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COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

October 24, 1975


MEMORANDUM FOR THE PRESIDENT


Subject: International Financial Developments

Summary

The value of the dollar, continuing its decline of past weeks, fell by 0.4 percent against a weighted average of major foreign currencies this week, mainly because of a continued narrowing of interest rate differentials. In addition, the recent strengthening of the German mark, combined with latest economic news, may point to an incipient recovery in that country.

The Bank of Japan lowered its discount rate for the fourth time this year, from 7.5 to 6.5 percent.


Burton G. Malkiel
Member


Alan Greenspan
Chairman



Detail

The downward drift of the dollar on foreign exchanges that has been apparent since the beginning of the month continued this week. The foreign exchange value of the dollar declined by 0.4 percent against a weighted average of major foreign currencies. This week's decline brings the downward movement of the dollar to about 2-1/2 percent for the month so far. The primary reason for this decline is the narrowing in the interest rate differential between the United States and foreign financial markets.

As in past weeks, downward pressure on the dollar rate would have been stronger in the absence of relatively heavy intervention by foreign Central Banks in the exchange markets. Intervention this week amounted to slightly over \$1/2 billion and so far this month has totalled over \$1 billion. Virtually all major countries' authorities purchased dollars this week as even the Bank of Japan switched from heavy sales to small purchases.

The German mark strengthened this month and the Bundesbank purchased dollars every week in contrast with large sales of dollars in September. A ratcheting up of interest rates in Frankfurt was one explanatory factor. A continued stiffening of interest rates may be expected as the Bundesbank announced that it had ended its support purchases of government bonds. These purchases had been fairly heavy in recent weeks. The Bundesbank concluded that the banking system was amply provided with free liquid reserves and that further injection of liquidity through bond purchases was no longer necessary. Recent economic news may also have served to strengthen the DM: the September trade surplus rose appreciably from August levels as exports regained their year-earlier level and imports rose rather less than exports. In addition, there are some early indications that order activity may also have turned up in September.

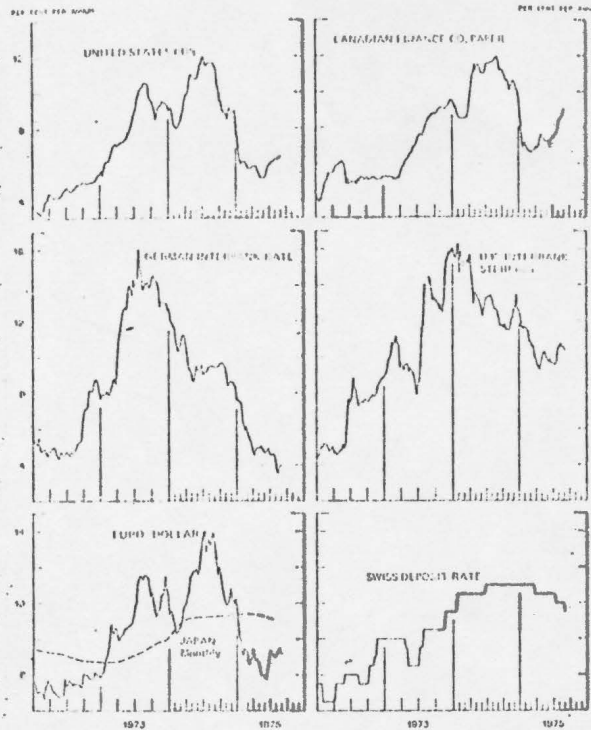
The price of gold was off slightly this week, closing at \$143.50 against \$144.90 last Friday.

The Bank of Japan, in a long anticipated move, cut the discount rate by 1 percentage point to 6-1/2 percent today, the fourth reduction so far this year. The move is designed to signal a general lowering of Japanese rates.

Italy is again borrowing in the Eurodollar market as a \$30 million medium-term loan reportedly is being successfully raised by a quasi-public firm. This is the first straight commercial foreign borrowing by an Italian private or State enterprise in 18 months. Italy had refrained from borrowing on the Eurodollar market because the unstable domestic political situation and huge balance of payments deficit deterred investor interest.

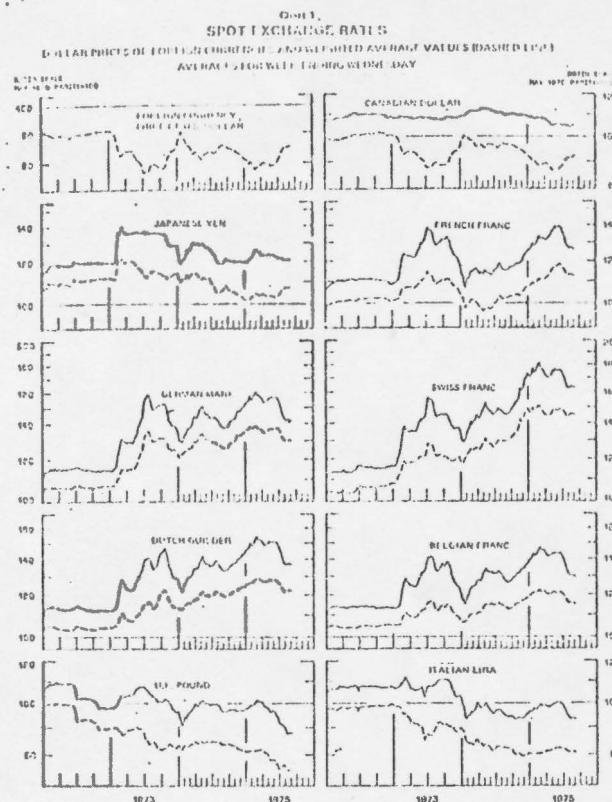
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3-MONTH INTEREST RATES WEEKLY CHARTS



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive:
U.S.	90 Day CD's	6.10	-	6.10	
Eurodollars	90 Day Bank Deposit	6.563	-	6.563	
U.K.	Interbank Loan Rate	11.75	-5.46	6.29	+ .19
Canada	Finance Company Paper	8.75	-2.17	6.58	+ .48
Germany	Interbank Loan Rate	4.00	+2.56	6.56	+ .46
Switzerland	Commercial Bank Prime Rate	8.00	+3.73	11.73	+5.63
France	"	10.85	- .61	10.24	+4.14
Japan	"	6.75	-1.57	5.18	- .92

CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR



CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U.S. \$ PER UNIT				
	SMITHSONIAN	TODAY	TODAY	WEEK AGO	MONTH AGO
Canadian Dollar	1.000 \$100.000	1.0213 \$ 97.91	-2.1	-2.7	-2.4
British Pound	.384 £260.571	.4831 £ 207.00	-20.6	-21.0	-21.6
German Mark*	3.222 \$ 31.032	2.5602 \$ 39.06	25.9	25.5	20.9
Swiss Franc	3.840 \$ 26.042	2.6288 \$ 38.04	46.1	44.9	39.6
French Franc*	5.116 \$ 19.548	4.3611 \$ 22.93	17.3	16.4	12.5
Dutch Guilder*	3.245 \$ 30.819	2.6302 \$ 38.02	23.4	22.9	18.6
Belgian Franc*	44.816 \$ 2.231	38.6623 \$ 2.5865	15.9	15.9	12.1
Italian Lira	581.500 \$.172	674.3088 \$.1483	-13.8	-14.0	-15.3
Japanese Yen	308.000 \$.325	301.4772 \$.3317	2.1	1.7	2.1

* Currencies floating together relative to the U.S. dollar.

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD

TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
THIS WEEK	-13.01	-2.46
LAST WEEK	-12.58	-2.04
4 WEEKS AGO	-11.82	-1.30
6 MONTHS AGO	-17.58	-6.94
YEAR AGO	-15.27	-4.72

PRICE OF GOLD ON THE LONDON
GOLD MARKET

PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
143.50	310.0
144.90	314.0
136.30	389.4
166.10	374.6
163.25	366.4

* Last month in which fixed exchange rates were adhered to by all 14 countries
(Canadian dollar floated June 1, 1970).

** On the last working day of the week.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20506

November 29, 1975

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Conditions

The trade weighted value of the dollar advanced by 0.3 percent this week with the clarification of the financial situation of New York City at mid-week and the announcement of a continued large (\$8 billion, annual rate) trade surplus in October. Imports of finished manufactured goods have begun to rise reflecting the pick-up in U. S. demand, but food imports fell. The increase in exports was concentrated in agricultural shipments.

Central Bank intervention resulted in net sales of dollars exceeding \$200 million. The Japanese yen was under pressure, partly because of labor strife, and the pound sterling weakened at the end of the week.

Latest data confirm the bottoming out of the recession in Germany and France around mid-year. Business opinion surveys in both countries show a swing to cautious optimism although unemployment is expected to remain high for the next several quarters.

Burton Malkiel

Burton G. Malkiel
Member

Alan Greenspan

Alan Greenspan
Chairman



Additional Information

The trade weighted value of the dollar advanced 0.3 percent this week with the entire advance coming since mid-week. The clarification of New York City's financial situation, which occurred with the passage of the package of financial measures by the New York State legislature on Wednesday and the subsequent announcement of the President's proposals for Federal aid to the city, was a major factor as was the continued large trade surplus in October.

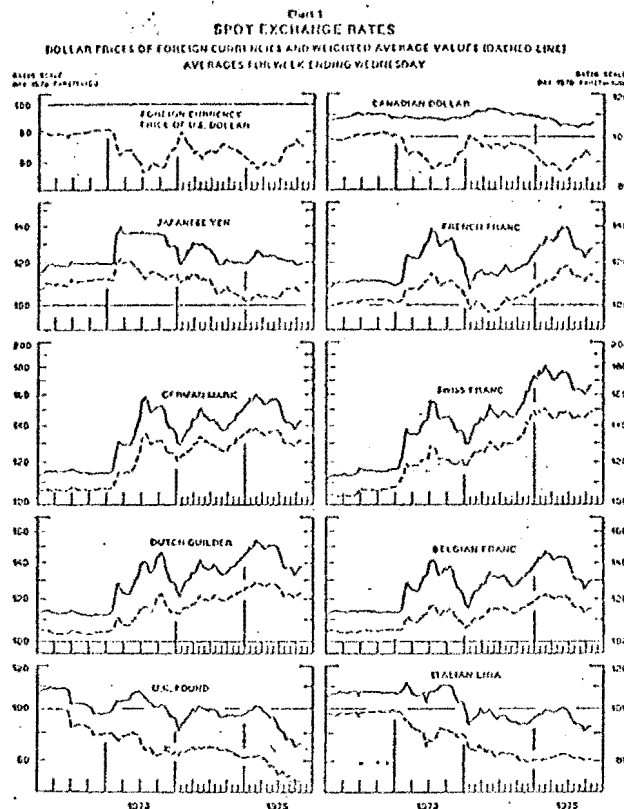
The trade surplus, on a balance of payments basis, ran at a seasonally adjusted rate of \$8 billion, fractionally below the third quarter rate. Both exports and imports were up slightly from their September levels. Import developments have begun to reflect the recovery in demand here: in October a rise in imports of consumer goods, including automobiles, and of machinery more than offset large declines in imports of foods. Petroleum imports also rose slightly. The export rise was concentrated in agricultural goods.

Central Bank intervention in foreign exchange markets was fairly heavy and resulted in net sales of dollars of over \$200 million. The main seller was the Bank of Japan as the yen came under pressure as a result of strikes of government workers as well as the continued rise in the current account deficit as economic activity strengthens. The National Bank of Switzerland and the Bank of England were net purchasers of dollars.

The pound sterling came under some pressure towards the end of the week as unemployment statistics and data on investment expenditures in manufacturing confirmed the continued weakness of demand in Britain and the expectation of further declines in interest rates. In addition, the National Institute of Economic and Social Research, a private organization, released a pessimistic prognosis of the economic situation for the coming months. This news, though not unexpected, adds further political pressure on the Government to impose selective import controls. Outside pressure to prevent such an internationally disruptive step is rising, however. The International Monetary Fund reportedly has advised the British Government that access to the IMF's oil facility may be brought into question in the event of the imposition of import controls for clearly domestic reasons.

Latest data reconfirm the bottoming out of the recession in Germany and France around mid-year. Foreign and domestic order activity is reportedly rising in both countries and latest business surveys show a swing to cautious optimism. Nevertheless, unemployment is not expected to fall significantly in either country before the second half of 1976.

CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR



CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR FROM SMITHSONIAN		
	U.S. ¢ PER UNIT				
	SMITHSONIAN	TODAY	TODAY	WEEK AGO	MONTH AGO
Canadian Dollar	1.000	1.0115			
	¢100.000	¢ 98.86	-1.1	-1.2	-1.7
British Pound	.384	.4946			
	¢260.571	¢ 202.20	-22.4	-21.7	-20.2
German Mark*	3.222	2.6226			
	¢ 31.032	¢ 38.13	22.9	23.6	26.1
Swiss Franc	3.840	2.6724			
	¢ 26.042	¢ 37.42	43.7	43.7	46.3
French Franc*	5.116	4.4524			
	¢ 19.548	¢ 22.46	14.9	15.3	17.7
Dutch Guilder*	3.245	2.6903			
	¢ 30.819	¢ 37.17	20.6	21.3	23.8
Belgian Franc*	44.816	39.4867			
	¢ 2.231	¢ 2.5325	13.5	14.3	16.5
Italian Lira	581.500	683.0601			
	¢ .172	¢ .1464	-14.9	-14.7	-13.7
Japanese Yen	308.000	303.0303			
	¢ .325	¢ .3300	1.5	1.6	2.0

* Currencies floating together relative to the U.S. dollar.

11/28/73

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES AND THE PRICE OF GOLD

TRADE-WEIGHTED AVERAGE VALUE OF THE DOLLAR IN TERMS OF 14 MAJOR CURRENCIES

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May-1970*	Smithsonian
THIS WEEK	-12.76	-2.22
LAST WEEK	-12.79	-2.26
4 WEEKS AGO	-13.22	-2.67
6 MONTHS AGO	-17.73	-7.07
YEAR AGO	-16.14	-5.55

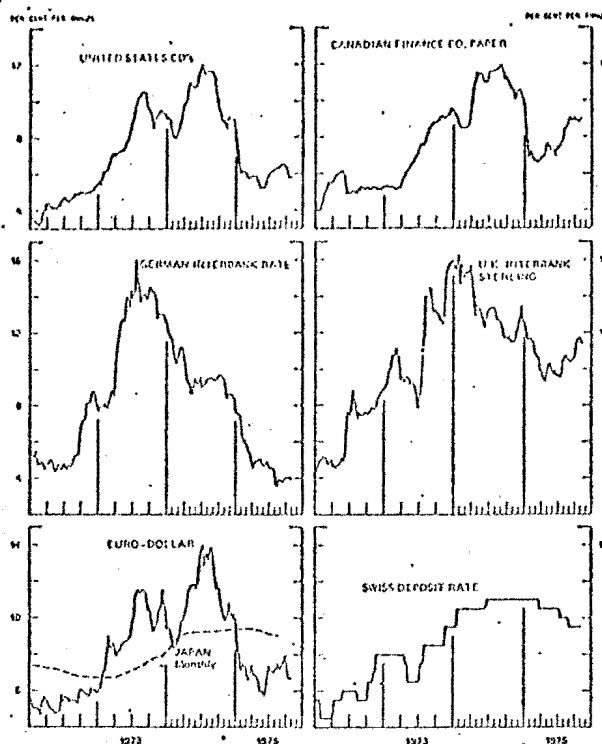
PRICE OF GOLD ON THE LONDON GOLD MARKET

PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
138.15	294.7
141.35	303.9
142.90	308.3
167.00	377.1
184.00	425.7

* Last month in which fixed exchange rates were adhered to by all 14 countries
(Canadian dollar floated June 1, 1970).

** On the last working day of the week.

Chart 8
9-MONTH INTEREST RATES
WEEKLY SERIES



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive:
U.S.	90 Day CD's	6.375	-	6.375	
Eurodollars	90 Day Bank Deposit	7.00	-	7.00	
U.K.	Interbank Loan Rate	11.50	-4.84	6.66	+ .285
Canada	Finance Company Paper	-9.375	-3.07	6.305	- .070
Germany	Interbank Loan Rate	4.10	+2.94	7.04	+ .665
Switzerland	Commercial Bank Prime Rate	8.00	+3.10	11.10	+4.725
France	"	10.85	- .62	10.23	+3.855
Japan	"	6.75	-1.33	5.42	- .955

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

December 19, 1975

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Conditions


Summary


The trade weighted value of the dollar declined very slightly in light trading during the week. Central Bank purchases, totalling a net \$200 million, gave some support to the dollar in the market.

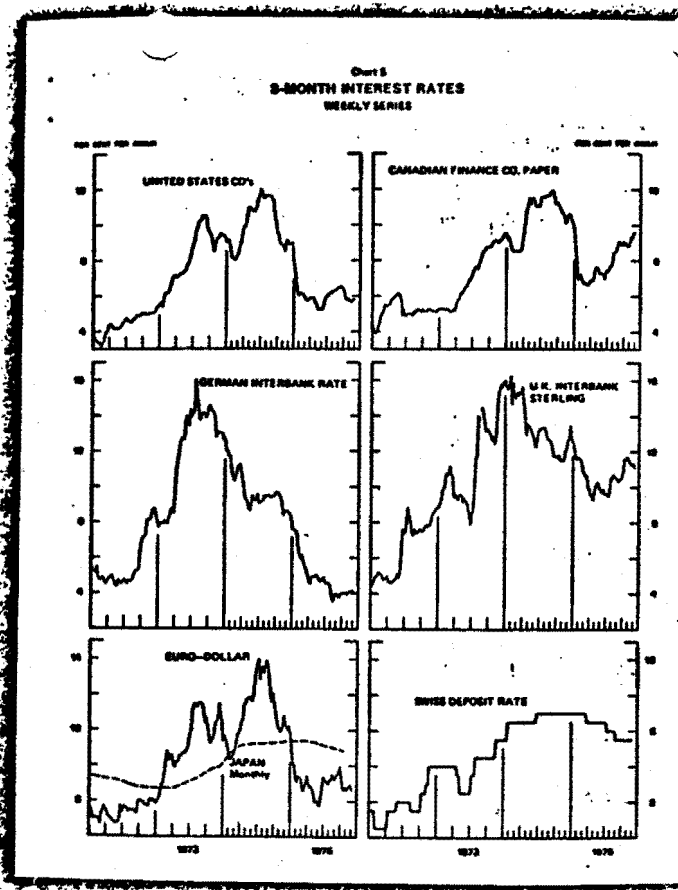
On Wednesday, the British Government announced the imposition of limited import controls on some textiles from Portugal and Spain, the intention of negotiating voluntary restraints on textile and footwear imports from Eastern Europe and a system of surveillance licensing of some television sets and tubes. Despite the limited nature of these restraints, they are to be regretted as a breach by a major industrial country of the pledge not to use trade restrictions. At the same time that the import measures were announced, consumer credit controls were eased on certain items in order to alleviate pressures in particular industries. The Government also agreed to a proposal by the British Steel Corporation to build a countercyclical steel stockpile and agreed to give relatively massive aid to British Chrysler's operations. All these measures seem to contravene earlier pronouncements that government intervention policies would be more market oriented than in the past.

The G-10 Ministers meeting in Paris agreed on the exchange rate and gold transaction arrangements negotiated by France and the United States, so that agreement on the amendment of the Articles of Agreement of the International Monetary Fund can go forward in January. At the same time, however, Congressional dissatisfaction with the arrangements that would allow restitution of a portion of the IMF's gold holdings to member countries and the sale of another portion to be used for the benefit of the poorer IMF members was being voiced in the Senate and in the Joint Economic Committee.



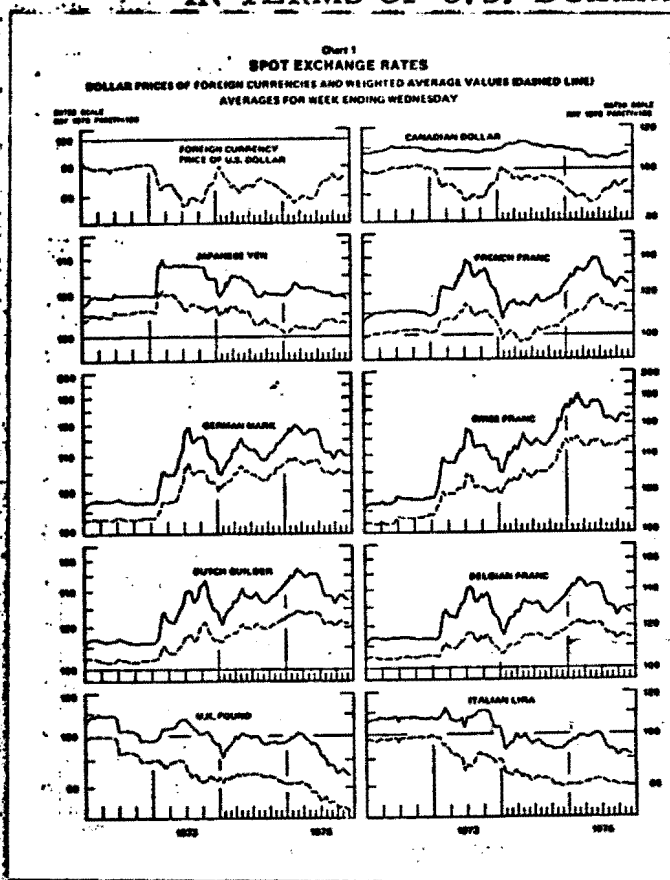

Alan Greenspan
Chairman


Burton G. Malkiel
Member



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive
U.S.	90 Day CD's	5.95	-----	5.95	
Eurodollars	90 Day Bank Deposit	6.375	-----	6.375	
U.K.	Interbank Loan Rate	11.25	-5.25	6.00	+ .05
Canada	Finance Company Paper	9.75	-3.03	6.72	+ .77
Germany	Interbank Loan Rate	4.20	+2.52	6.72	+ .77

CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR



CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U.S. ¢ PER UNIT		12/19	12/12	11/21
	SMITHSONIAN	TODAY	TODAY	WEEK AGO	MONTH AGO
Canadian Dollar	1.000	1.0157	-1.6	-1.7	-1.2
	¢100.000	¢ 98.45			
British Pound	.384	.4948	-22.4	-22.5	-21.7
	¢260.571	¢ 202.12			
German Mark*	3.222	2.6171	23.1	22.5	23.6
	¢ 31.032	¢ 38.21			
Swiss Franc	3.840	2.6247	46.3	45.5	43.7
	¢ 26.042	¢ 38.10			
French Franc*	5.116	4.4464	15.1	14.8	15.3
	¢ 19.548	¢ 22.49			
Dutch Guilder*	3.245	2.6853	20.8	20.6	21.3
	¢ 30.819	¢ 37.24			
Belgian Franc*	44.816	39.3701	13.9	13.3	14.3
	¢ 2.231	¢ 2.5400			
Italian Lira	581.500	681.6633	-14.7	-14.9	-14.7
	¢ .172	¢ .1467			
Japanese Yen	308.000	305.9039	.6	.6	1.6
	¢ .325	¢ .3269			

* Currencies floating together relative to the U.S. dollar.

**VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD**

**TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES**

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
12/19 THIS WEEK	-12.24	-1.72
12/12 LAST WEEK	-12.30	-1.78
11/21 4 WEEKS AGO	-12.79	-2.26
6/20 6 MONTHS AGO	-17.46	-6.81
12/20 YEAR AGO	-16.64	-6.04

**PRICE OF GOLD ON THE LONDON
GOLD MARKET**

PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
139.10	297.4
138.70	296.3
141.35	303.9
162.50	364.3
187.50	435.7

* Last month in which fixed exchange rates were adhered to by all 14 countries (Canadian dollar floated June 1, 1970).

** On the last working day of the week.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

January 24, 1976

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Conditions

The value of the dollar rose about one percent this week against a weighted average of major foreign currencies. The upward movement of the dollar in large part resulted from gains against the Italian lira and, more moderately, against the French franc.

On Wednesday, the Bank of Italy suspended official exchange quotations and intervention in the foreign exchange market. As a result, the lira declined by 7 percent from last Friday's level. Commercial banks are allowed to trade foreign currencies.

