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International Economic Indicators

Economic growth has slackened appreciably in the United States and in other Western industrialized countries in recent months. Growth rates predicted for the United States, Western Europe, and Japan in 1985 are down from the growth rates anticipated for 1984.

Substantial increases in exports to the United States have stimulated economic recovery in U.S. trading partners, but this stimulus will probably be reduced as a result of the current leveling off of U.S. growth. In addition, persistently high U.S. interest rates create pressures for high interest rates in other advanced countries, thus inhibiting their economic recovery. Despite this, analysts apparently agree that the present slowdown is not a forerunner of a new recession.

Industrial production

U.S. industrial production in October remained the same as in September, but October 1984 output was 6.6 percent higher than output in October 1983.

Although industrial production in the major advanced countries has stagnated in recent months, 1-year comparisons still show impressive growth results. The annual rates of industrial growth, calculated by taking the latest available monthly output data over the output level in the corresponding month of 1983, were as follows: Canada, 9.2 percent; France, 4.6 percent; West Germany, 2.5 percent; Italy, 7.4 percent; and Japan, 8.7 percent. Mainly as a result of labor strife in the coal industry, industrial production in the United Kingdom in September 1984 was 1.8 percent below its level in September 1983. (Despite this, Britain's total output is expected to rise by about 2 percent in 1984.)

According to the IMF, the combined industrial production of the five major industrial countries was 6.0 percent higher in September 1984 than during September 1983.

Employment

The rate of unemployment in the United States was 7.0 percent in November, down from 7.3 percent in October (on a total labor force basis including military personnel). Unemployment in Canada was 11.3 percent in October. Japan's rate of unemployment was 2.8 percent in September. Stabilization efforts and structural problems pushed midyear Western European unemployment to 11.0 percent. The overall employment situation in Western Europe remains bleak at the end of the year. Some of the latest jobless rates are as follows: Holland, 17.3 percent; Belgium, 15.4 percent; Italy, 12.8 percent; France, 10.6 percent; and West Germany, 9.2 percent. (For foreign unemployment rates adjusted to U.S. statistical concepts see tables.)

External balances

The U.S. merchandise trade deficit narrowed sharply from $12.6 billion in September to $9.2 billion in October. The improvement resulted from a $4 billion decline in nonoil imports.

Japan's merchandise trade surplus rose from $18.1 billion in April-September 1983 to $23.4 billion in the same months of 1984. The country's surplus on current account rose from $13.2 billion to $18.8 billion in a similar comparison. According to the Japan Economic Journal, strong pressure persists among Japan's main trading partners on Tokyo to rectify its lopsided trade position through liberalizing imports and making the country's financial markets more accessible to foreigners.

In addition to the United States, two of the seven key industrialized nations--the United Kingdom and Italy--registered deficits in their September merchandise trade balances. At seasonally adjusted annual rates, the aggregate trade balance of the seven nations in trade with the rest of the world remained in deficit in September (see tables).

Prices

The U.S. consumer price index rose by 0.3 percent in October. For the 12-month period ending in October, the consumer price index increased by 4.2 percent. Import prices decreased by 1.8 percent and export prices by 2.2 percent from June to September. Thus, the resultant deterioration in U.S. terms of trade on a net barter basis was 0.4 percent over that period.

In October, the annualized rate of consumer-price inflation was 3.4 percent in Canada, 9.1 percent in Italy, 2.3 percent in Japan, 5.0 percent in the United Kingdom, and 2.1 percent in West Germany. Retail prices in France rose between 0.6 and 0.7 percent in October, according to official French statistics. This, and an anticipated 0.3- to 0.4-percent rise in French retail prices in November and December, are expected to bring French inflation down to between 6.7 and 6.8 percent for 1984. Following the 9.3-percent rate of inflation recorded in 1983, the Government's initial goal was to limit inflation to 5 percent in 1984. The most recently announced target rate of inflation for 1984 is 6.7 percent.

Consumer prices in the 24 OECD countries as a group rose by 0.5 percent in September.

