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Economic Indicators

The United States

Recently released economic data suggest that economic growth is slowing and that prices are increasing at a very moderate rate. The end of the recovery is not yet in sight nor is inflation likely to increase significantly in the near future.

The index of leading economic indicators fell 0.1 percent in May, its first monthly decline in almost 2 years. The index increased 0.5 percent in April and 0.2 percent in March. The decline in the index suggests that economic growth will slow in the second half of 1984.

Industrial production rose 0.4 percent in May, its eighteenth consecutive monthly increase. In April industrial production increased 1.1 percent. Many economists believe that the slowdown in growth in industrial production may prevent inflation from reigniting.

The unemployment rate fell from 7.5 percent in May to 7.1 percent in June, its lowest level in more than 4 years. The unemployment rate peaked at 10.7 percent in December 1982. Since then, the economy has added 6.7 million jobs.

Consumer prices rose 0.2 percent in May, after rising 0.5 percent in April and 0.2 percent in March. In the last 12 months, consumer prices rose 4.2 percent.

Wholesale prices were unchanged in June, the third straight month that wholesale prices have not risen. For the first 5 months of 1984, wholesale prices rose at a 3.5-percent annual rate.

Short-term interest rates were slightly higher in June, whereas long-term rates were unchanged. The yield on 3-month Treasury bills rose from 9.75 percent to 10.0 percent; at the start of 1984 the yield was 9.0 percent. The yield on 30-year Treasury bonds remained unchanged at 13.5 percent; at the start of the year the yield was 12.0 percent.

The high levels of U.S. interest rates helped push the dollar sharply higher against all major currencies in June. The dollar set record highs against the British pound, the Canadian dollar, and the French franc. Since the start of 1984, the value of the dollar has increased by 8.3 percent against the pound, by 3.0 percent against the Japanese yen, and by 2.5 percent against the West German mark.

After 4 straight record-setting months, the merchandise trade deficit fell to $8.8 billion in May, its lowest level of the year. The deficit in April was $12.6 billion. The May deficit was lower because oil imports dropped sharply and exports increased slightly. The trade deficit for the first 5 months of 1984 was $50.9 billion, compared with $22.4 billion for the same period in 1983.

International comparisons

Economic recovery led by the United States and Japan continues in the industrialized democracies but there are signs of softening growth in Europe. Rosy predictions about further increases in production and the volume of world trade are clouded by forecasts of rising unemployment in Europe and worries about third-world debts. Some trading partners of the United States fear that a possible depreciation of the dollar would endanger their economic recovery by reducing their export revenues from U.S. and world markets.

Industrial production.--EC industrial output was 2.1 percent higher in April 1984 than in the corresponding month of 1983, according to the European Community's statistical office. The trend indicator (the ratio of the last three months' output to that of the preceding three months' output) showed, however, that the growth of industrial output in EC countries slowed in the early months of this year. The trend had been upward in January, stagnated in the following two months, and slipped by 0.7 percent from March to April. The seasonally adjusted April index declined 1.2 percent from March to April. According to the Chemical Bank of New York, this deceleration of European growth appears to be temporary.

West German industrial production decreased by an annualized rate of 3.4 percent from November 1983-January 1984 to February-April 1984, according to figures released by the IMF. The president of the West German central bank said that the Federal Republic's industrial production was 3.0 to 4.0 percent lower in May and June than expected as a result of the 7-weeks of labor strife that ended in late June. Car production depressed by the strikes and lockouts was decidedly a factor in the country's dampened industrial performance in May and June.

IMF data show that Japan's industrial production increased at a rate of 13.1 percent in February-April 1984 compared with the previous 3 months. Japanese industrial output increased at an annualized rate of 23.3 percent from April to May (see statistical tables).

Employment.--The number of registered unemployed in the 10-nation community decreased to 12.2 million in May from 12.5 million in April, according to statistics released by the European Community. The EC jobless rate stood at 10.5 percent in May. Differences in national unemployment rates remained considerable among the industrialized countries in May (see statistical tables). Unemployment in France, increasing steadily this year, reached 9.9 percent in June.

