

MONTHLY REPORT OF THE DEUTSCHE BUNDESBANK

JUNE 1958

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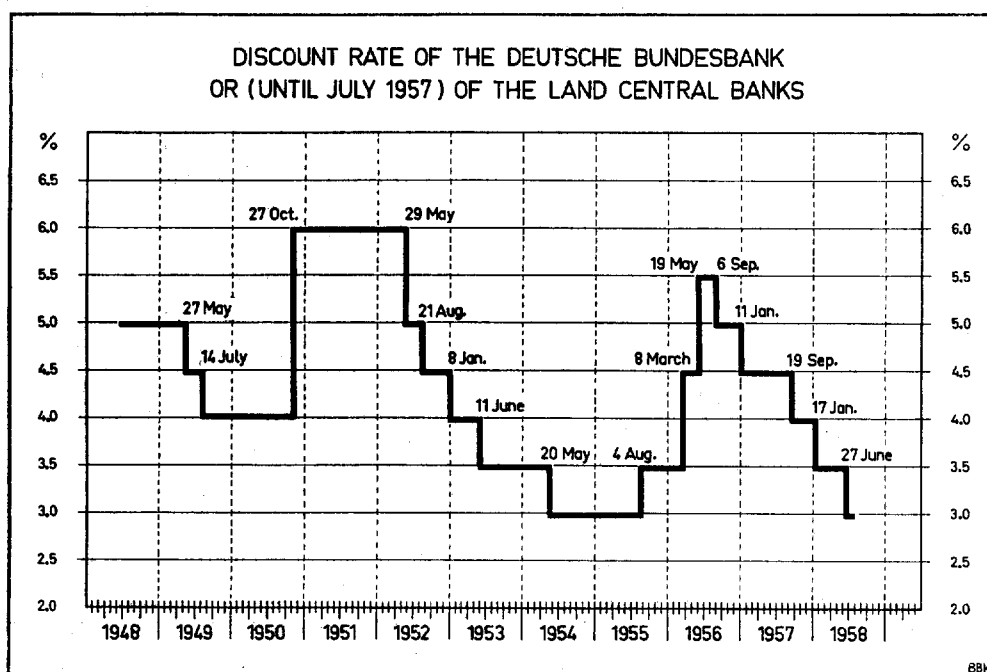
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The Economic Situation in the Federal Republic of Germany in May and June 1958

The Lowering of Bank Rate

During the period under report the general trend of interest rates entered upon a new stage inasmuch as on 26 June with effect from the next day the Bundesbank lowered its discount rate from $3\frac{1}{2}$ to 3% . This was the fifth reduction of Bank Rate since the autumn of 1956, when a cautious move was made to relax the restrictive measures previously taken; the latest previous reduction was on 16 January this year, also with

Kingdom, three times by a total of $1\frac{1}{2}\%$ in the Netherlands, twice by a total of $\frac{1}{2}\%$ in Belgium-Luxemburg, twice by a total of 1% in Ireland, once by $\frac{1}{2}\%$ each in Denmark, Sweden and Italy, and also once, by $\frac{3}{4}\%$, in Japan — not to mention Canada with its "fluctuating" Bank Rate which is fixed weekly according to the state of the market. As a result of these reductions the level of foreign Bank Rates had



effect from the day after. The Central Bank discount rate is now back at the level at which it had stood between May 1954 and August 1955, that is to say before pronounced measures of credit policy had been initiated against the overfull-employment boom then existing.

External Factors

The fresh reduction was above all induced by the wave of similar measures in other countries after the German Bank Rate had been lowered last time. Since 17 January of this year the Central Bank discount rate has been lowered three times by altogether $1\frac{1}{4}\%$ in New York, three times by a total of 2% in the United

come much closer to the German Bank Rate by comparison with the relations at the end of January; alternatively, where foreign Bank Rates had remained below the level of the German Rate, the margin had widened again. It is an undoubted fact that the movement in general interest-rate relationships has not been running parallel to this movement. Rather — as has been repeatedly shown in these Reports — did the German interest-rate level appreciably decline during recent months without any further lowering of Bank Rate. This is true not only for the capital market, but also for the sphere of short-term lendings, although unfortunately it does not apply to deposit interest rates, some of which had already failed to adjust them-

selves fully to the lowering of Bank Rate in January. There is no doubt however that in view of the various Bank Rate reductions in important foreign countries the adaptation of the generally still relatively high level of German interest rates to that abroad would at least have been retarded, had not the reduction of interest rates in the Federal Republic too been given a fresh stimulus through further lowering of the Central Bank discount rate.

Such a course however would have been most undesirable precisely in the present circumstances. For some months the Federal Republic has again recorded relatively large foreign-exchange surpluses. As will be shown in greater detail in the chapter on Foreign Trade and the Balance of Payments this, it is true, is due not so much to international capital transactions as principally to the striking improvement in the terms of trade as a result of the fall in international raw-material prices and freight rates, and in part also to the fact that the combating of inflationary tendencies in some foreign countries has been less successful so far than might have been expected early this year. It is obvious however that in such a situation it would be all the more unfortunate if an influx of monies from abroad were to intensify the foreign exchange accruals from other sources, instead of mounting private capital exports creating an even greater counterweight against the surpluses on trade and services than certain public or publicly assisted transactions have already provided. In the case of a renewed widening of the gap between interest rates in this country and in others such a risk might have been present. The fact for example that in May, for the first time since last September, there was an increase in the taking of documentary and cash credits abroad clearly represented a warning. In this connection, due regard had also to be given to the fact that the abolition of the Liberalised Capital Mark as from 1 July of this year has removed strong barriers previously still impeding the import of capital (the Chapter on Foreign Trade and the Balance of Payments contains details on this point too).

Internal Factors

The domestic situation, it is true, did not similarly urge a lowering of Bank Rate. Economic activity on the whole continues at a high level because the depressive influences which for some time have emanated from the decline in foreign demand and the tendencies towards reducing stocks of goods are being compensated by a slight increase in investment activity — particularly in building — and a considerable growth of

demand for durable consumer goods. Unemployment therefore reached a fresh non-seasonal low this summer. The movement in prices actually gave grounds for some objection to another reduction of Bank Rate. At the consumer level the rise in prices has not yet quite ceased; in May, for instance, the cost-of-living index again slightly exceeded the figure for the previous month. It is uncertain moreover whether the slackening of the wage and salary increases which has been apparent for some time indicates readiness for better adjustment of nominal income claims to the existing possibilities of economic expansion, or whether it will not be replaced by a fresh growth of wage claims at the end of the year when some important collective agreements will terminate.

Nevertheless, in many respects domestic economic developments justify an optimistic attitude towards the crucial problem of maintaining the value of the currency. The market situation which had made it comparatively easy to raise prices has of late been increasingly replaced by quite a different pattern of forces. It is only in a few industries that demand is still pressing against the limits of productive capacity; otherwise, utilisation of productive capacities has as a rule declined. For example, the index of industrial production in May only stood at approximately the same level as in the corresponding month a year earlier, although productive capacity has no doubt expanded by several percentage points, if only as a result of the capital investments carried out in the meantime; this fact — notwithstanding all reservations that may be made concerning the accuracy of the index figure for May in particular — clearly proves that during the past year the relation between supply and demand reflected a further appreciable relaxation as compared with 1955/56 and that sellers must accept a much weaker market position. In point of fact, there are more and more indications of sharply increasing competition — a factor supported by the decline in international raw-material prices and the larger supply of finished goods for importation. In some fields one may perhaps already say that there are “buyers’ markets” again. It is therefore becoming increasingly difficult to raise prices; in some cases prices indeed have fallen off already, especially since entrepreneurs can hardly any longer shut their eyes to the fact that lowering of prices is often the only means left to them to avoid cuts in output. Prices at the producer stage have thus not risen any further in the last few months. Even according to the official price indices — which as a rule are based on list prices and take account only incompletely, if at all, of the discounts and other price reductions univer-

sal today — the overall price level actually showed a slight decline of late. This is true not only of basic materials, the prices of which are at present subjected to the special pressure caused by the reduction of stocks with traders and manufacturers (not to mention international factors), but also of capital and consumer goods, notwithstanding the fact that in many cases the business situation has remained much better here. Accordingly conditions for stabilisation of the price level at the consumer stage have greatly improved as well; of late the price rises here have in the main only been after-effects of the previous price increase at the producer stage or of administrative price-raising, such as the raising of local transport rates in particular, some of which reflected much earlier cost increases. It is a characteristic feature, however, that here too the trend of prices has appreciably flattened in the past few months. Likewise, the above-mentioned slackening of the upward movement in wages and salaries clearly reflects the changed market situation.

In view of the present state of economic expansion, moreover, there is hardly any risk that the lowering of Bank Rate will generate impulses which might again interrupt the process of consolidation. The economy is by no means impervious to changes in interest rates; on the other hand, it is at the present time not so sensitive that a dangerous change in the overall demand situation need be expected. Short-term bank lendings to business enterprises and individuals, which as a rule reflect most readily those reactions of entrepreneurs' demand which are induced by measures of credit policy, have clearly declined since the beginning of the year; this means that the previous decline in interest rates, which no doubt was assisted by the repeated reductions of Bank Rate, did not result in any increased recourse to bank lending at short term. Moreover, all symptoms indicate that the easing of the capital markets and the resultant possibility of replacing bank lendings by funded loans, although bringing about a slight revival of investment activity which in 1955 and 1956 had been deliberately put under pressure, did not by any means lead to any fresh objectionable investment boom — quite apart from the fact that at present the decline in foreign demand leaves somewhat more room for domestic expansion.

In these circumstances it was not only possible to have regard to the factors favouring a reduction of Bank Rate on grounds of foreign trade and payments, but it indeed appeared advisable to make use of the present comparatively steady trend of economic activity in order to promote the adjustment of the German interest-rate level to that of comparable other

countries — an adjustment extremely desirable for a number of reasons — without disturbing the internal process of stabilisation.

Greatest Possible "Impact" on Other Rates of Interest

In order to attain the aim set, it is of course necessary for the reduction of Bank Rate to take effect to the maximum extent on the other interest rates, thereby giving a renewed and powerful impulse to the general downward tendency of interest rates. Such an "impact" should not leave *debtor interest rates* untouched. There is an automatic gearing, it is true, between Bank Rate and the maxima fixed for debtor interest rates by the Bank Supervisory Authorities, which provides for these rates to change from time to time in accordance with the Central Bank discount rate. In 1954, when Bank Rate had been lowered to 3 0/0 as has now been done, the Bank Supervisory Authorities loosened this connection in that they permitted interest on credits in current account to be calculated up to a maximum of 4 3/4 0/0 (without allowing for the usual commissions), although the relation considered to be "normal" between such interest and the Central Bank discount or advance rate would have required a lower rate. Should this arrangement remain in effect, then this time again the maximum rates permissible for credits in current account would not fall to 4 1/2 0/0 (against the previous 5 0/0), as would correspond to the "normal" relation to the Central Bank discount or advance rate, but only to 4 3/4 0/0, or by 1/4 per cent less than the reduction of Bank Rate. Such a limitation of the effects of the lowering of Bank Rate is not however desirable. It is quite true that the limit mentioned is only a ceiling, while in practice many credits have already been granted at much lower rates. But this applies mainly to the larger credit transactions, while smaller credits are usually obtainable at official maximum rates only. Therefore, the maintenance of a maximum rate of 4 3/4 0/0 would exclude from the full effect of the lowering of Bank Rate particularly the smaller borrowers, which should be sufficient reason to avoid it. Similarly, it would seem advisable to consider whether the time has not come for revising the various commission rates applying in credit business, since these rates are still much higher than those prevailing before the war. In the first years after the Currency Reform their present level was no doubt justified in view of the overall situation of the banking business. Of late however the situation has changed inasmuch as the proportion of assets bearing low rates of interest, or no interest at all, to the banks' balance-

sheet total has declined considerably and for some institutions the issuing and security business has largely regained its former importance.

For any such relief to be given to borrowers it is however indispensable that at the same time the *deposit interest rates*, which as a rule represent the main portion of the banks' "costs of procuring money", be lowered to an adequate extent. It will be remembered that in this case there is no automatic gearing to Bank Rate. Reduction of these rates indeed requires a special resolution — to be adopted in agreement with the Bundesbank — by the Bank Supervisory Authorities; the central associations of credit business united in the Central Credit Committee are required to submit proposals for such a resolution. Following the various reductions of Bank Rate since 1956, creditor interest rates have in many cases not been lowered to a corresponding extent. In general therefore, although they had not been fully adjusted to the raising of Bank Rate in 1955 and 1956 either, creditor interest rates now differ from Bank Rate by a much wider margin than a few years ago; this is true in particular of deposits at longer term, the reason being the maintenance of a relatively high rate for savings deposits with agreed period of notice. The Bundesbank disagreed with this development and accordingly some time ago approached the central associations of credit business, suggesting that the present maximum creditor interest rates be reviewed with a view to lowering them to conform to the prevailing situation, especially in the case of the deposits at medium and long term; such a review had in fact been contemplated when creditor interest rates were last revised — again inadequately — early this year, developments in the meantime making it seem advisable even before the latest reduction of Bank Rate.

After this reduction of Bank Rate the Bundesbank is of course all the more anxious to arrive at an adequate lowering of deposit interest rates. It considers this to be an indispensable condition for the general establishment of an interest rate on capital which is better adjusted to the rates prevailing in other countries. If, indeed, the interest rates payable on deposits at medium and long term should remain more or less "cast-iron", any reduction of interest rates on securities and mortgages would soon be bound to meet its limit. Moreover, without an appreciable reduction of creditor interest rates the drop in the banks' interest income — in itself quite desirable, and unavoidable in view of the banking system's present liquidity position — would have dangerous consequences. Some banks for instance have of late taken time deposits in isolated cases only, because the rates for such deposits were out of proportion to the income to be earned on them. The reduction, following the lowering of Bank Rate, of the selling rates for money-market paper sold by the Bundesbank would further increase this tension, unless creditor interest rates were also reduced to an extent conforming to the change in the overall credit situation since about the middle of last year. Many credit institutions would then be tempted to enter into credit or security commitments which might prove dangerous from the angle not only of banking policy but also of credit and monetary policy. The Bank therefore trusts that it will be possible to solve the problem of deposit interest rates as soon as possible in a way which allows for the changes in the general economic and credit situation and which fulfils the urgent need for preventing undesirable friction in respect of interest rates as between the credit institutions' credit and debit business.

Money and Credit

Exchange Surpluses, Money Supply and Bank Liquidity

The main feature of the monetary position in the May-June period now under report was the continuing large exchange surpluses which, as usual, were accompanied both by an increase in the business community's liquid resources and — so far as the incoming exchange was resold to the Bundesbank — by a corresponding rise in the banking system's liquidity. To take first the *business community's money supply*, this rose by about DM 770 million in May as a result of the net accruals of foreign exchange. It is true that in June,

so far as can yet be seen, the increase was probably smaller at hardly more than DM 550 to 600 million; but still it was evidently somewhat greater than the increases of say DM 450 and 550 million in April and March. In the period from November to February the business community's liquid reserves resulting from realisation of its foreign exchange earnings had risen by an average of only about DM 300 million per month, whereas in each of the "speculation months" of August and September last year such realisation had enlarged those reserves by the considerable margin of DM 1.2 to 1.3 billion. The chief reason why (as has

*Net Foreign Exchange Accruals and their Effect
on the Liquidity of Banks and Business Community
in millions of DM*

Period	Net gold and exchange accrual (+) or outflow (-) at Bundesbank ¹⁾	Net exchange outflows from Bundesbank "not affecting liquidity" ²⁾	Increase in bank liquidity due to exchange transactions of Bundesbank (col. 1 + col. 2)	Change in the credit institutions' exchange position ³⁾ improvement: + deterioration: -	Increase in liquidity of business community due to exchange transactions (col. 3 + col. 4)
	1	2	3	4	5
1954	+ 228	39	+ 267	- 2	+ 265
1955	+ 158	14	+ 172	+ 1	+ 173
1956	+ 419	50	+ 469	- 31	+ 438
1957	+ 426	233	+ 659	+ 21	+ 680
1957 January	+ 289	95	+ 384	+157	+ 541
February	+ 430	206	+ 636	- 42	+ 594
March	+ 158	455	+ 613	- 15	+ 598
April	+ 501	275	+ 776	- 13	+ 763
May	+ 689	123	+ 812	+ 73	+ 885
June	+ 228	405	+ 633	+ 2	+ 635
July	+ 876	137	+1,013	-288	+ 725
August	+1,435	194	+1,629	-380	+1,249
September	+1,076	224	+1,300	- 5	+1,295
October	+ 93	159	+ 252	+171	+ 423
November	- 278	225	- 53	+446	+ 393
December	- 385	295	- 90	+145	+ 55
1958 January	- 48	178	+ 130	+258	+ 388
February	- 214	477	+ 263	+124	+ 387
March	+ 238	185	+ 423	+130	+ 553
April	+ 365	221	+ 586	-134	+ 452
May	+ 574	125	+ 699	+ 73 ^{p)}	+ 772 ^{p)}
June	+ 345 ^{p)}	225 ^{p)}	+ 570 ^{p)}	...	...

