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THE PRESIDENT DONALD R. FORD

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

April 28, 1975

PC-7

MEMORANDUM FOR THE PRESIDENT

Subject: International Financial Developments

The U.S. dollar on a trade weighted basis remained stable this week; dollar rate fluctuations against many currencies appear to lack a definite trend. After fluctuating at about last week's level through most of the week, a slight rise was seen in the trade weighted average on Friday with the release of the first quarter U.S. trade surplus.



Alan Greenspan
Chairman



Supplementary Analysis

After its rise relative to most major currencies recently, the dollar was irregular in relatively active trading this week rising Friday primarily in response to the release of the U.S. trade surplus. Most analysts indicate that some downside pressure from the world political sphere has been countered by an outlook for U.S. economic recovery. The reduction of the German Bundesbank's Lombard rate on Thursday may have also imparted some strength to the dollar at the week's end.

The British pound has fallen recently. Factors contributing to this may be last Friday's cut in the Bank of England's minimum lending rate, apprehension over the effect of the recently announced budget, inflation, and concern over the pending referendum on continued British membership in the EEC.

A stronger French franc may be partially a result of funds leaving sterling. Dealers also report Arab interest in the French currency and favorable assessment of the recently announced government program to stimulate the French economy.

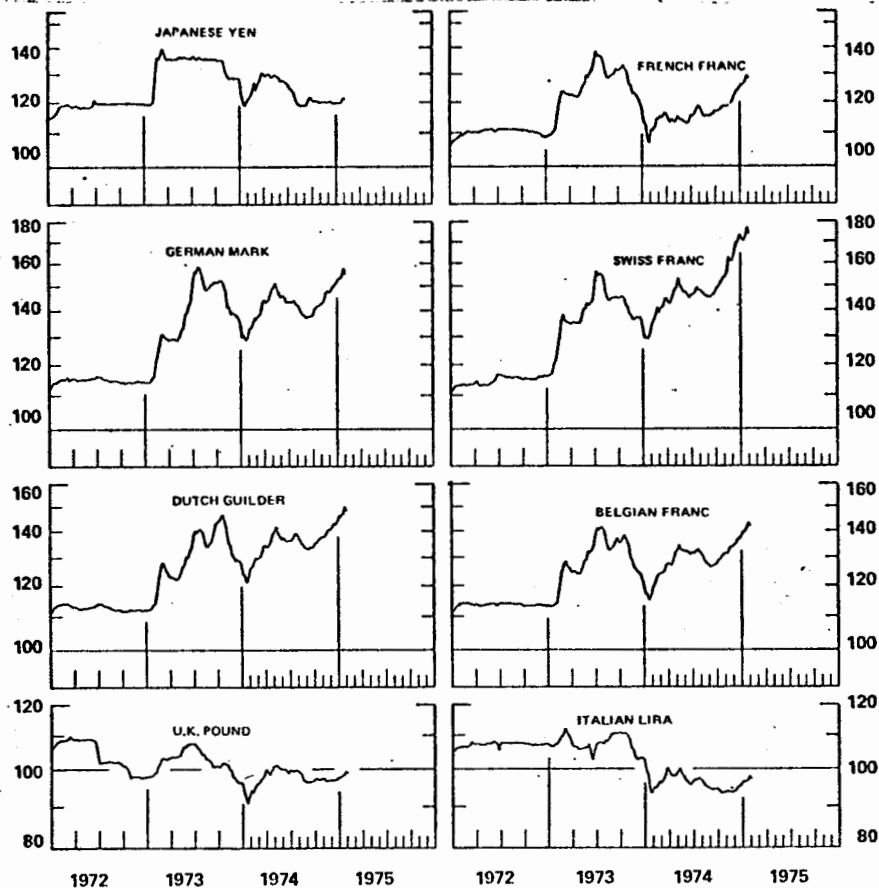
The low fixing in the London gold market this week was \$164.90 per ounce on Tuesday, and the high was \$168.75 on Thursday. Recent fluctuations of the metal have been below the \$170.40 per ounce level at which the French monetary authority fixed its gold reserves in January.

