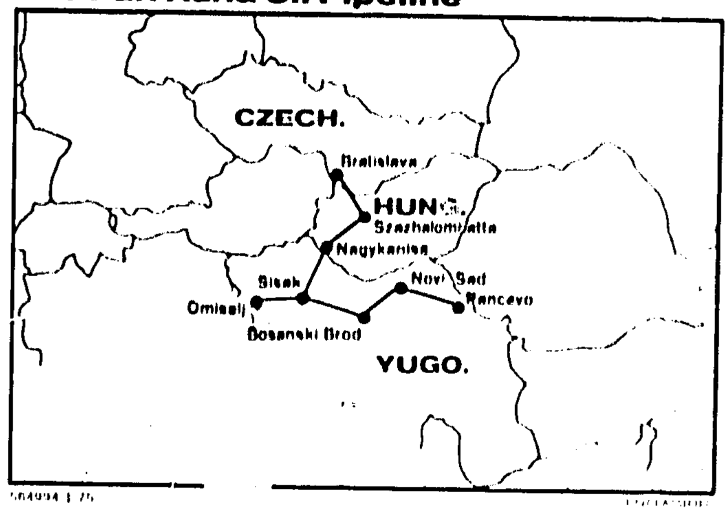
Note

Oil Dollars for the Pan Adria Pipeline

The Pan Adria Oil Pipeline



Kuwait's agreement with Yugoslavia on 9 January to finance one-third of the cost of the Pan Adria pipeline illustrates the growing commitment of petrodollars to Eastern Europe. The 460-mile pipeline, to be built at an estimated cost of $430 million, will carry oil from the Adriatic port of Omisalj to refineries in Yugoslavia, Hungary, and Czechoslovakia. About 480,000 b/d of the 680,000 b/d scheduled to flow through the pipeline annually will be delivered within Yugoslavia. Financial details of the agreement are to be worked out next month.

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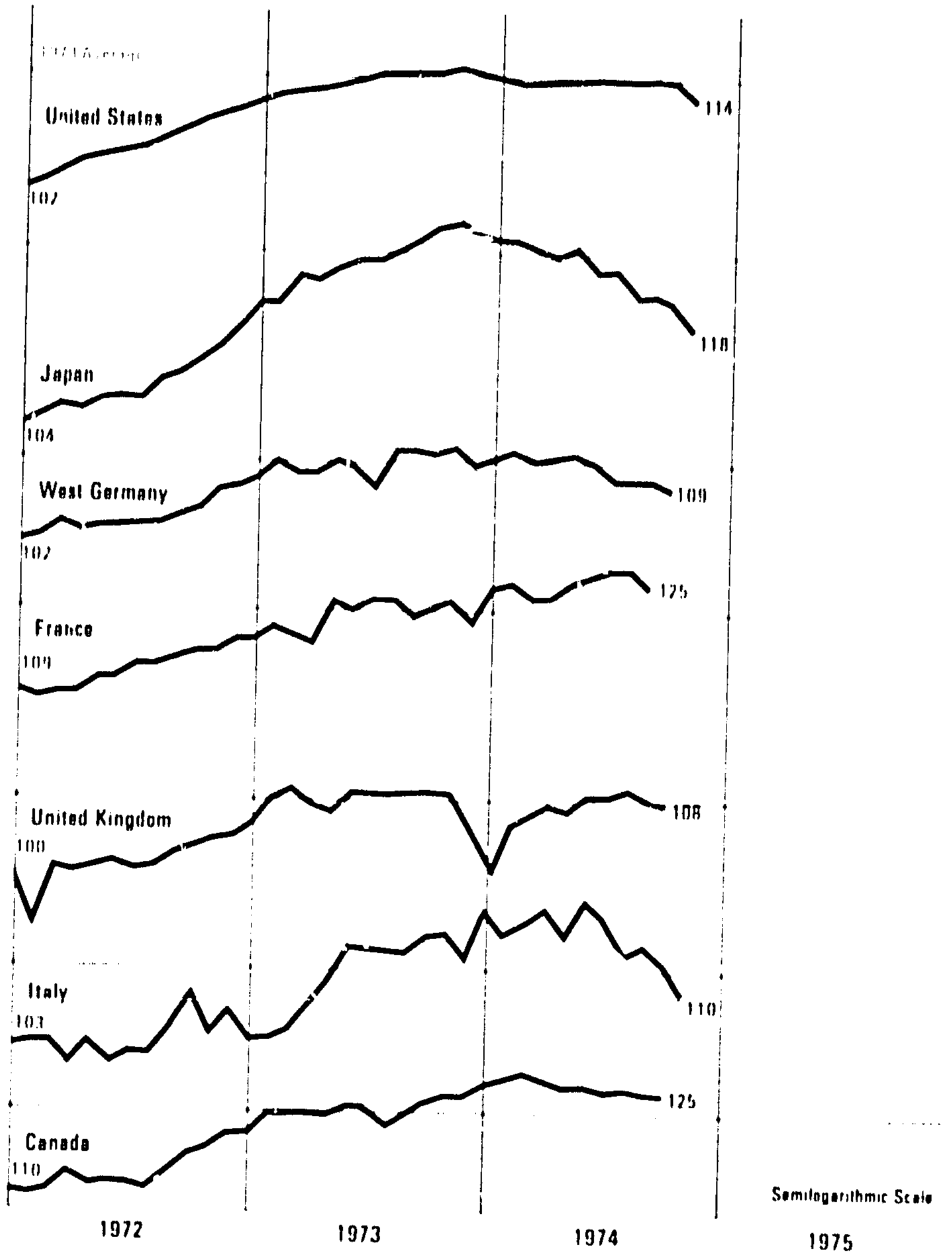
INDUSTRIAL PRODUCTION [1]