¹⁾ Balance of the items: assets: gold, credit balances at foreign banks and money-market investments abroad, foreign notes and coin, foreign cheques and other claims on foreign countries; liabilities: credit balances of foreign banks, export letters of credit, and foreign currency accounts of German customers. Due to differences in the valuation and delimitation (as a rule only insignificant) the figures deviate from the data presented in the chapter on Foreign Trade and the Balance of Payments because the latter are computed according to the principles laid down by the International Monetary Fund, which requires a procedure somewhat different from that applied to the preparation of the Bundesbank Return. — ²⁾ Foreign exchange outflow owing to foreign payments by public authorities to the debit of their Central Bank accounts (actual payments only, not including guarantees or letters of credit), less foreign exchange accruing as interest income of the Bundesbank; figures as far as ascertainable from the available data. — ³⁾ Balance of the items: assets: credit balances at foreign banks, foreign notes and coin, foreign money-market paper, and mail and other cash credits availed of by foreign banks; liabilities: credit balances of foreign banks, and mail and other cash credits taken up abroad. Deviates from the corresponding data given on page 35 owing to the different way (due to the method employed) of delimiting the DM balances with and liabilities to non-residents. — ^{p)} Provisional.

monetary capital formed. We shall enter more fully into these movements in our quarterly Monetary Analysis in the next Monthly Report, when it will be possible to see the changes for a whole quarter.

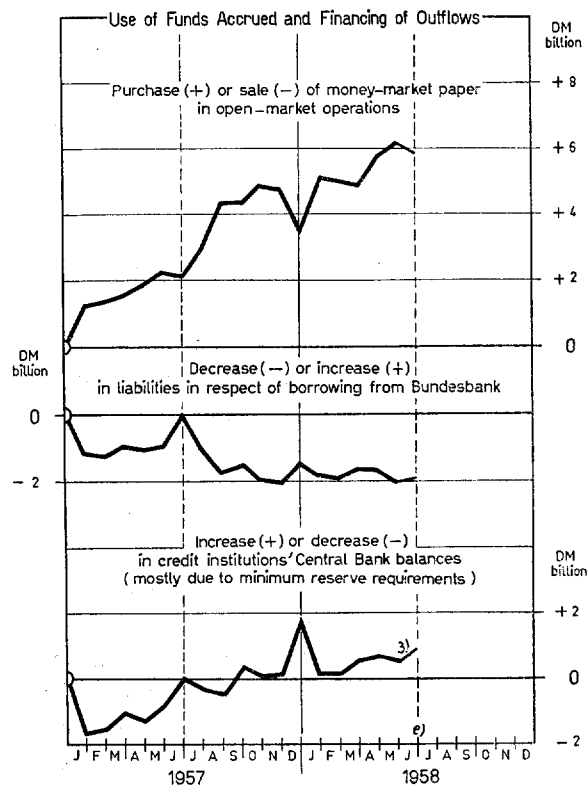
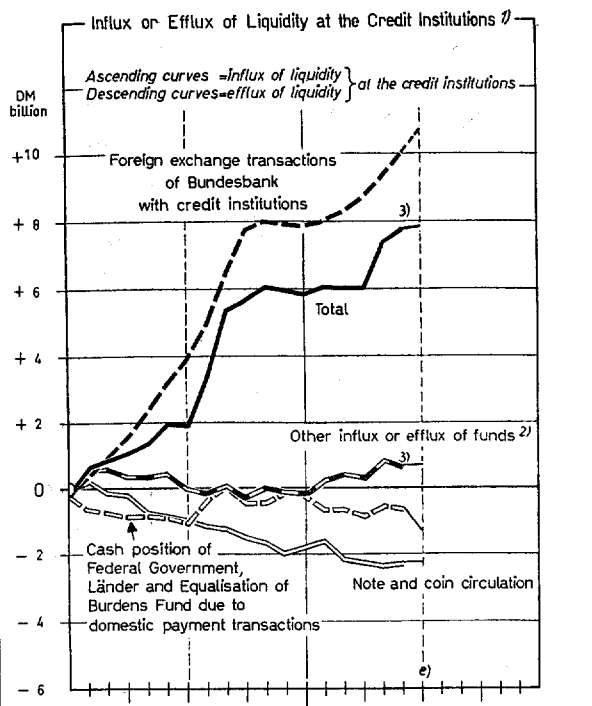
Bank liquidity and the *money market* also continued in recent weeks to be much affected by the large foreign exchange influx. In June, so far as can yet be seen, the Bundesbank's net accrual of gold and exchange "affecting liquidity" amounted to roughly DM 570 million against about DM 700 million in May, DM 586 million in April and a monthly average of around DM 270 million in the first quarter of 1958. As usual, the liquid resources accruing to the banks from their exchange transactions with the Bundesbank (to which accrual the figures above exclusively refer) was again greater than the net accrual of gold and exchange at the Bundesbank because the Federal Government took foreign exchange for external payments and so reduced the amount of it which the banks transferred in the course of the month to the Bundesbank. In June in particular such exchange purchases "not affecting liquidity" were a relatively large factor because, in addition to its current payment liabilities, the Federal Republic had to meet a DM drawing by France amounting to DM 126 million (\$ 30 million) at the International Monetary Fund.

Among the other factors determining liquidity the movement in the note and coin circulation scarcely counteracted this tendency to greater liquidity in June. On the contrary, as not infrequently happens between the Whitsun month and the main travel season, the growth of the note and coin circulation became for a time much slower — as can be seen from the fact that at DM 16.6 billion on the average of the first 26 days in June the total amount of notes and coin in circulation was greater than a month earlier by only DM 16 million, whereas it exceeded that in April by DM 180 million. The movement in the public authorities' cash position did however strongly counteract the increase in liquidity resulting from the exchange surpluses; indeed, as the result of large temporary surpluses of receipts in the case of the public authorities required to hold cash at the Bundesbank it was the real determining factor. In the first place, for reasons which will be examined in the chapter on Public Finances, the June "big tax date" yielded the Federal Government and the Länder substantial surpluses of receipts, especially as regards their "domestic" cash transactions, which affect bank liquidity. In addition during the month the DM 100 million proceeds of the Equalisation of Burdens Loan were transferred to the

several times been remarked here) these figures do not agree with those for the overall net exchange movement discussed in the chapter on Foreign Trade and the Balance of Payments, but in some cases greatly exceed them, is that large parts of the exchange surpluses achieved by the West German economy are being used up by the extensive foreign payments of the public authorities and of the Federal Government in particular. In these the dominating element, apart from the external debt service, is payment for armament imports. The expansive effect of the exchange surpluses on the money supply was however largely offset by the decline in short-term lendings, which will be more fully explained elsewhere, as well as by the large amount of

BANK LIQUIDITY

Monthly changes, cumulative as from December 1956



1) Without taking account of immobilisation or release of liquid funds due to the minimum reserve requirements and the Bundesbank's open-market operations with credit institutions, and after eliminating the movement of funds in connection with the institutions' borrowing from the Bundesbank. Cf. lower graph. — 2) Also including changes in non-banks' Central Bank deposits (e.g., of Federal Postal Administration) not belonging to the Federal Government, Länder or Equalisation of Burdens Fund, and the effect of the Bundesbank's open-market operations with non-banks. — 3) Statistically adjusted; cf. respective footnote in the Table "Bank Liquidity...". — e) Estimated.

Equalisation of Burdens Fund's account at the Bundesbank, with the result that despite a relatively large cash deficit the decrease in the Fund's credit balance remained within quite narrow limits. True, the consequent strain on the banks was reduced through the fact that at the same time, evidently in connection with the gradual spending or drawing off of its loan proceeds, the Federal Postal Administration's Central Bank balances declined in relatively great measure in the course of June after having been built up in the previous month to a level above the normal through the receipt of those proceeds — although at the end of the month (mainly for technical reasons) they were slightly above the end-of-May level again. Altogether the amount of liquid funds withdrawn from the banks in June through movements in the Central Bank deposits of non-banks was probably not less than DM 600 to 650 million.

In these circumstances the money market was tight throughout June. For most of the time the borrowing of day-to-day money was therefore somewhat dearer than the rediscounting of bills at the Bundesbank. This position was also again clearly reflected in June by the latter's open market operations. Up to the last days of that month not only did the Bundesbank on balance sell no further money-market paper to the market, but its repurchases were actually much greater than its sales. At DM 279 million on 30 June the Bank's holding of Treasury Bills and non-interest-bearing Treasury Bonds of the Federal Railways and Federal Postal Administration, as well as of Storage Agency Bills, was consequently greater by DM 183 million than at the end of May, while the circulation of "mobilisation paper" amounted to only DM 6.21 billion against DM 6.64 billion at that time. At the end of June therefore the margin still available up to the maximum limit for the issue of mobilisation paper — which limit has meanwhile been raised to DM 8.1 billion, being the total of the Bundesbank's Equalisation Claim — was around DM 1.9 billion. Before the middle of the month moreover the Bundesbank in view of the falling trend of interest rates had already suspended the sale of money-market paper running for more than six months, and had confined itself to selling paper at shorter term. Those wishing to employ funds were thus deprived of the possibility of investing in money-market paper on which the return (given to the taker through the allowance of a discount) would after some time have no longer corresponded at all to the level of interest rates then ruling in the market. Meanwhile, in connection with the lowering of Bank Rate, the Bundesbank's so-called selling rates for

Bank Liquidity and the Credit Institutions' Recourse to Central Bank Credit
in millions of DM

Items	Change during month (calculated from end-of-month totals)		
	March 1958	April 1958	May 1958
A. Influx or Efflux of Funds at the Credit Institutions as a result of Changes in the following Items	<i>The plus and minus signs indicate whether the changes in the items recorded in the text column had the effect of an influx (+) or an efflux (-) of funds at the banking system^{o)}</i>		
I. Note and coin circulation	- 109	- 115	+ 24
II. Central Bank deposits of non-banks	- 221	+ 639	- 266 ³⁾
of which: (1) Federal Government (except Special Funds), Länder and Equalisation of Burdens Authorities	(- 190)	(+ 320)	(- 90)
(2) Others	(- 31)	(+ 319)	(- 176) ³⁾
III. Central Bank lendings to non-banks ⁴⁾	- 31	+ 6	- 26
IV. Net foreign exchange purchases or sales by the Deutsche Bundesbank	+ 423	+ 586	+ 699
V. Other factors ²⁾	- 64	- 18	+ 126
Overall effect of the above-named factors on bank liquidity	- 2	+1,098	+ 557 ³⁾
B. Influx or Efflux of Funds at the Credit Institutions as a result of Open Market Operations of the Deutsche Bundesbank, total	+ 127	- 933	- 419
of which, by purchase or sale of			
(1) money-market securities of the Federal Government acquired in exchange for Equalisation Claims	(- 103)	(- 776)	(- 334)
(2) other paper	(+ 230)	(- 157)	(- 85)
C. Change in the Credit Institutions' Balances with the Deutsche Bundesbank, total	+ 376	Increase: +; decrease: - + 107	- 169 ⁴⁾
D. Change in Central Bank Lendings to Credit Institutions (recourse to Central Bank credit)	+ 251	- 58	- 307
^{o)} The changes in the items recorded in the text column under A and B are taken into account only in so far as they entailed an influx or efflux of funds at the credit institutions. They are therefore not necessarily identical with the changes in the corresponding items of the Return of the Deutsche Bundesbank (or, for previous periods, of the Bank deutscher Länder and Land Central Banks). Further explanations regarding these differences will be found in the Monthly Report of the Bank deutscher Länder for January 1957, pages 7 and 8.			
¹⁾ Including cash advances to the Reconstruction Loan Corporation (under a fixed credit line granted for the purpose of providing anticipatory finance for work creation, housing and investment programmes), which cannot be considered "recourse to Central Bank credit" in the accepted sense of the term, viz., rediscounts and advances on securities. Excluding the purchases and sales of money-market securities (listed under B) effected on the open market for the regulation of the money market. — ²⁾ Mainly pending settlements in respect of credit institutions' Central Bank items, which cannot be allocated explicitly to any of the other items. — ³⁾ Statistically adjusted for an increase of about DM 300 million due to the fact that of late the minimum reserves kept by the Federal Postal Administration on behalf of the Postal Cheque and Postal Savings Bank offices are shown under non-banks' Central Bank deposits because, since the introduction on 1 May 1958 of the optional central maintaining of minimum reserves, they can no longer be separated from those deposits. — ⁴⁾ As from May without minimum reserve balances of the Federal Postal Administration on behalf of Postal Cheque and Postal Savings Bank offices; cf. footnote ³⁾ .			

money-market paper (which indicate the amount of the said discount) have been reduced all along the line to the full extent by which Bank Rate was lowered. Finally owing to requirements for the "big tax date" the credit institutions' liabilities on borrowings from the Bundesbank again rose in June. So far as can yet be seen, however, the rise seems to have been kept within very narrow limits. Thus on the average of the first three June bank-return dates, for which full figures are so far available, the banks' total liability of DM 1.42 billion in respect of Central Bank assistance was greater by only about DM 40 million than on the corresponding dates in the two previous months.

The Banks' Lendings and Investments in Securities

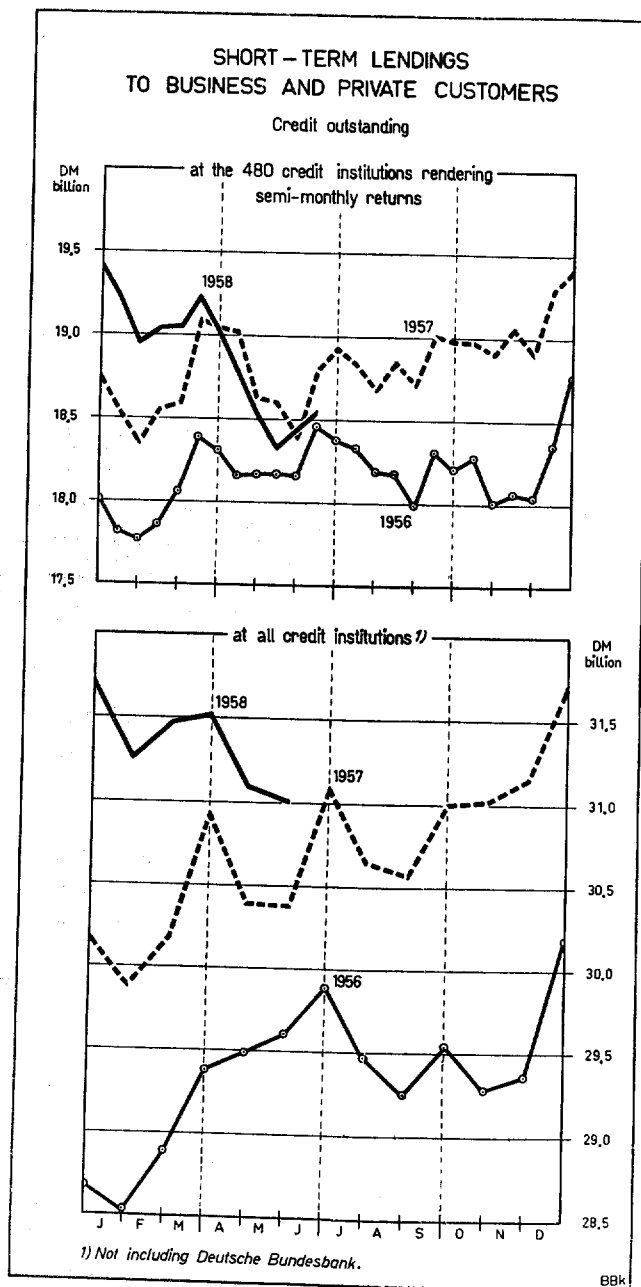
The feature of the banks' lendings to non-banks during recent weeks again was that, as already indicated, their total short-term lendings tended to decrease

further while the growth of those at longer term — which has been quickening since the middle of last year — continued at a faster rate. Apart from the acquiring of "mobilisation paper" serving solely for the maintenance of liquidity the *short-term credit extended to public authorities* again showed only slight change. On the other hand the *short-term lendings to business and private customers*, which form by far the largest element in the banks' total short-term credit business, declined further in May by not quite DM 80 million according to the last monthly banking statistics available after having already fallen by DM 433 million in April. Thus the reduction in such lendings between January and May this year amounts to just on DM 700 million, against a rise of more than DM 200 million in the corresponding period of last year. While the June "big tax date" as usual increased the short-term lendings, the increase was notably small.