The decision was taken in order to halt the outflow of reserves which have been necessary because the Italian authorities have been supporting the lira. The Bank of Italy reportedly spent over \$1/2 billion so far this year in market support operations, most of which took place in the several days preceding the Wednesday announcement. The severe pressure on the Italian currency apparently stems from the uncertainties surrounding the domestic political situation as well as from the news of a sharp deterioration in the current account at the end of the year. Bank of Italy officials are currently in Washington hoping to restore confidence in the lira through activation of Federal Reserve swap line arrangements and a \$1/2 billion loan from the IMF.

The Bank of France also intervened heavily in the market this week in support of the franc. This is in contrast to activity during the closing months of last year when French authorities were very active on the other side of the market trying to slow the rise in their currency. The speculation against the franc results most probably from the situation in Italy which traders feel had a psychological spillover effect on the franc. In addition, fears of a

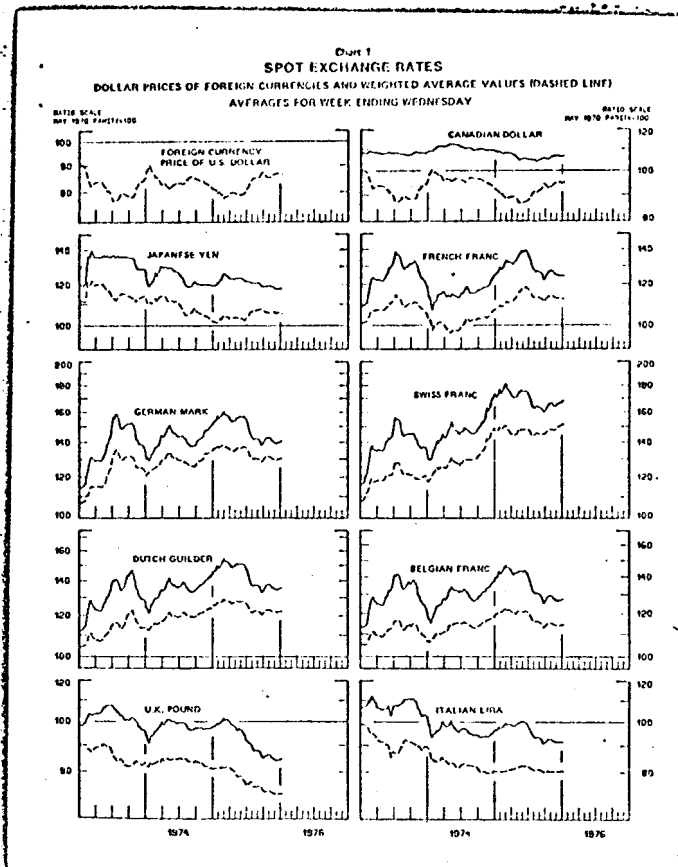


large 1976 trade deficit plus the proposal of a capital gains tax in France added to pressure on the franc.

The price of gold continued to drift down, falling during the week to \$124.60, its lowest level in two years. Gold prices recovered somewhat by the end of the week with this afternoon's fixing in London moving up to \$129.00.


Burton G. Malkiel
Member

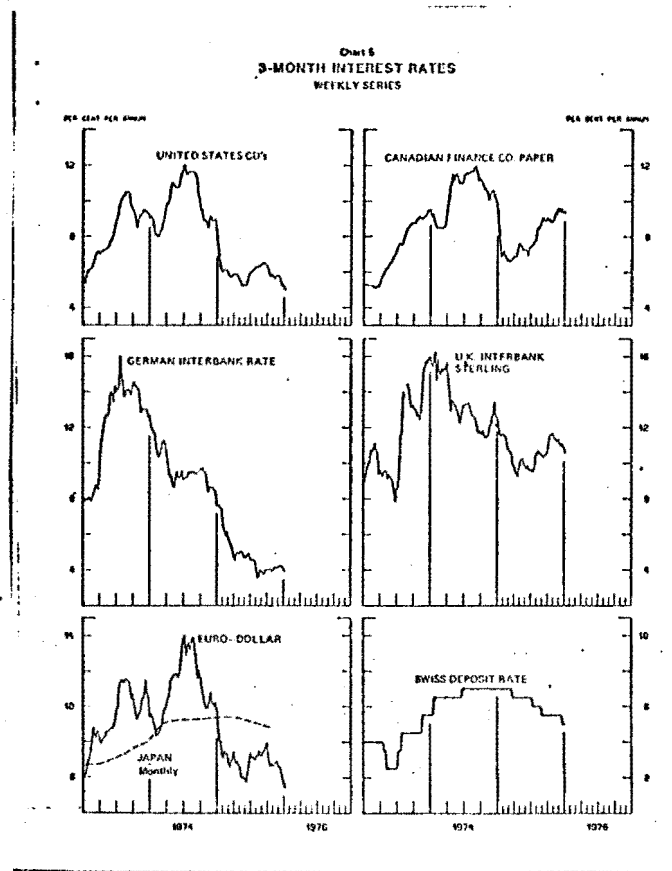
CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR



CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U.S. ¢ PER UNIT		TODAY	WEEK AGO	MONTH AGO
	SMITHSONIAN	TODAY			
Canadian Dollar	1.000	1.0003	- .0	- .5	- 1.4
	¢100.000	¢ 99.97			
British Pound	.384	.4942	-22.3	-22.1	-22.4
	¢260.571	¢ 202.35			
German Mark*	3.222	2.6021	23.8	24.0	23.4
	¢ 31.032	¢ 38.43			
Swiss Franc	3.840	2.6048	47.4	47.7	46.3
	¢ 26.042	¢ 38.39			
French Franc*	5.116	4.5005	13.7	14.2	14.5
	¢ 19.548	¢ 22.22			
Dutch Guilder*	3.245	2.6731	21.4	21.5	21.1
	¢ 30.819	¢ 37.41			
Belgian Franc*	44.816	39.3005	14.1	14.1	13.7
	¢ 2.231	¢ 2.5445			
Italian Lira	581.500	732.6007	-20.6	-15.1	-14.7
	¢ .172	¢ .1365			
Japanese Yen	308.000	303.7667	1.3	.9	.6
	¢ .325	¢ .3292			

* Currencies floating together relative to the U.S. dollar.

ate: 1/23/76



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive
U.S.	90 Day CD's	5.10	-	5.10	
Eurodollars	90 Day Bank Deposit	5.563	-	5.563	
U.K.	Interbank Loan Rate	10.00	-5.06	4.94	- .16
Canada	Finance Company Paper	-9.25	-3.62	5.63	+ .53
Germany	Interbank Loan Rate	3.90	+1.72	5.62	+ .52

Date: 1/23/76

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD

TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
THIS WEEK	-12.83	-2.29
LAST WEEK	-12.80	-2.27
4 WEEKS AGO	-12.40	-1.88
6 MONTHS AGO	-14.24	-3.67
YEAR AGO	-17.93	-7.29

PRICE OF GOLD ON THE LONDON
GOLD MARKET

PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
129.00	268.6
130.80	273.7
140.50	301.4
166.25	375.0
177.50	407.0

* Last month in which fixed exchange rates were adhered to by all 14 countries
(Canadian dollar floated June 1, 1970).

** On the last working day of the week.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

February 7, 1976

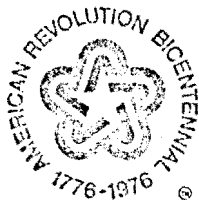
MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Conditions

The exchange value of the dollar fell about 0.6 percent against a weighted average of major foreign currencies. As was the case last week, attention was not focused on the dollar, however, but primarily around the currencies in the European snake arrangement. Foreign central bank intervention amounted to a net purchase of about \$50 million, however this masks a much larger gross figure.

The Italian lira was up about one percent this week following declines of 3 and 7 percent in the previous two weeks. The Bank of Italy instituted several measures during the week to lend support to the lira including: a one percentage point increase in the discount rate to 7 percent; increases in reserve requirements; and a requirement establishing a 15-day limit (as compared to the previous 45-day limit) for conversion of export earnings into lira. Signs that the political crisis may be coming to an end eased the pressure on the Italian currency toward the end of the week. Premier-designate Moro proposed a package of stimulative fiscal measures which prompted the opposition parties to agree to abstain from parliamentary no confidence votes. The way is apparently clear now for Moro to establish a minority government.

The improvement in inflation and in the external balance of the Italian economy over the past year has been dramatic. Year-over-year changes in the consumer price index were about 11 percent in November and December, compared with 25 percent for the same two months last year. Wholesale prices for the latest months available, September and October, were about 2 percent over the preceding year, while the figure was close to 50 percent in 1974. There has been a remarkable improvement in the balance of payments as well, which moved from a \$7.8 billion deficit in 1974 to a \$100 million deficit last year.



These improvements, however, are associated with large declines in industrial output and it was not until end-1975 that the recession appeared to bottom out. The Italian authorities instituted various expansionary measures last year, but are clearly faced with considerable political pressure further to stimulate activity, while cost pressures, particularly from the wage side remain strong. The wage negotiations now in progress, therefore, will be crucial in the determination of Italy's economic outlook. Although hourly wage rates rose over 25 percent in the year ending October, there are indications that the current settlements will be much more moderate. Moderate settlements would leave room for some stimulative measures, which may be crucial to achieve a modicum of stability in the political situation.



Burton G. Malkiel

Date: 2/6/76

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES AND THE PRICE OF GOLD

TRADE-WEIGHTED AVERAGE VALUE OF THE DOLLAR IN TERMS OF 14 MAJOR CURRENCIES

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
THIS WEEK	-13.13	-2.57
LAST WEEK	-12.83	-2.29
4 WEEKS AGO	-12.65	-2.12
6 MONTHS AGO	-13.30	-2.74
YEAR AGO	-17.62	-6.99

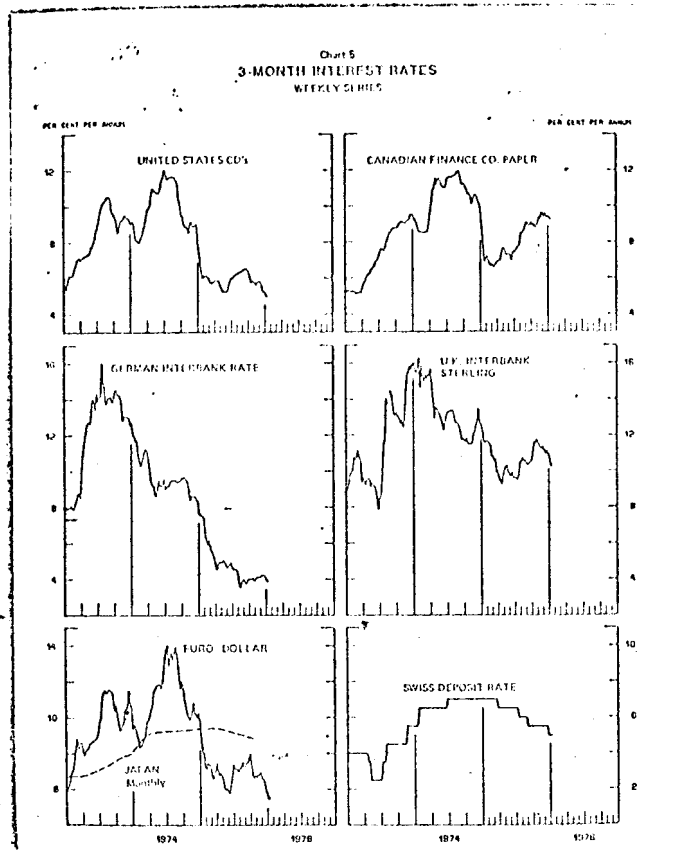
PRICE OF GOLD ON THE LONDON GOLD MARKET

PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
130.60	273.1
128.15	266.1
136.55	290.1
164.35	369.6
174.50	398.5

* Last month in which fixed exchange rates were adhered to by all 14 countries
(Canadian dollar floated June 1, 1970).