INDEX: 1970 Monthly Average=100



	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since: 1970	1 Year Earlier	3 Months Earlier [2]
United States	Nov 74	2 3	3 1	4 3	4 2
Japan	Nov 74	3 2	3 0	13.2	15 2
West Germany	Oct 74	1 1	2 1	4 4	8 7
France	Sep 74	2 3	5 4	4 2	4 3
United Kingdom	Oct 74	0 8	1 9	3 1	1 1
Italy	Nov 74	3 5	2 3	7 8	20 3
Canada	Oct 74	0 1	5 3	0 4	4 5

GNP [1]

Constant Market Prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since: 1970	1 Year Earlier	Previous Quarter
United States	74 III	0 5	3 2	-2 2	-2 1
Japan	74 III	-0 2	5 3	-3 9	-0 8
West Germany	74 III	0 5	2 9	0 3	1 9
France	74 II	0 1	5 4	3 8	0 2
United Kingdom	74 III	1 0	2 7	0 6	4 2
Italy	74 II	0 2	3 8	4 6	0 7
Canada	74 III	0	5 3	4 1	0

RETAIL SALES [1]

Constant Prices

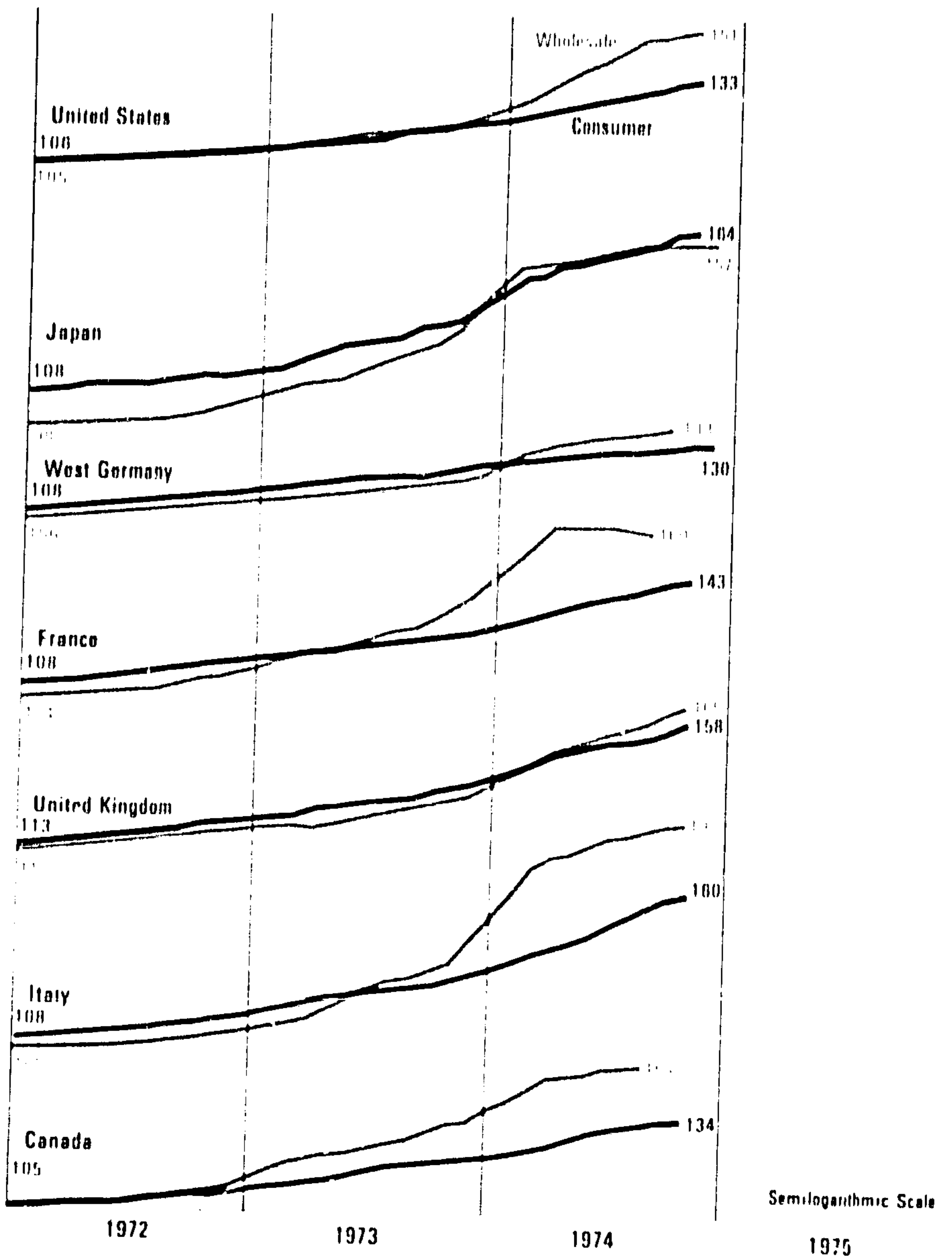
	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since: 1970	1 Year Earlier	3 Months Earlier [2]
United States	Nov 74	3 8	1 4	8 3	15 7
Japan	Aug 74	0 1	1 0	-10 3	6 0
West Germany	Sep 74	2 8	2 5	0	5 0
France	Sep 74	10 6	0 9	7.2	-1 3
United Kingdom	Nov 74	0 4	2 8	-0 1	8 5
Italy	Aug 74	-2 2	6 5	6 5	10 3
Canada	Sep 74	-3 7	4 5	3 4	5 6