At the 480 banks rendering semi-monthly returns it amounted in the first half of June to only DM 106 million, against DM 388 and 302 million respectively in the corresponding period of the two preceding years. An important factor here would seem to have been the running down of stocks in wide sections of the economy, and especially the decline in stocks of imported goods, which is at present very considerable in view of the trend of world-market prices. As the following graphs show there was therefore a relatively large decrease in short-term lendings, especially at the commercial banks, which engage in foreign business in particularly marked degree. Apart from this the decline in short-term lendings is of course also largely due to

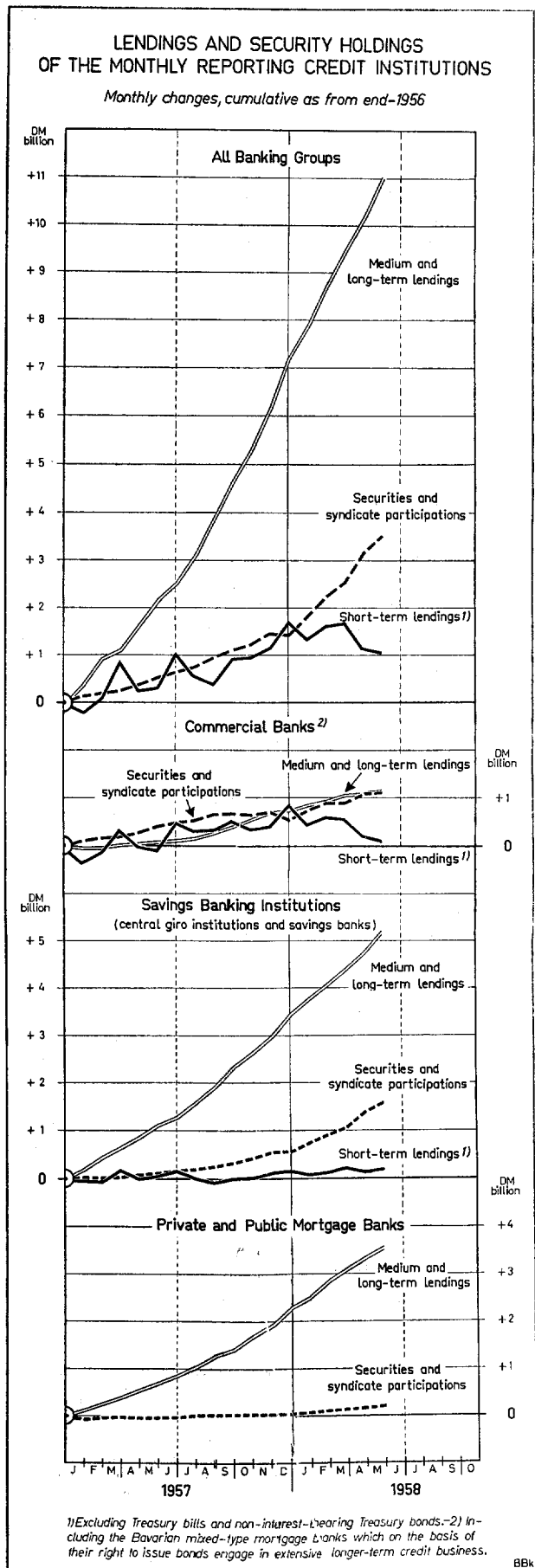
the fact that for some time borrowers have found greatly improved opportunities for taking credit at longer term, and that some of them are making ready use of such opportunities, partly so as to consolidate short-term liabilities. Here one must bear in mind not only the security markets' increased capacity for absorbing shares and bonds, a feature which will be described in detail elsewhere, but also the great increase — due to the much greater formation of monetary capital at banks — in the readiness and ability of the specialised institutions and savings banks mainly concerned to grant credit at longer term.

In May, the last month for which the monthly banking statistics are to hand, the *medium and long-term lendings to non-banks* rose by altogether about DM 810 million, against DM 730 million in April and a monthly average of DM 743 million in the first quarter of 1958. Just as in the previous months the rise in May was well above that in the comparable period of last year, which it exceeded by nearly a half. Thus in the first five months of the year the expansion of medium and long-term lendings amounted to about DM 3.77 billion, against only some DM 2.19 billion between January and May 1957. Much the greater part of these lendings, namely DM 3.19 billion or about 85 per cent, was granted by the institutions which specialise in long-term loans (that is the private and public mortgage banks, the savings banks and the central giro institutions, and the two mixed-type mortgage banks), while only some 6 per cent came from the actual commercial banks (that is the "big banks", the state, regional and local banks, the private bankers and certain small specialised banks and institutions affiliated to large enterprises or serving the needs of particular trades). Thus by far the greater part of the expansion in "bank credit" apparent from the banking statistics for the last five months represents the loan business of institutions which primarily have the character of agencies at which capital is accumulated and of which many would therefore not be included in the banking statistics of other countries. As the following graph shows, the movement in total lendings of late has at the same time shown great differentiation as between the various groups of banks. At the commercial banks, which engage mainly in short-term credit business, the overall volume of credit has declined because the expansion in medium and long-term lendings (largely of monies transmitted by order of public lenders) has only in part offset the contraction in lendings at short term. On the other hand at the savings banks and mortgage institutions, where medium and



long-term lendings form a relatively great part if not almost the whole of the credit business, the expansion of balance sheets has just lately been very large.

At all banks however, besides the granting of credit in the narrower sense, or instead of the contracting short-term lendings, there has been an increased commitment in securities. In May the banks again raised, by nearly DM 350 million, their *holdings of securities and syndicate participations*. In April the increase in such holdings actually amounted to DM 640 million against about DM 370 million in each of the first three months this year. From January to May inclusive therefore the banks on balance took into their holdings DM 2.1 billion of securities (always including syndicate participations) against only about DM 550 million in the corresponding period of last year. At the commercial banks, which together have some 37 per cent and hence the largest share of the banks' total security holdings, the addition in the said five-month period amounted to DM 550 million or 17 per cent of the initial total. There was a much greater increase of DM 761 million (or 39 per cent of the end-of-1957 total) in the savings banks' investments in securities, which together amount to 26 per cent of all bank holdings. It should finally be mentioned that the private and public mortgage banks issuing their own bonds during the past five months also increased their holdings of outside securities by the relatively large margin of DM 170 million or 41 per cent, although the deciding factor was that during the last few months there have been particularly large offers for subscription of public authorities' bonds, which the mortgage banks are allowed to hold as "substitute cover" for the proceeds of their issues not yet covered by mortgages. But other credit institutions also engaged actively in taking such public authorities' bonds, chiefly comprising the DM 250 million Federal Railways Loan in April and the DM 310 million Federal Postal Administration Loan in May. In May alone the "Loans and interest-bearing Treasury Bonds of the Federal Government" held by all banks increased by DM 176 million, after having already done so by about DM 125 million in April. On the other hand, the banks — evidently in view of the reserve shown in the issue of such securities — acquired bank bonds only to the much smaller extent of DM 128 million, against DM 463 million in April and about DM 300 million each in February and March. If one leaves out of account the addition of these securities, which represent no direct lending to non-banks but merely an increase in the banks' long-term claims on each other, the "true" granting of credit by the banking system on the basis of securities taken



Money and Credit in the Area of the German Federal Republic and Berlin (West) *

in millions of DM

Items	1957				1958					Position at end of month
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	Feb.	March	April	May P)	
	Monthly averages									
"Money Supply" (note and coin circulation — without banks' cash holdings — and sight deposits of non-banks at all credit institutions, excluding public authorities' sight deposits at Bundesbank; see below)	- 538	+ 557	+ 609	+ 722	- 219	+ 558	+ 587	+ 394	+ 428	38,781
Lendings to Non-banks and Security Holdings of Credit Institutions										
1) Credit institutions (not including Bundesbank ¹⁾)										
Short-term lendings to										
Business and private customers	+ 256	+ 47	- 30	+ 237	- 61	+ 202	+ 56	- 433	- 79	31,022
Public authorities	+ 36	+ 20	- 14	+ 22	+ 54	+ 54	+ 11	- 116	+ 6	677
Medium and long-term lendings to										
Business and private customers	+ 261	+ 405 ¹⁰⁾	+ 602	+ 601	+ 475	+ 403	+ 569	+ 433	+ 615	49,140
Public authorities	+ 112 ¹⁰⁾	+ 61	+ 116	+ 253	+ 268 ¹⁰⁾	+ 434	+ 189 ¹⁰⁾	+ 297	+ 196	11,938
Treasury bills and non-interest-bearing Treasury bonds ²⁾	+ 378	+ 291	+ 760	- 122	+ 504	+ 17	+ 148	+ 577	+ 326	8,126
thereof: Treasury bills and non-interest-bearing Treasury bonds of the Federal Government originating from exchange for equalisation claims ³⁾	(+ 392)	(+ 241)	(+ 589)	(- 255)	(+ 428)	(- 67)	(+ 113)	(+ 821)	(+ 280)	(6,642)
Securities and syndicate participations thereof: bank bonds ⁴⁾	+ 89	+ 138	+ 153	+ 103 ¹⁰⁾	+ 368	+ 417	+ 295	+ 640	+ 343	10,310
	(+ 64)	(+ 82) ¹⁰⁾	(+ 131)	(+ 151)	(+ 272)	(+ 310)	(+ 298)	(+ 463)	(+ 128)	(6,192)
2) Deutsche Bundesbank ¹⁾)										
Lendings to										
Public authorities	- 42	+ 6	+ 6	+ 8	+ 18	+ 4	+ 45	+ 19	- 26	522
Business and private customers	+ 1	- 2	- 18	- 12	- 1	- 1	-	-	-	3
Treasury bills and non-interest-bearing Treasury bonds ²⁾	- 18	+ 7	- 31	+ 49	- 21	+ 10	+ 60	- 35	- 2	57
Net Surplus of Claims over Liabilities in respect of foreign Business ⁵⁾	+ 326	+ 493	+ 905	+ 64	+ 163	- 90	+ 368	+ 231	+ 647	24,009
Note and Coin Circulation total	+ 49	+ 264	+ 170	+ 79	+ 170	+ 477	+ 109	+ 114	- 24	17,873
thereof: banks' cash holdings	(- 17)	(+ 8)	(+ 16)	(+ 26)	(+ 3)	(- 20)	(+ 113)	(- 7)	(- 50)	(744)
Bank Deposits and other Liabilities										
1) Credit institutions (not including Bundesbank ¹⁾)										
Sight deposits of										
Business and private customers	- 495	+ 308	+ 437	+ 521	- 369	- 41	+ 413	+ 640	+ 247	18,764
Public authorities	- 87	- 2	- 15	+ 138	- 23	+ 147	+ 218	- 294	+ 59	2,506
Time deposits ⁶⁾ of										
Business and private customers	+ 173	+ 106	+ 384	+ 73	+ 240	+ 161	- 122	+ 227	+ 87	10,404
Public authorities	+ 331	+ 28 ¹⁰⁾	+ 76	+ 29	+ 56	+ 80	- 193	- 187	+ 361	6,557
Savings deposits	+ 493	+ 272	+ 278	+ 661	+ 640	+ 617	+ 520	+ 459	+ 394	32,162
Monies and loans obtained from non-banks	+ 202 ¹⁰⁾	+ 177 ¹⁰⁾	+ 329 ¹⁰⁾	+ 315	+ 188 ¹⁰⁾	+ 251	+ 126 ¹⁰⁾	+ 140	+ 164	27,528
thereof: at notice or fixed period of 6 months and over	(+ 232) ¹⁰⁾	(+ 194) ¹⁰⁾	(+ 326) ¹⁰⁾	(+ 309)	(+ 171) ¹⁰⁾	(+ 186)	(+ 77) ¹⁰⁾	(+ 124)	(+ 229)	(27,249)
Bank bonds in circulation ⁷⁾	+ 109 ¹⁰⁾	+ 124	+ 247 ¹⁰⁾	+ 275	+ 396	+ 445	+ 390	+ 389	+ 168	17,159
2) Deutsche Bundesbank ¹⁾)										
Sight deposits of										
Public authorities ⁸⁾	- 22	- 138	- 329	- 379	- 193	- 458	- 43	- 579	+ 376	3,808
Business and private customers	- 22	- 5	+ 33	+ 10	+ 6	- 45	- 40	- 73	+ 96	382
Sales of Securities										
total	397	353	629	559	778	897	685	1,002	884	32,274 ¹¹⁾
1) Fixed-interest-bearing securities	279	236	405	475	685	748	673	824	831	25,503 ¹¹⁾
2) Shares	118	117	224	84	93	149	12	178	53	6,771 ¹¹⁾

* This table includes the data reported by the credit institutions in Berlin (West); the figures shown are, therefore, not fully comparable with those published prior to October 1957. — ¹⁾ Previously Bank deutscher Länder, Land Central Banks and Berlin Central Bank. — ²⁾ Only domestic paper; foreign Treasury bills and non-interest-bearing Treasury bonds held by banks are contained in the claims arising from foreign business. — ³⁾ The purchase of such money-market paper does not constitute any additional lending to German non-banks. — ⁴⁾ The purchase of bank bonds by credit institutions does not constitute any direct lending to non-banks. — ⁵⁾ Excluding Treasury bills and non-interest-bearing Treasury bonds of the Federal Government, which the Bundesbank makes available in exchange for its equalisation claims. — ⁶⁾ Accounts for settlement of foreign business at Deutsche Bundesbank and credit institutions; cf. footnote ⁴⁾ to Table 11, Assets and Liabilities, in the Statistical Section. — ⁷⁾ Deposits at notice or fixed period of at least one month. — ⁸⁾ Excluding bonds of o.w.a. issues held by credit institutions. — ⁹⁾ Including credit balances of German public authorities temporarily employed in equalisation claims, and deposits of agencies of the former occupying powers. — ¹⁰⁾ Statistically adjusted. — ¹¹⁾ Total sales since Currency Reform (20 June 1948). — p) Partly estimated. — P) Provisional.

amounts in May to DM 215 million. It was thus somewhat greater than the April addition of DM 177 million, and also greater than the average monthly addition of only just on DM 100 million in the first quarter of 1958.

