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Economic Developments in Belgium in 1965

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Rodney H. Mills, Jr.

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Summary

The Belgian economy in 1965 has shown the effects of the slowdown in demand which began late last year after the authorities tightened credit.^{1/} Monetary policy was relaxed in July 1965 in recognition of slight declines in industrial output and wholesale prices. The balance of payments showed a surplus of about \$100 million in the first half, and official reserves continued to rise in July-October.

Industrial production in May-July averaged 1-1/2 per cent below the level of the last quarter of 1964, and wholesale prices declined fractionally in the first eight months of the year. These movements contrasted strongly with the gain in industrial output recorded in 1964 and with two years of sharply rising wholesale prices until the autumn of last year. Consumer spending may have leveled out this year, and private investment has reportedly been no higher than last year. However, the economy has been bolstered by continuing increases in public expenditures and a much-widened Treasury deficit, partly financed by the banking system. The labor market seems to have eased a bit, but unit labor costs have again pushed up rapidly. Consumer prices have also continued to rise.

^{1/} See Economic Developments in Belgium, November 1964 to April 1965, April 22, 1965.

In July, the monetary authorities abolished the banks' 1 per cent compulsory reserve requirement and suspended the quantitative limitations on bank credit expansion. These and other credit-tightening measures taken last year, together with the 1964 slash in the Treasury deficit, helped to slow down the money supply expansion last year, although the slowing was not very drastic because the balance of payments moved into heavy surplus in the second half. But the weakness of demand this year cannot be related to any further decrease in the expansion: in the first half of 1965, the money supply rose at a seasonally adjusted annual rate of 8.2 per cent, somewhat faster than last year when the rise was 7.1 per cent. With the money supply expanding, and the value of production (at current prices) not advancing, interest rates in Belgium have come down this year; but the decline has been limited by the Treasury's increased borrowing on domestic markets.

The January-June balance of payments surplus was only about one-half as large as the \$202 million surplus in the second half of last year, when capital inflows were very heavy, but it compares with only a nominal surplus in the first half of 1964 because of a year-to-year improvement in the trade position. This year, imports picked up after March (following nine months of stability) in the face of declining industrial output. Exports have moved very erratically, and have not exceeded their monthly high set in February. Official reserves and Belgium's IMF position increased a further \$58 million in July-October, bringing the total increase this year (through October 29) to \$130 million.

The Belgian government will almost assuredly raise taxes next year to offset part of a rise in expenditures which is expected to be very large. Even with the new taxes, however, the 1966 budget deficit would be substantially larger than any incurred in the years 1961-65.

Industrial production declines slightly

During the first seven months of 1965, Belgian industrial production decreased slightly from the high levels attained late last year. Overall production in the first quarter was unchanged from the preceding three months, but in May-July it was down 1.5 per cent from the January-March period. (See Table 1.)

Several indicators suggest sluggishness in private consumption. Sales of department stores, cooperatives and wholesale food dealers, adjusted for seasonality and price increases, were about at the same level in the second quarter as in the last quarter of 1964; seasonally adjusted textile production declined slowly (following a severe decline after mid-1964); and production in the food and beverage industries (unadjusted) in the second quarter dipped below the year-earlier level. Private fixed investment outlays in the first half were at the average 1964 level, in the opinion of the National Bank. Building starts were down 13 per cent from the first half of 1964, the decline being proportionately greatest for residential building. (See Table 2.) Exports rose further in the early months of this year, but did not increase in the second quarter. However, government expenditures have continued to expand.

Table 1. Belgium: Seasonally-Adjusted Industrial Production, 1963-65^{1/}
(1960 = 100)

<u>Quarterly averages</u>		<u>General index</u>	<u>Selected industries^{2/}</u>			
			<u>Basic metals</u>	<u>Metal products</u>	<u>Textiles</u>	<u>Chemicals</u>
1963	IV	127	113	144	119	128
1964	I	129	117	142	121	131
	II	126	121	136	121	134
	III	129	125	137	116	136
	IV	133	128	147	113	142
1965	I	133	130	149	113	150
	II	132	135	146	112	146
<u>Months, 1965</u>						
	January	132	129	149	113	149
	February	136	130	149	113	151
	March	131	132	148	113	151
	April	133	134	147	112	149
	May	131	135	146	112	146
	June	132	136	144	111	143
	July	130	137	143	111	141

^{1/} Excludes construction.