Note: US data provided by US government agencies

Footnotes appear on page A-4.

DOMESTIC PRICES[1]

INDEX: 1970 Monthly Average = 100



	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Nov 74	0.8	6.7	12.1	12.3
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Nov 74	0.7	12.0	25.8	20.0
West Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Dec 74	0.3	6.1	5.9	6.4
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Nov 74	0.9	8.5	14.9	13.6
United Kingdom	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Nov 74	1.8	11.0	18.3	21.2
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Nov 74	1.5	11.4	26.2	31.1
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Nov 74	1.1	7.0	12.0	11.0

MONEY SUPPLY[1]

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier[2]
United States	Dec 74	0.2	5.7	4.5	3.3
Japan	Sep 74	0.3	16.6	10.2	6.0
West Germany	Oct 74	-0.3	9.0	9.5	10.1
France	Sep 74	1.3	11.4	8.1	-6.0
United Kingdom	Nov 74	0.4	8.4	4.7	8.3
Italy	Jun 74	1.5	20.5	15.6	18.1
Canada	Nov 74	0.7	11.5	8.9	-3.6

WAGES IN MANUFACTURING[1,4]

	Latest Month	Percent Change from Previous Period	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier[2]
United States	Oct 74	1.3	7.3	10.4	12.7
Japan	Sep 74	-2.1	21.7	33.7	34.5
West Germany	74 III	2.0	11.2	12.0	8.1
France	74 III	6.0	13.8	20.5	26.4
United Kingdom	Aug 74	6.6	14.2	16.2	33.3
Italy	Sep 74	0.1	17.6	19.4	24.0
Canada	Aug 74	1.6	10.0	15.2	16.9