Security Markets

On the security markets the investors' demand, which has been especially keen since the beginning of the year, continued without diminution. Buyers' interest again was chiefly directed to fixed-interest securities, but during recent weeks has also at times spread to the share market. It is true that at DM 884 million the nominal amount of new securities placed in May, the last month for which full statistics are available, was not quite up to the April total of DM 1 billion, this being the highest figure yet for the sales in any one month. At DM 53 million par value, as a result of the smaller activity in share-market issues, the amount of new shares placed fell far short of the previous month's total of DM 178 million. In this connection it must however be borne in mind that the balance of 65 per cent on a large capital increase by altogether DM 110 million par value, effected in February this year, fell due for payment at the end of May. On the bond market on the other hand the public's readiness to buy was so great that not only did the placings of fixed-interest securities rise to a fresh monthly record of DM 831 million, but at the same time higher prices were reached and the lowering of the nominal bond interest rate to $6\frac{1}{2}\%$ began.

At the same time there has been a structural change in the placings of fixed-interest securities inasmuch as the proportion represented by *bank bonds* has greatly declined from 62 per cent in April to 20 per cent in

May. This was partly because in April some specialised credit institutions had issued large amounts of bonds, including DM 80 million of medium-term notes alone, whereas in May no such fresh issues were brought on to the market; only DM 7 million of special bank bonds were placed, against DM 148 million in the previous month. Mainly however the decrease in sales related to mortgage institutions' issues, of which there were sold in May DM 162 million, or less than in the previous month by over DM 200 million. Not only has there been a further fall in mortgage bond placings, which have been declining without interruption since February this year, but also the amount of communal bonds placed, which had remained at an unusually high level in April, fell in May to DM 81 million or less than a third of the average placings in the three previous months. This movement is no doubt mainly due to the fact that there has been a large decline in the demand for the mortgage institutions' mortgage loans, and recently also in their loans based on the issue of communal bonds, because the mortgage market is relatively well supplied with funds and offers opportunities for procuring loans elsewhere, sometimes on more favourable interest terms. As to the decrease in lendings to local authorities one reason may be that, whereas public authorities capable of making issues borrowed unusually heavily from mortgage banks in the first months of this year, the demand from such authorities has recently fallen because — in particular — some of them intend in future to enter the bond market with issues of their own. The mortgage institutions therefore had to hold back in the placing of further bonds so as to avoid finding themselves with excessive funds available for lending which would impair their earning power. In the first three months of this year alone,

Placings of Securities (in millions of DM)

Period	Mortgage Bonds	Communal Bonds	Bonds of Specialised Credit Institutions	Industrial Bonds	Other Bonds	Public Loans	Fixed-Interest Securities, total	Shares	Fixed-Interest Securities and Shares, total
1955 Mo'ly ave	115.1	85.5	21.5	36.0	0.0	48.6	306.7	129.6	436.3
1955 " " ¹⁾	114.5	75.3	7.1	12.2	0.0	48.6	257.7	129.6	387.3
1956 " "	86.5	51.3	1.2	47.0	0.0	16.8 ²⁾	202.8 ²⁾	153.1	355.9 ²⁾
1957 " "	96.7	93.8	22.1	77.6	0.8	57.6	348.6	136.0	484.6
1957 1st Qtr.	79.2	43.9	14.8	76.9	0.0	64.2	279.0	118.4	397.4
2nd Qtr.	65.5	66.7	13.1	60.0	—	31.0	236.3	116.7	353.0
3rd Qtr.	110.3	116.2	30.6	106.1	0.0	41.6	404.8	224.6	629.4
4th Qtr.	132.1	148.3	29.9	67.3	3.3	93.5	474.4	84.2	558.6
1958 1st Qtr.	160.1	236.5	10.7	167.3	—	110.4	685.0	92.5	777.5
1958 March	135.8	247.6	22.5	193.9	—	72.5	672.3	12.2	684.5
April	110.0	254.3	148.1	60.9	—	251.4	824.7	177.7	1,002.4
May	81.1	81.0	7.0	306.0	—	356.4	831.5	52.9	884.4

¹⁾ Excluding securities allotted under the Investment Assistance scheme. — ²⁾ Not taking into account the amounts of the Bavarian 7 (5 $\frac{1}{2}$)% Funding Loan of 1955 taken over in exchange for 8% Treasury Bonds called for redemption.

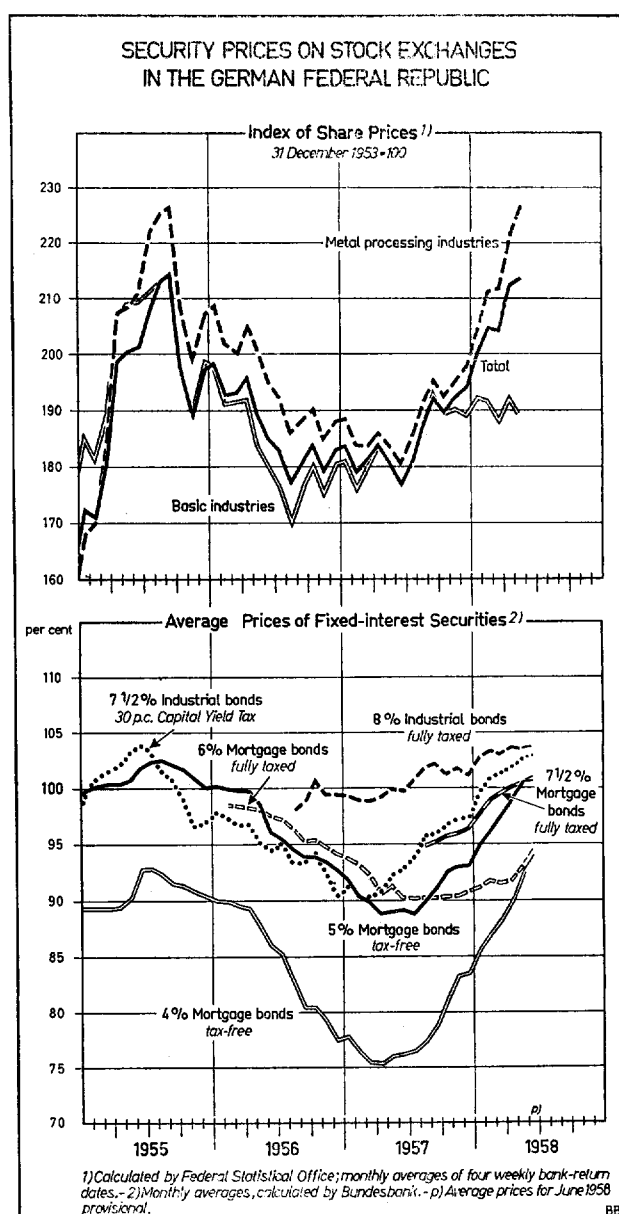
when such institutions had made extensive use of the opportunities for sale afforded by the bond market, there was an increase of nearly DM 200 million in the excess of proceeds of their issues over their lendings, which excess has to be employed in forms of substitute cover chiefly comprising bank balances and securities. It is true that in May the substitute cover in the form of bank balances declined by DM 29 million, partly no doubt because the substitute cover in security form increased; but the total substitute cover would seem scarcely to have fallen below the DM 1.3 billion at which it had stood at the end of March this year.

On the market for *public authorities' and industrial bonds* there was on the other hand during May very brisk issuing activity, which more than offset the decrease in placings of bank bonds. It is true that the sales of public authorities' bonds, which rose to a new peak at DM 356 million, mainly comprised the Federal Postal Administration Loan of DM 310 million mentioned in the last Report. At the same time however industrial enterprises also offered, and as a rule immediately placed, a number of issues comprising both a 6 0/0 and a 7 0/0 convertible loan and five further 7 0/0 industrial bond issues at prices between 98 1/2 and 99 1/2. In May therefore the placings of industrial bonds reached their highest monthly total to date since the war at DM 306 million, against DM 61 and 194 million in the two previous months.

In June on the other hand the public authorities and industry, evidently expecting that the nominal rate of interest on loan issues would soon be reduced to 6 1/2 0/0, also greatly retarded their plans for issuing. After an interval between issues in the first half of the month it was only from mid-June onwards that certain loans bearing 7 0/0 interest were issued, including the Equalisation of Burdens Bank Loan¹⁾ for DM 100 million at 99, and afterwards industrial bonds on which the price of issue had been raised to 100. All these loans were at once over-subscribed, after which — indeed in some cases even before subscriptions had begun — free dealings took place in them at prices which were above the issue price and have recently been about 101. All the 7 0/0 loans issued in May also rose to 100 or higher; and the older 7 1/2 0/0 and 8 0/0 loans showed substantial price-rises to between 103 and 106 1/2.

In view of this trend in prices the time for changing over to bonds of the 6 1/2 0/0 type has now come. In fact at the end of June one mining company has

¹⁾ This issue, which should formally be classified as bonds of a specialised credit institution, is treated in the security statistics — like similar issues in earlier years — as a loan of a public authority, since the proceeds go to the Equalisation of Burdens Fund.



already issued a first 6 1/2 0/0 loan for DM 36 million at the price of 97 1/2; and in the first days of July the Rhineland-Palatinate will become the first public authority that will similarly issue a 6 1/2 0/0 loan. This will make it much easier for the mortgage banks to introduce on the mortgage-bond market, on a broader basis, the 6 0/0 type of securities which they favour. The mortgage-bond market as such is indeed well on the way towards this stage of development. Thus it was recently possible further to raise the issue prices for both 6 1/2 0/0 and 6 0/0 bonds to 98 and 96 respectively as against 97 and 94 in May. Since then the 7 0/0 securities have fallen largely into the background in the mortgage institutions' issue business. Instead, besides the 6 1/2 0/0 bonds which are now being offered by a number of institutions, 6 0/0 mortgage bonds are

already becoming more prominent. Of the issues authorised for mortgage institutions in June, indeed, as much as DM 145 million were 6 % and DM 110 million 6 1/2 % bonds, while there were only DM 16 million (or 6 per cent) of 7 % issues. In May on the other hand the 7 % issues had still accounted for 55 per cent of the total amount approved for such institutions.

On the *share market* during the period under report the interest shown by investors became considerably keener, largely for securities in respect of which the issue of bonus shares is thought possible, so that quotations rose further and in some cases reached new peaks. At 218 on 6 June the Federal Statistical Office's share quotation index on the basis 31 December 1953

= 100 exceeded its previous peak of September 1955 and rose further by 23 June to 225, although quotations in the second half of the month were falling at times on profit-taking sales. Thus on the whole the price-falls which have occurred since 1955, especially during the period up to the middle of last year, have been made good again. In individual cases however there are great differences in valuation by comparison with 1955, so that many shares or groups of shares have not yet regained their previous peak levels. In particular the prices for coal and steel shares have lagged considerably, although just in the last few weeks the public's fancy has again turned more towards these securities yielding a relatively high return.

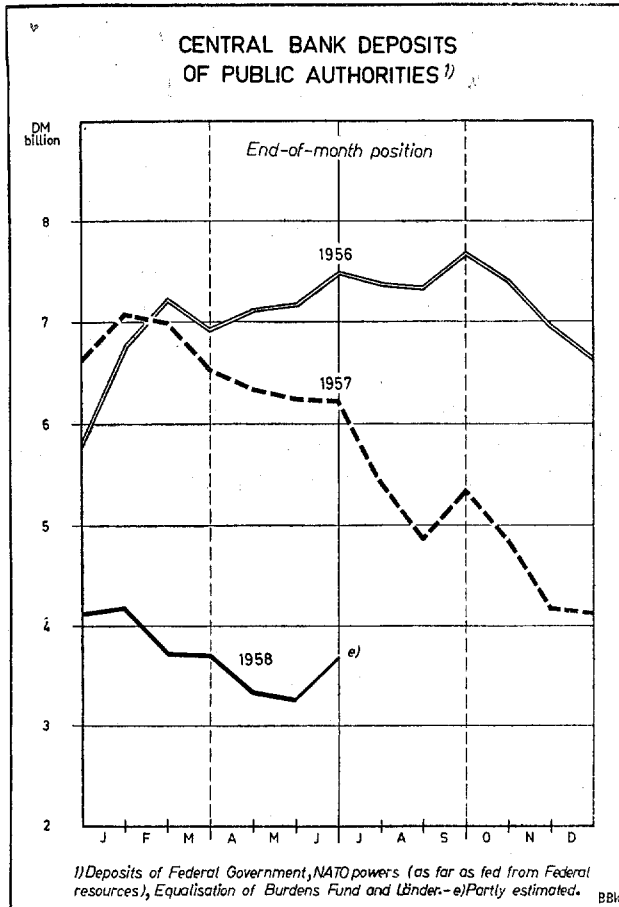
Public Finances

During June the cash position of the major public authorities — the Federal Government, the Equalisation of Burdens Fund and the Länder — was of course much affected by the quarterly date for the payment of important Federal and Land taxes. True, the June surpluses were doubtless not enough to make good the deficits which had occurred in the two previous months of small tax receipts, especially in the case of the Federal Government and also in that of the Länder; but on the whole the deficit in the second quarter of this calendar year seems to have been smaller than in the first. This is the more noteworthy since the figures available for tax revenues in May again confirm the deterioration in receipts already described in recent Reports. Unless therefore there was a fundamental change in June, of which there is little indication, the proceeds for the whole April-June quarter are likely to have been more than seasonally down. In its effect on the authorities' cash results the trend of tax revenues was however outweighed by a decrease, although this was largely due to the incidence of payments, in their expenditure. One reason was that this year the cash outgoings in respect of final payments almost all fell in March and not, as in earlier years, in April and May; another was that so far the current year's budget has been passed neither for the Federal Government nor for certain Länder, which has led to notable reluctance in meeting items of expenditure not strictly tied down to particular dates. On the authorities' cash transactions which are "internally effective" — this distinction is of course in the main significant only in the case of the Federal budget, since the "externally effective" cash transactions of the other authorities are relatively small — surpluses have continued in the

last quarter. For reasons which will be described in the account of the Federal budget these surpluses, despite the smaller deficit on the overall result, would seem to have been hardly any greater than in the previous quarter.

On looking at the course of the budgets in detail one finds that the Federal budget showed improvement in the first three months of the current financial year by comparison with the last quarter of the 1957/58 year, and that the position of the Equalisation of Burdens Fund remained practically unchanged. On the other hand in the case of the Länder the deterioration which was already apparent in the previous quarter seems to have continued, and indeed to have become if anything more marked.

The reduction in the major public authorities' cash holdings which has now been proceeding for nearly two years, mainly owing to expenditure of the Federal Government's cash reserves, has hardly continued of late. It is true that at roughly DM 3.27 billion at the end of May the balances held at the Bundesbank by the Federal Government, the Equalisation of Burdens Fund, the Länder and the NATO powers were below their level at the end of March this year by about DM 450 million, and below that at the corresponding date last year by some DM 3 billion. Since however they rose somewhat more again in June, the decrease on the whole quarter probably was insignificant after having amounted to roughly DM 400 million in the previous quarter. Here however the borrowing by some authorities was also an appreciable factor. Thus after a somewhat lengthy interval the Equalisation of Burdens Fund again resorted to the capital market in June, the Equalisation of Burdens



Bank issuing a DM 100 million loan for purposes of the Fund. Since these monies will be needed only gradually to make indemnification payments, the Fund's cash holding in June did not decline very much in spite of a relatively large excess of expenditure. The Länder, which last autumn and winter had already borrowed on a considerable scale, have continued that practice during recent months — although their indebtedness does not seem to have increased by quite so much as the rise of about DM 320 million which it showed in the first quarter.