^{2/} These are the only industries for which seasonally-adjusted indexes are available.

Source: OECD

Table 2. Belgium: Building Starts and Sales Indexes, 1963-65

		<u>Building starts</u>		<u>Sales (1953 = 100)^{1/}</u>		
		<u>(thousands)</u>		<u>Large department stores</u>	<u>Cooperatives</u>	<u>Wholesale food dealers</u>
		<u>Residential</u>	<u>Nonresidential</u>			
1963	III	7.3	1.5	156	136	153
	IV	6.2	1.7	159	140	156
1964	I	5.8	1.3	162	140	160
	II	10.3	2.0	161	141	163
	III	9.0	1.9	159	137	159
	IV	6.2	1.4	170	143	168
1965	I	5.5	1.6	166	143	167
	II	8.1	1.6	170	146	169

^{1/} Adjusted for both seasonality and price changes.

Source: National Bank of Belgium.

The slowing of demand for manufactured products appears to have begun several months before production itself leveled off. In nearly all manufacturing industries, order backlogs fell in the second half of 1964. (See Table 3.) For total manufacturing, they have been stable since the end of last year.

The labor market has been a bit less tight since last year's third quarter, as indicated by the data on unemployment and job vacancies in Table 4. Overtime appears to have been reduced: in the first half, hourly wage rates in manufacturing rose 4.4 per cent but average hourly earnings in manufacturing, mining and transportation rose only 2.8 per cent.

Table 3. Belgium: Activity Assured by Order Backlogs
(in months; quarterly averages)

	1964				1965	
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>I</u>	<u>II</u>
Manufacturing: total	4.1	4.1	4.0	3.6	3.6	3.6
of which:						
Steel	2.5	2.8	2.9	2.6	2.7	2.3
Metal products	5.6	5.6	5.5	5.2	5.1	5.1
Textiles	2.8	2.7	2.5	2.4	2.2	2.4
Leather	1.6	1.8	1.7	1.7	1.3	1.6
Wood	3.5	3.4	2.9	2.7	2.2	2.3
Construction: total	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which:						
Building	8.3	8.1	8.1	7.4	7.2	7.5
Public works	16.0	15.1	15.1	13.1	12.2	11.8

Source: National Bank of Belgium.

Table 4. Belgium: Labor and Industrial Statistics, 1962-65

<u>Quarters</u>		<u>Unemployment</u> (thousands, seas.-adj.)	<u>Job vacancies</u> (thousands, seas.-adj.)	<u>Hourly earnings^{1/}</u> (1960=100)	<u>Hourly wage rates^{2/}</u> (1960=100)	<u>Industrial production^{3/}</u> (1960=100)
1962	IV	38	18	115	112	114
1963	I	39	16	116	115	115
	II	33	18	121	118	121
	III	30	17	122	119	122
	IV	28	19	125	122	127
1964	I	27	17	129	127	129
	II	26	14	133	129	126
	III	25	12	135	133	129
	IV	27	10	141	135	133
1965	I	31	9	143	138	133
	II	32	8	145	141	132
<u>Months, 1965</u>						
	June	32	9	145	141	132
	July	34	9	n.a.	n.a.	130
	August	33	8	n.a.	n.a.	n.a.

^{1/} In manufacturing, mining, and transportation. Quarterly data refer to the months March, June, September, and December.

^{2/} In manufacturing. Quarterly data are for March, June, September and December.

^{3/} Seasonally adjusted. Excludes construction.

Source: OECD.

Price changes show wide disparities

Wholesale prices in Belgium, which leveled off late last year, tended to fall slightly in the first eight months of 1965. (See Table 5.) The contrast with the rapid price advance of the previous two years is largely a reflection of the change in internal demand conditions, but it also reflects a similar change--from sharp increase to stability--in the prices of imported goods.

The strong rise in consumer prices, however, has so far shown but little tendency to slow down. In the third quarter, consumer prices were up 3.7 per cent over a year earlier; the year-to-year gain up to the third quarter of last year was 5.0 per cent. The pace of the rise has moderated more for prices of non-food articles than for food prices.