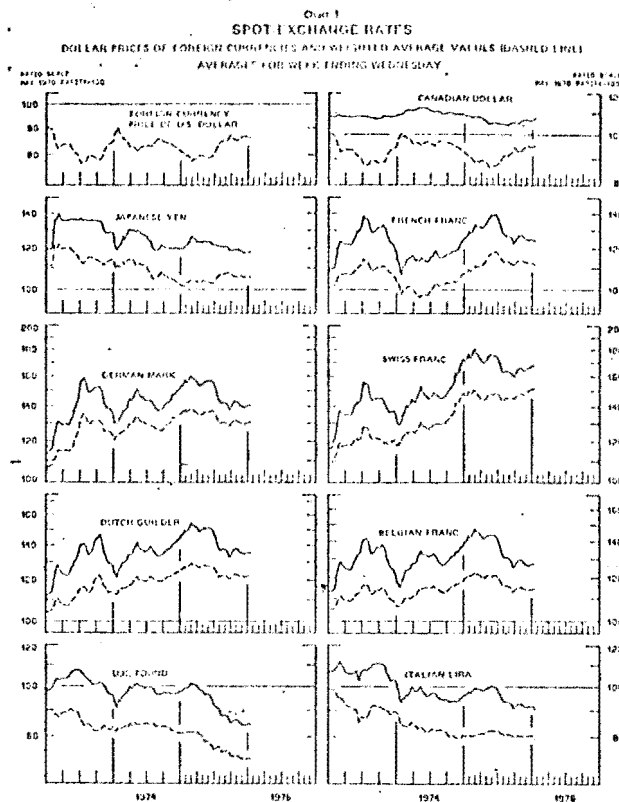
** On the last working day of the week.

Date: 2/6/76



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive
U.S.	90 Day CD's	5.20	-	5.20	
Eurodollars	90 Day Bank Deposit	5.438	-	5.438	
U.K.	Interbank Loan Rate	9.063	-3.61	5.453	+ .253
Canada	Finance Company Paper	-9.125	-3.74	5.385	+ .185
Germany	Interbank Loan Rate	3.70	+1.91	5.61	+ .41

CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR



CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U.S. ¢ PER UNIT		TODAY	WEEK AGO	MONTH AGO
	SMITHSONIAN	TODAY			
Canadian Dollar	1.000	.9962	0.4	- 0.1	- 1.4
	¢100.000	¢100.38			
British Pound	.384	.4932	-22.2	-22.1	-22.1
	¢260.571	¢ 202.74			
German Mark*	3.222	2.5747	25.2	24.5	23.8
	¢ 31.032	¢ 38.84			
Swiss Franc	3.840	2.5934	48.1	47.6	47.5
	¢ 26.042	¢ 38.56			
French Franc*	5.116	4.4763	14.3	14.3	14.8
	¢ 19.548	¢ 22.34			
Dutch Guilder*	3.245	2.6688	21.6	21.7	21.4
	¢ 30.819	¢ 37.47			
Belgian Franc*	44.816	39.2696	14.1	14.2	14.2
	¢ 2.231	¢ 2.5465			
Italian Lira	581.500	746.2687	-22.1	-23.0	-14.8
	¢ .172	¢ .1340			
Japanese Yen	308.000	301.2048	2.2	1.3	.6
	¢ .325	¢ .3320			

* Currencies floating together relative to the U.S. dollar.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

March 5, 1976

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Conditions

The value of the dollar rose significantly this week and reached its highest level since the beginning of 1974. On a trade weighted basis the dollar appreciated about 1.1 percent over last Friday's level, due in large part to recent and expected increases in U. S. interest rates relative to those in other major markets and further indications that the U. S. economic recovery is firmly on track. The announcement last Friday of the first U.S. trade deficit in a year apparently had only a small depressing effect on the dollar's value. Foreign central bank intervention again netted to a small purchase this week, although activity in gross terms was considerably larger than last week.

The Bank of Italy began intervening in the foreign exchange market this week for the first time since January 21. Reportedly, the Italian Central Bank bought lira quite heavily early in the week to slow the lira's decline, and moved in again with more modest purchases towards the end of the week as the currency drifted down to close out at 798 lira to the dollar, a depreciation of about 3-1/2 since Monday. Early in the week the Italian Treasury announced that about \$1.9 billion in reserves are currently available to support the lira. This does not take into account the European Community's planned \$1 billion loan to Italy which reportedly will carry rather severe economic policy constraints as a borrowing condition.

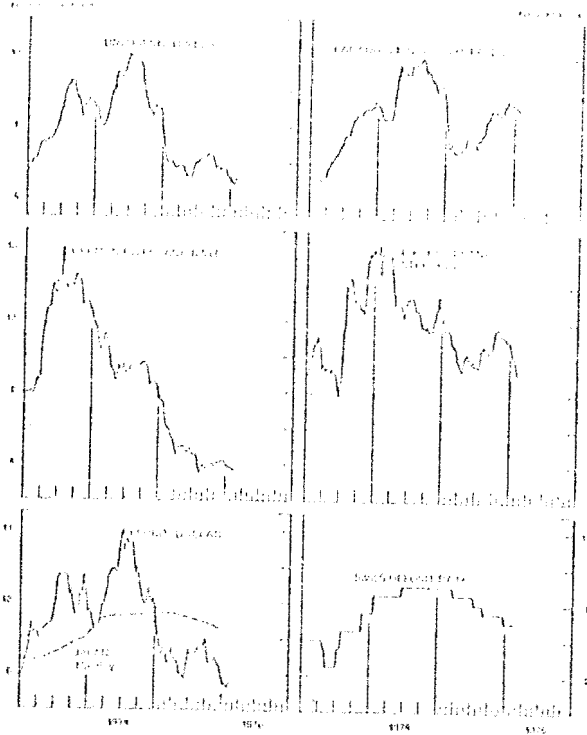
Sterling hit a record low today, breaking through the psychological \$2.00 barrier and falling by late afternoon to \$1.969. Yesterday, a strong demand for Sterling developed and the Bank of England was in the market selling pounds quite heavily. Evidently, this was taken as a signal that the British Government was not unhappy with the rate moving down and as market forces pressured it further, the Bank of England bought pounds moderately, but not enough to halt the downward drift.

Burton Malkiel
Burton G. Malkiel



March 5, 1976

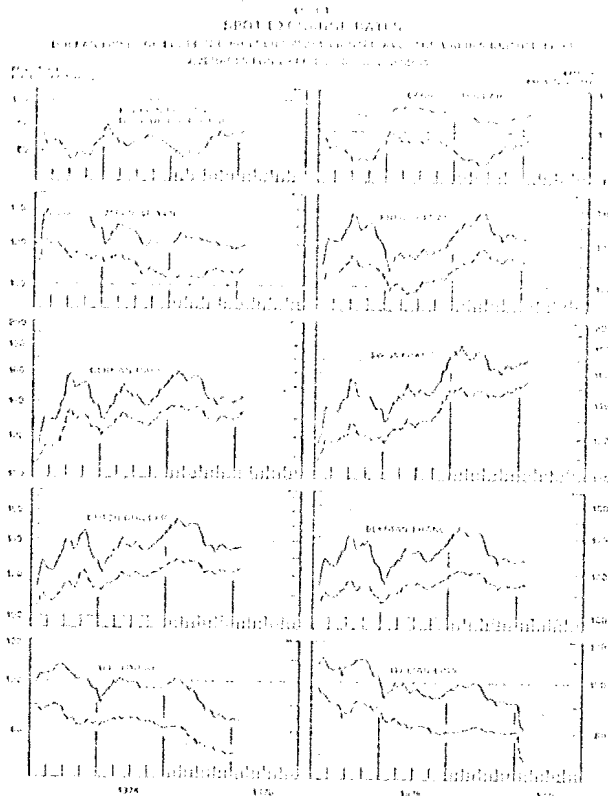
3 MONTH FORWARD RATE
ANNUAL YIELD



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive
U.S.	90 Day CD's	5.50	---	5.50	
Eurodollars	90 Day Bank Deposit	5.625	---	5.625	
U.K.	Interbank Loan Rate	8.563	-4.35	4.213	-1.287
Canada	Finance Company Paper	9.25	-3.87	5.38	-.12
Germany	Interbank Loan Rate	3.7	+2.06	5.76	+.26

March 5, 1976

CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR



CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U. S. ¢ PER UNIT				
	SMITHSONIAN	TODAY	3/5 TODAY	2/27 WEEK AGO	MONTH 2/6 AGO
Canadian Dollar	1.000	.9918	0.8	1.5	0.4
	¢100.000	¢100.83			
British Pound	.384	.5079	-24.4	-22.2	-22.2
	¢260.571	¢196.90			
German Mark*	3.222	2.5628	25.7	25.7	25.2
	¢ 31.032	¢ 39.02			
Swiss Franc	3.840	2.5853	48.5	49.9	48.1
	¢ 26.042	¢ 38.68			
French Franc *	5.116	4.5290	13.0	14.3	14.3
	¢ 19.548	¢ 22.08			
Dutch Guilder*	3.245	2.6759	21.3	21.5	21.6
	¢ 30.819	¢ 37.37			
Belgian Franc*	44.816	39.3314	14.0	14.5	14.1
	¢ 2.231	¢ 2.5425			
Italian Lira	581.500	797.4482	-27.1	-24.6	-22.1
	¢ .172	¢ .1254			
Japanese Yen	308.000	301.3864	2.1	1.9	2.2
	¢ .325	¢ 3318			

* Currencies floating together relative to the U.S. dollar.

Date: March 1, 1976

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD

TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
THIS WEEK 3/5	-13.07	-2.50
LAST WEEK 2/27	-13.37	-2.80
2/6 WEEKS AGO	-13.13	-2.57
9/5 MONTHS AGO	-13.16	-2.61
YEAR AGO 3/7	-19.87	-9.16

PRICE OF GOLD ON THE LONDON
GOLD MARKET

PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
133.70	282.0
132.30	278.0
130.60	273.1
153.25	337.9
178.00	408.6

Last month in which fixed exchange rates were adhered to by all 14 countries
(Canadian dollar floated June 1, 1970).
On the last working day of the week.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

March 19, 1976

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Conditions

Exchange rates of countries within the European snake were under extremely heavy pressure this week. By Friday the Belgian, Dutch, Norwegian and Danish currencies were at the bottom of the snake arrangement while the Swedish krone was in the middle and the German mark was alone at the top.

No apparent agreement could be reached about a new relationship of exchange values among currencies within the snake over the previous weekend and, in the view of intervening authorities, the levels of intervention necessary to support existing rates proved to be unsustainable. Therefore on Monday, the French franc began to float outside the snake and the Benelux countries decided they would no longer maintain narrower margins within the snake.

The week before the French withdrew from the snake, authorities spent close to \$2 billion supporting the franc. This was in addition to about \$2-1/2 billion in reserves used in franc support operations during the first two months of 1976. Since Monday, the franc declined 3 percent against the dollar, and about 5 percent against the mark. It seemed by the end of last summer that the DM/franc parity was already unstable on the basis of underlying economic conditions and hence the fall in the price of the franc was not unexpected. But the current turmoil involving many other currencies has raised questions about whether accompanying fluctuations in other currencies have gone beyond the ranges that might be indicated by underlying economic conditions.


The Belgian and Danish authorities intervened very heavily to maintain exchange rate relationships called for under the present snake arrangements and both central banks on Wednesday raised their discount rates one percentage point in order to ease downward pressure on their respective currencies. The Dutch and Swedish authorities likewise intervened, but on a more modest scale.

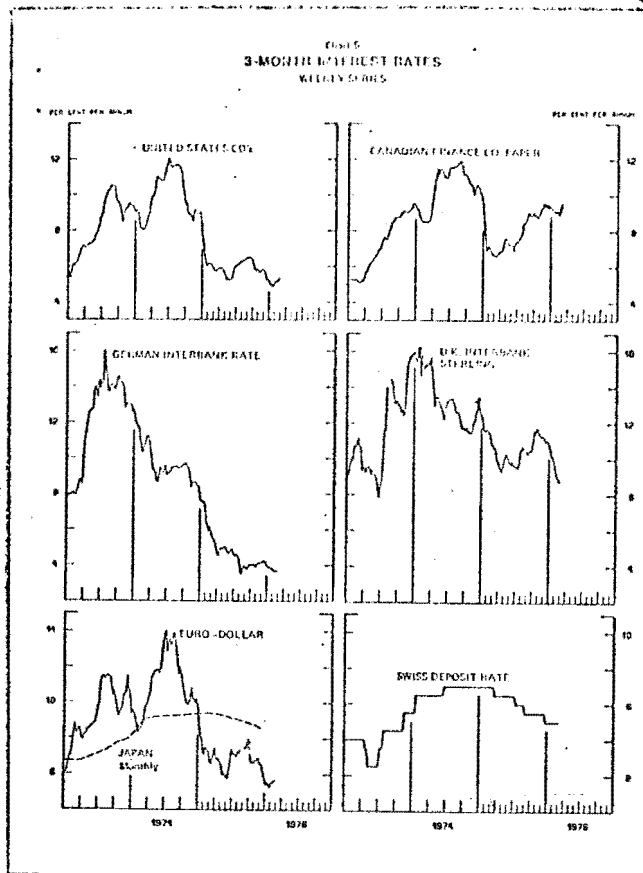


The lira was again under extreme pressure this week and declined 8 percent against the dollar. Since January 21, when the Bank of Italy temporarily withdrew official support for the currency, the lira has declined over 20 percent against the dollar. On Wednesday, the Bank of Italy raised the discount rate four percentage points to 12 percent and announced a 1.5 billion lira emergency tax package to raise funds. The lira showed moderate advances later in the week against the dollar in apparent response.