Date: 4/25/75

SPOT EXCHANGE RATES
INDEXES OF DOLLARS PRICES OF FOREIGN CURRENCIES
AVERAGE FOR WEEK ENDING WEDNESDAY

RATIO SCALE
MAY 1970 PARITY=100

RATIO SCALE
MAY 1970 PARITY=100



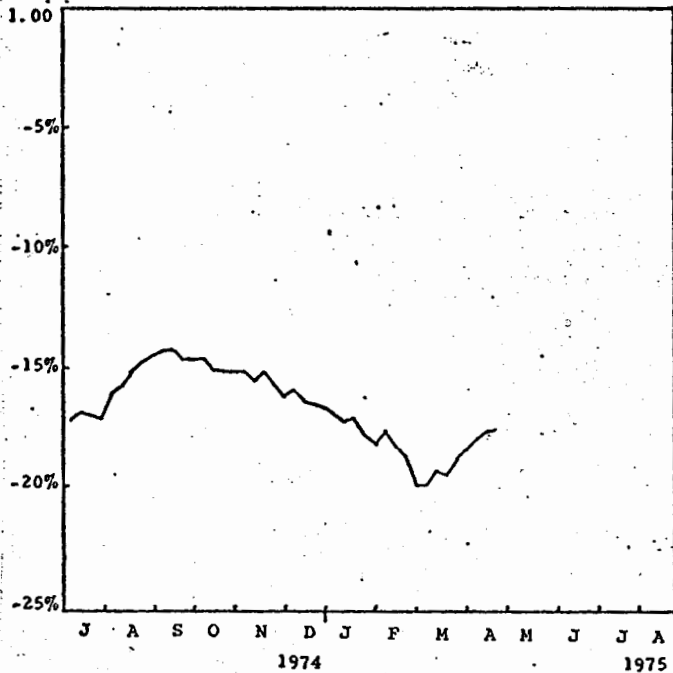
CURRENCY	UNITS PER U. S. \$		% CHANGE IN FOREIGN CURR. FROM SMITHSONIAN		
	U. S. ¢ PER UNIT		TODAY	WEEK AGO	MONTH AGO
	SMITHSONIAN	TODAY			
Canadian Dollar	1.000	1.0170	- 1.7	- 1.5	- 0.3
	¢100.000	¢ 98.33			
British Pound	.384	.4251	- 9.7	- 8.9	- 7.5
	¢260.571	¢235.25			
German Mark*	3.222	2.3855	35.1	35.2	37.6
	¢ 31.032	¢ 41.92			
Swiss Franc	3.840	2.5694	49.5	49.5	51.4
	¢ 26.042	¢ 38.92			
French Franc	5.116	4.1684	22.7	21.9	21.6
	¢ 19.548	¢ 23.99			
Dutch Guilder*	3.245	2.4284	33.6	33.7	35.6
	¢ 30.819	¢ 41.18			
Belgian Franc*	44.816	35.2423	27.2	27.3	29.3
	¢ 2.231	¢ 2.8375			
Italian Lira	581.500	632.5111	- 8.1	- 8.3	- 8.0
	¢ .172	¢ .1581			
Japanese Yen	308.000	293.7720	4.7	5.5	5.3
	¢ .325	¢ .3404			

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

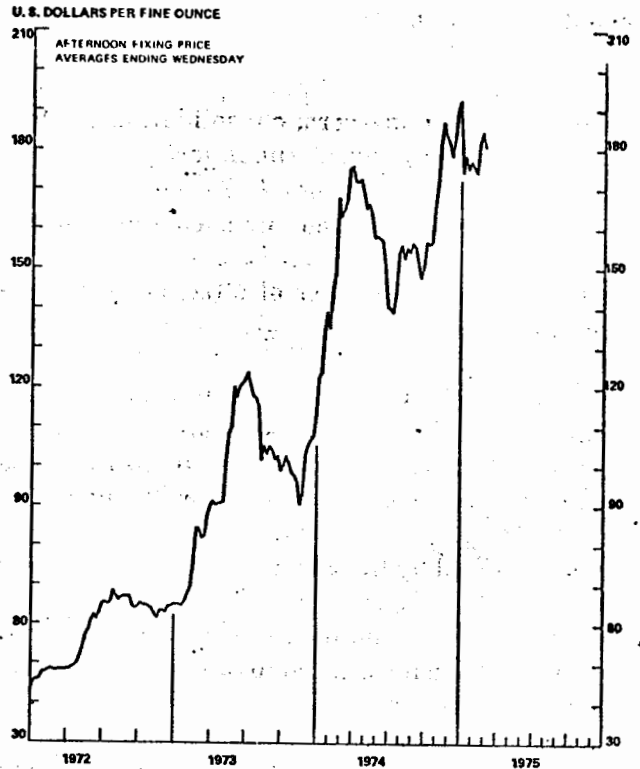
VALUE OF THE DOLLAR IN TERMS OF FOREIGN CURRENCIES
AND
THE PRICE OF GOLD

Trade Weighted Average Value of the Dollar

(Percent Change from May, 1970)