Table 5. Belgium: Price Indexes, 1963-65
(1953=100)

	1963	1964		1965		
	<u>III</u>	<u>III</u>	<u>IV</u>	<u>I</u>	<u>II</u>	<u>III</u> ^{1/}
<u>Wholesale prices</u>	<u>105.0</u>	<u>111.1</u>	<u>111.9</u>	<u>111.7</u>	<u>111.8</u>	<u>111.0</u>
Domestic goods	109.9	116.5	117.1	116.5	117.5	116.5
Imported goods	93.5	101.0	102.1	102.4	101.2	100.6
Agricultural products	105.2	108.5	111.1	112.2	114.0	109.7
Industrial products	104.9	111.8	112.1	111.6	111.2	111.2
Raw materials	97.6	105.6	105.7	105.1	103.9	103.5
Semi-finished goods	104.1	111.5	112.1	110.7	110.4	110.8
Finished goods	110.5	116.3	116.7	116.9	117.0	117.0
<u>Consumer prices</u>	<u>115.1</u>	<u>120.9</u>	<u>121.7</u>	<u>122.7</u>	<u>124.2</u>	<u>125.4</u>
Food	114.6	121.3	122.1	123.4	125.3	126.9
Other goods	110.0	113.8	114.8	115.6	115.7	116.4
Services	137.0	149.5	150.8	152.1	153.6	154.6

^{1/} July-August only for wholesale prices.

Source: National Bank of Belgium.

Labor costs rise further

Unit labor costs in Belgian industry, which rose sharply last year, increased again in the first half of this year. A study by the Economic Research Institute of Louvain University has estimated that

unit labor costs in manufacturing in the second half of 1964 were 8 per cent higher than a year earlier; in the first half of this year they were about 3 per cent above the second half of last year. In the first half of 1965, hourly earnings in manufacturing, mining and transportation were 16.6 per cent higher than in the last half of 1963, compared with a 6.4 per cent increase over the same period in the seasonally-adjusted industrial production index (which includes mining and manufacturing). (See Table 4.)

Monetary policy is eased; monetary expansion continues

The abatement of demand pressures reflected in the movements of production and wholesale prices led the Belgian authorities to ease monetary policy at the beginning of the summer. Effective July 15, the commercial banks were no longer required to maintain the compulsory cash reserve requirement, equal to 1 per cent of their total deposits, which had been imposed in August 1964. Also in July, the National Bank of Belgium suspended its request to the banks, first made in January 1964, that they keep the expansion of their credits within fixed limits. The limit had been set at 10 per cent for 1964, and 11 per cent for 1965. (The banks did not fully adhere to the limit in 1964 when their credits rose 13.2 per cent.) However, the National Bank in July asked the banks not to accelerate the rate of expansion of credits for financing construction or personal consumption because of what it termed continuing tensions in the construction sector and the persistence of the rise in consumer prices.

The monetary restrictions imposed in 1964 (which also included a rise in the discount rate) helped to reduce the money supply increase from 9.6 per cent in 1963 to 7.1 per cent in 1964. (See Table 6.) The expansion of credits to domestic enterprises and individuals financed by the monetary institutions dropped from 23 to 10 per cent, and monetary financing of the Treasury was cut sharply in reflection of a smaller Treasury deficit. The decline in the expansion of the money supply would have been very much greater if the balance of payments had not shifted from a nominal deficit in 1963 to heavy surplus in 1964 (concentrated in the second half).

Table 6. Belgium: Changes in Money Supply and Counterparts, 1964-65^{1/}
(in billions of Belgian francs; no sign = increase)

	Years		Half Years		
			1964	1964	1965
	<u>1963</u>	<u>1964</u>	<u>1st half</u>	<u>2nd half</u>	<u>1st half</u>
<u>MONEY SUPPLY</u>					
Absolute change	24.5	19.7	8.1	11.6	13.0
(Percentage change, seas. adj.)	(9.6)	(7.1)	(2.6)	(4.4)	(4.1)
(Ditto, at annual rate)	(9.6)	(7.1)	(5.2)	(8.7)	(8.2)
<u>COUNTERPARTS</u>					
A. Credits to enterprises & individuals	24.5	19.7	8.1	11.6	13.0
B. Claims on Treasury	16.9	9.4	3.8	5.6	4.3
C. Claims on financial intermediaries and local authorities	22.6	8.7	6.0	2.7	7.4
D. Net foreign assets	-1.0	0.6	-0.4	0.9	1.7
E. Quasi-money (- = increase)	-1.6	9.1	-0.1	9.2	4.2
F. All other (net)	-8.2	-6.1	-2.3	-3.8	-6.0
	4.2	2.0	1.1	3.0	1.4

^{1/} Based almost entirely on the assets and liabilities of the National Bank of Belgium and the commercial banks.