The Federal Budget

The Federal budget's cash position in the first quarter of the financial year, from April to June, would seem on the whole to have been in balance. According to the final figures now available there was in April and May a cash deficit of altogether about DM 230 million, against which there seems to have been an approximately equal surplus in June. On the other hand in the previous quarter (from January to March) the Federal budget had shown a cash deficit of DM 463 million, and in the quarters before that much greater deficits still. As was mentioned in the last Monthly Report, however, this improvement is largely due to the incidence of payments and to chance influences and

is therefore probably not typical of the longer-term trend. In April and May for instance the Federal Government's *cash receipts* contained altogether DM 300 million of non-recurring items arising from repayment of debt by Import and Storage Agencies and by the Federal Postal Administration. This at least made good, if it did not indeed outweigh, the decline in current receipts which is always usual in the second quarter but had this year occurred, if anything, on a greater scale than a year before. A further important fact was that the *cash expenditure* has also somewhat declined during recent months. In April and May it was already not quite up to the January and February level; and in June, according to the partial data available, it even fell short by a relatively wide margin of the very high level attained in March as the result of final payments. This applies to the expenditure not only on defence but also on civil account. In the case of *defence expenditure* the main reason was that since the beginning of this financial year the foreign payments, primarily in respect of armament imports, have been smaller than before. In April and May they amounted to a total of DM 218 million¹⁾. In June, too, they would hardly seem to have been running at a higher rate, so that on the whole quarter they fell far short of the exceptionally large amount of nearly DM 700 million attained in the previous quarter. These variations are mainly due to chance, being determined by the timing and amount of the individual contracts concluded. Increasing payments are already to be expected for the immediate future, inasmuch as under the agreements recently concluded with the United Kingdom the Federal Republic will deposit there a further sum of £ 50 million (DM 588 million) in respect of subsequent armament deliveries. The Federal Government's domestic expenditure on its own defence forces further increased in the second quarter of the calendar year. In that quarter it seems to have reached an amount of the order of DM 1 billion against about DM 850 million in the two previous quarters. At the same time however the payments to NATO forces stationed in the Federal Republic declined. They amounted in the past quarter to only just on DM 100 million as compared with about DM 240 million in the preceding quarter. Since at the end of June there was still a "carry-over" of more than DM 100 million from earlier years, while provision has been made for fresh payments of over DM 140 million to British troops, the expenditure to be expected in subsequent quarters

¹⁾ This figure differs from the data shown in the chapter on Foreign Trade and the Balance of Payments (p. 37) in that it comprises the Federal Government's total payments, i.e., actual armament imports have not been deducted.

Cash Position of the Federal Budget
in millions of DM

	Fiscal years				
	1956/57 Total	1957/58		1958/59	
		Total	Jan./March 1958	April	May
I. Federal Budget					
1) Cash receipts, total ¹⁾	28,710	29,911 ⁴⁾	7,663	2,503	2,308
a) Taxes and other receipts coming from circulation	28,584	29,798	7,553	2,299	2,306
b) Transfer of immobilised monies	—	—	—	200	—
c) External receipts	126	113	110	4	2
2) Cash expenditure, total ²⁾	28,802	32,612 ⁴⁾	8,126	2,481	2,559
a) internal	26,452	29,501	7,218	2,229	2,421
b) external ³⁾	2,350	3,111	908	252	138
3) Surplus (+) or deficit (—), total	— 92	— 2,701	— 463	+ 22	— 251
a) "internally effective" (1a less 2a)	+ 2,132	+ 297	+ 335	+ 70	— 115
b) "externally effective" (1c less 2b)	— 2,224	— 2,998	— 798	— 248	— 136
II. NATO Powers					
Increase (+) or decrease (—) in funds deriving from the Federal budget	—	+ 71	— 45	— 34	— 25
III. "Internally effective" surplus (+) or deficit (—) of Federal budget and NATO powers (I 3 a + II)	+ 2,132	+ 368	+ 290	+ 36	— 140

¹⁾ In-payments on the Federal accounts at the Deutsche Bundesbank (excluding counterpart accounts and STEG accounts) less receipts from the incurring of debt. — ²⁾ Out-payments from the Federal accounts at the Deutsche Bundesbank (excluding counterpart accounts and STEG accounts) less expenditure on redemption of debt; including lendings to other public authorities. — ³⁾ External debt service, foreign exchange payments under the Israel Agreement, payments and advance payments for armament imports, contributions to international organisations, expenditure on diplomatic missions, etc.; furthermore, in the fiscal year 1956/57, DM 399 million of guarantees in respect of later armament imports. — ⁴⁾ Including DM 409 million of offsetting items under the defence budget; to that amount NATO powers, out of the Federal resources (totalling DM 1,149 million) received as "mutual military aid", and out of own resources, repaid to the Federal Government advances made by it.

will however nearly equal the amount spent in the first quarter of the financial year and so will hardly continue to offset the rise in expenditure on West German forces.

Civil expenditure also declined somewhat in the last three months. The reason lay in the fact that owing to end-of-year payments it had been relatively high in March and that as already mentioned, so long as the budget law has not been passed, certain payments are so far as possible postponed. In this field also however the trend of expenditure would seem to be upward; this is likely to appear clearly after the vote, which may be expected in July, on the budget estimates. It does however look as though the increase would be much smaller than a year ago, since according to this year's estimates no such large rises as those entailed by the expenditure votes in the spring of 1956 and 1957 are to be expected.

Despite the above-mentioned improvement in the overall result for the first quarter of the financial year by comparison with the previous quarter the Federal Government's "internally effective" surplus in that period was evidently not much greater than in the period from January to March. In April and May together there was a DM 104 million deficit on the Federal Government's "internal" cash transactions, after allowance for the Federal monies flown out from accounts of the NATO powers; this deficit was however no doubt outweighed in June by a surplus of the order of

DM 500 million, so that the "internal" surplus for the whole first quarter of the financial year can be put at around DM 400 million as against DM 290 million in the previous quarter. This was due to two factors. In the first place DM 200 million of the cash receipts in April were due simply to a book transfer from the Import and Storage Agencies' accounts at the Bundesbank to the account of the Chief Federal Cash Office, and therefore had to be disregarded in the ascertainment of the "internally effective" receipts. Besides this the Federal Government's foreign payments were comparatively small, since as already mentioned there was a relatively large decrease in the amount of money transferred abroad under the defence budget.

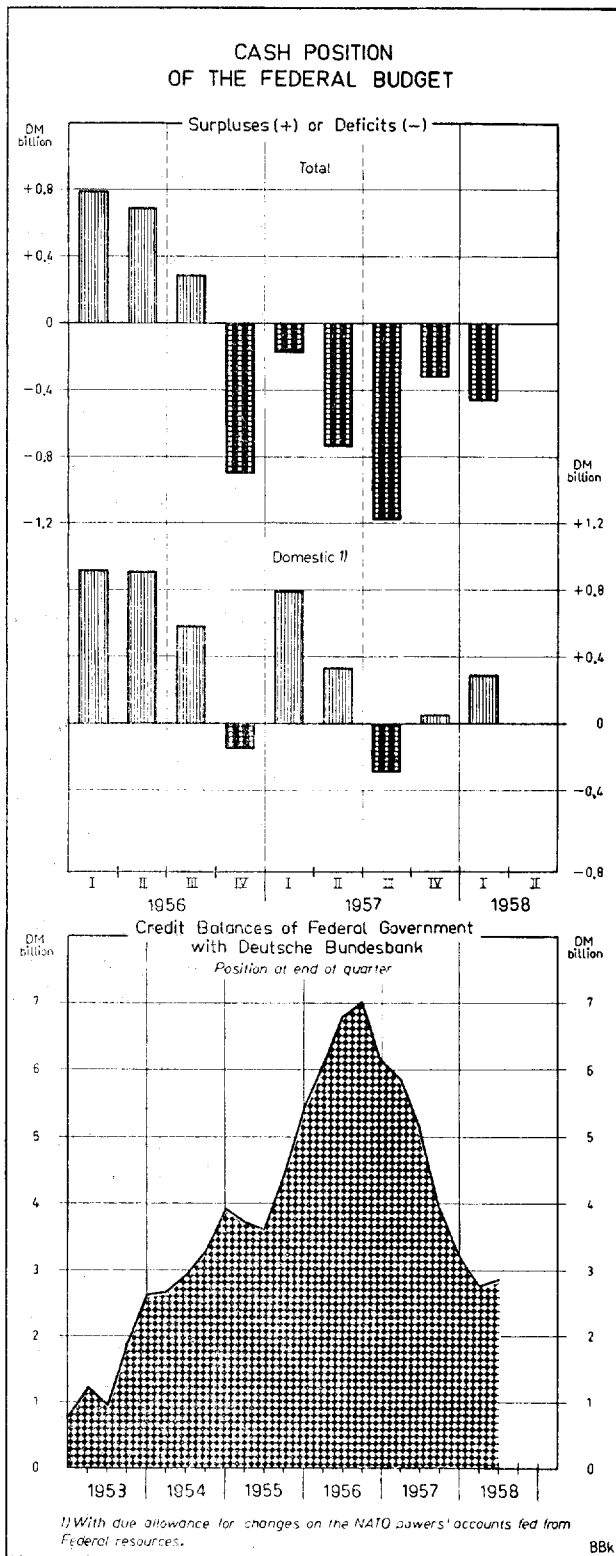
Apart from month-to-month variations there was no appreciable change during the first quarter of the financial year in the cash reserves kept by the Federal Government at the Bundesbank. At the end of May they amounted to about DM 2.57 billion against some DM 2.78 billion at the end of March; in June however they seem to have again somewhat exceeded the latter level. At the same time however the amount of the other reserves, consisting of claims arising from former lendings, considerably declined. As the table on p. 18 shows, such claims at the end of May this year amounted to only just on DM 700 million as against roughly DM 1 billion at the start of the financial year. Since the Import and Storage Agencies and the Federal

Postal Administration have met their liabilities to the Federal Government during recent months, the only major items which now remain are the loans to the Equalisation of Burdens Fund and to some Länder. It is not yet clear whether parts of these claims will be realised in the further course of the financial year.

Claims of the Federal Government in respect of Lendings in millions of DM

Recipients ¹⁾	1957		1958		
	May	Dec.	March	April	May
Equalisation of Burdens Fund	300	300	300	300	300
Länder	310	300	270	270	270
Federal Postal Administration	100	100	100	75	—
Import and Storage Agencies	200	200	200	—	—
Other ²⁾	39	56	129	111	111
Total	949	956	999	756	681
of which:					
Direct lendings	680	882	912	693	618
Earmarked deposits with banks	269	74	87	63	63

¹⁾ Excluding cash advances to the Federal Railways because these, in all probability, will be converted into grants. — ²⁾ Credit granted to assist financing canal construction, lendings to farmers' old-age insurance funds, and deposits earmarked for financing exports to India and for measures to support the price of special loans.



The Budgets of the Länder

One fact of importance for the recent course of the finances of the Länder was the further decrease in the proceeds of taxation. In the months of April and May together those proceeds not only conformed to the seasonal trend by being below the level of previous months containing comparable payment dates, but also fell short of the level at the corresponding time last year. The main cause was the smallness of receipts from the Income Taxes, due partly to the very unfavourable movement apparent for some time in the overall yield and partly to the lowering of the share of the Länder from 66²/₃ to 65 per cent with effect from the start of the financial year. A further reason lay in the fact that, although no recent figures are available, the current expenditure of the Länder seems to have risen further. But the chief reason seems to be that the reform of pay in the public service, which had been ordered in the case of Federal authorities as long ago as the summer of 1957, was enacted in the Länder only gradually; and therefore the expenditure on personnel (including pension payments), which forms a particularly important item among the budget expenditure of the Länder, was until very recently still growing comparatively fast. According to this year's budget estimates it may moreover be assumed that, apart from a few exceptions, the Länder again intend to increase their capital expenditure. It is true that their actual expenditure under this head would not yet appear to have risen during recent months, but is likely as usual to show an appreciable rise only from the second quarter of the financial year onwards. Nevertheless the need for borrowed funds has appreciably increased in view of the deterioration on current account.

Public Finances
in millions of DM

	1956			1957				1958				
	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	Feb. ¹⁾	March	April	May ²⁾
Deposits of Public Budgets with the Bundesbank*)												
Total ¹⁾	7,548	7,737	6,673	6,580	6,270	5,418	4,163	3,769	3,765	3,769	3,366	3,294
Federal Government ²⁾	6,821	7,037	6,136	5,874	5,150	3,941	3,238	2,790	2,964	2,790	2,793	2,578
Equalisation of Burdens Fund	398	389	314	372	468	494	288	140	383	140	48	259
NATO Powers ³⁾	—	—	—	—	216	485	116	71	43	71	37	12
Länder	295	277	204	294	411	461	491	731	355	731	467	428
Local authorities and social insurance institutions	34	34	19	40	25	37	30	37	20	37	21	17
Deposits of Public Authorities with Credit Institutions⁴⁾)												
Total	7,713	8,172	9,192	9,898	9,998	10,190	10,737	10,924	10,858	10,924	10,497	10,943
Sight deposits	2,232	2,240	2,708	2,448	2,441	2,396	2,810	2,741	2,523	2,741	2,447	2,506
Time deposits	3,763	4,320	4,867	5,859	5,901	6,128	6,216	6,383	6,575	6,383	6,196	6,557
Savings deposits	1,718	1,612	1,617	1,591	1,656	1,666	1,711	1,800	1,760	1,800	1,854	1,880
Indebtedness of Public Authorities⁵⁾)												
Domestic credit-market indebtedness ⁶⁾)												
Total	8,276	8,583	9,000	9,278	9,693	10,083	10,308 e)	11,209 e)	·	11,209 e)	·	·
thereof:												
Federal Government	633	608	599	504	503	503	0	0	0	0	0	0
Equalisation of Burdens Fund	816	816	816	820	818	751	727	653	698	653	653	653
Länder	2,164	2,240	2,379	2,575	2,756	2,854	3,053	3,373	3,355	3,373	3,368	·
Local authorities ⁷⁾)	4,650	4,900	5,150	5,370	5,600	5,950	6,450 e)	7,100 e)	·	7,100 e)	·	·
Equalisation claims												
Total	20,600	20,589	20,569	20,629	20,597	20,570	20,523	20,457	·	20,457	·	·
Federal Government	8,066	8,073	8,082	10,694	10,693	10,689	10,698	10,018	·	10,618	·	·
Länder	12,534	12,516	12,487	9,935	9,904	9,881	9,835	9,839	·	9,839	·	·
Covering claims (Equalisation of Burdens Fund)	·	·	·	2,275	·	·	·	·	·	·	·	·
External indebtedness												
Federal Government	8,125	8,029	8,056	8,076	8,061	7,972	7,982	7,993	·	7,993	·	·
Länder	202	200	184	204	187	183	183	·	·	·	·	·
Indebtedness of Public Enterprises⁸⁾)												
Federal Railways ⁷⁾)	2,819	2,900	3,037	3,370	3,535	3,618	3,950	4,292	4,165	4,292	·	·
Federal Postal Administration ⁷⁾)	2,173	2,214	2,371	2,479	2,516	2,682	2,845	3,044	3,044	3,044	3,045	3,330
Receipts from Taxes and Levies												
Tax receipts of Federal Government and Länder												
Total	9,111	9,752	10,283	10,215	9,868	10,199	10,641	10,312	2,575	4,416	2,693 ⁹⁾	2,766 ⁹⁾
thereof:												
Wages Tax	1,212	1,393	1,512	1,417	1,113	1,368	1,391	1,372	418	340	385	456
Assessed Income Tax	1,152	1,198	1,330	1,499	1,565	1,421	1,393	1,326	109	1,039	112	83
Corporation Tax	823	853	1,072	1,133	1,041	1,051	1,282	1,294	137	964	136	69
Turnover Tax	2,909	3,070	3,201	3,097	3,063	3,128	3,310	3,201	973	928	1,057	991
Excise and Customs Duties	1,895	2,082	2,198	2,100	2,083	2,206	2,316	2,123	567	800	704	703
Equalisation of Burdens Levies	594	480	555	551	534	462	532	508	346	70	86	368
Local Taxes	1,484	1,530	1,660	1,658	1,754	1,765	1,834	1,705	·	·	·	·
Federal Budget												
Cash receipts	7,006	7,165	7,283	7,256	7,118	7,231	7,900	7,663	2,040	2,870	2,503	2,308
Cash expenditure	6,318	6,874	8,184	7,426	7,855	8,411	8,221	8,126	2,689	3,027	2,481	2,559
Cash surplus (+) or deficit (—)	+ 688	+ 291	— 901	— 170	— 737	— 1,180	— 321	— 463	— 649	— 157	+ 22	— 251
Equalisation of Burdens Fund												
Receipts	906	805	947	953	847	889	1,002	917	512	154	216	·
Expenditure	947	875	1,000	917	711	859	1,146	1,030	333	401	257	·
Workers' and Employees' Pension Insurance Funds												
Contribution receipts	1,741	1,870	1,927	1,942	2,457	2,650	2,702	2,628	743	831	817	872
Pension payments ⁸⁾)	1,909	1,645	1,827	1,812	3,347	2,676	2,800	2,943	971	987	980	995
Unemployment Insurance Fund												
Contribution receipts	405	439	435	340	305	354	343	334	93	118	100	123
Benefit payments	119	89	138	442	155	109	159	633	209	194	100	57

For data for previous months and for explanatory remarks see Tables under VI (Public Finances) in the Statistical Section of this and previous Monthly Reports.

