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Recent Economic Developments in Germany,  
March to June 1963

18 pages

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Recent Economic Developments in Germany, March to June 1963

An improved business outlook and the reappearance of a substantial surplus in Germany's external payments were the major economic developments in Germany in the period under review. Just three months ago, by contrast, a slight pick-up in business activity had been brought to a halt. Also at the end of 1962 the balance of payments had been in deficit for three quarters.<sup>1/</sup>

A general rise in confidence came with the passing of the hard winter and the settlement of the metal-workers strike in April. This confidence was borne out by a 6 per cent rise in industrial output between February and May and a continuous uptrend in new orders, both domestic and export. Exports also began to rise after the winter; the export surplus<sup>2/</sup> in May was the largest monthly surplus in the postwar period.

The balance of payments moved again into substantial surplus with the resumption of appreciable private capital inflows and with the improved trade balance. Official reserve accruals were also substantial in May.

For the period January to May, the external payments surplus of DM 1.8 billion in 1963 compared with only a DM 0.6 billion surplus for 1962. The payments surplus was broadly-based, reflecting not only the larger trade surplus but appreciable purchases by nonresidents of German stocks and bonds.

Foreign interest in German securities, especially nonresident subscriptions to Federal (and Federal agency) bonds, came at a time of growing

<sup>1/</sup> See "Recent Economic Developments in Germany--End of 1962 and Early 1963," April 9, 1963.

<sup>2/</sup> After seasonal adjustment.

pressures on domestic liquidity and a tendency for interest rates to rise in Germany. Because of the tightening in the domestic money market, German banks and firms have been borrowing more heavily abroad, thereby adding to official reserve accruals. This borrowing has been chiefly in the Euro-dollar market but funds have also been obtained in New York. In addition, German borrowings in Switzerland, Belgium, and the Netherlands have added to upward pressures on money rates in these centers.

The German authorities are opposed to any further advances in interest rates. However, upward pressures on the interest rate structure continue. The authorities are encountering increasing difficulty in maintaining the 6 per cent coupon on new bond offerings.

Despite the rapid advance in business activity, price and wage advances continue to moderate. The favorable wage settlement in the metal industry has set a trend for other wage agreements. On the price front, both the index of industrial producers goods and of export unit values actually turned down fractionally in April and May; these two series are the best available indicators of price trends in the manufactured goods lines which comprise the bulk of German export sales.

#### Vigorous expansion in output and demand

Industrial output, which had been curtailed by the cold winter, started to expand vigorously in March and has continued to rise since. (See Table 1.) Output in the building and the building supplying industries, which was most severely affected by the harsh winter, has expanded most rapidly in recent months. Between February and May total industrial output was up 6 per cent with all major sectors contributing to the rise. The capital goods

Table 1. Germany: Industrial Production, 1962-May 1963  
(1950=100, end-of-period figures, seasonally adjusted)

	<u>All industries</u>	<u>Basic and producers goods</u>	<u>Capital goods</u>	<u>Consumer goods</u>	<u>Food, beverages and tobacco</u>	<u>Building</u>
<u>1962</u>						
I	260	270	359	219	221	171
II	279	299	379	235	237	280
III	284	303	387	238	237	286
IV	281	296	382	237	232	255
<u>1963</u>						
Jan.	272	281	363	230	233	169
Feb.	265	273	358	222	238	124
Mar.	277	293	380	232	235	228
April <sup>a/</sup>	280	300	379	236	241	284
May <sup>a/</sup>	281	309	369	238	244	302

a/ Preliminary.

Source: Bundesbank Monthly Report.

Table 2. Germany: New Orders Received by Industry 1962-May 1963  
(1954 turnover=100, end-of-period figures, seasonally adjusted)

	<u>All industries<sup>a/</sup></u>	<u>Domestic orders</u>	<u>Foreign orders</u>	<u>Basic industries</u>	<u>Capital goods</u>	<u>Consumer goods</u>
<u>1962</u>						
I	203	193	249	180	256	164
II	210	205	230	195	253	169
III	201	195	231	186	240	166
IV	193	185	238	176	233	165
<u>1963</u>						
Jan.	206	198	254	184	252	187
Feb.	196	184	256	167	244	168
Mar.	202	189	259	171	250	165
April	218	206	291	193	269	180
May <sup>b/</sup>	228	213	301	208	284	171

a/ Excludes mining, construction, food and power.

b/ Preliminary.