Source: National Bank of Belgium.

This year, however, the leveling off of industrial production and wholesale prices has not been accompanied by any further reduction in the rate of rise of the money supply, up 8.2 per cent seasonally-adjusted at an annual rate in the first six months. Bank credit has continued to expand: credits to domestic enterprises and individuals rose 4.3 per cent in January-June. In addition, the balance of payments has again been in surplus, and monetary financing of the Treasury has been stepped up.

Treasury deficit rises; new taxes believed likely

This year the deficit of the Belgian Treasury has widened again as a result of the less buoyant economic situation. Expenditures may increase sharply in the near future, and the government is reportedly considering new taxes or increased tax rates.

In January-May, the Treasury incurred a cash deficit of 18 billion francs, twice as big as the deficit a year earlier. (See Table 7.) Budget expenditures were 10 per cent higher than a year earlier, an increase somewhat greater than the 9 per cent rise in 1964, and net extrabudgetary outlays also increased. But the main cause of the greater deficit was the effect on the tax base of the slowdown in economic activity. Budget receipts in January-May were up only 5 per cent, compared with the 13 per cent rise which occurred last year. Recent reports suggest that, because of lagging receipts and abnormally heavy demands for supplementary expenditure authorizations, the net deficit (i.e., excluding debt redemption) may rise

Table 7. Belgium: Treasury Operations (Cash Basis), 1963-65
(in billions of Belgian francs)

	<u>Year</u>	<u>Year</u>	<u>Jan.-May</u>	
	<u>1963</u>	<u>1964</u>	<u>1964</u>	<u>1965</u>
I. Receipts and Expenditures				
A. Budget receipts	140.0	158.1	62.2	65.2
B. Budget expenditures ^{1/}	-165.1	-179.5	-75.6	-82.9
C. Net extrabudgetary operations	-5.2	0.3	-1.2	-3.1
D. Gross deficit ^{1/}	-30.3	-21.0	-14.7	-20.8
E. Debt redemption and accounting differences ^{2/}	-9.0	-11.0	-5.9	-2.8
F. Net deficit (D-E)	-21.3	-10.0	-8.8	-18.0
II. Deficit Financing	<u>21.3</u>	<u>10.0</u>	<u>8.8</u>	<u>18.0</u>
A. Cash balances and miscellaneous	---	-1.2	5.0	-0.3
B. Public debt increase ^{3/}	21.3	12.2	3.8	18.3
1. Debt in Belgian francs	(11.7)	(10.5)	(1.8)	(19.7)
2. Debt in foreign currencies	(9.4)	(1.7)	(2.0)	(-1.4)

^{1/} Including debt redemption, not separately available.

^{2/} Obtained by comparing the gross deficit with deficit financing.

^{3/} At nominal values.

Source: Ministry of Finance.

Table 8. Belgium: Central Government Budgets, 1960-65^{1/}
(in billions of Belgian francs)

	<u>Final results</u>				<u>Original estimates</u>	
	<u>1960</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1964</u>	<u>1965</u>
I. Ordinary (current) budget						
Receipts	109.7	132.4	141.6	158.1	148.8	164.5
Expenditures ^{2/}	<u>115.9</u>	<u>134.0</u>	<u>148.0</u>	<u>155.4</u>	<u>148.7</u>	<u>161.9</u>
Balance	-6.2	-1.7	-6.4	+2.6	+0.1	+2.6
II. Extraordinary (capital) budget						
Receipts	0.6	0.6	0.6	0.4	0.6	0.6
Expenditures	<u>29.5</u>	<u>17.9</u>	<u>22.2</u>	<u>25.0</u>	<u>19.4</u>	<u>20.1</u>
Balance	-29.0	-17.3	-21.6	-24.6	-18.8	-19.5
III. Total budget						
Receipts	110.2	133.0	142.2	158.5	149.3	165.1
Expenditures ^{2/}	<u>145.4</u>	<u>151.9</u>	<u>170.2</u>	<u>180.5</u>	<u>168.1</u>	<u>182.0</u>
Balance	-35.2	-19.0	-28.0	-22.0	-18.8	-16.9

^{1/} Revenue assessments and expenditure authorizations. These figures do not indicate cash flows.