Gold price in London, 12.5 kg. bars



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

PRICE OF GOLD ON THE LONDON
GOLD MARKET

WEEKLY AVERAGE	PERCENTAGE CHANGE IN VALUE FROM:	
	May 1970*	Smithsonian
THIS WEEK	-17.58	-6.94
LAST WEEK	-17.65	-7.01
4 WEEKS AGO	-18.79	-8.12
6 MONTHS AGO	-15.27	-4.72
YEAR AGO	-18.80	-8.13

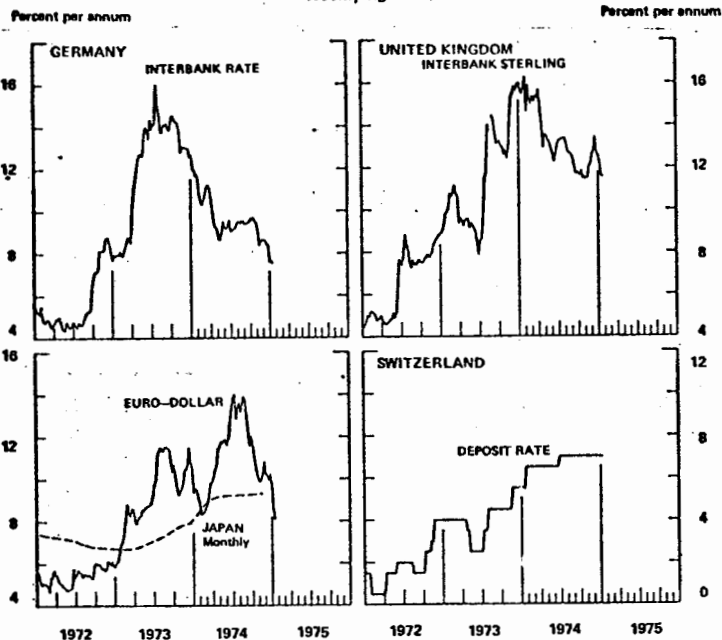
PRICE IN DOLLARS PER OUNCE**	PERCENTAGE CHANGE IN PRICE FROM AUGUST 1971
166.10	374.6
170.50	387.1
177.25	406.4
163.25	366.4
169.00	382.9

* 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.

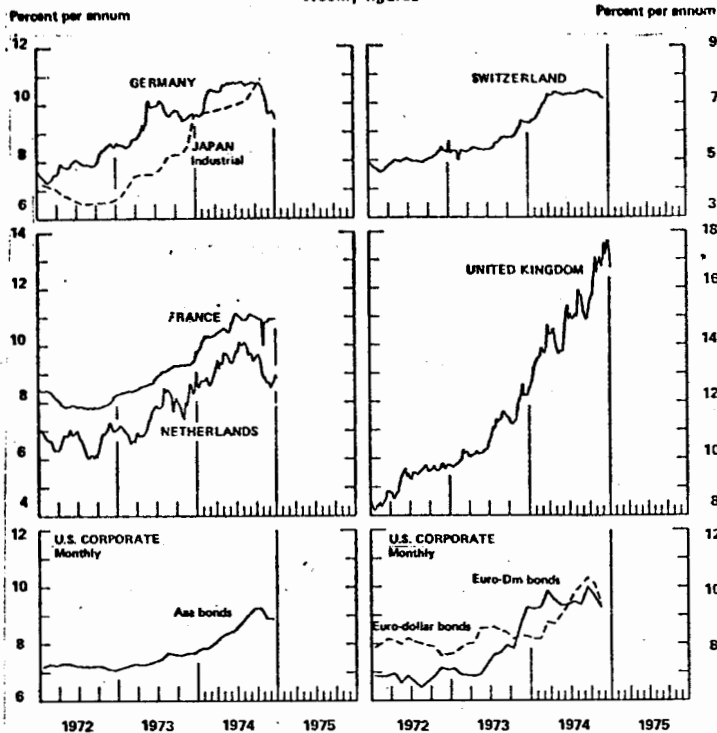
Short-term interest rates

Weekly figures



Long-term bond yields

Weekly figures



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	6.25	-	6.25	
Eurodollars	90 Day Bank Deposit	6.938	-	6.938	
U. K.	Interbank Loan Rate	9.563	-5.61	3.953	-2.297
Canada	Finance Company Paper	7.125	- .26	6.865	+ .615
Germany	Interbank Loan Rate	5.00	+2.29	7.29	+1.04
Switzerland	Commercial Bank Prime Rate	8.50	+2.25	10.75	+4.50
France	"	12.35	-2.84	9.51	+3.26
Japan	"	8.75	+2.59	11.34	+5.09

* 60 days.