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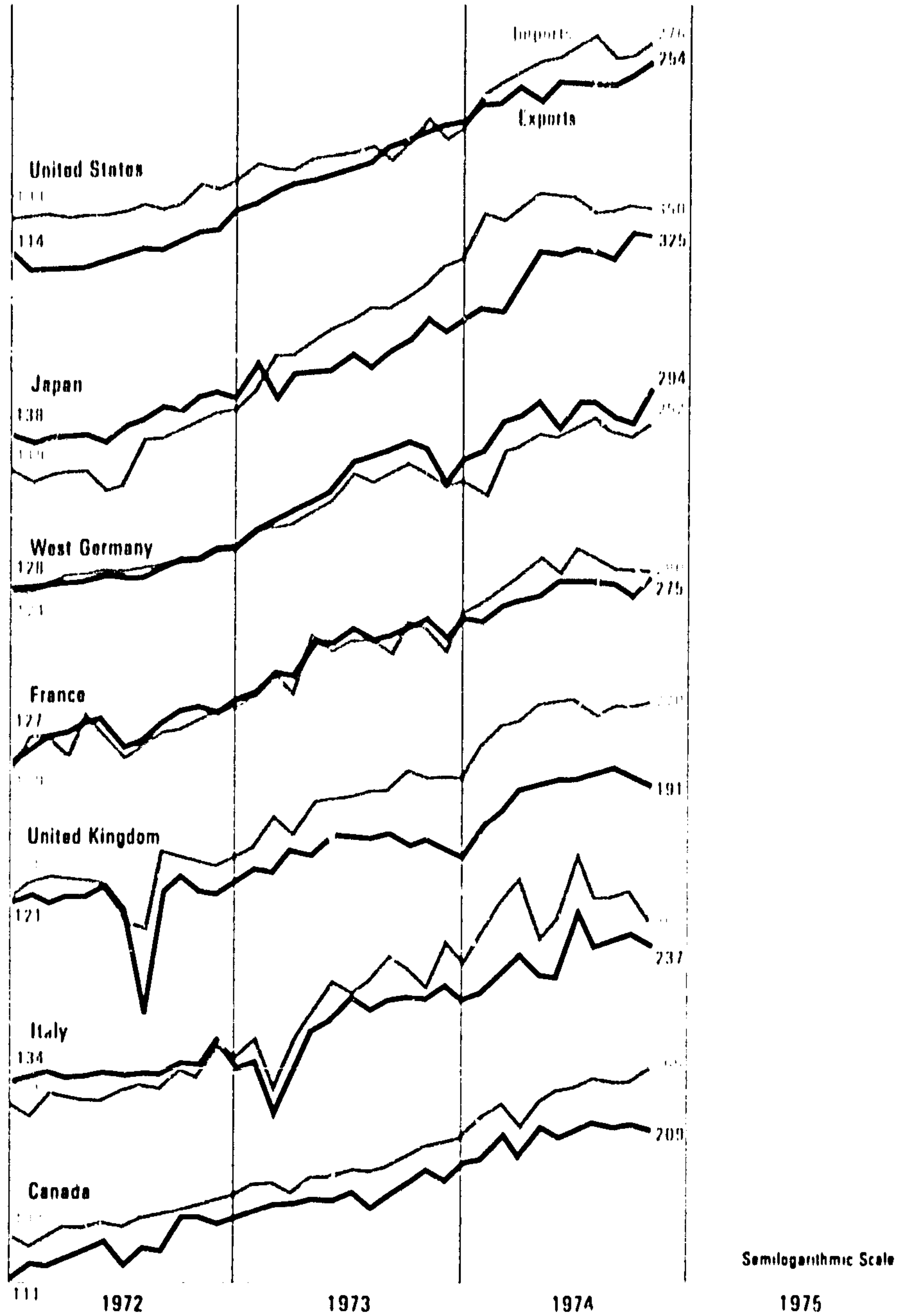
FOREIGN TRADE[1]

INDEX: 1970 Monthly Average=100 (f.o.b./f.o.b.)



	Latest Month	Million US $	Cumulative (Million US $) 1974	1973	Change
United States	Nov 74	9,002	89,302	63,103	39.8%
	Balance	113	2,430	706	3,225
Japan	Nov 74	5,135	49,411	32,774	50.8%
	Balance	758	1,161	3,731	2,591
West Germany	Nov 74	8,397	81,548	62,190	31.1%
	Balance	2,432	22,079	15,123	6,956
France	Nov 74	4,139	42,229	33,498	26.1
	Balance	-47	3,582	1,283	4,845
United Kingdom	Nov 74	3,019	32,763	25,662	27.7
	Balance	1,243	11,248	5,077	6,168
Italy	Nov 74	2,613	27,298	19,944	36.9
	Balance	232	6,261	2,189	4,072
Canada	Nov 74	2,800	29,797	23,057	29.2
	Balance	151	682	1,981	1,279

BASIC BALANCE[5]

Current and Long-Term Capital Transactions

	Latest Period	Million US $	Cumulative (Million US $) 1974	1973	Change
United States[1]	74 III	-3,581	-4,274	-247	-4,027
Japan	Nov 74	-371	-9,004	-8,158	-846
West Germany	Oct 74	877	5,935	8,205	-2,300
France	74 II	-1,036	-2,112	-515	-1,597
United Kingdom	74 III	-1,248	-4,052	-1,485	2,567
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	74 II	-445	-613	-6	-808