Source: Bundesbank Monthly Report.

industries, which had been lagging since the fall of 1962, recorded a substantial increase in March but expansion in this sector could not be sustained in April and May. In May total industrial production was 3.3 per cent above the year-ago level, a rate of annual increase which about equaled that projected in the Economics Ministry's Report on Prospects for 1963.

The inflow of new orders to industry reflected the economic upswing even more strongly than did the output figures. Order activity has risen consistently since February, (1963) and in May was 16 per cent above the February figure (See Table 2). Foreign ordering, which had been rising since mid-1962, expanded most vigorously, but domestic demand also joined the uptrend in March and has been rising since.

Consumer demand (as reflected in retail sales) has been rising less fast than in 1962. The labor force is growing only very slowly now, and wage increases have been moderating. As a result, mass incomes are growing much more slowly than they have in recent years. During the first quarter, incomes were only 5.1 per cent above the corresponding 1962 level; in 1961 and 1962, on the other hand, annual increases ranged from 8 to 12 per cent. Also, consumers are spending a larger proportion of income on services, with rising living standards and with prices for services rising more rapidly than those for goods. An additional factor in the slower growth of consumer demand for goods is the increasing propensity to save of private households which has been evident since mid-1962.

Public demand, on the other hand, continues very strong and foreign demand, as reflected in the rise of both exports and foreign orders, is growing

at an accelerated rate. There is also some evidence that the slowdown in investment activity may be stabilizing.

With construction activity falling far below the 1962 level because of the bad weather and exports being impeded by both the weather and the U. S. dockstrike, total GNP rose only 3 per cent in the first quarter compared with the year-ago level (See Table 3). Expenditures for equipment were unchanged. For 1963, the Economics Ministry has estimated an increase in GNP of 6.2 per cent at current prices (about 3.5 per cent in real terms). The first quarter results mean that GNP would have to rise by 7.5 per cent in current prices (4.5 per cent in real terms) for the remainder of the year to realize these estimates. With rising government demand, the improved export performance and the possibility of a larger inventory build-up, these estimates are still considered reasonable.

#### Labor market tightens again

The labor market started to tighten again during the spring upswing. (See Table 4.) Unemployment dropped from 0.9 per cent of the labor force in March to 0.5 per cent in May and vacancies remained at a high level of over 0.5 million. As a result, there were five vacancies for each unemployed worker in May. Although the influx of foreign workers (reaching 804,000 in June) has been larger than expected this year, the total labor force grew by only 1.6 per cent between June 1962 and June 1963 (2.2 per cent in the preceding 12 months).

#### Price and wage increases continue to moderate

Despite the tighter labor situation, wage pressures continued to moderate (See Table 5). There is some evidence that labor is shifting from

Table 3. Germany: Gross National Product 1962-1st Qtr. 1963  
(Current prices, percent change from preceding year)

	1962				1963
	I	II	III	IV	I
Consumption					
Private	8.5	11.5	8	8	5
Public	12	10	18	16.5	16.5
Total	<u>9</u>	<u>11.5</u>	<u>10</u>	<u>9.5</u>	<u>7</u>
Gross investment					
Construction	1	20.5	16.5	14	-21.5
Equipment	10	6.5	7	7.5	--
Inventory change	11	-47.5	--	-16.5	14.5
Total	<u>6.5</u>	<u>8.5</u>	<u>11.5</u>	<u>10.5</u>	<u>-4.5</u>
Exports	3	3	6	7	1.5
Less Imports	<u>11</u>	<u>9</u>	<u>10.5</u>	<u>9</u>	<u>5</u>
Total GNP	<u><u>6.5</u></u>	<u><u>9</u></u>	<u><u>9</u></u>	<u><u>9</u></u>	<u><u>3</u></u>

Source: Deutsches Institut fuer Wirtschaftsforschung

Table 4. Germany: Labor Market 1962 - June 1963 (excluding Berlin)  
(End-of-period figures)

	1962				1963			
	I	II	III	IV	I	April	May	June
Labor force (millions)	21.1	21.3	21.4	21.4	21.4	a/21.5	a/21.6	21.7
Employment (millions)	20.9	21.2	21.3	21.2	21.2	a/21.3	a/21.5	21.6
Unemployed (thousands)	190	88	83	219	204	133	114	112
Unemployment as per cent of labor force	0.9	0.4	0.4	1.0	0.9	a/ 0.6	a/ 0.6	0.5
Vacancies (thousands)	581	598	580	406	552	542	551	569
Vacancies as per cent of unemployed	306	680	699	185	271	408	483	508

a/ Estimated.