External balances.--The British Government said that the U.K.'s current account deficit dropped from its record high of more than $800 million in April to $103.5 million in May. Decline in Britain's visible trade deficit accounted for the entire improvement.

West Germany had a current account surplus of $970 million in May, according to the West German Statistics Office. In April, the country's current account registered a $144-million deficit. The West German merchandise trade surplus rose to $1.74 billion in May from $919 million in April and $1.3 billion in May, 1983.

The French Government announced that the country's merchandise trade recorded a seasonally adjusted deficit of $1.78 billion in January-March 1984. In January-March 1983, France's merchandise trade deficit was $0.46 billion. The French merchandise trade balance showed $0.5 billion deficit in April 1984, more than twice the size of deficit registered during the same month of 1983.

Prices.--Consumer prices in Organization for Economic Cooperation and Development nations rose by 0.6 percent in April compared with 0.4 percent in March, according to data published by the OECD. Actual (not seasonally adjusted) 12-month rates to April 1984 were as follows: Italy, 11.9 percent; France, 7.9 percent; the U.K., 5.2 percent; Canada, 4.9 percent; West Germany, 3.2 percent; and Japan, 2.4 percent. From May to June, consumer prices declined in Japan and Germany. (For May and some June consumer price indices, see statistical tables). In his speech at the annual meeting of the Bank for International Settlements, BIS President Fritz Leutwiler encouraged industrial nations to keep up their fight against inflation. Mr. Leutwiler said that the average rate of inflation in 11 major industrial nations has risen to 5 percent from 4 percent a year ago. He warned that monetary policy alone is not sufficient to counter the revival of inflationary pressures due to economic recovery: industrialized countries must continue curbing their spending in order to assure price stability.

Forecasts.--OECD predicts that the combined economies of the 24 member countries will grow an average 4.25 percent this year and an average 2.75 percent in 1985. Australia is projected to have the fastest-growing economy among Western nations during the next 18 months. The expected growth of the Australian economy is 6.0 percent in 1984 and 3.5 percent in 1985. The Japanese economy will grow by 4.75 percent this year and by 3.75 percent in 1985, according to OECD. Among the seven major industrial democracies, France's economy is expected to grow at the slowest rate both in 1984 and 1985. OECD anticipates 1.25-percent growth in France's GDP in 1984 and 1.75 percent-growth in its 1985 GDP.

Reports concur that the recent strike by West German metalworkers has killed the chance for the Federal Republic's economy to achieve the previously anticipated 3.0 to 3.5 percent real growth in 1984.

The EC Commission foresees a rise in EC unemployment to 11.4 percent in 1985 despite its own forecast for 2.2-percent economic growth this year and 2.0-percent growth in 1985. This combination of economic growth and relatively sluggish demand for labor may signal a capital-intensive, labor-productivity improving pattern of development in Europe.

According to recent reports, the Secretariat of the General Agreement on Tariffs and Trade (GATT) predicts that the volume of world trade will grow by a brisk 5 to 6 percent this year. Regained export momentum by some LDC's contributed to the improved prospects of world trade this year. The general expectation of trade officials is that the new round of trade promoted at the recent London economic summit is likely to produce agreements in the early 1990's.

International Trade Developments

EC's new commercial defense instrument influenced by U.S. section 301

On April 9, 1984 the European Community (EC) adopted a new law to strengthen its defense against "unfair trading practices" used by nonmembers in EC and foreign markets. Implementation--expected shortly--has yet to occur because it is tied to passage of other EC legislation. In June 1982, the Council of Ministers--the EC's executive decision-making body--called on the EC institutions to respond more quickly and efficiently to unfair trading practices used by nonmembers that cause injury to EC industry. The response came in February 1983 when the Commission--the administrative body that initiates and implements EC law--proposed a new commercial defense instrument to the Council. The EC has a common commercial policy that governs members' internal and foreign trade relations.