Sterling came under pressure early in the week in response to Prime Minister Wilson's plans to resign, but stabilized by Friday. The Sterling exchange rate is down about 5 percent over the two weeks since it fell below the \$2 level.

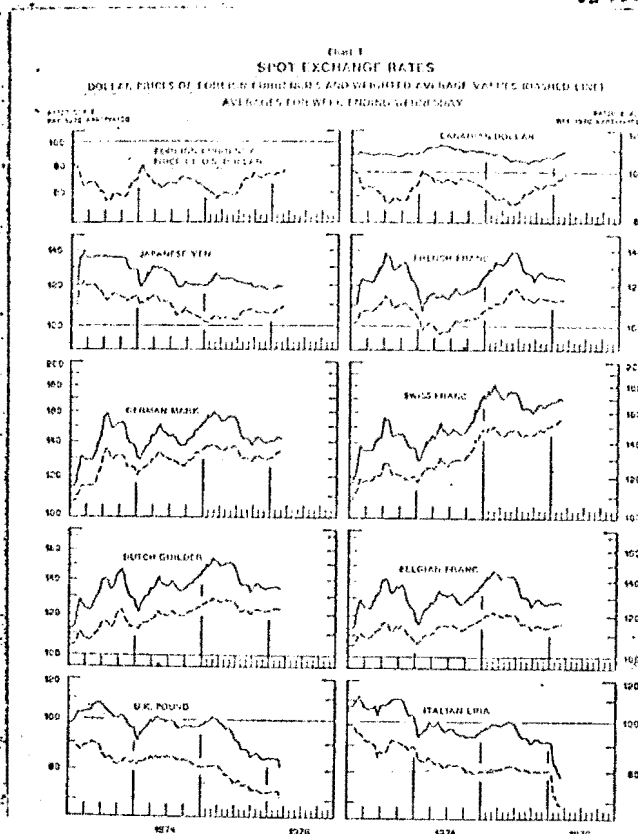
On a trade weighted basis, the dollar rose about 1 percent over the week, largely reflecting the sizable appreciations against the lira and French franc. Gross intervention by foreign central banks amounted to a dollar equivalent of about \$2 billion, about half of which was in fact made in dollars.


Burton G. Malkiel



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive
U.S.	90 Day CD's	5.325	-	5.325	
Eurodollars	90 Day Bank Deposit	5.625	-	5.625	
U. K.	Interbank Loan Rate	8.625	-6.04	2.585	-2.740
Canada	Finance Company Paper	- 9.375	-4.79	4.585	- .740
Germany	Interbank Loan Rate	3.60	+2.33	5.93	+ .605

CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR



CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U.S. \$ PER UNIT				
	SMITHSONIAN	TODAY	TODAY	WEEK AGO	MONTH AGO
Canadian Dollar	1.000	.9854			
	\$100.000	\$ 101.48	1.5	1.5	1.0
British Pound	.384	.5208			
	\$260.571	\$ 192.00	-26.3	-26.1	-22.3
German Mark*	3.222	2.5291			
	\$ 31.032	\$ 39.54	27.4	25.1	25.8
Swiss Franc	3.840	2.5349			
	\$ 26.042	\$ 39.45	51.5	48.8	49.8
French Franc*	5.116	4.7103			
	\$ 19.548	\$ 21.23	8.6	12.5	14.2
Dutch Guilder*	3.245	2.6947			
	\$ 30.819	\$ 37.11	20.4	20.4	21.6
Belgian Franc*	44.816	39.2203			
	\$ 2.231	\$ 2.5497	14.3	13.0	14.5
Italian Lira	581.500	854.7009			
	\$.172	\$.1170	-32.0	-27.8	-25.2
Japanese Yen	308.000	299.6704			
	\$.325	\$.3337	2.7	2.2	1.9

* Currencies floating together relative to the U.S. dollar.

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD

TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
THIS WEEK	-12.50	-1.90
LAST WEEK	-12.84	-2.26
4 WEEKS AGO	-13.24	-2.68
6 MONTHS AGO	-11.82	-1.30
YEAR AGO	-19.49	-8.80

PRICE OF GOLD ON THE LONDON
GOLD MARKET

PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
133.60	281.7
133.35	281.0
131.75	276.4
136.30	289.4
176.25	403.6

* Last month in which fixed exchange rates were adhered to by all 14 countries
(Canadian dollar floated June 1, 1970).

** On the last working day of the week.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

March 30, 1976

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Conditions

Foreign exchange markets were relatively quiet last week in sharp contrast to the events of the preceding two weeks. In particular, there was a considerable easing of pressure on the currencies participating in the European joint float. The Norwegian krone, the Danish krone and the Belgian franc were at the bottom of the snake arrangement a week ago Friday. These currencies strengthened sharply against the German mark early in the week, but not enough to permit the governments significantly to rebuild reserve positions, which were drawn down heavily the preceding week in support operations.

The Italian lira has risen about 3-1/2 percent against the dollar since the Bank of Italy raised its discount rate 4 percentage points on March 18. The currency still remains 18 percent below its level of January 20 when the Central Bank temporarily withdrew official support.

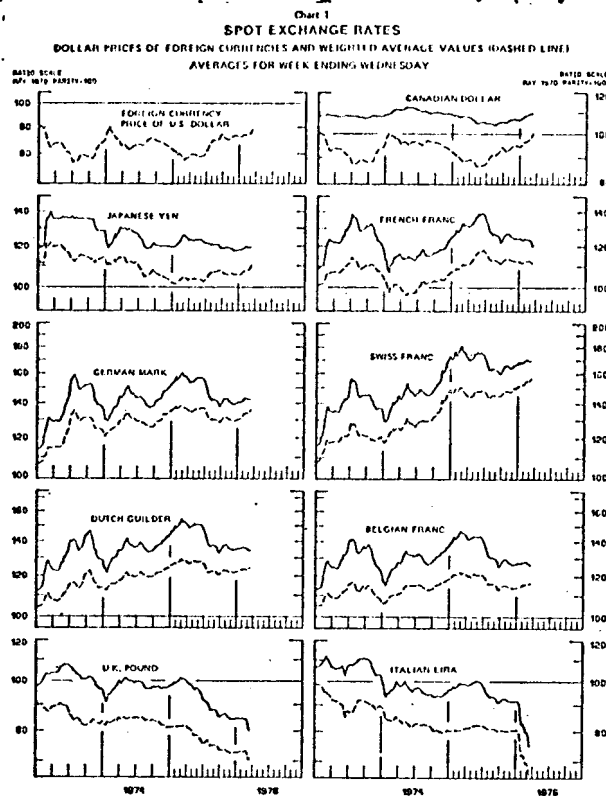
Pressure on the French franc eased greatly last week. In fact, during the week the franc rose 0.4 percent against the dollar. Since leaving the snake currency arrangement two weeks ago, the franc has declined about 4-1/2 percent against the mark and 3 percent against the dollar.

The trade weighted value of the dollar was unchanged from last week and there appeared to have been little market reaction to the news of a U. S. merchandise trade deficit (census basis) of \$141 million in February compared with a \$73 million deficit in January. Foreign central bank intervention was quite moderate last week, amounting only to a net sale of about \$50 million. The price of gold fell to \$131.80 on March 26, from a level of \$133.60 a week earlier.

Burton Malkiel
Burton G. Malkiel



CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR

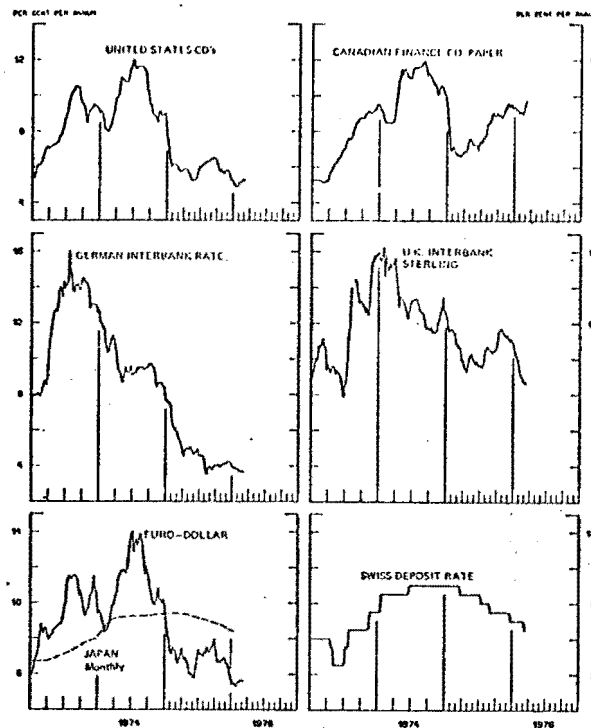


CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U.S. ¢ PER UNIT		TODAY	WEEK AGO	MONTH AGO
	SMITHSONIAN	TODAY			
Canadian Dollar	1.000	.9834	1.7	1.5	1.5
	¢100.000	¢ 101.69			
British Pound	.384	.5206	-26.3	-26.3	-22.2
	¢260.571	¢ 192.08			
German Mark*	3.222	2.5491	25.4	27.4	25.7
	¢ 31.032	¢ 39.23			
Swiss Franc	3.840	2.5484	50.7	51.5	49.9
	¢ 26.042	¢ 39.24			
French Franc*	5.116	4.6882	9.1	8.6	14.3
	¢ 19.548	¢ 21.33			
Dutch Guilder*	3.245	2.6918	20.5	20.4	21.5
	¢ 30.819	¢ 37.15			
Belgian Franc*	44.816	39.0442	14.8	14.3	14.5
	¢ 2.231	¢ 2.5612			
Italian Lira	581.500	847.4576	-31.4	-32.0	-24.6
	¢ .172	¢ .1180			
Japanese Yen	308.000	299.5806	2.7	2.7	1.9
	¢ .325	¢ .3338			

* Currencies floating together relative to the U.S. dollar.

Date: 3/26/76

Chart 5
3-MONTH INTEREST RATES
WEEKLY SERIES



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive
U.S.	90 Day CD's	5.20	-	5.20	
Eurodollars	90 Day Bank Deposit	5.375	-	5.375	
U.K.	Interbank Loan Rate	8.536	-4.43	4.133	-1.067
Canada	Finance Company Paper	10.375	-5.11	5.265	+ .065
Germany	Interbank Loan Rate	3.60	+2.24	5.84	+ .64

Date: 3/26/76

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD

TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
THIS WEEK	-12.73	-2.13
LAST WEEK	-12.50	-1.90
4 WEEKS AGO	-13.37	-2.80
6 MONTHS AGO	-11.82	-1.30
YEAR AGO	-18.79	-8.12

PRICE OF GOLD ON THE LONDON
GOLD MARKET

PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
131.80	276.6
133.60	281.7
132.30	278.0
136.30	289.4
177.25	406.4

* Last month in which fixed exchange rates were adhered to by all 14 countries
(Canadian dollar floated June 1, 1970).

** On the last working day of the week.

COUNCIL OF ECONOMIC ADVISERS

WASHINGTON

April 2, 1976

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Developments

Tension was renewed this week in foreign exchange markets as sterling again precipitously fell to record lows. The sterling-dollar rate dropped about 2 percent on Wednesday to \$1.88 and fell further today to a low of \$1.8645, a 36.1 percent effective depreciation from the Smithsonian level.