Source: Statistisches Bundesamt; Federal Reserve Board staff.

slower growing to the faster growing sectors and that much labor-saving capacity has come into operation. The terms of settlement of the metal worker strike last April have encouraged the general expectation that the wage rise will continue to slow down. This strike, which threatened to become post-war Germany's most severe labor dispute, was settled before output was seriously disrupted, in large part because of Mr. Erhard's personal intervention in the negotiations. The subsequent rise in his prestige also helped to minimize political uncertainties after his nomination as Chancellor-designate. After striking for an 8 per cent wage rise, the metal workers settled for 5 per cent immediately and another 2 per cent in April 1964. These terms of settlement, which are considered to be noninflationary, appear to be setting the trend for other wage agreements: similar settlements have since been concluded for the public services, the railways and the postal workers. Although these increases exceed the average 3.5 per cent recommended by the Government, they are well below the over-all increase of 11 per cent registered in wage rates during 1962.

Prices have tended to stabilize as wage increases have been moderating (See Table 5). In particular, both the index of industrial producers prices and the export unit-value index turned down fractionally in April and May. These two series cover price trends in the manufactured goods which comprise the bulk of German export sales.

Keen competition, both on the domestic and on export markets, seems to be the main factor responsible for the stable price situation. As domestic consumer demand is slowing down somewhat and investment demand continues sluggish, producers seem to be willing to shade export prices in order to obtain

Table 5. Germany: Prices and Wages 1962-May 1963  
(Index numbers 1958=100, end-of-period figures)

	1962				1963		
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>I</u>	<u>April</u>	<u>May</u>
<u>Producer Prices</u>							
Total industrial products	102.8	103.1	103.2	103.4	103.6	103.5	103.4
Investment goods a/	108.2	109.6	109.9	109.8	109.9	109.8	n.a.
Consumer goods a/	105.1	105.6	106.1	106.4	106.7	106.7	n.a.
<u>Consumer Prices</u>							
General index	108.1	109.8	108.3	109.4	112.9	112.8	b/112.4
Food	107.9	111.5	106.3	108.3	114.7	114.1	b/112.9
<u>Export Prices</u>							
General index	100.5	100.6	100.7	100.5	100.5	100.4	100.4
Investment goods a/	106.3	107.1	107.3	107.2	107.4	107.3	n.a.
Consumer goods a/	100.9	100.8	100.9	100.7	101.2	101.2	n.a.
<u>Import Prices</u>							
General index	94.7	93.7	92.3	94.4	96.6	95.6	95.2
Investment goods a/	99.4	98.2	98.1	97.8	97.7	97.7	n.a.
Consumer goods a/	94.1	95.5	94.6	94.9	94.9	94.8	n.a.
<u>Earnings</u>							
Average hourly earnings in industry c/	137	141	143	146	147	n.a.	n.a.

a/ Grouped according to end-use of goods.

b/ June: General index 102.2, food 112.1

c/ February, May, August and November.

Source: Statistisches Bundesamt, Wirtschaft und Statistik

the export orders necessary to maintain a high level of capacity utilization. On the domestic market, competition from imports is helping to keep prices stable.

Costs are no longer rising as fast as in 1962: labor costs are rising less and productivity is increasing more rapidly than last year. Consequently, profit margins are under less pressure. Recent declines in consumer prices are largely seasonal, especially as food and fuel prices receded from the high levels they had reached during the cold spell.

Gradual tightening of liquidity: interest rates under upward pressure

There was a considerable pick-up of activity in German financial markets during the period under review but, with liquidity gradually tightening, interest rates were under upward pressures. There was considerable foreign interest both in German stocks and in bonds.

An upsurge in stock prices followed the settlement of the metal workers' strike. During the first half of May, industrial stocks rose by 15 per cent, with nonresidents (both continental and overseas) being active buyers. Prices eased thereafter but by mid-July they still remained 10 per cent above the early-May level.

The gradual tightening of commercial bank liquidity was reflected in an upward trend in interest rates in the period under review. In the money market, call rates were well over 3 per cent during most of May and June and reached a high of 4 to 4-3/4 per cent in the last week of June. In the bond market, yields moved up only slightly but the authorities found it increasingly difficult to maintain the 6 per cent coupon on new issues. For example, a DM 400 million Federal Government bond which was offered on July 4 has been

Having trouble being placed. In addition, it became known at the same time that the Treasury had offered a special issue of DM 100 million to the social security funds at more favorable terms than were in the July 4 offering.