Forecasts

The apparent consensus among private forecasters is that the U.S. economy will grow 3 percent after inflation in 1985. This is sharply lower than the generally expected 7-percent growth for the current year and less than the administration's 4-percent growth prediction for 1985. A leading Swiss economic research institute, Prognos AG, predicts that economic growth in Western Europe will decline from 2.5 percent in 1984 to 2.0 percent in 1985. The moderation of the U.S. economic expansion, which will reduce the ability of U.S. markets to absorb imports from Western Europe, is seen by the Swiss analysts as a partial cause of the predicted West European slowdown.

In view of massive new capital investment by businesses and continued strong export performance, the Japanese Government now forecasts a $36 billion current account surplus for the fiscal year ending in March 1985. A $23-billion surplus had been forecast earlier. Japanese analysts believe that the country's private capital investment can replace the growth stimulating effects of exports if Japanese sales abroad should falter as a result of slower economic expansion in the United States and Western Europe.

The OECD expects European unemployment to get worse before it gets better. According to the organization, a turnabout in the more than 3-year decline in the number of jobs in Europe is imminent, but the new employment opportunities will not be able to offset the continued expansion of the labor force. The OECD predicts that unemployment in Europe will increase from the current level of over 18 million to nearly 20 million by the end of 1985.

Anticipated real growth rates for 1985 are as follows: Japan, 5.1 percent; the United Kingdom, 3.0 to 3.5 percent; West Germany, 2.0 to 3.0 percent; Western Europe, 1.8 to 2.5 percent; combined "Big 6" countries, 3.0 percent; Asia and the Middle East, 5.0 to 6.0 percent; Latin America, 2.0 percent; and worldwide growth, 3.0 to 4.0 percent.

East-West trade will do well if it remains at its current 4.8-percent share of world trade, according to the German Institute of Economic Research (DIW). Reasons cited have been Eastern European industry's export weakness, a moderation in Western European demand for Soviet oil, and the slow growth projected in Western Europe--the main Western partner of the Eastern Bloc countries.

International Trade Developments

GATT parley agrees on trade agenda for 1985

At their annual session in Geneva at the end of November, the GATT Contracting Parties (CP's) hammered out a consensus on a work program for 1985. This program lays a foundation for completing the 1982 Ministerial projects and preparing for a new round of multilateral trade negotiations. Among the plethora of contentious trade issues on the session's agenda, trade in services surprisingly became the greatest block to constructing the November consensus. Disagreements among CP's on such topics as safeguards, counterfeiting, and agricultural subsidies seemed trivial compared to the session's confrontation between the United States and developing countries on services.

In spite of its desire to hasten progress toward a new trade round, the United States stalled the CP's session to force a decision on services. Multilateral action on services is among the top U.S. trade priorities, yet some CP's, particularly developing countries, assert that services talks would lead GATT onto new ground at a time when key issues in merchandise trade--around which GATT has traditionally been structured--are unresolved. Other CP's, including some members of the European Community, remain ambivalent about including services under one roof with trade in goods.

The mild language of the services decision shows few signs of the controversy it sparked or the progress it represents, but it is a blueprint for folding services discussions into regular GATT channels. At the 1982 Ministerial-level meeting, the United States succeeded only in persuading the CP's to allow voluntary submission of services studies by interested countries as an exercise with no official GATT standing. These "national services examinations" were circulated by the United States, the United Kingdom, Japan, Canada, Sweden, Germany, and the European Community. Under the new decision on services, the GATT Secretariat will organize a formal exchange of information drawn from the national studies. The CP's also agreed to consider, at their next session, whether multilateral action to develop rules for services trade is "appropriate and desirable."

Adoption of the services compromise paved the way for decisions on the last issues held up by the services disagreement--counterfeiting, the trade effect of exchange rates, and GATT's budget increase. The U.S. Government, building on the consensus achieved on these and other issues, hopes to convince major trading partners to announce a new trade round before the end of 1985.

Brazilian Congress closes door to protect its growing informatics industry.

The Brazilian Congress passed a bill in October which codifies a series of *ad hoc* policies developed for the informatics industry over the past 5 years. Under the new legislation, foreign enterprises are excluded from the production of micro-, mini-, and "super-mini" computers for at least 8 years. Even joint ventures are prohibited by the legislation. Foreign companies that already market equipment in Brazil can continue to do so, but new foreign investment will be limited to export markets. A complementary bill for software is expected to be introduced soon.