¹⁾ Position at end of quarter or month. — ²⁾ Up to 31 July 1957 including equalisation claims temporarily repurchased. — ³⁾ Including deposits of the Federal Government with the Land Central Banks. — ⁴⁾ In so far only as fed from Federal resources. — ⁵⁾ Besides the deposits of the aforementioned budgets also comprising the deposits of the Federal Railways and the Federal Postal Administration, of other public enterprises (in so far as they have no legal personality of their own), and of Allied agencies. — ⁶⁾ Post-currency-reform indebtedness; including own bonds in portfolio. — ⁷⁾ Partly estimated. — ⁸⁾ Excluding indebtedness towards the Federal Government, payment arrears and external indebtedness. — ⁹⁾ The special payments made under the Laws on Supplementary Pension Payments were recorded for the periods in which they were actually expended. — ¹⁰⁾ Months with comparable tax maturities. — ¹¹⁾ Provisional. — ¹²⁾ Estimated.

As was already pointed out last month in these columns, the Länder have for some time been making efforts to procure additional resources on the credit markets. In the first quarter of the calendar year their indebtedness rose by some DM 320 million, or considerably more than in any previous quarter. With a simultaneous decline in their floating debt (comprising cash advances from the Bundesbank and money-market paper) their long-term indebtedness actually increased by close on DM 400 million. Of this sum about DM 180 million was raised through the issue of loans of the Länder themselves, while the greater part amounting to over DM 200 million represented direct lending by banks to the Länder and mainly consisted of loans granted by Central Giro Institutions and Mortgage Banks on the basis of communal bonds issued. In April a further amount of over DM 50 million accrued to the Länder in this way. Since certain Länder such as Bavaria, Hamburg and Baden-Württemberg have either not yet called at all the funds promised them, or have called only insignificant portions, a further increase in such indebtedness must be expected in the coming months.

During recent months the cash reserves of the Länder have if anything decreased. That applies at all events to the monies which the Länder keep at or employ through the Bundesbank, and which greatly declined in April and May (contrary to the movement a year ago) after they had at about DM 770 million been appreciably greater at the end of March than in previous months such as March and December 1957 containing comparable payment dates. It is true that in June the balances at the Bundesbank were replenished through the large receipts in connection with the quarterly tax date; it is however doubtful whether the end-of-March position will be reattained at the end of June. The monies which the Länder have with the approval of the Bundesbank deposited at other financial institutions also seem to have declined during recent months.

Pension Insurance Institutions and Unemployment Insurance Fund

At the moment the finances of the public *Pension Insurance Institutions*, last described in the Report for February, are under the influence of a rise in pension expenditure greater than was expected at the beginning of this year. This is partly due to the rapid working off of the outstanding applications for pensions carried over from the previous year, and to the resulting payments of arrears; it was however also partly because until recently the inflow of fresh applications had been relatively large, no doubt owing to the fact that the reform laws revived pension claims which used not to be met under the previous arrangement. Consequently the expenditure on pensions under the Workers' and Employees' Insurance (figures for the Miners' Insurance are not yet available) rose in the first five months of this year to a monthly average of DM 980 million as against one of about DM 885 million in the whole of 1957. It is not yet possible to see the trend in the other expenditure, which accounted in 1957 for about 13 per cent of the total. It may however be assumed that in percentage terms the increase was even greater than that in pension payments, because in particular the health insurance of pensioners required appreciably larger contributions than a year ago. In terms of absolute amount however these items of additional expenditure have not nearly equalled the additional expenditure on pensions.

Against the rise in expenditure, it is true, there was also a comparatively large increase in receipts. On the monthly average from January to May the contribution income alone amounted in the case of Workers' and Employees' Insurance — to which, for the reason mentioned above, this account must be confined — to about DM 860 million as against a monthly average of some DM 810 million for the year 1957. At the same time the Federal grants were increased by 6.1 per cent in connection with the redetermination of the general assessment basis which was effected in December, and which governs the pension cases newly arising in 1958. The two types of insurance would therefore seem to have achieved further substantial surpluses of receipts. Nevertheless it is questionable

The Position of the Länder in relation to the Bundesbank in millions of DM

Position	Funds maintained with, or employed through, Bundesbank			Cash advances taken from Bundesbank	Net funds (1 less 4)
	Total	Balances ¹⁾	Money-market investments		
	1	2	3	4	5
1956 end-Dec.	461	204	257	102	359
1957 mid-March	1,219	851	368	—	1,219
end-March	628	295	333	25	603
end-April	621	331	290	94	527
end-May	625	317	308	73	552
mid-June	1,409	1,038	371	—	1,409
end-June	761	411	350	35	726
end-Dec.	547	491	56	84	463
1958 mid-March	1,640	1,582	58	8	1,632
end-March	769	731	38	46	723
end-April	490	467	23	65	425
end-May	461	428	33	39	422
mid-June	1,622	1,590	32	—	1,622

¹⁾ Up to 31 July 1957 including equalisation claims temporarily repurchased.

Contribution Income and Pension Payments
of the Public Pension Insurance Institutions ¹⁾
in millions of DM

Period	Contributions		Pensions	
	Workers' in- surance	Employees' in- surance	Workers' in- surance	Employees' in- surance
1958 January	663	391	662	322
February	503	240	655	316
March	543	288	661	326
April	525	292	648	332
May	585	287	656	339
Monthly average January/May	564	300	656	327
For comparison: Monthly average				
1957, total	541 ²⁾	272 ²⁾	595 ³⁾	292 ³⁾
1956, total	414	194	400	185

¹⁾ Excluding Miners' Pension Insurance Fund. — ²⁾ Including contribution transfers from the Unemployment Insurance Fund (totalling about DM 97 million). — ³⁾ Including advance and back payments in connection with the pension reform.

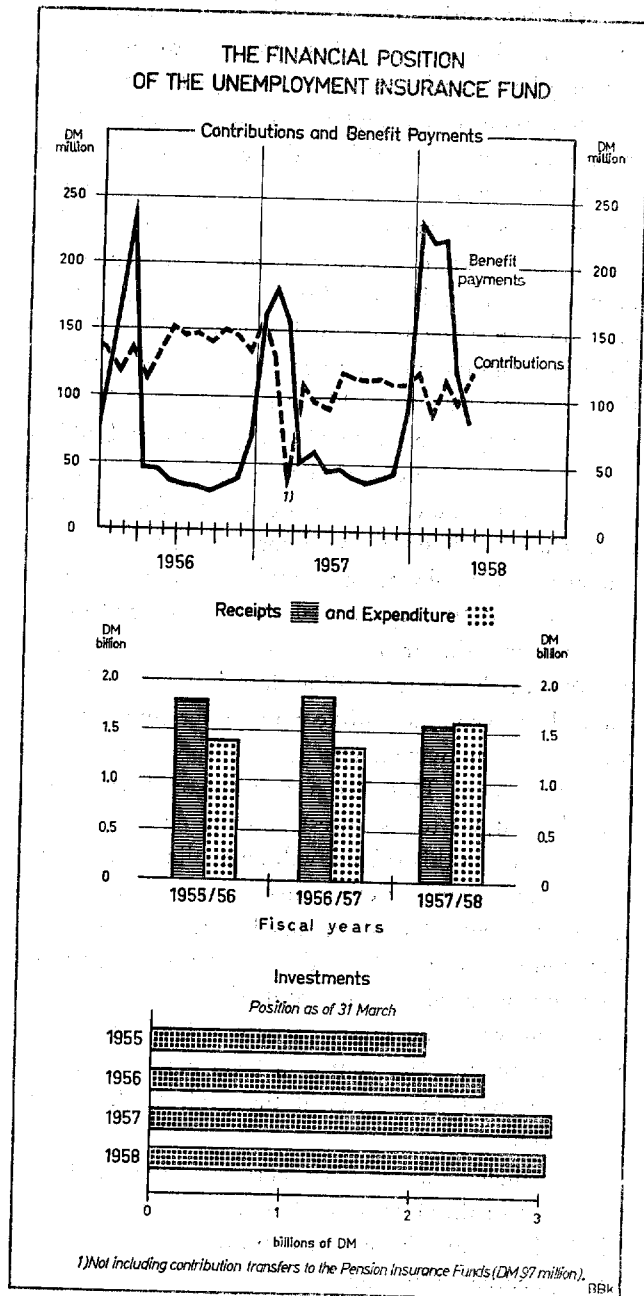
whether the whole of 1958 will show — as it seemed likely to do at the beginning of the year — so large a surplus as that of about DM 1.8 billion¹⁾ attained last year. If the income and expenditure trends so far discernible continue, surpluses of the order of only DM 1½ billion may rather be expected to occur. Thus they would be smaller by about DM 1 billion than in 1956, when they reached an unequalled peak of DM 2½ billion.

This year, unlike 1957, a substantial part of the accounting surpluses will also arise in the Employees' Insurance. The reason is that since the beginning of 1958 the Workers' and the Employees' Insurance Institutions have been repaying to each other the cost of pensions for insured persons who change their category, with the result that substantial sums are on balance accruing to the Employees' Insurance, since appreciably more workers become employees in the course of their working life than vice versa. On the other hand on the Miners' Pension Insurance, which has always made only a comparatively small contribution to capital formation, only insignificant surpluses will arise in the future also because in its case under the provisions of the amending law only 5 per cent of the pension burden which is to be borne out of its own resources, and which in 1957 amounted to not quite DM 1 billion, is to be paid into the reserve.

During the course of this year to date the finances of the *Unemployment Insurance Fund* have been heavily burdened by the relatively large extent of

¹⁾ Like all the data given in this chapter, this figure refers to the area of the Federal Republic including Berlin (West). This explains the difference from the amount shown on p. 44 of this Report.

seasonal unemployment. In the first four months of this year roughly DM 730 million were paid out for benefit purposes against some DM 490 million in the corresponding period of 1957. Accordingly at a total of about DM 420 million the deficits for those months were considerably greater than in earlier years. It was not until May, the last month for which figures are to hand, that receipts again exceeded expenditure — although only by about DM 16 million. In the remaining months the accounting surpluses seem hardly likely to exceed those of last year, averaging about DM 40 million per month from June to December. Since this will not even be enough to offset the deficits mentioned above, it seems that the phase of excess receipts



which had marked the financial position of the Unemployment Insurance Fund in past years is for the present ended. The reasons for this change have been several times pointed out in earlier Reports. The chief reason doubtless lay in the further lowering of the contribution rate from 3 to 2 per cent of earnings in connection with the pension reform in 1957, since this

caused substantial shortfalls in receipts. Besides this however the raising of benefit rates which took effect a little later, and the fact that apart from seasonal movements the number of recipients of benefit has for some time hardly been declining any longer, also contributed to the deterioration in the finances of the Unemployment Insurance Fund.

Production and Markets

Seasonal Increase of Activity with Varying Cyclical Influences

Production, sales and employment were largely characterised during recent weeks by the increase of activity which is usual at this season in outdoor callings and in other branches of activity subject to a definite seasonal trend. In particular there was a vigorous rise in building activity, which made good at least part of the shortfall that had occurred in the early spring under the influence of the bad weather. In May, the last month for which figures are available, the index of output in the building industry proper was for the first time since the spring of last year higher than in the corresponding month a year before; and, unless all the signs are deceptive, this trend continued in June. It is also largely because of the growth of building activity that unemployment has again greatly declined of late. At the end of May, being the last date at which figures were to hand as this Report went to press, the number of unemployed registered at labour exchanges was only 470,000, against 590,000 at the end of the previous month, about 1,430,000 in January, and 494,000 at the corresponding date last year. Thus in the Federal Republic, unlike many other countries, the level of unemployment has again dropped below that of a year ago. This, on a non-seasonal view, has brought it down to its lowest point to date. Although precise data on this subject will be available only with the quarterly employment statistics for the end of June, it can consequently be assumed that even now the "unemployment ratio" — that is the ratio between those unemployed and the total of employed and unemployed wage and salary earners — is already down again to about 2 per cent — a level below which the ratio has been only once, at the peak of the season last autumn.

Nevertheless, apart from certain skilled building trades, no further intensification of the labour shortage which has now been "structural" for years has yet appeared. One important reason would seem

to be that, as between both branches of activity and regions, the labour market is now in a better state of balance than say two or three years ago. As between branches of activity, the chief point is that in those callings where male workers are mainly employed the demand for labour has grown by less than the average. In the building trade for instance the level of output, despite the great seasonal rise in the last two months, is at present still somewhat lower than at the corresponding date two years ago. If therefore allowance is made for the progress since achieved in rationalisation there ought to be no difficulty here in achieving equal output with a smaller number of workers. In fact the number of male unemployed in May, at about 250,000, was approximately the same as at the corresponding date in the two previous years, whereas the number of female unemployed was only 219,000 against 241,000 a year earlier and 286,000 in May 1956. The general lessening of labour-market tension by comparison with the preceding years, despite the relatively low level of unemployment, is further clear from the fact that at 228,000 the number of vacant jobs recorded at labour exchanges was lower by 3,000 and 28,000 than in May of 1957 and 1956. The fact that in May the number of registered short-time workers rose to 71,000, against 58,000 in April and 11,000 in May 1957, also points in the same direction.