At mid-year when 90-day money momentarily rose to a peak of 5 to 5-1/4 per cent, the financial press reported that the commercial banks were anxious about their liquidity position and were suggesting that the Bundesbank raise interest rates on money-market paper, reduce minimum reserve requirements and allow payments of interest on foreign deposits<sup>1/</sup>. In addition, the banks wanted to have the Federal authorities keep balances with them and not shift all their cash receipts to the Bundesbank.

In early June, however, President Blessing stated that the Bundesbank was opposed to an upward movement of interest rates. Such a rise would: (a) further impede investment activity which was already sluggish; and (b) produce a further influx of funds from abroad.

Nonetheless, upward pressures on the interest rate structure continue. From July 1, a major savings bank (the Wuerttembergische Landessparkasse) has raised the interest rates on deposits committed for more than four years (which are exempt from the agreement on maximum deposit rates) to 5 per cent; other savings banks are expected to follow. In the capital market, the Capital Market Committee has apparently decided to maintain the 6 per cent coupon on new issues; but the committee is also postponing all but one major issue until the end of August.

The slowdown in capital market activity may add to the Government's present financing difficulties. The Budget bill was finally passed and signed with the expectation that the Federal Government's share in the collection of

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<sup>1/</sup> Actually, commercial banks may pay interest on time deposits if individual authorization is obtained from the Central Bank of the particular Land for each account. No interest may be paid on demand deposits and foreigners also are barred from acquiring short-term commercial paper or Treasury bills.

income and corporation taxes would be raised from 35 to 38 per cent for 1963 (and a further rise scheduled for 1964). Total budgetary outlays for 1963 were set at DM 56.8 billion, DM 1 billion less than foreseen in the bill passed earlier by the Bundestag (Lower House). As it was finally passed the budget bill provided for DM 1 billion more of expenditures than receipts. This fact actually makes the legality of the bill questionable; the German budget, by law, must be balanced and this, in turn, means that provision for the financing of any deficit must be included in the bill. Since the Bundestag rejected the compromise reapportionment of taxes bill which would have raised the Federal Government's share of income taxes to the 38 per cent necessary for balancing the 1963 Budget, the original bill raising the Government's share to 40.5 per cent was resubmitted to the Bundesrat (which is made up of representatives of the Laender) where it was rejected, as expected. Consequently, the budget will remain unbalanced at least until October when Parliament reconvenes. This may mean that government borrowing requirements may be further increased, putting further pressure on German interest rates. The suggestion made in Parliament that the Government borrow in foreign markets was rejected by Finance Minister Dahlgren on several grounds: because of a general reluctance to incur foreign liabilities, because the continental capital markets are too narrow for the large requirements of the Government, and because borrowing in the U. S. market would increase the U. S. balance of payments difficulties.

#### Foreign trade position strengthening

After a low first quarter (primarily owing to the bad weather and the U. S. dock-strike), the foreign trade results have become more favorable. (See Table 6.) Exports rose steadily, and in May were 11 per cent above their

Table 6. Germany: Merchandise Trade 1961-May 1962  
(seasonally adjusted, monthly averages in billions of DM)

	<u>Exports</u>	<u>Imports</u>	<u>Industrial goods Imports</u>	<u>Trade Balance</u>
<u>1961</u>				
I	4.22	3.58	2.69	.64
II	4.31	3.69	2.70	.62
III	4.30	3.75	2.71	.55
IV	4.16	3.82	2.68	.34
<u>1962</u>				
I	4.36	a/ 4.16	a/ 2.94	a/ .20
II	4.44	a/ 4.05	a/ 2.76	a/ .39
III	4.44	4.18	3.04	.26
IV	4.40	4.19	3.10	.21
<u>1963</u>				
I	4.36	4.12	3.06	.24
Mar.	4.63	4.51	3.33	.18
Apr.	4.92	4.61	3.46	.31
May	5.27	4.39	b/	.88

a/ Change in import accounting procedure raised imports for the first quarter 1962 by DM 0.124 billion (monthly rate) and those for April by a negligible amount.

b/ Not available.