As was the case in early March when sterling first fell below the \$2.00 mark, the British authorities did not heavily intervene to prevent the decline in their currency's value. Intervention by the Bank of England amounted to somewhat over \$200 million, which largely took place as the pound began to weaken. However, when the pressure on sterling persisted today, the British authorities offered relatively little resistance.

The fall was apparently initially sparked, as was the case last month, by one or more large sell orders. However, further pressure on the currency may have stemmed from the uncertainty surrounding the leadership of the ruling Labor party, the British Leyland Motors strike and a very pessimistic economic forecast for the U.K. economy issued by the Cambridge University Economic Group late last week.

Until attention was focused mid-week on the pound, foreign exchange markets had been quite calm. Slight pressure was evident on some of the snake currencies on Thursday when the Common Market Summit opened in Luxembourg, but it eased off as it became apparent that no major economic decisions would be forthcoming from the meeting -- in particular, no parity changes.

The trade weighted value of the dollar was up 0.3 percent this week, largely due to today's gain. Net intervention by foreign central banks amounted to a moderate sale.

Burton Malkiel
Burton G. Malkiel



VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD

TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
THIS WEEK	-12.68	-2.08
LAST WEEK	-12.73	-2.13
4 WEEKS AGO	-13.07	-2.50
6 MONTHS AGO	-11.96	-1.43
YEAR AGO	-18.48	-7.83

PRICE OF GOLD ON THE LONDON
GOLD MARKET

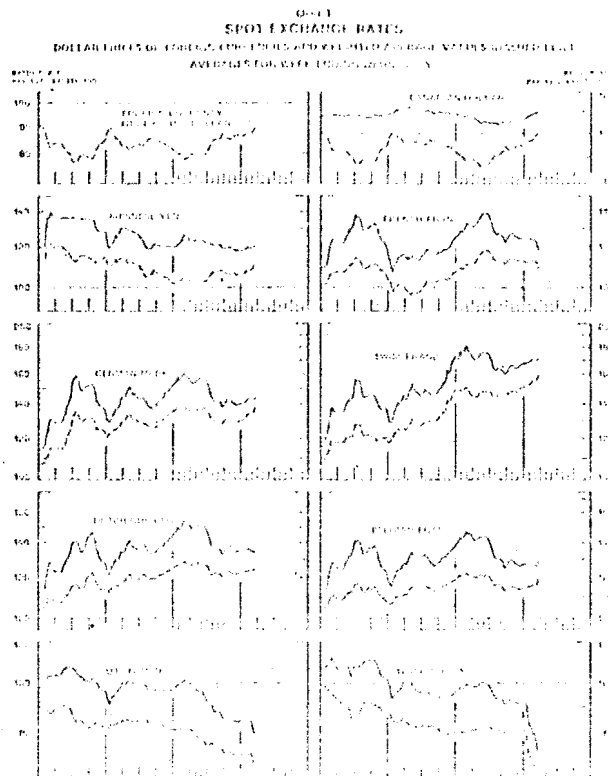
PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
129.10	268.9
131.80	276.6
133.70	282.0
138.90	296.9
173.65	396.1

* Last month in which fixed exchange rates were adhered to by all 14 countries
(Canadian dollar floated June 1, 1970).

** On the last working day of the week.

Date: 4/2/76

CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR

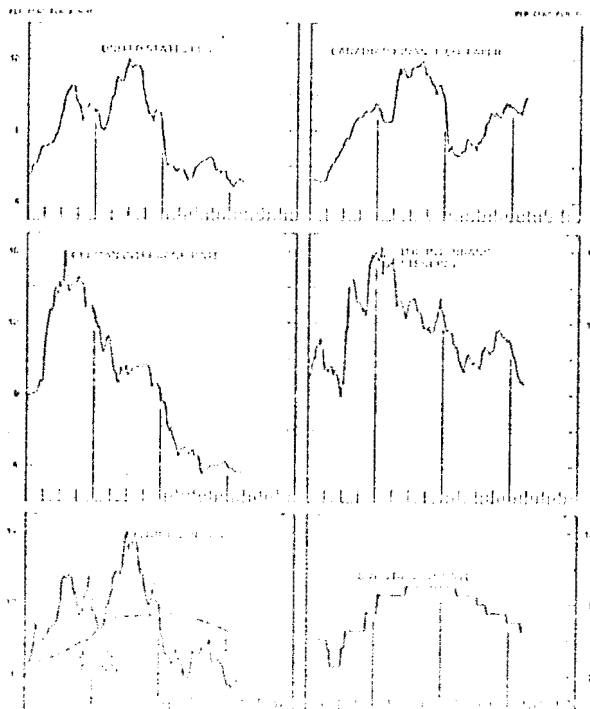


CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U.S. ¢ PER UNIT				
	SMITHSONIAN	TODAY	TODAY	WEEK AGO	MONTH AGO
Canadian Dollar	1.000	.9826	1.8	1.7	1.5
	¢100.000	¢ 101.77			
British Pound	.384	.5338	-28.1	-26.3	-22.2
	¢260.571	¢ 187.35			
German Mark*	3.222	2.5439	26.7	26.4	25.7
	¢ 31.032	¢ 39.31			
Swiss Franc	3.840	2.5394	51.2	50.7	49.9
	¢ 26.042	¢ 39.38			
French Franc *	5.116	4.6795	9.3	9.1	14.3
	¢ 19.548	¢ 21.37			
Dutch Guilder*	3.245	2.6903	20.6	20.5	21.5
	¢ 30.819	¢ 37.17			
Belgian Franc*	44.816	38.9788	15.0	14.8	14.5
	¢ 2.231	¢ 2.5655			
Italian Lira	581.500	853.2423	-31.9	-31.4	-24.6
	¢ .172	¢ .1172			
Japanese Yen	308.000	299.1325	2.9	2.7	1.9
	¢ .325	¢ .3343			

* Currencies floating together relative to the U.S. dollar.

Date: 4/2/76

3 MONTH INTEREST RATES
WEEKLY CHARTS



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive:
U.S.	90 Day CD's	5.25	-	5.25	
Eurodollars	90 Day Bank Deposit	5.50	-	5.50	
U.K.	Interbank Loan Rate	8.563	-4.77	3.793	-1.457
Canada	Finance Company Paper	10.00	-4.67	5.33	+ .08
Germany	Interbank Loan Rate	3.60	+2.34	5.94	+ .69

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

April 13, 1976

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Developments

Major attention was focused again on sterling last week. The pound held steady early in the week and even firmed slightly immediately following the budget announcement on Tuesday. However, on Thursday, the pound weakened again and by the end of the week it reached a record low of \$1.833, which was nearly 10 percent below its dollar value at the end of February.

It appears that the pressure on the pound stems largely from market skepticism over acceptance by the unions of the proposed 3 percent annual increase in wages tied to conditional tax cuts in the budget. Not surprisingly, initial reaction of union leaders to the proposal was not supportive and the General Secretary of the Trades Union Congress noted that the 3 percent increase could only be a starting point for discussion. The budget attempts to reinforce the Government's strategy that private investment and, through improved competitiveness, exports must provide the main support to growth over the medium term. It is clear, however, that the success of this strategy heavily depends on the restraint unions show in the second phase of the wage restraint arrangements which begin on August 1.

The lira also came under heavy pressure last week and fell about 3 percent in value against the dollar. The downward trend continued as markets opened Monday morning and the lira fell a further 2 percent. Renewed political uncertainties, including the possibility of early general elections, appear to be largely responsible for the most recent pressure.

The yen advanced 1/2 percent against the dollar last week and the Bank of Japan intervened heavily, reportedly by over \$1/2 billion, to curb the rise. Two possible explanations for the strength of the yen are strong recent demand



for Japanese exports and an official statement some weeks ago that the Japanese Government would not resist the yen's becoming a reserve currency.

Over the week, the trade weighted value of the dollar rose 0.5 percent. Net intervention by foreign central banks amounted to a purchase of about \$1/4 billion.

Burton Malkiel

Burton G. Malkiel

Date: 4/13/76

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD

TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES

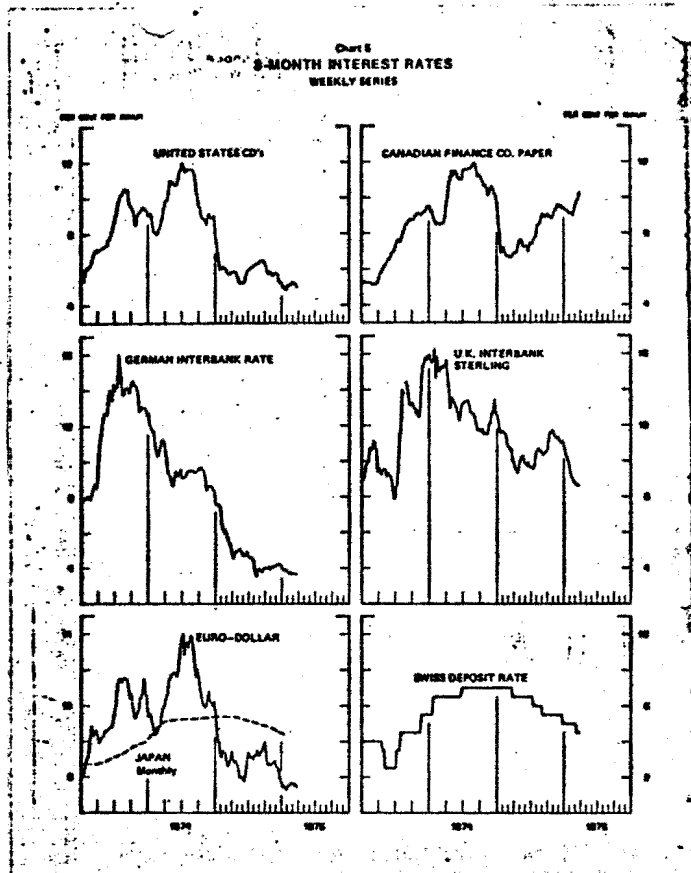
WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
THIS WEEK 4/9	-12.60	-1.98
LAST WEEK 4/2	-12.68	-2.08
4 WEEKS AGO ^{3/12}	-12.84	-2.26
10/10 6 MONTHS AGO	-12.30	-1.77
4/11 YEAR AGO	-18.00	-7.35

PRICE OF GOLD ON THE LONDON
GOLD MARKET

PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
127.70	264.9
129.10	268.9
133.35	281.0
142.25	306.4
171.90	391.1

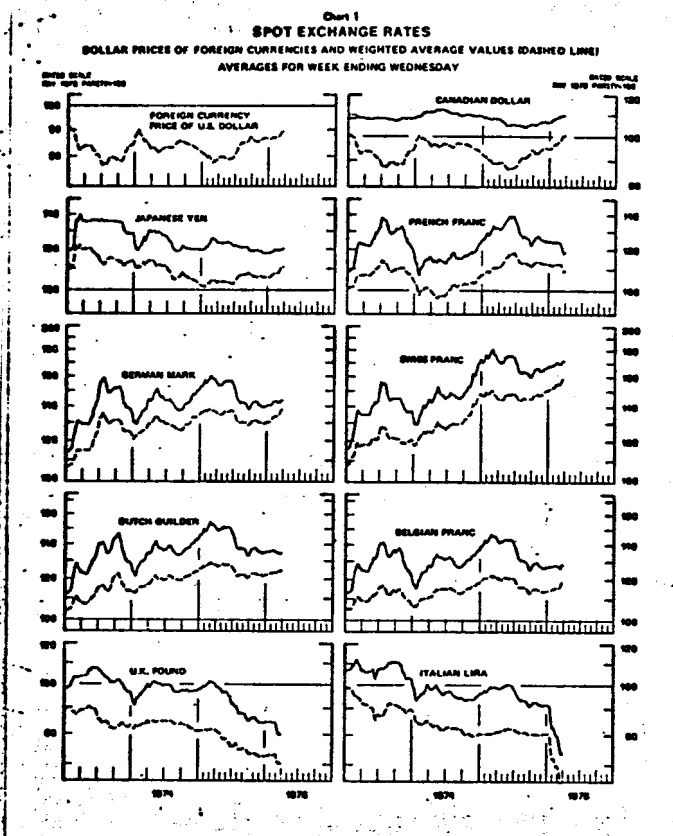
* Last month in which fixed exchange rates were adhered to by all 14 countries
(Canadian dollar floated June 1, 1970).