National companies are defined by the legislation as technologically independent, headquartered in Brazil, and having 100 percent of voting stock and a majority of other capital under Brazilian control. These companies will be eligible for reductions or elimination of import quotas, export taxes, the value-added tax, and the financial operations tax. They may also take advantage of accelerated depreciation, a double deduction for R&D, and preferential financing, and they may receive preference in sales to the Government. In exchange, the national companies must conduct research in areas selected by the Government.

There are some loopholes in the legislation that may allow foreign participation. Though joint ventures are prohibited, foreign enterprises can own up to 30 percent of a local firm's nonvoting stock. One company, Olivetti, has already expressed an interest in this type of arrangement. The principal loophole allows foreign enterprises to set up plants for making micros, minis, and superminis exclusively for export in special "industrial export districts" in the free trade zones of Manaus and Amazonas in the northeastern part of the country. If the companies are producing for export, they will be allowed to import technology (for example, parts and services) even if similar equipment or services are available in Brazil.

The bill also establishes a National Data Processing and Automation Council, composed of Government and private sector members, as the principal policymaking body for the industry. In an early version of the legislation, the Government had proposed that this policy role be given to the military-controlled National Security Council as proposed by the Government.

Brazil reduces some trade barriers

In September 1984, Brazil announced changes in its export financing regulations and import restrictions as part of a foreign trade liberalization package. The move apparently came in response to repeated pressure from the International Monetary Fund (IMF), the World Bank and the United States, Brazil's principal trading partner. It is believed that these measures were designed to create a more favorable climate for the upcoming renegotiation of Brazil's huge foreign debt obligations. Import restrictions might also have been eased with the objective of putting a damper on the country's high level of inflation.

The overlapping of many tariff and nontariff trade barriers, and the lack of transparency in import regulations, have been very frustrating to U.S. companies trading with Brazil. U.S. trade officials have interpreted the recent Brazilian move as a sign of good intentions, signaling an improvement in bilateral trade relations.

On the export promotion side, the Government announced phasing out an 11-percent rebate to exporters of the Industrial Product Tax, a value-added tax on industrial goods, by May 1985. These tax credit export subsidies have been a major irritant in Brazil's trade relations with the United States.

While protectionism spreads in some industries (see "Brazilian Congress closes door to protect its growing informatics industry" in this edition), several new measures will loosen the Brazilian Government's tight grip on imports. These include dropping import suspensions on a large number of items which required a permit from the Carteria de Comercio Exterior (CACEX), the principal Brazilian foreign trade agency. Most provisions protecting the domestic market were introduced following the oil crisis of 1973, while others were added after 1980 to restrain Brazil's large current account deficit.

The Brazilian Government also announced that it will liberalize import financing restrictions imposed by the Central Bank in October 1982. Resolution 767 authorizes certain imports only on the condition that long-term foreign financing (at least 5 to 8 years depending on the nature and value of imports) is made available. A new measure in the September trade reform package allows shorter pay-back periods of 180 days to 5 years. This provision should make it easier for Brazilian importers to take advantage of foreign credit facilities. Without the new measure, Brazil could not have taken advantage of the $1.5 billion line of credit insurance and guarantees granted by the U.S. Export-Import Bank (Eximbank) in 1983 and signed in August this year. Designed to facilitate U.S. exports to Brazil despite the country's credit crisis, Eximbank credits are only available for 1-year terms or shorter.

Another new Brazilian trade provision reduces import surtaxes and stipulates that these should be incorporated into the country's tariff schedules. Presently, Brazil levies tariff surtaxes up to 100 percent on several thousand categories of imports. Another measure narrows the applicability of Brazil's so called "Law of Similars," which prohibits imports of products similar to those already made in Brazil. Now, the "Law of Similars" will not be applied to imports receiving foreign financing for more than 1 year.

Despite the recent liberalization of some import-restrictive measures, U.S. exporters do not anticipate a major jump in their sales to Brazil in view of the state of the Brazilian economy and the effects of its 4-year intensive import substitution drive. Furthermore, exporters are not sure whether a meaningful shift towards a more open Brazilian trade policy will indeed take place. Prospects will become clearer when a new Government takes office in March 1985.