Source: Bundesbank Monthly Report.

year ago level. Imports, on the other hand, declined in May and were only 3.5 per cent above the May 1962 figure. Consequently, the May trade surplus (seasonally adjusted) was the largest on record in over two years.

The continuing rise in export orders suggests that the favorable export performance will continue. On the import side, importers found their competitive position somewhat more difficult in the German market as of June 1. On that date, an increase in the turnover equalization tax levied on imports became effective. All imports, with the exception of some important raw materials, are subject to the tax. Before June 1, the normal rate had been 4 per cent; a higher rate of 6 per cent applied to a large number of finished manufactures; and lower rates of 1.5 per cent and 3 per cent applied to some agricultural products. As of June 1, many products in the 4 per cent class were raised to 6 per cent and others in the 6 per cent group to the new maximum of 8 per cent. On the other hand, there were some reductions in the agricultural group.

#### Balance of payments moves into substantial surplus

After having recorded substantial deficits in the last three quarters of 1962, the German balance of payments swung into surplus again in the first quarter of 1963 (See Table 7). The current balance continued to decline in the first quarter, primarily because of the disappointing export performance. But the resumption of private capital inflows combined with the reduced surplus on goods and services account were sufficient to offset continued heavy official payments abroad and to produce a substantial surplus of DM 841 million.

The improvement in the trade balance in April and May and continued large inflows of private capital produced a balance of payments surplus for

Table 7. Germany: Balance of Payments 1961-May 1963  
(in millions of DM)

	1961	1962	1962		1963		
			Jan. - May	Jan. - May	I	April	May
<b>1. GOODS &amp; SERVICES</b>							
Trade balance	6,491	3,414	1,246	1,628	544	428	656
Services	3	-1,214	203	-133	33	-116	-50
Total	6,494	2,200	1,449	1,495	577	312	606
<b>2. OFFICIAL PAYMENTS</b>							
Donations	-3,448	-3,746	-1,705	-1,623	-931	-479	-213
Long-term capital	1,201	-1,305	-298	-242	-69	-155	-18
Short-term capital	-1,276	157	11	230	211	-13	32
Total	-3,523	-4,894	-2,014	-1,635	-789	-647	-199
<b>3. PRIVATE CAPITAL</b>							
Securities transactions							
Foreign purchases <u>1/</u>	1,745	1,522	451	1,343	744	264	85
German purchases (increase-) <u>2/</u>	-207	-726					
Other long-term	-687	348					
Short-term <u>3/</u>	1,802	20	-574	101	78	12	11
Errors and omissions	233	400	1,312	498	231	190	77
Total	2,886	1,564	1,189	1,942	1,053	466	423
<b>SURPLUS OR DEFICIT (-)</b>	<u>5,857</u>	<u>-1,130</u>	<u>624</u>	<u>1,802</u>	<u>841</u>	<u>131</u>	<u>830</u>
<b>Financed by:</b>							
<b>1. SPECIAL TRANSACTIONS</b>							
Loans to IBRD	-880	--	-480	--	--	--	--
Advance debt payment	-3,125	--	--	--	--	--	--
<b>2. COMMERCIAL BANKS</b>							
Foreign Exch. Assets (increase-)	-1,463	252	-2,546	-892	-891	29	0
<b>3. RESERVE MOVEMENTS</b>							
Drawing rights on IMF (increase-)	-1,321	480	524	-28	-28	--	--
Bundesbank liabilities	-92	19	41	59	77	-153	135
Gold and foreign ex- change (increase-)	1,024	379	1,837	-941	1	-7	-935
Total	-389	878	2,402	-910	50	-160	-800
<b>TOTAL FINANCING</b>	<u>-5,857</u>	<u>1,130</u>	<u>-624</u>	<u>-1,802</u>	<u>-841</u>	<u>-131</u>	<u>-830</u>

a/ Preliminary.

b/ A change in import accounting procedure has resulted in approximately DM 400 million of goods in bonded warehouses being included in the first 4 months imports. This is offset in errors and omissions.

1/ Foreign purchases of German securities.

2/ German purchases of foreign securities.

3/ Includes commercial bank capital other than foreign exchange assets.

Source: Basic data from Bundesbank and International Financial Statistics rearranged by author.

the first five months of 1963 of DM 1,802 million (a surplus of DM 624 million was recorded for the same period in 1962). Most major items showed relatively little change between 1962 and 1963: the balance of goods and services was virtually unchanged (a higher trade balance was offset by a deterioration of the service account) and official payments were roughly DM 400 million lower in 1963 primarily because of the delivery of military equipment which had been prepaid.