** On the last working day of the week.



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive
U.S.	90 Day CD's	5.20	--	5.20	
Eurodollars	90 Day Bank Deposit	5.375	--	5.375	
U. K.	Interbank Loan Rate	8.813	-5.94	2.873	-2.327
Canada	Finance Company Paper	10.00	-4.60	5.40	+ .20
Germany	Interbank Loan Rate	3.60	+2.13	5.73	+ .53

CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR



CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U.S. ¢ PER UNIT				
	SMITHSONIAN	TODAY	4/9 TODAY	4/2 WEEK AGO	3/12 MONTH AGO
Canadian Dollar	1.000	.9808			
	¢100.000	¢101.96	2.0	1.8	1.5
British Pound	.384	.5438			
	¢260.571	¢183.90	29.4	-28.1	-26.1
German Mark*	3.222	2.5368			
	¢ 31.032	¢ 39.42	27.0	26.7	25.1
Swiss Franc	3.840	2.5342			
	¢ 26.042	¢ 39.46	51.5	51.2	48.8
French Franc*	5.116	4.6620			
	¢ 19.548	¢ 21.45	9.7	9.3	12.5
Dutch Guilder*	3.245	2.6882			
	¢ 30.819	¢ 37.20	20.7	20.6	20.4
Belgian Franc*	44.816	39.0016			
	¢ 2.231	¢ 2.5640	14.9	15.0	13.0
Italian Lira	581.500	877.1930			
	¢ .172	¢ .1140	-33.7	-31.9	-27.8
Japanese Yen	308.000	297.7077			
	¢ .325	¢ .3359	3.4	2.9	2.2

* Currencies floating together relative to the U.S. dollar.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

April 19, 1976

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Developments

The trade weighted value of the dollar was virtually unchanged from last week, reflecting a weakening of the yen and Canadian dollar, currencies which have recently shown strength against the U.S. dollar, and a firming of those currencies which have recently been under pressure.

The Italian lira advanced towards the end of the week after declining to a record low of 914 lira per dollar on Monday. This represented a 25 percent depreciation against the dollar since the beginning of this year and a 23 percent weighted average decline. Although the Bank of Italy apparently was not in the market supporting the end-of-week advance, intervention by the Italian Central Bank so far this year may have amounted to a net sale of dollars of \$1-1/2 billion, over \$1/4 billion of which has taken place this month.

Sterling gained a percentage point against the dollar this week, apparently reflecting the news of a much-reduced trade deficit, a current account surplus in March and some further moderation of the inflation rate as retail prices increased by 0.5 percent in March -- the lowest monthly rise since August 1974. Sterling was further supported, however, by substantial intervention by the Bank of England. The Central Bank's sale of dollars so far in April has reportedly already reached \$1 billion. Markets continue to be sensitive to the possible outcome of the Labor Government's 3 percent annual wage rise limit, as public statements by union officials indicate strong opposition to the plan.



The price of gold was fixed Thursday at \$127.75, little changed from its week-earlier level. Gold markets were closed Friday and therefore no reaction is available as yet to the IMF's nearing agreement on the conditions for the sale of 25 million ounces of gold, the first tranche of which could reportedly be auctioned next month.

A handwritten signature in dark ink, appearing to read "Burton Malkiel". The signature is fluid and cursive, with a large, stylized 'B' and 'M'.

Burton G. Malkiel

Date: 4/16/76

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD

TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
THIS WEEK	-12.24	-1.63
LAST WEEK	-12.60	-1.98
4 WEEKS AGO	-12.50	-1.90
6 MONTHS AGO	-12.58	-2.04
YEAR AGO	-17.65	-7.01

PRICE OF GOLD ON THE LONDON
GOLD MARKET

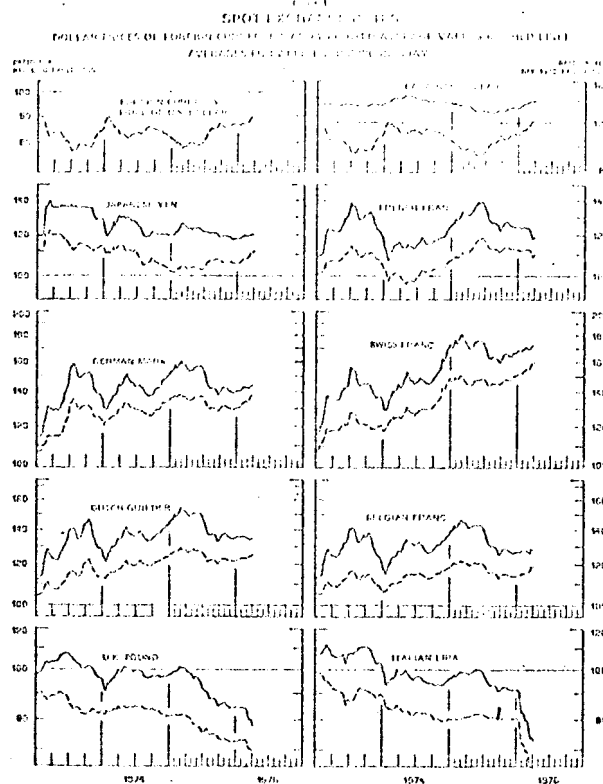
PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
127.75	265.0
127.70	264.9
133.60	281.7
144.90	314.0
170.50	387.1

* Last month in which fixed exchange rates were adhered to by all 14 countries
(Canadian dollar floated June 1, 1970).

** On the last working day of the week.

Date: 4/16/76

CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR

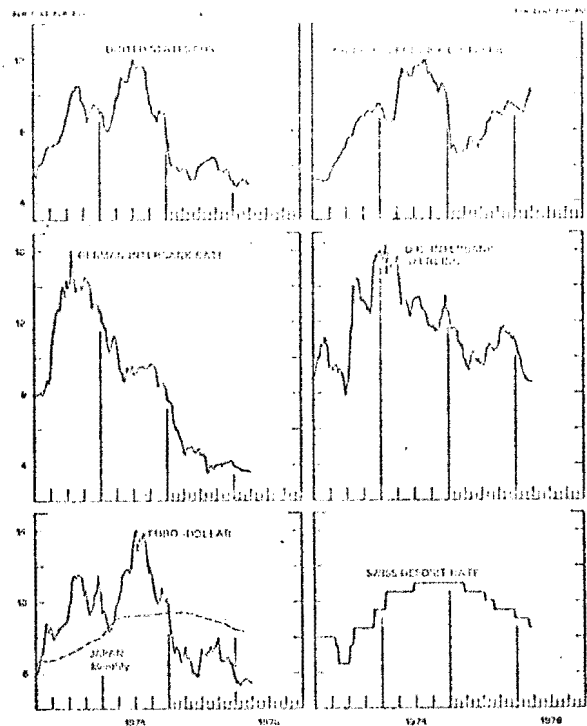


CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U.S. ¢ PER UNIT		TODAY	WEEK AGO	MONTH AGO
	SMITHSONIAN	TODAY			
Canadian Dollar	1.000 ¢100.000	.9868 ¢101.34	1.3	2.0	1.5
British Pound	.384 ¢260.571	.5391 ¢185.50	-28.8	-29.4	-26.3
German Mark*	3.222 ¢31.032	2.5342 ¢39.46	27.2	27.0	27.4
Swiss Franc	3.840 ¢26.042	2.5240 ¢39.62	52.1	51.5	51.5
French Franc*	5.116 ¢19.548	4.6751 ¢21.39	9.4	9.7	8.6
Dutch Guilder*	3.245 ¢30.819	2.6831 ¢37.27	20.9	20.7	20.4
Belgian Franc*	44.816 ¢2.231	38.9408 ¢2.5680	15.1	14.9	14.3
Italian Lira	581.500 ¢.172	873.624 ¢.1145	-33.4	-33.7	-32.0
Japanese Yen	308.000 ¢.325	299.2220 ¢.3342	2.8	3.4	2.7

* Currencies floating together relative to the U.S. dollar.

Date: 4/16/76

3 MONTH FORWARD RATES
APRIL 1976



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive
U.S.	90 Day CD's	5.025	-	5.025	
Eurodollars	90 Day Bank Deposit	5.313	-	5.313	
U.K.	Interbank Loan Rate	8.75	-4.82	3.93	-1.095
Canada	Finance Company Paper	9.75	-4.31	5.44	+ .415
Germany	Interbank Loan Rate	3.60	+2.03	5.63	+ .605

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

May 14, 1976

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Developments

The trade weighted value of the dollar rose 1/2 percent this week, in large part due to a strong gain this afternoon. The dollar firmed during the week against most other major currencies. Net intervention by foreign central banks amounted to a sale of about \$250 million, largely the result of interventions by the central banks of the United Kingdom, Germany and the Netherlands.

The Italian lira continued its sharp rise on Monday adding a further 2-1/2 percent against the dollar. This rise brought the total increase in the value of the lira since the imposition of exchange controls on Wednesday, May 5 to 10 percent. However, after Monday, the lira began to drift down, and closed today at a level 2 percent below its Monday level, but still 8 percent above last Wednesday's low. Net intervention by the Bank of Italy amounted to a very small sale of dollars. However, on Friday the Bank of Italy purchased some dollars from the market. On Wednesday, the Italian Treasury announced that it had obtained further foreign credit: a \$485 million three-month credit from the European Community's Short-term Credit Facility and a \$600 million credit from the BIS.

The value of the pound continues to be influenced by the news of union reaction to the government's wage agreement. Sterling moved up steadily through mid-week, buoyed by moderate support operations by the Bank of England and also by the acceptance by the mine-workers union of the wage-restraint program. However, subsequently the pound slipped back, and closed the week down slightly from last Friday's level vis-a-vis the dollar.



Attention was focused towards the end of the week on the Dutch guilder, which came under pressure reportedly because of the news that the consumer price index increased by 2-1/2 percent in April. The Netherlands Bank was quite active in the market both yesterday and today in order to arrest the guilder's depreciation against the German mark. As of this afternoon, the guilder was 1.8 percent below the mark, against a maximum permitted spread of 2-1/4 percent in the snake currency arrangement.

Burton Malkiel

Burton G. Malkiel

Date: 5/14/76

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD

TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
THIS WEEK	-12.61	-2.00
LAST WEEK	-12.43	-1.80
4 WEEKS AGO	-12.24	-1.63
6 MONTHS AGO	-13.23	-2.68
YEAR AGO	-17.26	-6.61

PRICE OF GOLD ON THE LONDON
GOLD MARKET

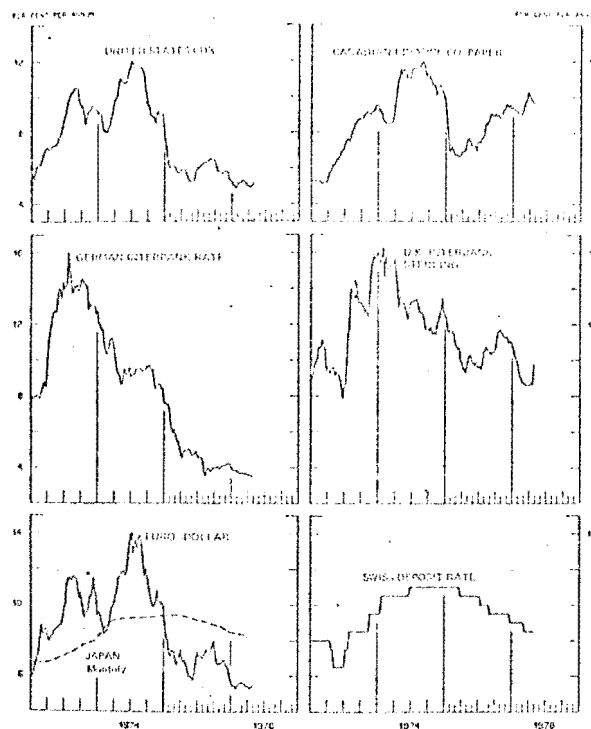
PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
127.70	264.9
128.25	266.4
127.75	265.0
142.00	305.7
165.75	373.6