The new law allows member firms and governments to lodge complaints with the EC if they believe they are victims of unfair commercial practices--"practices used by nonmembers that are incompatible with international law or the rules commonly accepted by the EC's principal partners regarding commercial policy." If--after its investigation--the EC finds "material injury caused or threatened to EC industry," the new law provides means for taking countermeasures against the offending country, such as imposition of quotas or increases in customs duties. A novel provision in the new instrument authorizes the EC to identify and counter injury met by EC firms in export markets. The subsidized sale of U.S. wheat flour to Egypt in early 1983 may have accelerated pressures in Europe for adoption of the new instrument. The EC claims the new regulation is partly inspired by U.S. trade law and gives it the same scope for action as the U.S. and Japanese Governments already have.

The EC already has trade defense instruments that include antidumping and antisubsidy procedures, and surveillance or safeguard mechanisms. Many in the EC view these more traditional procedures as too slow and cumbersome.

The Commission proposal was initially spurred by France's desire for the EC to duplicate the authority in section 301 of the U.S. Trade Act of 1974. The final consensus came after 14 months of disagreement over whether the instrument was needed. France, the United Kingdom, Italy, and Greece felt that the instrument would help protect the EC's commercial interests and strengthen its credibility when it challenges nonmembers' harmful practices. West Germany, Denmark, and the Netherlands viewed the instrument as a "protectionist wolf in sheep's clothing," claiming that the EC's existing measures provided enough defense of its trade interests. They felt the instrument could (1) open the door to EC protectionist actions and thus disrupt relations with close trading partners; and (2) weaken the EC's international commercial position, by providing arguments for countries that accuse the EC of frequently resorting to restrictive or protectionist actions.

The Commission countered that the new instrument would not be used in cases where other regulations apply--antidumping, countervailing duty, and safeguard regulations--but would cover areas where there previously had been no specific authority. Examples include subsidies used by nonmember countries for their exports to third country markets, foreign export controls on raw materials, Japanese administrative practices, and state trading country practices. To break the impasse, the Commission withdrew part of its original proposal that would have given it more of an independent decision-making role relative to the Council.

The final text has not yet been distributed, but some provisions are known. Final decisions on how the EC will respond to unfair trading practices will remain with the Council. In most cases involving alleged unfair trading practices by a GATT contracting party, the Commission is authorized to open consultations within the GATT under certain circumstances. The Commission will consult the EC member Governments over a 10-day period--after which there will be a 30-day period during which the Council may halt the process. If there is no opposition, the Commission may proceed in consultations with the offending country. If negotiations do not resolve the dispute, the Commission may initiate some form of retaliation. The Council would then have to decide by a qualified majority within 30 days to approve the action.

Section 301 of U.S. trade law is broader in scope than the EC trade instrument. The EC instrument covers farm products but not services. The EC instrument permits actions against commerical practices "that are incompatible with international law," whereas section 301 permits actions against "unreasonable or discriminatory" practices. The Commission has argued that the broader language in section 301 is inconsistent with the GATT since it permits measures to be taken without specifying which practices are considered actionable. The new law allows the EC to enter into GATT dispute settlement procedures only after it completes its internal investigation on both the alleged unfair practices and the question of injury. The EC may take protective measures against other GATT contracting parties only after termination of the dispute settlement process. The new law allows the EC to take protective measures on an immediate basis--before an investigation of either the alleged unfair practices or injury has been completed--in cases where "critical circumstances" justify such action. The Commission says this authority is intended for use only against countries that are not GATT contracting parties or products that are not subject to GATT commitments.

South Korean firms are establishing themselves firmly in Silicon Valley, California

South Korea is rapidly moving into the computer age. This is in line with the Fifth Five-Year Economic and Social Development Plan (1982-86), which states that the composition of electronic products will now be shifted to high value-added and technology-intensive products such as semi-conductors, computers and communications equipment. To assist this process, companies such as Hyundai, Samsung, Daewoo and Lucky Goldstar have established links with Silicon Valley in California.

Hyundai has set up a subsidary, Modern Electronics, in Silicon Valley for use in drawing technology from the United States. It is also moving straight into microelectronics, with no previous experience in the field. Hyundai has previously been engaged in heavy industry, mainly construction, shipbuilding and cars. By next year, this company hopes to set up a semi-conductor plant in the Valley and plans to market 16K static random access memory (SRAM) chips, microprocessors and other very large scale integrated circuits (VLSIs).