The major factor was a DM 750 million increase in the inflow of private capital, produced by nonresident purchases of German Government bonds and stocks (especially in May); and the tightening of the domestic money market caused German banks to borrow abroad and to bring home funds from abroad.

German industrial firms are also beginning to borrow in foreign markets. Recently, a German chemical firm took up a \$10 million loan in New York at a reported cost of 5.25 per cent compared with a cost of over 6 per cent in Germany for a comparable loan.

#### German reserves increase again

The balance of payments surplus (amounting to \$450 million) was almost entirely reflected in an increase in the German reserve position. (See Table 8.) The Bundesbank's holdings of gold and foreign exchange increased by \$235 million during the first five months of 1963. Almost the entire increase occurred in May. There was a further small rise of approximately \$16 million in June.

In 1963, commercial banks have increased their foreign exchange holdings by \$223 million, with most of this concentrated in the first quarter, representing to a large extent the unwinding of window-dressing operations

Table 8. Germany: Changes in Reserve Position 1961-June 1963  
(in millions of U.S. dollars)

	<u>1961</u>	<u>1962</u>	<u>Jan. - May</u>		<u>1963</u>	
			<u>1962</u>	<u>1963</u>	<u>April- May</u>	<u>May- June a/</u>
A. Bundesbank gold and foreign exchange						
Foreign exchange	-889	-109	-463	165	234	12
Gold	<u>693</u>	<u>15</u>	<u>3</u>	<u>70</u>	<u>--</u>	<u>4</u>
Total	-196	- 94	-460	235	234	16
B. Drawing rights on IMF	329	-120	-131	7	--	
C. Commercial banks						
Foreign exchange	<u>344</u>	<u>- 63</u>	<u>637</u>	<u>223</u>	<u>7</u>	
Total A through C	<u>477</u>	<u>-277</u>	<u>46</u>	<u>465</u>	<u>241</u>	

a/ Estimated.

Source: IMF International Financial Statistics; Bundesbank Monthly Report.

which took place at the end of 1962. Since then, commercial banks' holdings of short-term assets abroad have been largely unchanged, despite the increasing trade surplus. The fact that the banks are not adding to their foreign holdings reflects the tightening domestic liquidity situation.

As a result of the favorable external position, the DM was in active demand in foreign exchange markets throughout most of the period (See Table 9). The DM started trading above par in March and has been quoted close to the upper limit, at which the Central Bank is committed to intervene, since May.

#### German dollar indebtedness

Debts owed by Germany to the United States Government declined fractionally during the second half of 1962 to reach a level of \$234.3 million (See Table 10). Since then payments have been made only for the servicing of the debt.

Short-term indebtedness to commercial banks, at \$145 million in April 1963, was \$41 million lower than at the end of 1962, while long-term debt rose by \$12 million to \$82 million in February 1963, the latest date for which data are available. In addition, nonfinancial institutions reported that German customers owed them an amount of \$17 million at the end of 1962.

Table 9. Germany: Exchange Rate in U.S. Cents per DM 1962 - June 1963  
(monthly averages)

		Par Value	25.000	
		Upper Limit	25.188	
		Lower Limit	24.875	
1962			1963	
	January-March	25.017	January	24.966
	April-June	25.018	February	24.985
	July-September	25.033	March	25.023
	October-December	24.981	April	25.045
1963			May	25.090
	January-March	24.991	June	25.121
	April-June	25.085	July(15 days)	25.119

Source: Federal Reserve Bulletin.

Table 10. German Indebtedness to the U. S. Government  
(in millions of U.S. dollars)

	<u>Dec.</u> <u>1960</u>	<u>Dec.</u> <u>1961</u>	<u>June</u> <u>1962</u>	<u>Dec.</u> <u>1962</u>
Grants converted to credits	787.4	200.4	200.4	200.4
Sales of overseas surpluses	17.5	10.6	10.6	10.6
"American aid" country program loans <sup>a/</sup>	16.5	16.0	15.8	15.5
Export-Import Bank loans	<u>9.1</u>	<u>9.6</u>	<u>8.0</u>	<u>7.8</u>
Total	830.4	236.6	234.8	235.3

<sup>a/</sup> Formerly known as Mutual Security Program

Source: U.S. Department of Commerce, Foreign Grants and Credits