* Last month in which fixed exchange rates were adhered to by all 14 countries
(Canadian dollar floated June 1, 1970),

** On the last working day of the week.

Date: 5/14/76

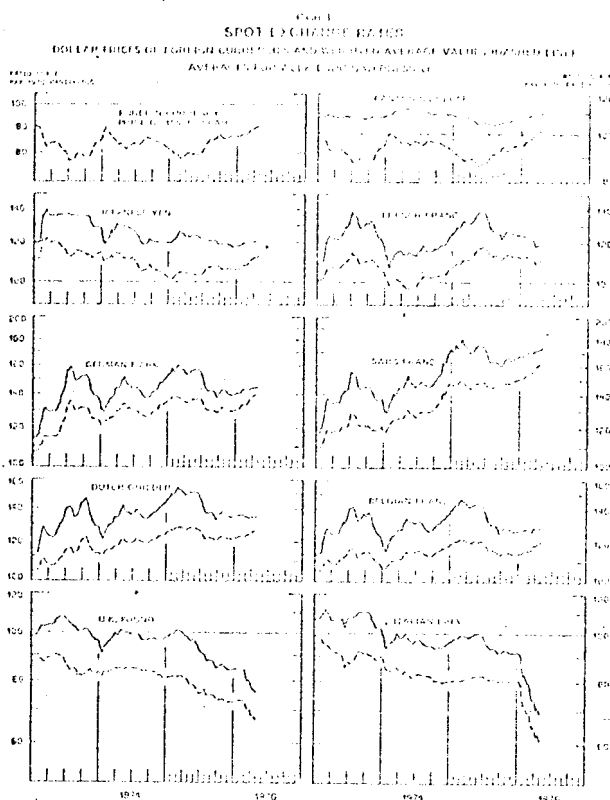
3-MONTH INTEREST RATES
ANNUAL PERCENT



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive
U.S.	90 Day CD's	5.375	-	5.375	
Eurodollars	90 Day Bank Deposit	5.938	-	5.938	
U.K.	Interbank Loan Rate	9.875	-5.21	4.665	- .710
Canada	Finance Company Paper	9.625	-3.45	6.175	+ .800
Germany	Interbank Loan Rate	3.60	+2.35	5.95	+ .575

Date: 5/14/76

CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR



CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U. S. ¢ PER UNIT		TODAY	WEEK AGO	MONTH AGO
	SMITHSONIAN	TODAY			
Canadian Dollar	1.000 ¢100.000	.9798 ¢102.06	2.1	1.9	1.3
British Pound	.384 ¢260.571	.5504 ¢181.70	-30.3	-30.0	-28.8
German Mark*	3.222 ¢31.032	2.5628 ¢39.02	25.7	27.1	27.2
Swiss Franc	3.840 ¢26.042	2.5006 ¢39.99	53.6	55.1	52.1
French Franc*	5.116 ¢19.548	4.7015 ¢21.27	8.8	9.5	9.4
Dutch Guilder*	3.245 ¢30.819	2.7174 ¢36.80	19.4	20.7	20.9
Belgian Franc*	44.816 ¢2.231	39.1160 ¢2.5565	14.6	15.5	15.1
Italian Lira	581.500 ¢.172	850.3401 ¢.1176	-31.6	-31.8	-33.4
Japanese Yen	308.000 ¢.325	298.5966 ¢.3349	3.0	3.1	2.8

* Currencies floating together relative to the U.S. dollar.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

ALAN GREENSPAN, CHAIRMAN
PAUL W. MACAVOY
BURTON G. MALKIEL

May 21, 1976

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Developments

The trade weighted value of the dollar rose 1/2 percent this week to record another three-year high. The dollar's strength in foreign exchange markets apparently stems from the rising trend of U.S. interest rates. Economic news confirming the strength of the U.S. recovery, including the upward revision of the growth of GNP in the first quarter may also have played a role. Net intervention by foreign central banks was moderate during the week, amounting to a sale of about \$100 million.

The value of the Italian lira has risen strongly since the government began introducing measures on May 5 to arrest speculation against the currency and absorb domestic liquidity. In the past 16 days the lira on net moved up 9-1/4 percent against the dollar, 1-1/4 percent of which was registered during the past week.

The British pound fell to a record low of \$1.7735 this afternoon nearly 2-1/2 percent below last Friday's level. During the week, the Bank of England intervened moderately in order to slow sterling's decline and this morning increased the minimum lending rate by 1 percentage point to 11-1/2 percent. There presently is nearly a 5 percentage point differential on 3 month interest rates between the United States and the United Kingdom.

The price of gold fell \$2 from last Friday's level and was fixed this afternoon at \$125.65.

Recent data on price developments indicate that inflationary pressures are increasing in a number of countries. In France, where economic activity is apparently turning up quite strongly, the retail price index rose at an annual rate of about 10-1/2 percent in March. Because of increasing commodity prices, wage pressures and the depreciation of the franc, the accelerating trend of price increases in France



is not likely to be reversed in coming months. After slowing to an annual rate of 6 percent in March, the rate of increase in the retail price index in the United Kingdom accelerated to a 23 percent annual rate in April. The rise last month was largely the result of price increases for food, electricity and coal, as well as the consequences of the decline in the value of sterling since the beginning of the year. At the wholesale level, British prices also continue to show sharp monthly advances, with April's rise at an annual rate of over 16 percent. The Netherland's cost of living index rose at a rate of 25 percent in April, reportedly in part due to sharp increases in rents. Even in Germany strengthening economic activity seems to have brought about some quickening in the pace of price advances this year, particularly at the wholesale level. On average for the first four months of 1976, the general WPI rose at an annual rate of 13-3/4 percent compared with 9-1/4 percent for the same period last year.

Burton Malkiel
Burton G. Malkiel

Date: May 21, 1976

VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD

TRADE-WEIGHTED AVERAGE VALUE
OF THE DOLLAR
IN TERMS OF 14 MAJOR CURRENCIES

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
THIS WEEK 5/21	-12.13	-1.52
LAST WEEK	-12.61	-2.00
4 WEEKS AGO	-12.25	-1.64
6 MONTHS AGO	-12.79	-2.26
YEAR AGO	-17.56	-6.91

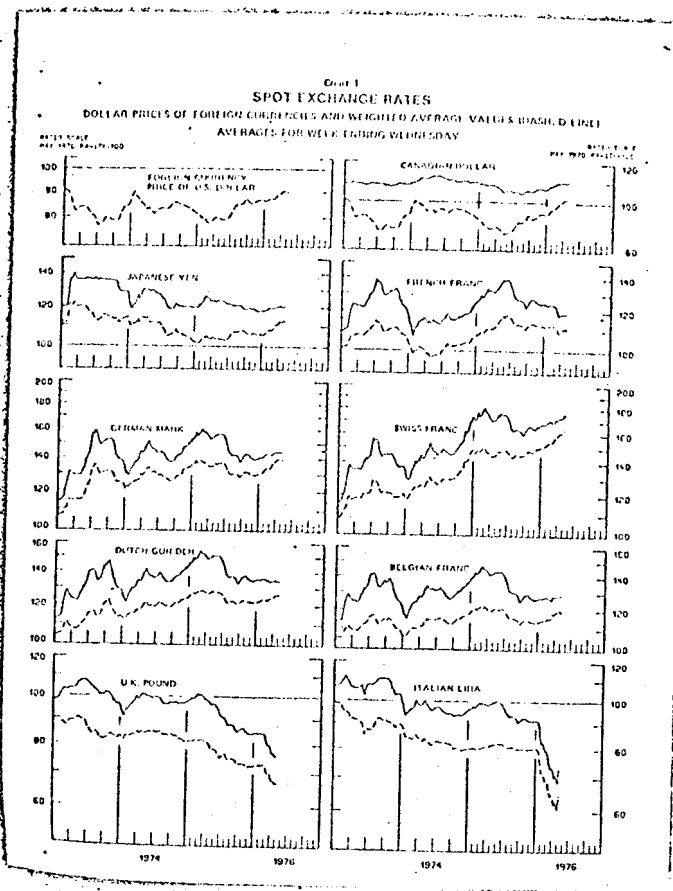
PRICE OF GOLD ON THE LONDON
GOLD MARKET

PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
125.80	259.4
127.70	264.9
127.40	264.0
141.35	303.9
173.40	395.4

* Last month in which fixed exchange rates were adhered to by all 14 countries
(Canadian dollar floated June 1, 1970).

** On the last working day of the week.

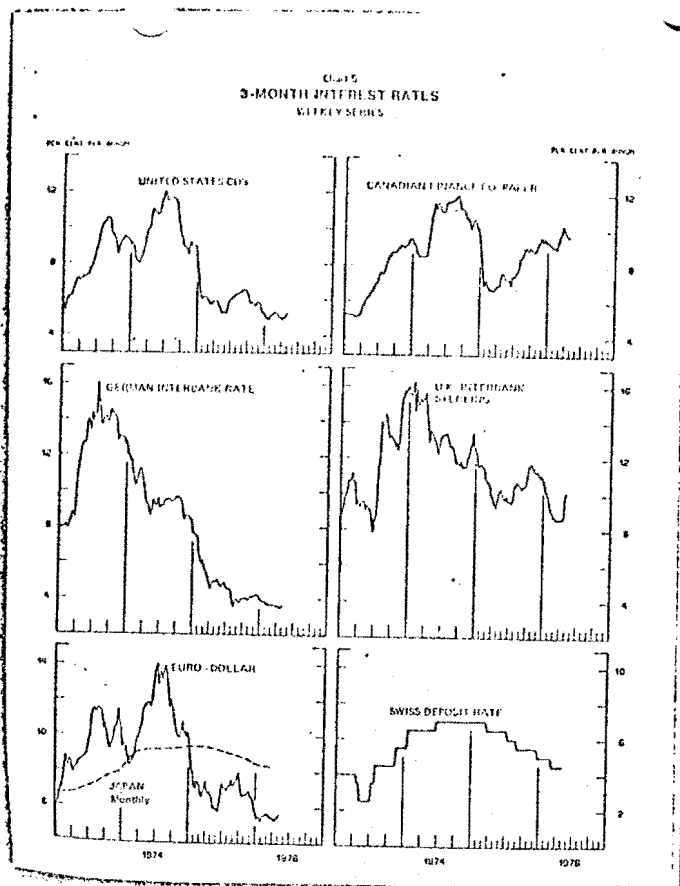
CHANGE IN VALUE OF FOREIGN CURRENCIES IN TERMS OF U.S. DOLLAR



CURRENCY	UNITS PER U.S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U.S. ¢ PER UNIT		TODAY	WEEK AGO	MONTH AGO
	SMITHSONIAN	TODAY			
Canadian Dollar	1.000	.9806			
	¢100.000	¢ 101.98	2.0	2.1	1.5
British Pound	.384	.5639			
	¢260.571	¢ 177.35	-31.9	-30.3	-30.6
German Mark*	3.222	2.5786	25.0	25.7	27.0
	¢ 31.032	¢ 38.78			
Swiss Franc	3.840	2.4882	54.3	53.6	51.9
	¢ 26.042	¢ 40.19			
French Franc*	5.116	4.7259			
	¢ 19.548	¢ 21.16	8.2	8.8	9.7
Dutch Guilder*	3.245	2.7382			
	¢ 30.819	¢ 36.52	18.5	19.4	20.7
Belgian Franc*	44.816	39.4477	13.6	14.6	15.0
	¢ 2.231	¢ 2.5350			
Italian Lira	581.500	839.6306	-30.8	-31.6	-34.7
	¢ .172	¢ .1191			
Japanese Yen	308.000	299.4909			
	¢ .325	¢ .3339	2.7	3.0	2.7

* Currencies floating together relative to the U.S. dollar.

Date: May 21, 1976



Country	Type of Market Instrument	Market Rate	90 Days Forward Premium(+) Discount(-) (a. r.)	Net Covered Yield	Net Arbitrage Incentive
U.S.	90 Day CD's	5.65	---	5.65	
Eurodollars	90 Day Bank Deposit	6.375	---	6.375	
U. K.	Interbank Loan Rate	10.313	-5.40	4.913	-.737
Canada	Finance Company Paper	9.625	-2.83	6.795	+1.145
Germany	Interbank Loan Rate	3.70	+2.79	6.49	.84