Tristar Semiconductor, a subsidary of the Samsung Group, is reportedly already producing 2,000 64K dynamic random access memory (DRAM) units a month in Sunnyvale, California. In Korea, Tristar, drawing on the experience of Samsung Semiconductor and Telecommunications, produces electronic switching systems and semiconductors under licensing agreements with International Telephone and Telegraph. Tristar is also considering the production of a 16K EEPROM (electronically erasable programmed read-only memory) chip to be made in the United States in June, making this company one of only 4 or 5 firms in the United States offering EEPROM chips.

ID Focus of Santa Clara is a Korean-owned firm doing marketing research and industrial designs for electronic products ranging from personal computers to home appliances for Daewoo Electronics and Daewoo Telecommunications. According to company officials, ID Focus was set up with a paid up capital of $2 million to keep up with the latest trends in the electronics industry. At present, it is contracted to work on 20 projects for the Daewoo group but it hopes to perform similar services for U.S. clients in future.

Lucky Goldstar has an office in Silicon Valley but so far its only connection with the United States has been an agreement with American Telephone and Telegraph Company to produce electronic switching systems and semiconductors in Korea. Goldstar Semiconductors in Korea is the joint venture of both these companies and produces a variety of microprocessors at its plant in Gumi with AT&T technology. Goldstar also hopes to set up a research facility in Silicon Valley by the end of 1984.

To ensure success in their efforts, these firms expect to spend an estimated $1 billion over the next 5 years for operations in the United States. The Samsung and Lucky Goldstar groups have broad electronic operations and large reserves of capital accumulated through domestic sales, and the Daewoo and Hyundai groups are also multi-billion-dollar conglomerates. These firms also have easy access to inexpensive loans from the Korean Government due to the high priority placed on high-technology electronics. Loans from foreign sources have also been obtained. For example, in starting Modern Electronics, Hyundai faced little problem in securing a $30 million foreign loan led by the Bank of America. This was due in part to Hyundai Heavy Industries' decision to guarantee the loan. These Korean ventures did initially suffer from a lack of engineers but this problem has been solved by the hiring of Korean-Americans.

Telecommunications trade bill introduced

Trade in high-technology products and how this trade is governed by current rules of the international trading system are priority issues in U.S. commercial relations with its major trading partners. The Telecommunications Trade Act/Telecommunication Product Classification Act of 1984 (S.2618), introduced by Senator John Danforth (R-Mo.) on May 1, is one example of solutions now being advanced in Washington to address these issues. The bill provides the President with the authority to negotiate reductions in foreign barriers to imports of U.S. telecommunications products. While some features of the bill are considerably milder than other proposed "reciprocity" legislation, they are nevertheless subject to controversy within the trade policy community.

Title I of the bill is designed to promote fair trade in telecommunications products. It amends Title I of the Trade Act of 1974 by adding language that empowers the President to negotiate bilateral and multilateral agreements when barriers to trade in telecommunications products exist. If, when barriers are determined to exist, an agreement is not concluded within 90 days of the start of negotiations, section 183 of the act gives the President the authority to ignore past telecommunication tariff concessions and begin to unbind duties on U.S. imports of telecommunications products. If telecommunications trade is not liberalized within three years by a multilateral agreement or a series of bilateral agreements, U.S. tariff rates would be raised to the higher column 2 levels, which are generally the tariff rates placed on imports in 1930, before the GATT.

Title II modifies the existing Tariff Schedule of the United States by introducing a new method of product and rate classification for telecommunications products. Old categories in the tariff schedules would be redefined to more accurately represent the wide array of telecommunications products that are now traded internationally. Tariff rates would remain the same unless provisions in title I of the bill were not met and column 2 rates were invoked.