As a result of its tight import controls and vigorous export drive, Brazil registered an unprecedented merchandise trade surplus of $9.6 billion in the first 9 months of 1984, surpassing its target for the entire year. The trade surplus is now projected to reach $11 to $12 billion by the end of 1984, compared with $6.5 billion in 1983. The United States' deficit with Brazil continues to make a crucial contribution to this surplus.

Impressive trade performance is the result of Brazil's extraordinary efforts to reduce dependence on foreign debt. Brazil is the Third World's largest borrower, with foreign debt now amounting to some $100 billion. Despite positive merchandise trade balances and current account improvements in 1983 and 1984, Brazil continues to face serious difficulties in meeting its foreign debt repayment obligations. Debt charges equaled 88 percent and 85 percent of Brazil's export earnings in 1982 and 1983 respectively, and they are expected to claim some 75 percent this year. The Brazilian Government, encouraged by Mexico's success earlier this year in obtaining significant concessions on its foreign debt obligations (IER, November 1984), expects to renegotiate the terms of its foreign debt repayment.

Revival of U.S.-Soviet agreements on scientific, cultural, and commercial cooperation

On December 4, the administration announced that the United States and the Soviet Union would revive an inactive agreement on cooperation in agriculture. The announcement was the latest in a series of steps to reactivate scientific, cultural, and commercial agreements derailed following the Soviet invasion of Afghanistan.

One of 11 agreements on scientific and technical cooperation signed during the "detente" years of the early 1970s, the agricultural agreement provides for joint research programs and the exchange of economic information related to grain.

In a speech at the Kennan Institute in June, the President indicated that the administration had proposed reviving cooperation under 4 of the bilateral scientific agreements--agriculture, environmental protection, housing, and public health. The Soviet Union followed up on these initiatives, but has not yet responded to another proposal that the President mentioned in his speech--a joint simulated space rescue mission.

On October 11, both Houses of Congress approved a joint resolution expressing support for the President's efforts to secure Soviet agreement to the space-rescue proposal. The resolution also urged the President to "endeavor, at the earliest practicable date, to renew" the bilateral agreement on cooperation in space, which was allowed to lapse in 1982 following the declaration of martial law in Poland. The President signed the legislation, although he noted that he found "portions of the language contained in the preamble to the Joint Resolution very speculative."

In addition to the initiatives on scientific cooperation, the United States agreed to renew a 10-year agreement on economic, industrial, and technical cooperation (EITCA) at the end of June and begin negotiations to renew an agreement on cultural cooperation that lapsed in 1979. The renewal of the EITCA is especially significant since it is the only commercial agreement in force between the two countries. It commits both countries to use "their good offices" for business facilitation and provides for periodic meetings of a Joint Commercial Commission (JCC) to consider opportunities for bilateral trade. A working-level meeting of experts has been scheduled for early January. If their meeting is successful, the Cabinet-level JCC could meet for the first time since 1979.

In the wake of these developments, further scientific cooperation appears likely as long as the project will benefit the United States, but will not result in the transfer of militarily useful technology to the Soviet Union. Bilateral cooperation, however, is not likely to return to the level it reached under detente. The prospects for the commercial agreement are similar. The experts' meeting and, if it occurs, the JCC meeting, may be expected to improve the working relationship between the two countries, but not to lead to a dramatic increase in trade.

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

Country	1981	1982	1983	1983 III	1983 IV	1984 I	1984 II	1984 III	1984 May	June	July	Aug.	Sept.	Oct.
United States	2.6	-8.1	6.4	21.8	10.1	11.4	8.6	6.6	4.5	10.8	11.5	1.5	-6.3	-6.3
Canada	0.5	-10.0	5.7	18.5	13.8	2.4	3.5		5.4	4.4	60.3	-5.6		
Japan	1.0	0.4	3.5	14.0	10.3	13.5	11.6	6.6	32.6	6.4	3.1	8.5	-7.8	
West Germany	-2.3	-3.2	0.4	4.9	9.0	1.0	-11.2		25.2	21.7	242.4	-27.1		
United Kingdom	-3.9	2.0	3.3	5.7	3.3	-2.8	-4.0	-3.0	-12.3	-7.0	-12.4	1.2	16.9	
France	-2.6	-1.5	1.1	3.1	1.0	7.4	-4.0		44.3	NA	57.3	9.3	-36.2	
Italy	-1.6	-3.1	-3.2	-4.9	17.6	4.5	2.1	7.7	5.4	1.3	-15.0	19.1	14.6	

Source: Economic and Energy Indicators, U.S. Central Intelligence Agency, November 30, 1984.