OFFICIAL RESERVES

	Latest Month End of	Billion US $	Jun 1970	1 Year Earlier	3 Months Earlier
United States	Nov 74	15.8	14.5	14.4	15.5
Japan	Nov 74	13.7	4.1	13.2	12.9
West Germany	Nov 74	32.9	8.8	34.1	33.1
France	Nov 74	9.0	4.4	8.6	8.4
United Kingdom	Dec 74	6.8	2.8	6.6	7.2
Italy	[illegible]	[illegible]	4.7	6.1	5.4
Canada	Dec 74	5.8	4.3	5.8	5.8

MONEY-MARKET RATES

	Representative Rates	Latest Date		1 Year Earlier	3 Months Earlier	1 Month Earlier
			Percent Rate of Interest			
United States	Dealer placed finance paper	Jan 8	8 43	8 75	9 58	9 00
Japan	Call money	Dec 13	13 50	10 00	13.00	12 50
West Germany	Interbark loans (3 months)	Dec 25	8 43	13.00	9.48	8 58
France	Call money	Dec 20	12 00	11 88	13 38	12 00
United Kingdom	Sterling interbank loans(3 months)	Dec 26	12.09	16 88	11.71	12.10
Canada	Finance paper	Dec 25	10 10	9 50	11 25	10 28
Eurodollars	Three month deposits	Dec 25	9 97	10 81	12.04	10.20

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	Nov 74	3 9	13 0	29 6	25 0
Japan	Nov 74	1 0	10 3	30 8	5 8
West Germany	Oct 74	1 7	8 0	20 8	14 7
France	Jul 74	0 1	10 8	32 1	15 0
United Kingdom	Oct 74	0 8	13 4	30 4	10 4
Italy	Aug 74	5 3	10 8	49 1	67 6
Canada	Aug 74	2 4	12 8	37 7	19 0

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	Nov 74	0 3	19 1	45 3	7 3
Japan	Nov 74	0 7	16 5	67 8	4 0
West Germany	Oct 74	-0 5	8 8	29 5	5 9
France	Jul 74	3 8	15 9	64 8	20 6
United Kingdom	Oct 74	1 5	21 0	40 4	16 9
Italy	Aug 74	11.1	27 4	81 0	61 8
Canada	Aug 74	0 2	11 4	31 5	17 4

EXPORT PRICES

US $

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Nov 74	3 9	13 6	29 6	25 0
Japan	Nov 74	1 2	14 9	21 1	-8 4
West Germany	Oct 74	4 4	14 9	12 4	7 8
France	Jul 74	3 6	15 3	13 2	28 6
United Kingdom	Oct 74	1 2	12 6	24 9	-0 6
Italy	Aug 74	3 6	15 3	31 8	45 1
Canada	Aug 74	1 0	14 3	39 6	5 2

EXCHANGE RATES

Spot Rate

As of 10 Jan 75

	US $ Per Unit	Percent Change from Dec 66	18 Dec 71	19 Mar 73	3 Jan 75
Japan (yen)	0 0033	20 55	2 43	-12 54	0 03
West Germany (Deutsche mark)	0 4195	66 87	35 19	18 47	0 24
France (franc)	0 2280	12 93	15 79	3 45	0 62
United Kingdom (pound sterling)	2 3545	-15 03	-9 04	-4 33	0 30
Italy (lira)	0 0015	-3 44	-10 12	-12 66	0 26
Canada (dollar)	1 0020	8 63	0 42	0 43	-0 78

TRADE-WEIGHTED EXCHANGE RATES[6]

As of 10 Jan 75

	Percent Change from Dec 66	18 Dec 71	19 Mar 73	3 Jan 75
United States	10 26	-6 89	-0 27	0 17
Japan	10 88	-2 61	14 42	-0 05
West Germany	34 18	16 94	11 82	-0 11
France	14 88	-1 50	-3 97	0 38
United Kingdom	39 00	-24 49	-9 89	0 17
Italy	-31 29	-29 85	-22 81	0
Canada	5 57	-0 99	0 66	-0 84

FOOTNOTES FOR WEEKLY INDICATORS

1 Seasonally adjusted

2 Average for latest 3 months compared with average for previous 3 months

3 Wholesale price indexes cover industrial goods

4 Hourly earnings for the United States Japan and Canada, hourly wage rates for others West German and French data are for the beginning of the quarter

5 Converted to US dollars at the current market rates of exchange

6 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