Proponents of the Danforth bill say that worldwide protectionism preempts what would otherwise be a U.S. comparative advantage in the trade of telecommunications products. The break-up of AT&T provided new opportunities for foreign suppliers to sell telecommunications equipment in the United States. As a result, supporters claim that foreign competitors have increased their penetration of the U.S. market while continuing to protect their domestic markets. The logic behind the bill is that the break-up of AT&T, a unilateral withdrawal of a major U.S. trade barrier, should entitle the United States to reciprocal concessions from foreign governments. Thus, if other governments fail to make equivalent concessions, the United States should withdraw previous tariff concessions on telecommunications products. Supporters believe that the United States is already empowered to do this under Article XXVIII of the GATT, which provides for renegotiation of tariff concessions made by contracting parties to the General Agreement. Supporters of the bill also say that this kind of legislation is not a tool they want or expect to use, but they feel that its mere presence would provide much-needed leverage for advancing U.S. trade interests abroad.

Opponents of the bill question its consistency with the GATT. Under the GATT system, reciprocity is defined as the mutual, negotiated reduction of tariffs and other barriers. In addition, GATT's intent is to balance inequities in specific sectors by looking at the whole trade picture and comparing the overall impact of the concessions; it is not aimed at imbalances in specific sectors. Opponents of the bill suggest that such legislation would undermine the system of multilaterally negotiated trade agreements and would be challenged by our GATT partners.

The Council for Mutual Economic Assistance (CMEA) holds economic summit

The top party leaders of the member-countries of the Council for Mutual Economic Assistance (CMEA) held an economic summit last month for the first time in 15 years. CMEA was established in 1949 at the initiative of the Soviet Union to foster economic cooperation and integration within the Soviet bloc. (In addition to the Soviet Union, nine countries--Bulgaria, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, Poland, Romania, and Vietnam--are full CMEA members.) The meeting was held in Moscow June 12-14, closely following that of the leaders of the major Western industrialized countries.

The previous summit meeting was held in April 1969 and endorsed the development of a plan for economic integration. The result was the Comprehensive Program for economic integration through 1990, which was adopted in 1971. The Comprehensive Program called for improved coordination of members' plans, cooperation in long-term priority programs, and joint investment projects. Although it relied mainly on governmental planning as the instrument of coordination, the Comprehensive Program also included some market-type elements. Among them were the goal of making the transfer ruble (the currency used for accounting purposes in intra-CMEA trade) convertible, which would allow members to trade on a multilateral rather than a bilateral clearing basis. Another was the establishment of direct links between suppliers and purchasers. The Comprehensive Program represented a retreat from the Soviets' earlier efforts to make CMEA a supranational planning organization, an idea which had to be abandoned in the face of objections by Romania and, it is believed, other East European countries.

Following in the tradition of the Comprehensive Program, the economic declaration issued at the end of the 1984 summit retained the plan as the main instrument for coordinating members' economic policies, but it also endorsed the establishment of direct links between economic organizations in member countries. The goal of convertibility was downplayed, however.

In what was described as a new step, the statement called for the coordination of economic policies in priority sectors and for the incorporation of these decisions into each member's economic plans. Science and technology, metallurgy, energy, machine-building, the chemical industry, the agro-industrial industry, consumer goods, and transport links between member-countries were singled out as sectors for cooperative planning. Members were also given the option of coordinating policies in other economic sectors. Some Western observers interpret the provision as making major investment decisions by member countries subject to CMEA approval. Such a measure might prevent duplication of major investment projects within CMEA and increase specialization by individual countries, but it would be likely to be opposed by the East Europeans. The significance of this initiative will depend on how it is interpreted and implemented. To coordinate the broad outlines of economic policy, the participants agreed to hold summits regularly.

Touching upon the critical and sensitive issue of Soviet supplies of energy to the East European countries, the CMEA joint statement predicated continued deliveries of Soviet fuel and other raw materials at agreed-upon levels on East European measures to develop the production of food, consumer goods, high-quality machinery, and other goods for export to the Soviet Union. The statement did not address the issues of energy prices and quantities, but a high-ranking Soviet official told members of the press that the Soviet Union would increase deliveries of natural gas and electricity to its allies, and would base oil prices charged to CMEA members more closely on world market prices. Since 1976, prices have been based on a five-year moving average of world market prices. While oil prices were increasing, the formula was advantageous to the East Europeans, but in a period of declining oil prices the formula would eventually work to their disadvantage. The official did not provide any details, but Western observers speculate that the averaging period might be shortened to 2 or 3 years. The statement also emphasized the development of nuclear power and committed CMEA members to draft jointly a long-term program for constructing nuclear power plants.