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

Country	1981	1982	1983	1983 III	1983 IV	1984 I	1984 II	1984 III	1984 May	June	July	Aug.	Sept.	Oct.
United States	10.3	6.2	3.2	4.2	4.4	5.0	3.7	3.6	2.4	2.0	3.5	5.5	4.3	4.3
Canada	12.5	10.8	5.8	6.3	4.2	5.7	2.6	3.2	2.0	0.6	7.0	1.9	2.9	0.9
Japan	4.9	2.6	1.8	0.6	3.6	3.6	0.9	1.2	1.6	-4.5	6.5	-3.5	4.6	3.0
West Germany	6.0	5.3	3.6	5.0	3.0	2.1	1.7	0.6	1.8	1.4	-0.6	0.2	1.4	8.1
United Kingdom	11.9	8.6	4.6	8.2	6.1	4.4	2.8	5.9	3.3	5.2	2.1	12.5	6.2	7.3
France	13.3	12.0	9.5	9.3	8.6	7.2	6.3	7.3	7.6	8.0	6.7	7.9	7.1	6.5
Italy	19.3	16.4	14.9	12.5	11.1	11.1	10.6	7.9	9.2	10.3	6.2	8.2	3.5	4.2

Source: Economic and Energy Indicators, U.S. Central Intelligence Agency, November 30, 1984.

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

Country	1981	1982	1983	1983 III	1983 IV	1984 I	1984 II	1984 III	1984 June	July	Aug.	Sept.	Oct.	Nov.
United States	7.6	9.7	9.6	9.4	8.5	7.9	7.5	7.5	7.1	7.5	7.5	7.4	7.4	7.2
Canada	7.5	11.0	11.9	11.6	11.2	11.3	11.4	11.3	11.2	11.0	11.2	11.8	11.3	
Japan	2.2	2.4	2.7	2.7	2.6	2.8	2.7	2.8	2.8	2.8	2.8	2.8		
West Germany	4.1	5.9	7.3	7.5	7.3	7.2	7.4	7.5	7.5	7.5	7.5	7.5	7.4	
United Kingdom	10.5	12.2	13.4	13.3	13.0	13.2	13.3	13.6	13.4	13.5	13.7	13.8	13.5	
France	7.7	8.7	8.8	8.8	9.0	9.5	10.0	10.2	10.1	10.1	10.2	10.2		
Italy	4.3	4.8	5.3	5.2	5.5	5.5	5.8	5.4						

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, December 1984.

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

Country	1981	1982	1983	1983 III	1983 IV	1984 I	1984 II	1984 III	1984 May	1984 June	1984 July	1984 Aug.	1984 Sept.	1984 Oct.
United States-1/	-27.5	-31.6	-57.4	-65.2	-77.6	-104.8	-104.8	-128.8	-91.2	-92.4	-148.8	-102.0	-135.6	-96.0
Canada	6.1	14.4	14.4	13.2	14.8	14.4	16.4	16.4	15.6	19.2	19.2	13.2	18.0	
Japan	20.1	18.6	31.5	33.2	34.8	40.0	43.2	40.4	42.0	68.4	39.6	31.2	50.4	
West Germany	11.9	21.1	16.6	15.2	12.4	18.8	12.8	20.0	19.2	4.8	19.2	20.4	21.6	
United Kingdom	7.9	4.1	-0.8	2.4	0.8	-0.4	-6.8	-8.4	-4.8	-2.4	-2.4	-9.6	-12.0	
France	-9.3	-14.0	-5.9	-1.6	-0.8	-6.0	-4.8	1.6	0.0	-7.2	-1.2	4.8	1.2	
Italy	-15.9	-12.8	-7.9	-10.0	-3.2	-9.6	-12.8	-6.4	-13.2	NA	-2.4	-9.6	-7.2	