^{2/} Including debt redemption, not separately available.

Source: Ministry of Finance.

from BF 10 billion last year to over BF 20 billion this year. In recent years, large deficits have meant substantial Treasury borrowing of foreign currencies abroad, either directly from foreign institutions or through the intermediary of Belgian banks. However, there was no increase in the Treasury's foreign currency debt in the first eight months of this year.

The government is expected to raise taxes next year to meet part of an exceptionally large jump in expenditures apparently resulting from the increasing costliness of government education and social security programs. At present, it appears that for 1966 the government is contemplating BF 231 billion of expenditures in 1966, a rise of 28 per cent over the BF 180.5 billion authorized in 1964.^{1/} (Budget figures for recent years are shown in Table 8.) At present tax rates, receipts for 1966 could not be expected to exceed BF 184 billion, so that the gross deficit would rise from BF 22.0 billion in 1964 to BF 47 billion in 1966, a deficit much larger than the previous record of BF 35.2 billion set in 1960.^{2/} New taxes reportedly would yield BF 15 billion. Even so, the gross deficit would still amount to BF 32 billion, substantially more than in any of the years 1961-65.

^{1/} For 1965, original estimates called for total expenditures of BF 182 billion, but they will turn out to be considerably higher because of supplementary authorizations. (In 1964, for example, the original estimates were for BF 168.1 billion of expenditures, but supplementary authorizations raised them to BF 180.5 billion.) The 1965 gross deficit will be considerably greater than the BF 16.9 billion originally estimated, perhaps in the neighborhood of BF 30 billion.

^{2/} The expenditure and deficit figures referred to in this paragraph are inclusive of debt redemption, which in 1964 came to about BF 11 billion.

Imports turn upward; export rise is halted

Short-run changes in the imports of Belgium-Luxembourg have continued to show no evident relationship to the changes in Belgian industrial production. The flat trend of seasonally-adjusted imports in the second half of 1964 continued through the first quarter of 1965, but imports rose abruptly in April; in the next three months they were maintained above the first quarter levels. Imports in July were 6 per cent higher than in the final quarter of last year. (See Table 9.)

Table 9. Belgium-Luxembourg:
Seasonally-Adjusted Foreign Trade, 1963-65
(in millions of dollars; monthly average or month)

		<u>Imports c.i.f.</u>	<u>Exports</u>	<u>Balance</u>
1963	IV	440	428	-12
1964	I	474	450	-24
	II	491	454	-37
	III	490	461	-29
	IV	493	497	+4
1965	I	481	523	+42
	II	519	501	-18
<u>1965, months</u>				
	January	461	507	+46
	February	483	540	+56
	March	498	521	+22
	April	544	483	-61
	May	511	490	-20
	June	503	531	+27
	July	524	519	-5

Source: OECD

The strongly rising trend of exports in 1964 persisted through February of 1965. A sharp decline in March-April was followed by a recovery in May-July which, however, did not bring exports back to their February high.

The trade balance continued to improve through February but deteriorated sharply in the next two months. The balance showed equilibrium over the period May-July.

External surplus continues

The balance of payments of Belgium-Luxembourg was in surplus by \$100 million, in round numbers, in the first half of 1965. The first quarter showed equilibrium; but in the second quarter there was a \$92 million increase in the net foreign assets of the Belgian monetary institutions.^{1/} (See Table 10.)

The first half surplus this year was smaller than the \$202 million surplus recorded in the last half of 1964, even though the unadjusted trade balance (customs basis, imports c.i.f.) shifted from a \$135 million deficit in July-December 1964 to a \$45 million surplus in January-June 1965. The large surplus in last year's second half had been swollen by a heavy inflow of private capital, amounting to \$132 million, related to the tightening of credit in the summer and the difficulties of sterling. In contrast, the first quarter of 1965 showed a small net outflow on private capital account.

^{1/} The balance of payments surplus or deficit is measured by the changes in these assets and liabilities plus those of the Luxembourg banks. The latter are not available for the second quarter, but the changes are usually quite small.