In the field of science and technology, the participants agreed to draft a comprehensive program of scientific and technological development for the next 15 to 20 years. The program, which is to be based on national plans, is supposed to yield a uniform policy in the fields considered most important.

While emphasizing intra-CMEA cooperation, the joint economic summit showed no evidence of Soviet efforts to isolate CMEA from the West. Instead, it endorsed the development of trade, economic, scientific, and technical ties with all countries. This position was reiterated and elaborated in the joint political statement also issued at the end of the summit. In that statement, the members specifically endorsed the development of business cooperation with Western states and private firms. As a companion measure, the members also endorsed the implementation of the portions of the Helsinki Act and the statement issued at the end of the Madrid follow-up meeting that dealt with economic cooperation. Although other passages of the joint political statement were strongly critical of U.S. policies, particularly on trade with the Soviet Union, its references to trade consistently refer to all countries or all countries interested in cooperation. The European countries received special mention, however, in references to the importance the CMEA countries attach to broadening economic and scientific ties with them and to the CMEA countries' readiness to conclude an agreement with the European Community. Presumably referring to GATT, the IMF, and the World Bank, the members also endorsed the establishment of relations with the "economic organizations" of the developed Western countries.

Industrial production
(Percentage change from previous period, seasonally adjusted at annual rate)

Country	1981	1982	1983	1983				1984	1983	1984				
				I	II	III	IV	I	Dec.	Jan.	Feb.	March	April	May
United States	2.6	-8.1	6.4	9.9	18.4	-21.8	10.1	11.4	6.4	19.2	12.0	6.2	13.5	5.3
Canada	0.9	-10.7	5.9	22.1	13.1	18.5	13.8	3.6	13.0	31.8	-33.5	1.8		
Japan	1.0	0.4	3.5	3.6	6.5	14.0	10.3	13.5	6.8	2.2	48.5	-14.7	23.5	23.3
West Germany	-2.3	-3.2	0.4	4.4	6.0	4.9	9.0	1.8	-9.3	8.9	12.9	-38.0		
United Kingdom	-3.9	2.0	2.9	5.3	0.5	5.7	3.3	0.4	13.8	4.7	-16.9	-11.1	-2.3	
France	-2.6	-1.5	1.2	1.0	4.2	3.1	1.0	6.3	-8.7	9.6	-8.7	19.9	-30.7	
Italy	-2.4	-2.2	-4.8	-2.0	-10.4	-4.9	17.6		-42.2					

Source: Economic and Energy Indicators, U.S. Central Intelligence Agency, July 6, 1984.

Consumer prices
(Percentage change from previous period, seasonally adjusted at annual rate)

Country	1981	1982	1983	1983				1984	1984					
				I	II	III	IV	I	Jan.	Feb.	March	April	May	June
United States	10.3	6.2	3.2	-0.4	4.3	4.2	4.4	5.0	7.8	4.4	2.8	5.6	2.4	
Canada	12.5	10.8	5.8	3.0	4.6	6.3	4.2	5.7	7.6	5.2		6.0	2.0	
Japan	4.9	2.6	1.8	0.6	1.6	0.6	3.6	3.6	0.3	12.9	-0.2	-0.7	1.6	-6.1
West Germany	6.0	5.3	3.6	0.5	1.6	5.0	3.0	2.2	2.4	3.8	2.6	0.7	1.7	-1.0
United Kingdom	11.9	8.6	4.6	3.6	2.2	8.2	6.1	4.3	2.1	6.4	2.3	0.6	3.1	
France	13.3	12.0	9.5	11.0	10.4	9.3	8.6	7.2	6.7	7.7	6.4	3.7	6.8	
Italy	19.3	16.4	14.9	13.4	14.4	12.5	11.1	11.1	11.8	11.1	11.4	10.9	9.1	

Source: Economic and Energy Indicators, U.S. Central Intelligence Agency, July 6, 1984.