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

Source: Economic and Energy Indicators, U.S. Central Intelligence Agency, November 30, 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 III	1983 IV	1984 I	1984 II	1984 III	1984 May	1984 June	1984 July	1984 Aug.	1984 Sept.	1984 Oct.
Commodity categories:														
Agriculture	26.8	21.6	20.0	5.2	5.4	5.2	4.4	4.3	1.7	1.3	1.1	1.4	1.5	1.2
Petroleum and selected products, unadj	-73.0	-54.6	-49.1	-14.6	-13.2	-13.1	-13.4	-13.2	-3.9	-4.5	-4.9	-4.2	-4.1	-4.6
Manufactured goods	11.5	-4.9	-31.3	-7.9	-11.2	-19.0	-18.1	-25.1	-5.8	-5.1	-9.4	-6.6	-9.1	-5.1
Selected countries:														
Western Europe	13.5	7.6	1.2	-0.1	0.2	-3.6	-2.9	-4.5	-.9	-.7	-1.7	-1.0	-1.8	-1.0
Canada	-6.9	-12.6	-12.1	-3.4	-3.7	-4.3	-5.1	-5.3	-1.1	-1.7	-1.8	-1.2	-2.3	-1.5
Japan	-15.8	-17.0	-19.6	-4.4	-6.2	-7.0	-7.8	-11.0	-3.0	-2.5	-4.3	-2.9	-3.8	-2.8
OPEC, unadj	-27.9	-8.3	-8.2	-3.5	-3.1	-2.6	-3.7	-3.7	-1.0	-1.3	-1.4	-1.3	-1.0	-1.0
Unit Value (per barrel) of U.S. imports of petroleum and selected products, unadj	$34.28	$31.48	$28.60	$28.49	$28.43	$28.31	$28.45	$27.98	$28.50	$28.36	$28.41	$27.90	27.64	27.79

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, October 1984.

Money-market interest rates.
(Percent, annual rate)

Country	1981	1982	1983	1983 III	1983 IV	1984 I	1984 II	1984 II	1984 June	1984 July	1984 Aug.	1984 Sept.	1984 Oct.	1984 Nov.
United States	15.9	12.4	9.1	9.6	9.4	9.7	10.9	11.5	11.3	11.6	11.5	11.3	10.4	9.2
Canada	18.4	14.4	9.5	9.4	9.5	10.0	11.4	12.5	11.9	13.0	12.4	12.2	12.0	11.1
Japan	7.5	6.8	6.8	6.6	7.6	6.4	6.3	6.3	6.4	6.3	6.4	6.3	6.3	6.3
West Germany	12.1	8.8	5.7	5.7	6.1	5.9	6.0	6.0	6.1	6.1	6.0	5.8	6.1	5.9
United Kingdom	13.8	12.2	10.1	9.7	9.4	9.2	9.2	11.1	9.4	11.4	11.1	10.8	10.6	9.9
France	15.3	14.6	12.4	12.3	12.3	12.4	12.3	11.4	12.2	11.7	11.4	11.0	10.8	10.5
Italy	20.0	20.0	18.0	17.5	17.5	17.5	17.0	16.8	16.8	16.7	16.5	17.3	17.1	17.1

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 III	1983 IV	1984 I	1984 II	1984 III	1984 June	1984 July	1984 Aug.	1984 Sept.	1984 Oct.	1984 Nov.
Unadjusted:														
Index number	99.5	109.8	114.2	116.3	116.4	117.2	118.8	125.1	120.2	124.1	124.0	127.3	128.5	126.8
Percentage change	9.7	10.4	4.0	2.9	0.1	0.7	1.4	5.3	0.6	3.2	-0.1	2.7	0.9	-1.3
Adjusted:														
Index number	100.7	109.8	112.4	114.1	114.3	114.4	114.9	120.8	116.3	119.8	119.9	122.6	123.6	121.6
Percentage change	12.5	9.0	2.4	2.7	0.2	0.1	0.5	5.1	0.6	3.0	0.1	2.3	0.8	-1.6

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.