Table 10. Belgium-Luxembourg: Net Foreign Assets
of the Monetary Institutions, 1964-65
(in millions of dollars)

	1964		1965		
	Jan.- June	July- Dec.	Jan.- March	Apr.- June	July- Oct. ^{1/}
<u>Changes in period</u>					
I. National Bank of Belgium	+20	+232	-30	+142	n.a.
A. Gold, foreign exchange, and IMF position	(+10)	(+242)	(+18)	(+54)	(+58)
B. Other net assets ^{2/}	(+10)	(-10)	(-48)	(+88)	(n.a.)
II. Belgian commercial banks (net)	-20	-54	+18	-52	n.a.
III. Other Belgian institutions (net)	-2	+6	+4	+2	n.a.
Subtotal	-2	+184	-8	+92	n.a.
IV. Luxembourg banks	+16	+18	+8	n.a.	n.a.
Total = balance of payments surplus (+) or deficit	+14	+202	---	n.a.	n.a.
<u>Outstanding, end of period</u>					
I. National Bank of Belgium					
A. Gold	1,392	1,451	1,484	1,563	1,558
B. Foreign exchange	397	540	519	437	452
C. IMF position	161	201	207	264	312
Total of above items	1,950	2,192	2,210	2,264	2,322
II. Belgian commercial banks' net foreign position (- = net liabilities)	-428	-482	-464	-516	n.a.

^{1/} Through October 29.

^{2/} In addition to \$30 million equivalent of U.S. Treasury bonds denominated in Belgian francs, the major item in this group is acceptances, denominated in Belgian francs, arising out of exports.

Sources: National Bank of Belgium and IMF.

On the other hand, the surplus in January-June of this year compares with only a nominal surplus of \$14 million in the same period of last year. Between the two periods, the trade balance shifted from a \$192 million deficit to a \$45 million surplus. The overall balance of payments improved by less than the trade balance, partly because the Belgian Treasury borrowed \$16 million abroad in the first half of 1964 but repaid \$72 million in the first quarter of 1965.

From the end of June through October 29, the gold and foreign exchange holdings of the National Bank of Belgium, together with Belgium's IMF position, increased an additional \$58 million, bringing the total increase since the start of the year to \$130 million. In the year to date, gold reserves rose \$107 million, foreign exchange holdings were reduced \$88 million, and the IMF position increased \$111 million. In May, Britain drew \$82.5 million equivalent from the IMF; \$27.5 million was financed by a Fund gold sale to Belgium, but Belgium's IMF position was increased by the \$17.5 million obtained from Fund franc holdings and a \$37.5 million Belgian loan to the Fund under the GAB. The other major transaction affecting Belgium's IMF position was a drawing by the United States in July of \$40 million equivalent of Belgian francs.

Interest rates decline and then stabilize

The gradually declining level of industrial output (at stable wholesale prices) and the rising money supply have put downward pressure on interest rates which, however, has been limited because the Treasury has had to increase its borrowings very markedly to cover its widened deficit. Interest rates declined rather sharply in the first quarter; from December 1964 to March 1965, most Treasury certificate rates fell 15 basis points and the composite yields on four categories of long-term bonds declined by 4 to 9 basis points. (See Table 11.) From March to September, however, interest rate movements have been small and mixed.

Table 11. Belgium: Interest Rates, 1963-65

	<u>1963</u>	<u>1964</u>	<u>1965</u>		
	<u>Dec.</u>	<u>Dec.</u>	<u>Mar.</u>	<u>June</u>	<u>Sept.</u>
<u>Treasury certificates</u>					
3-month (on tap)	4.10	4.75	4.50	4.60	4.60
4-month (auction rate)	4.31	5.23	4.97	4.98	4.98
6-month (auction rate)	---	5.40	5.25	5.20	5.20
9-month (auction rate)	4.60	5.55	5.40	5.35	5.35
12-month (auction rate)	4.75	5.65	5.50	5.45	5.45
<u>Bonds (5-20 years to maturity)</u>					
<u>A. Issued after Dec. 1, 1962^{1/}</u>					
Treasury bonds	<u>2/</u>	6.49	6.40	6.45	6.39
Public sector organizations and municipalities	<u>2/</u>	6.59	6.51	6.53	6.45
<u>B. Issued before Dec. 1, 1962^{1/}</u>					
Treasury bonds	5.26	5.61	5.53	5.59	5.57
Public sector organizations and municipalities	5.16	5.61	5.57	5.61	5.56

^{1/} Bonds issued after December 1, 1962 are fully taxable; earlier issues carry certain tax exemption features.

^{2/} Not computed.

Source: National Bank of Belgium.