Unemployment rates
(Percent; seasonally adjusted; rates of foreign countries adjusted to be roughly comparable to U.S. rate)

Country	1981	1982	1983	1983				1984	1984					
				I	II	III	IV	I	Jan.	Feb.	March	April	May	June
United States	7.6	9.7	9.6	10.4	10.1	9.4	8.5	7.9	8.0	7.8	7.8	7.8	7.5	7.1
Canada	7.6	11.0	11.9	12.5	12.2	11.6	11.2	11.3	11.2	11.3	11.4	11.4	11.7	
Japan	2.2	2.4	2.7	2.7	2.7	2.7	2.6	2.8	2.8	2.9	2.7	2.6		
West Germany	4.1	5.9	7.3	7.1	7.4	7.5	7.3	7.2	7.1	7.2	7.3	7.4	7.4	
United Kingdom	10.6	12.3	13.4	13.3	13.5	13.6	13.3	13.6	13.6	13.7	13.8	13.7		
France	7.7	8.7	8.8	8.7	8.8	8.8	9.0	9.5	9.3	9.6	9.7			
Italy	4.3	4.8	5.2	4.9	5.7	5.1	5.0							

Note.--Italian unemployment surveys are conducted only once a quarter, in the first month of the quarter.

Source: Statistics provided by Bureau of Labor Statistics, U.S. Department of Labor, July 1984.

Trade balances
(Billions of U.S. dollars, f.o.b. basis, seasonally adjusted at annual rate)

Country	1981	1982	1983	1983 I	1983 II	1983 III	1983 IV	1984 I	1983 Dec.	1984 Jan.	1984 Feb.	1984 March	1984 April	1984 May
United States-1/	-27.5	-31.6	-57.4	-32.4	-54.8	-65.2	-77.6	-104.8	-63.6	-99.6	-106.8	-108.0	-129.6	-91.2
Canada	6.2	14.8	14.6	13.2	16.8	13.2	14.8	13.6	15.6	18.0	10.8	13.2	16.8	
Japan	20.1	18.4	31.6	27.6	31.6	33.2	34.8	40.0	34.8	39.6	39.6	40.8	44.4	
West Germany	11.9	21.1	16.5	22.0	16.8	15.2	12.4	19.2	12.0	16.8	24.0	15.6	14.4	
United Kingdom	6.4	3.6	-1.6	1.2	-4.0	2.4	0.8	-0.8	8.4	-6.0	7.2	-3.6	-14.4	
France	-9.3	-14.0	-5.9	-14.0	-6.8	-1.6	-0.8	-6.0	0	-7.2	-7.2	-3.6	-6.0	
Italy	-15.9	-12.8	-7.9	-11.6	-5.6	-10.0	-3.2	-9.2	-4.8	-6.0	-4.8	-16.8	-15.6	

1/ Exports, f.a.s. value; imports, customs value.

Source: Economic and Energy Indicators, U.S. Central Intelligence Agency, July 6, 1984.

U.S. trade balance, by major commodity categories and by selected countries
(Billions of U.S. dollars, customs value basis for imports, 1/ seasonally adjusted unless otherwise indicated)