An important fact in this connection is that on the whole the seasonal increase of activity in recent months was supported by only a relatively slight non-seasonal upswing, since against the upward trends which were present in certain spheres — and in some were actually becoming stronger — there continued to be downward trends in others. Especially typical of this contrast during the period under report was the course of *industrial production*. In May the index for this as reckoned per working day by the Federal Statistical Office fell according to the figures so far available to 232 against nearly 234 in the previous month, on the basis 1936 = 100, this movement being quite contrary to that which is usual in these two months. Thus for the

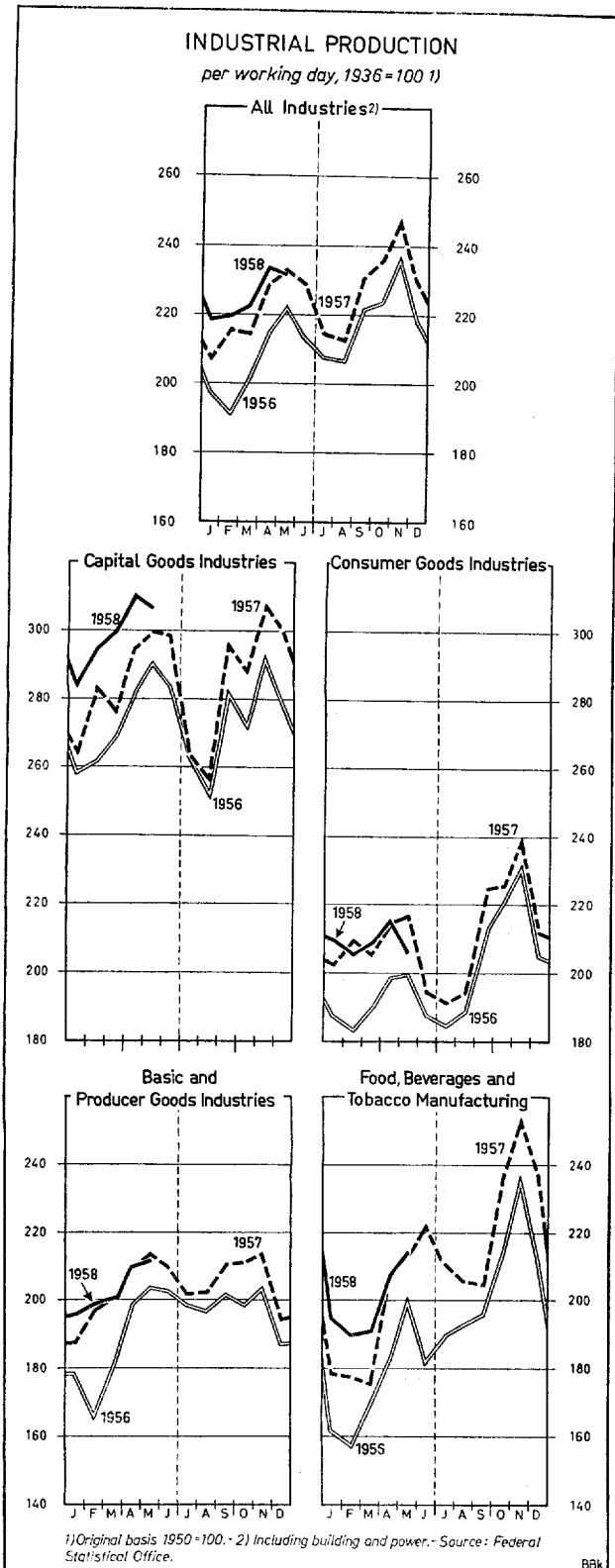
first time since 1948 the index was no longer higher than at the corresponding time a year before whereas in the first four months of the year, despite the serious hindering of outdoor work by the weather, it had still shown year-to-year growth-ratios of between 2 and 5 per cent. It is of course quite possible that this was

largely due to chance influences. May had five Saturdays, which for the present are still counted as full working days in the calculation of the index per working day, although the five-day week has already become general in a large part of industry. In May moreover two special public holidays (namely Ascension Day and 1 May) fell on a Thursday; and it is generally known that in present circumstances, at many enterprises where there is no work on Saturday, no work is in such a case done on Friday either. Probably therefore the calculation of the index was based on too large a number of normal working days, the index being thereby depressed. On the other hand the fact that working hours were lost on such a scale is also a pointer to the present business situation, since it can hardly be assumed that if demand had been more pressing the employers would have accepted stoppages to such extent, and in some cases even permitted them with alacrity with a view to reducing their stocks. No doubt therefore the present sluggishness of the production index is also due to the slackening tendencies which, as has been repeatedly shown in these columns, have for some time been apparent in a part of the economy.

Tendencies to Slackening

Continuing Decline in Export Activity

Thus export activity, which in past years had been one of the most important forces impelling the general economic upswing, has further declined. At DM 3,012 million the exports in May were lower by 6 per cent than in the corresponding month last year, after in March this year they had already been below the level of a year earlier by 4.8 per cent. It is of course true that the foreign trade figures for individual months do not permit immediate conclusions as to the basic trend, because experience shows that they are often affected by chance factors and are therefore always subject to very great fluctuations. Still, even consideration of the facts over a somewhat longer period shows that some time ago exports reached a stage which can only be described as marking time. So far last year's seasonal peak in exports, namely the monthly average of DM 3,238 million for the fourth quarter, has not been even nearly reattained in any month of this year. In past years, on the other hand, the export figures for the fourth quarter were already exceeded during the first half of the following year. It is further characteristic that the export turnover in the first five months of this year together was greater by only 1.7 per cent than in the corresponding period of last year, whereas then there had been a year-to-year growth-ratio of 22.8 per cent. By now therefore the decline in foreign orders apparent



Production, Turnover and Employment

	1956				1957				1958			
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	March	April ^{P)}	May ^{P)}
	Monthly averages											
Index of Industrial Production (per working day, 1936 = 100) *)												
Total	197	217	212	226	213	230	219	239	221	223	234	232
Building	119	238	234	210	148	227	212	199	119	128	210	233
Basic Materials and Producers' Goods	176	202	199	197	195	211	205	207	199	201	210	212
Capital Goods	263	286	266	281	275	298	272	299	293	300	311	307
thereof:												
Machine Building	252	282	261	267	264	291	260	284	271	286	291	286
Vehicle Building	431	469	400	424	451	494	414	462	528	534	554	558
Consumer Goods	188	196	195	219	206	210	204	226	208	209	216	206
thereof:												
Textiles	188	190	190	207	206	197	194	208	196	188	194	180
Hard Coal Mining ('000 tons)												
Output per working day	446.1	446.9	430.4	452.4	450.8	459.8	409.3	452.4	448.5	444.3	464.2	458.6
Pithead Stocks (Hard Coal and Coke) ¹⁾	462	164	201	269	356	186	371	753	3,829	3,829	5,882	6,560
Hard Coal Imports (excluding Coke)	1,461	1,454	1,781	1,547	1,424	1,950	1,969	1,854	1,464	1,337	1,345	1,268
Iron and Steel Industry ('000 tons)												
Output of Pig Iron per calendar day	47.0	47.3	48.7	49.1	49.6	48.6	50.6	52.3	50.8	48.8	45.9	43.6
Output of Raw Steel per working day	74.6	76.2	76.2	79.0	79.3	82.1	79.3	84.1	82.4	79.3	78.3	78.1
Finished Rolling Mill Products ²⁾												
Deliveries	1,269	1,258	1,322	1,304	1,363	1,270	1,367	1,394	1,355	1,353	1,238	1,245
Orders booked	1,351	1,303	1,333	1,394	1,377	1,325	1,333	1,325	1,162	1,125	1,248	1,047
Orders on hand ¹⁾	6,419	6,346	6,219	6,302	6,179	6,128	5,782	5,420	4,551	4,551	4,459	4,158
Orders booked in Industries (Values, per calendar month in per cent of 1954 turnover)												
Total	132	137	134	146	143	142	142	146	136	138	140	...
Basic Materials	128	135	138	142	139	139	148	142	129	131	134	...
Capital Goods	148	147	141	154	156	151	152	157	161	160	164	...
thereof:												
Machine Building	156	148	141	162	163	151	151	154	158	153	168	...
Vehicle Building	150	156	141	130	156	155	146	152	176	176	180	...
Consumer Goods	117	127	115	143	131	133	118	135	111	117	117	...
thereof:												
Textiles	124	122	113	144	137	124	107	120	101	104	103	...
Building												
Hours worked (millions) ³⁾												
Total	130.6	246.8	254.0	218.8	153.4	218.7	222.9	198.1	117.8	130.3	195.9	217.0
Residential Building	59.7	117.7	120.3	102.5	70.4	104.9	104.6	90.0	50.1	55.6	92.9	...
Buildings for Public and Transport Purposes	34.1	69.8	73.5	64.1	43.2	62.1	65.6	61.1	34.4	39.1	57.1	...
Buildings for Trade and Industry	34.7	50.0	51.2	46.5	36.6	42.4	44.4	41.6	31.5	33.0	39.5	...
Planned Building Expenditure for approved Buildings (millions of DM)												
Total	1,091.0	1,417.3	1,437.2	1,350.1	1,101.4	1,384.5	1,565.2	1,348.8	1,208.8	1,374.9	1,509.4	...
Dwelling Houses	647.1	918.6	920.9	825.4	695.5	893.1	1,002.6	860.0	746.6	863.2	972.1	...
Other Buildings	443.9	498.7	516.3	524.7	405.9	491.4	562.6	488.8	462.2	511.7	537.3	...
Housing Mortgage Loans by Institutional Investors (millions of DM) ⁴⁾												
Amounts promised per Month	355.2	355.5	315.2	290.9	344.6	357.2	432.3	427.1	475.0	549.9	515.1	450.1
Out-payments per Month	313.1	341.3	391.3	423.6	284.6	289.9	352.5	403.6	305.7	322.8	333.0	301.1
Retail Turnover (1954 = 100)												
Values												
Total	111	115	115	153	114	128	126	160	124	135	134	139
of which:												
Food, Beverages and Tobacco	113	113	116	135	114	126	127	144	125	135	137	136
Clothing, Linen, Underwear, Footwear	104	112	103	175	106	131	116	177	113	124	125	145
Household Equipment and Furniture	110	120	128	175	122	128	139	185	132	143	132	136
Other	117	121	122	149	119	132	134	160	132	148	143	139
Labour Market (thousands)												
Unemployed ¹⁾												
Total	1,019.3	478.8	411.1	1,088.6	702.2	453.7	367.5	1,212.9	1,108.2	1,108.2	589.7	469.9
Men	666.6	215.0	179.7	769.5	402.5	237.3	189.5	930.1	833.7	833.7	344.0	250.6
Women	352.7	263.8	231.4	319.1	299.7	216.4	178.0	282.8	274.5	274.5	245.7	219.3
Employed Wage and Salary Earners ⁵⁾	17,531.4	18,391.5	18,609.4	18,002.5	18,464.6	18,920.4	18,966.9	18,185.5	18,319.8	8,319.8	.	.

For data for previous months and for explanatory remarks see Tables under VIII (Production, Inflow of Orders, Labour Market, Turnover and Prices) in the Statistical Section of this Report. — ¹⁾ Position as at end of month or quarter. — ²⁾ Excluding all semi-finished goods, broad strip and steel tubes, including products for further processing; as from January 1953, including semi-finished goods for tube works. — ³⁾ Building industry proper, total. — ⁴⁾ Not including life assurance companies. — ⁵⁾ Position at end of quarter. — ^{P)} Provisional figures. — *) Original basis: 1950 = 100. — Details may not add to totals because of rounding.

since the beginning of last year has already affected actual export sales to the extent of practically stopping any further rise in exports. Consequently the export ratios in many industries already show a notable decline. In the period from January to April this year (the figures for May being not yet available) the ratio of foreign sales to total sales was for instance only 36.3 per cent against 38.6 per cent a year earlier in the precision instruments and optical goods industry, 19.6 against 20.6 per cent in electrical engineering, and 15.6 against 20.9 per cent in the steel industry. It is solely due to the continuing exceptionally large exports of motor vehicles that in industry as a whole the export ratio in the same period was 15.2 per cent, against 15.4 per cent a year before, although even the figure of 15.2 per cent shows that the main emphasis in the recently still apparent expansion has clearly shifted to domestic sales.

Export Ratios of Selected Industries
Export sales in per cent of total sales

Industry	January to April	
	1957	1958
All industries	15.4	15.2
thereof:		
Steel ¹⁾	20.9	15.6
Chemicals	23.1	22.2
Mechanical engineering	31.0	31.0
Vehicle building	30.9	36.6
Shipbuilding	64.8	57.4
Electrical engineering	20.6	19.6
Precision instruments and optical goods	38.6	36.3
Hardware	18.7	16.6
Textiles	8.1	7.6

¹⁾ Blast-furnaces, steel and hot-rolling mills.

As yet the movement in orders from abroad affords no certain evidence that the decline in foreign demand is over. In the first quarter of this year the orders coming from abroad were smaller by 9 per cent in value than in the corresponding period of the previous year. In April, the last month for which figures are to hand, the picture altered inasmuch as by comparison with the previous month the overall index for foreign orders showed a rather large rise which brought its level up again to about 1 per cent above that of a year earlier. On going into details however one finds that this improvement was almost entirely confined to the rolled-steel and mechanical-engineering industries, whereas in most other industries orders remained at a relatively low level. In the rolled-steel industry and mechanical engineering however this was evidently no more than a passing trend partly caused by individual large orders because, according to the figures already available in these lines, the inflow of orders in May was down again

to the relatively low level of previous months. For the present therefore there is little indication of any change in the course of foreign demand. From the relation between incoming orders and sales since the summer of last year it appears however that actual export deliveries were no longer quite covered by current demand, so that if anything a tendency to a further decrease in exports must be expected unless fresh orders increase again before the working off of uncleared order backlogs — some of them still quite large, it is true — has made further progress.

Decline in Demand due to the "Stock Cycle"

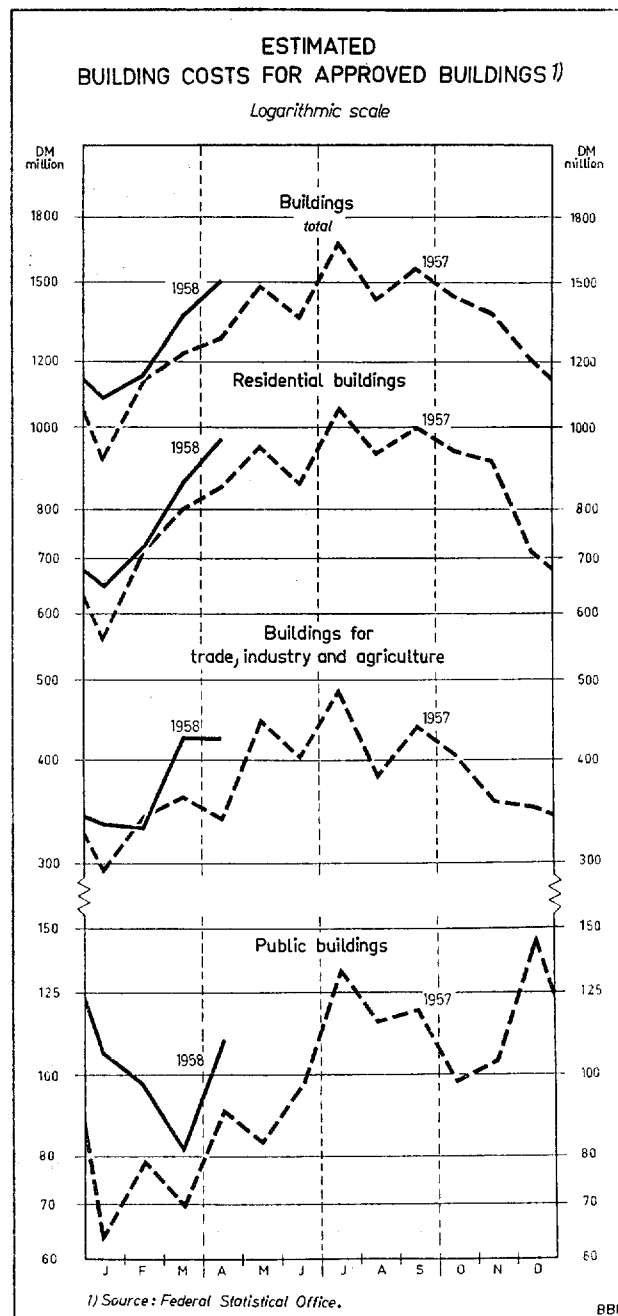
A notable impairment of the trend of activity during the period under report was also due to the fact that the decline in demand resulting from the effort to reduce stocks of goods persisted. As has been more than once stated in these columns, this particularly affected some of the basic industries and of the traditional consumer goods industries. In both categories, according to the latest figures available, the inflow of domestic orders has further declined or has at least not yet recovered. In the basic industries in April, just as on the monthly average for the first quarter, such orders were smaller by 5 per cent in terms of value than in the corresponding period of last year, and in the consumer goods industries by 10 per cent. In some of the industries primarily affected there were even much larger declines, for instance of 20 per cent in textiles, 18 per cent in leather production and 9 per cent in the clothing industry. So far the industries have been able to stand these contractions in incoming orders with relative ease because they still had substantial order backlogs and therefore — often to the great discomfiture of the parties placing orders, some of whom had given these on a considerable scale in previous years "by way of precaution" — they were in a position to keep their deliveries, and consequently also their production, at a comparatively high level. Moreover, in many cases producers have hitherto been trying to absorb the effects of the cuts in orders by increasing their own stocks, and thereby for the present to avoid cuts in output as far as possible. It is thus precisely in the producers' sphere that involuntary stock formation has of late assumed substantial proportions in some cases; in this connection only the much discussed rise in pithead stocks of coal need be recalled. For many producers however the maintenance of this policy has become more difficult in the course of time, so that certain cuts in output have become unavoidable — although there is hardly any case in which such cuts have assumed proportions similar to those in

other countries, where the course of activity is at present also largely determined by such "stock-cycle" reactions. At present any much greater reduction of output is moreover prevented by the fact that in the Federal Republic the ultimate consumption of the products of those industries which are now at a low point of activity due to the stock cycle remains high, and in many cases is actually still rising. This, as has been emphasised in various quarters during recent weeks, applies not only to the consumption of basic materials for the capital goods industries, such as steel; it also applies to ultimate sales of consumer goods, especially those produced in the "traditional" consumer goods industries. Thus for instance retail turnovers, which subject to certain reservations continue to represent a thoroughly usable indication of the general trend of consumption, have of late been quite favourable. Total retail turnovers in May were greater by about 10 per cent in value, and some 6 per cent in volume, than in the corresponding period of last year. It must indeed be borne in mind that this year the business connected with the Whitsun holiday fell almost entirely in May, whereas last year Whitsun was later, so that part of that business extended into June; but even if the first five months of the year are regarded as a whole, one finds by comparison with the corresponding period of last year a rise in retail turnovers of 7 per cent in value and 3 per cent in volume. Thus the tendencies to slackening in some of the so-called consumer goods industries, just as in the basic industries, are largely due to variations in traders' stock-holding arrangements, that is to factors which on a longer view contain the germs of a counter-reaction. It has been repeatedly pointed out in these Reports that industry could greatly speed such a counter-reaction, or could at least avoid further cuts in stocks (and hence, maybe, cuts in its own production) if through price reductions it stimulated its customers' desire to buy.