Item	1981	1982	1983	1983 I	1983 II	1983 III	1983 IV	1984 I	1983 Dec.	1984 Jan.	1984 Feb.	1984 March	1984 April	1984 May
Commodity categories:														
Agriculture	26.8	21.6	20.0	5.1	4.4	5.2	5.4	5.2	1.9	2.1	1.4	1.7	1.4	1.7
Petroleum and selected products, unadj	-73.0	-54.6	-49.1	-9.6	-11.3	-14.6	-13.2	-13.1	-3.6	-4.3	-4.3	-4.5	-5.0	-3.9
Manufactured goods	11.5	-4.9	-31.3	-4.1	-7.0	-7.9	-11.2	-19.0	-4.0	-6.0	-6.3	-6.7	-7.2	-5.8
Selected countries:														
Western Europe	13.5	7.6	1.2	2.0	-0.6	-0.1	0.2	-3.6	.2	-.7	-1.2	-1.7	-1.3	-.9
Canada	-6.9	-12.6	-12.1	-2.8	-4.1	-3.4	-3.7	-4.3	-1.4	-1.5	-1.4	-1.4	-2.3	-1.1
Japan	-15.8	-17.0	-19.6	-4.7	-4.3	-4.4	-6.2	-7.0	-2.2	-2.4	-2.2	-2.4	-2.4	-3.0
OPEC, unadj	-27.9	-8.3	-8.2	-.5	-1.1	-3.5	-3.1	-2.6	-.5	-.9	-1.0	-.7	-1.4	-1.0
Unit Value (per barrel) of U.S. imports of petroleum and selected products, unadj	$34.28	$31.48	$28.60	$29.77	$27.79	$28.49	$28.43	$28.31	$28.19	$27.98	$28.46	$28.49	$28.48	$28.50

1/ Effective January 1982, the Census Bureau replaced f.a.s. value with customs value in various reports on the U.S. trade balance. Data presented in this table for January 1982 and thereafter reflect the customs value for imports. Data presented for December 1981 and before reflect the f.a.s. value.

Source: Summary of U.S. Export and Import Merchandise Trade, U.S. Dept. of Commerce, May 1984.

Money-market interest rates
(Percent, annual rate)

Country	1981	1982	1983	1983 II	1983 III	1983 IV	1984 I	1984 II	1984 Jan.	Feb.	March	April	May	June
United States	15.9	12.4	9.1	8.8	9.6	9.4	9.7	10.9	9.4	9.6	10.1	10.4	11.1	11.3
Canada	18.4	14.4	9.5	9.4	9.4	9.5	10.0	11.4	9.8	9.9	10.4	10.8	11.5	11.9
Japan	7.5	6.8	6.8	6.5	6.6	7.6	6.4	6.3	6.4	6.3	6.4	6.3	6.2	6.4
West Germany	12.1	8.8	5.7	5.3	5.7	6.1	5.9	6.0	6.1	5.9	5.8	5.8	6.1	6.1
United Kingdom	13.8	12.2	10.1	10.1	9.7	9.4	9.2	9.2	9.4	9.3	8.9	8.8	9.3	9.4
France	15.3	14.6	12.4	12.4	12.3	12.3	12.4	12.3	12.2	12.4	12.5	12.5	12.2	12.2
Italy	20.0	20.0	18.0	17.9	17.5	17.5	17.5	17.0	17.8	17.4	17.3	17.4	16.8	16.8

Note.—The figure for a quarter is the average rate for the last week of the quarter.

Source: Statistics provided by Federal Reserve Board.

Effective exchange rates of the U.S. dollar, unadjusted and adjusted for inflation differential
(Index numbers, 1980–82 average=100; and percentage change from previous period)

Item	1981	1982	1983	1983 II	1983 III	1983 IV	1984 I	1984 II	1984 Jan.	Feb.	March	April	May	June
Unadjusted:														
Index number	99.5	109.8	114.2	113.0	116.3	116.4	117.2	118.8	119.1	117.3	115.3	116.7	119.5	120.2
Percentage change	9.7	10.4	4.0	1.9	2.9	0.1	0.7	1.4	1.0	-1.5	-1.7	1.2	2.4	0.6
Adjusted:														
Index number	100.7	109.8	112.4	111.1	114.1	114.3	114.4	114.9	116.4	114.4	112.3	113.1	115.4	116.1
Percentage change	12.5	9.0	2.4	0.9	2.7	0.2	0.1	0.5	0.9	-1.7	-1.8	0.7	2.0	0.6

Note.—The foreign-currency value of the U.S. dollar is a trade-weighted average in terms of the currencies of 15 other major nations. The inflation-adjusted measure shows the change in the dollar's value after adjusting for the inflation rates in the U.S. and in these other nations; thus a decline in this measure suggests an increase in U.S. price competitiveness.

Source: World Financial Markets, Morgan Guaranty Trust Company of New York.