Supporting Factors

The Easing of the Money and Capital Markets

Even so far however the tendencies to slackening just described already had against them appreciable supporting factors, and in some cases even expansive forces. Among these the first to mention is the persistent easing of the money and capital markets, especially the latter, as already described in the first chapter of this Report. That process has in particular given a notable impulse to *capital expenditure on building*, which in 1956 and at the beginning of 1957 had encountered palpable difficulties owing to the then state of the capital market. In the first place the build-



ing of dwelling-houses has been favoured. Since as long ago as the summer of last year a rising tendency has been shown by the amount of mortgage loans promised by institutional investors, especially the savings banks and building and loan associations; and during recent months this trend has continued in more marked form. Thus in the first quarter of this year the amount of mortgage loans promised by all institutional investors for housing was greater by 30 per cent than in the corresponding period of last year; and in April and May the promises of mortgage loans (other than those of life assurance companies, which are not yet known) were 35 per cent greater than a year earlier. At the same

time the appropriations of public monies for house-building have greatly risen, so that the relation between capital-market funds and public authorities' lendings which is now laid down for the financing of publicly assisted house construction seems to be largely assured. This easing of the financing has greatly stimulated the planning of house construction. In the first three months of this year the permits granted by the building authorities were greater by 7 per cent, and in April — the last month for which figures were available as this Report went to press — they were greater by 14 per cent, as measured by the estimated building costs, than in the corresponding period of 1957. As a result of the growing productivity of the capital market it is also much easier to carry out the building projects of public authorities, and especially of local authorities, than had been the case during the past two years — when moreover the public authorities ordering building had imposed on themselves certain voluntary limitations with a view to relieving the building market. Accordingly the orders for building given by public authorities have shown especially marked expansion during recent months. Estimated building costs for

public authorities' approved building projects, which however account for only about one-eighth of all building permits, were greater by 30 per cent in the first four months of this year than in the corresponding period of last. Remarkably enough however the building plans of trade and industry now also seem to have revived after a certain interval; the estimated expenditure on their approved building projects (the figures include farm buildings) was greater by 21 per cent in March and April than in the corresponding months of last year. It is true that so far the actual building output has not risen by so much as the building permits, which as a rule come first. In May however, as already mentioned, the erection of bare shells of buildings increased by much more than the usual seasonal extent; in that month indeed the index of output in the building industry proper, after having been for a year below the level of a year earlier, was higher by 3 per cent than in May 1957.

It is true that *equipment investments*, which are as a rule less dependent on credit and on interest rates than those in building, have not as yet been so much affected by the easing of the credit markets. Nevertheless such investments have not only maintained their high level of a year earlier, but have, if anything, actually risen above it. According to provisional estimates the total sales of capital goods within the country during the first four months of this year were greater by at least 5 per cent in value, and about 3 per cent in volume, than in the corresponding period a year before. The orders placed also continue to show a slightly rising tendency. Thus for instance in mechanical engineering, the most important supplier of capital goods, the orders coming from the home market were above their level of a year earlier by fully 1 per cent in value during the first five months of this year; and in electrical engineering domestic demand, also for capital goods, seems if anything to have shown a somewhat greater rise. This trend thus no doubt forms a certain counterweight to the caution in the placing of orders which is apparent in many other sections of industry.

Boom Special to certain Durable Consumer Goods

Finally a localised expansive factor which is proving to be more and more important is the boom special to certain durable consumer goods, such in particular as automobiles, electric household appliances, television sets and requisites connected with the wave of travel which is again clearly apparent this year. To a substantial extent these are what may be called structural elements of upswing. In respect of many of the goods mentioned here the German population have so far

The Situation in the Building Industry

	Year	Quarter (monthly average)				April	May
		1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.		
Housing Mortgage Loans promised by Institutional Investors in millions of DM							
1956	4,568	400	405	374	344	341 ¹⁾	342 ¹⁾
1957	5,294	399	400	484	481	358 ¹⁾	356 ¹⁾
1958	.	517	.	.	.	515 ¹⁾	450 ¹⁾
Estimated Building Costs for Approved Buildings in millions of DM							
total							
1956	16,129	1,091	1,417	1,437	1,350	1,343	1,436
1957	16,200	1,101	1,385	1,565	1,349	1,290	1,493
1958	.	1,209	.	.	.	1,509	.
of which: for residential buildings							
1956	10,061	647	919	921	825	824	958
1957	10,354	696	893	1,003	860	856	959
1958	.	747	.	.	.	972	.
for trade, industrial and farm buildings							
1956	4,811	351	401	415	404	428	382
1957	4,636	334	400	439	372	343	450
1958	.	366	.	.	.	427	.
for public buildings							
1956	1,258	93	98	102	121	92	97
1957	1,211	72	91	124	117	91	84
1958	.	96	.	.	.	111	.
Output of Building Industry proper (1936 = 100)							
1956	200	119	238	234	210	220	260
1957	196	148	228	212	198	221	226
1958	.	119	.	.	.	210	233

¹⁾ Not including promises of life assurance companies.

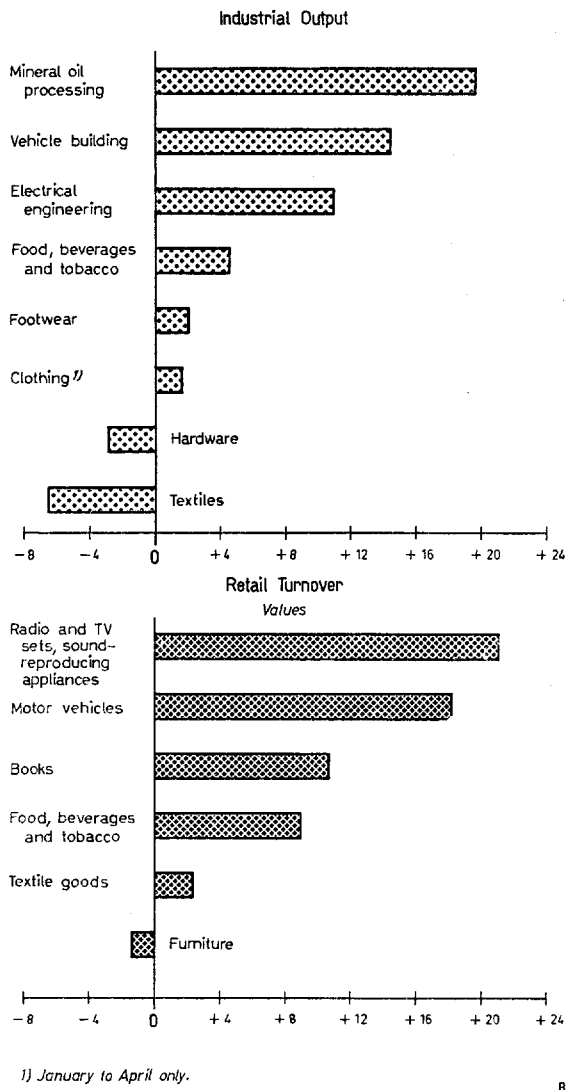
been relatively scarcely supplied, even in the light of the level of their incomes, because in the course of reconstruction after the war it was naturally the more urgent gaps in necessities such as housing, household articles, furniture, clothing and the like that had to be closed first. For a time therefore a comparatively large part of the German population's income has had to be spent on goods in which other countries had already reached a certain degree of saturation; and it must moreover be borne in mind that for many years, with a view to promoting governmental support of reconstruction, those incomes had been subject to taxation at a relatively high level. For this reason the number of certain consumer goods which the people possess, and which in some other countries are regarded as an almost self-evident expression of a high standard of living, is still comparatively modest in the Federal Republic. By 1957 for instance every tenth person in Sweden, every twelfth in France and the United Kingdom and every seventeenth in Belgium owned an automobile; but in the Federal Republic, even at the beginning of 1958, only every twenty-first person did so. The relationships would seem to be similar, and in some cases probably even more unfavourable, as regards the numbers of certain household appliances or of television sets. Especially in the television boom the Federal Republic still lags far behind some other West European countries; in 1956 for instance — unfortunately no more recent comparable figures are available — there were in the United Kingdom 128 television sets to every 1,000 inhabitants, but in the Federal Republic only 13 — a figure which had risen to only 23 even by the end of 1957. The more that income grows, and the more the gaps in other holdings of durable consumer goods are filled, the more demand is directed to the previously "neglected" articles. To some extent the consequent growth of demand is actually enforced by the general economic trend. Thus in particular the extremely keen demand which is at present directed to all articles connected with "advance in technique and rationalisation in the household" such as automatic heating contrivances, washing machines, dishwashing machines and the like, evidently has the closest of connections with the shortage of domestic staff which became highly acute some years ago in the Federal Republic as well as elsewhere. Not only do many households try so far as possible to replace the missing domestic workers by devices which make house-keeping technically easier; as a rule it is even essential to introduce more technical refinements, and to make the house-work easier, in order to retain or obtain any house-workers at all.

In all the spheres which are affected by the growing "motorisation" and the advance in domestic technique, therefore, there is at present a boom. In the first five months of this year alone the number of automobiles newly licensed, at 263,000, was greater by nearly 42,000 than in the corresponding period of last year. The most important factor of expansion here was the increased use of automobiles by private buyers, especially among employees, smaller traders and craftsmen and in the higher categories of workers. Thus in 1957 workers, employees and officials accounted for the first licensing of 191,000 brand new automobiles, against 158,000 in the corresponding period of last year, while the number licensed for other physical persons and bodies corporate rose only from 293,000 to 313,000. When it is further borne in mind that in the case of enterprises the acquisition of new automobiles is often linked with the sale of used vehicles, and that among the takers of these latter private persons and wage and salary earners in particular form as a rule the great majority, it becomes clear to how great an extent the expansion of the automobile industries' domestic sales was already assisted last year by the penetration of passenger cars into the widest sections of the people; and during the current year the same trend will probably be apparent in even greater degree.

A quite similar picture is presented by the other more durable consumer goods. It has repeatedly been shown in these columns how greatly the sales of such goods affect the relatively favourable trend in those capital goods industries which in reality produce not only actual capital goods but also, on a major scale, the more durable consumer goods. Recently too this circumstance was of great importance. While for instance in May the production index for the group of so-called capital goods industries was above the level of a year earlier by 3 per cent, whereas in most other groups the previous year's level was not reached, this was mainly due — apart from the previously mentioned support given to investment activity by the easing of the credit markets — to the keen demand which the durable consumer goods that are produced in some of these industries are encountering. Here again the decisive factor is private demand, as reflected especially in the turnover of retail traders specialising in the goods in question. Thus for instance the retail turnovers in radio and television sets and sound-reproducing appliances in the first five months of this year were 21 per cent greater in value than in the corresponding period of last year whereas, as already mentioned, the rise in total retail turnovers during the period was limited to 7 per cent.

INFLUENCE OF THE SPECIAL BOOM IN DURABLE CONSUMER GOODS

*Change of industrial output
and of retail turnover in important branches of activity
January to May 1958 as against corresponding period of previous year
in per cent*



No doubt in some cases all these changes represent merely shifts in consumption such as constantly occur in an advancing economy. There can however be no doubt that at the moment these shifts are especially noticeable, and that they engender impulses which are by no means neutralised through the relative loss in popularity of other consumer goods, but are producing an appreciable effect on the overall forces at work in the economy.

Prices and Wages

Prices during the period under report were characterised more clearly than before by the downward tendencies coming not only from the international fall in

raw-material prices — the tendency to which has now persisted for more than a year — but also from the progressive easing of the domestic market position. Especially at the producer and wholesale stages, where the state of demand is largely determined by the tendencies to slackening previously described, while productive capacity is growing if only because of the last few years' capital expenditure on rationalisation, and competition is consequently becoming more marked, there has been clear evidence of a certain downward pressure on prices. Evidently moreover entrepreneurs were more ready to yield to that pressure instead of making the attempt, which in the long run would certainly be much more costly, to escape or avoid by cuts in output the price reductions which were due. Accordingly the index for prices of selected basic materials and that for producers' prices of industrial products declined further in May, the last month for which figures are to hand, doing so in some cases even somewhat more than before. At the consumer level however no general decline in prices has been apparent of late. Apart from the fact that in this case, unlike that of the consumer goods industries now affected by tendencies to slackening due to the stock cycle, demand has continued to show an upward tendency, an important factor in this connection is that the proportion of labour costs to the total creation of wealth is in general higher according as the branch of activity concerned is closer to the stage of final consumption, because it is more difficult in such cases to offset the rise in wages and salaries by measures of rationalisation. Even so, in May the retail-price index for the first time since last autumn no longer rose; and at 0.1 per cent the rise in the cost of living as measured by the index calculated to two decimal places was only slight — a circumstance which is unfortunately not reflected in the index rounded off to a whole number, because this slight rise brought the index over the rounding-off point and so raised it from 119 in April to 120 in May. In addition the fact that the index is based on the 1950 price-level which represented a definite low point in the trend of prices after the 1948 currency reform — the same index having stood at 107 at the beginning of 1949 for instance — further impairs its outward appearance; and this is quite apart from the other ways, repeatedly mentioned in these columns, in which the index exaggerates actual price rises — namely the relative under-weighting of goods which since 1950 have accounted for a larger share of consumption, but have risen in price only slightly or not at all, in some cases having even become cheaper — as well as from the

Price Movements¹⁾

	1957	1958				Changes May 1958 as against		
	May	February	March	April	May	May 1956 ²⁾	May 1957 ⁴⁾	April 1958 ⁴⁾
	1950 = 100					per cent		
Home Market								
Basic material prices, total	130	134	133	133	132	+ 2.1	+ 1.6	-- 0.6
of which: Industrial products	145	147	147	146	146	+ 4.8	+ 1.0	-- 0.2
thereof: Bricks	128	129	129	129	129	+ 3.9	+ 0.1	± 0
Copper	114	88	93	93	94	-- 39.2	-- 17.7	+ 0.2
Farm, forest and plantation products	117	121	120	121	119	-- 0.8	+ 2.4	-- 1.1
thereof: Cotton	95	97	94	95	95	-- 10.1	+ 0.2	+ 0.3
Raw wool, foreign	95	68	61	59	56	-- 21.1	-- 40.3	-- 4.1
Timber (trunks), domestic	220	211	209	204	204	-- 6.8	-- 6.9	± 0
Crude rubber	87	75	74	74	71	-- 12.2	-- 18.2	-- 4.3
Potatoes	71	106	103	113	120	-- 36.4	+ 68.4	+ 6.4
Hogs	92	94	90	84	88	-- 11.5	-- 3.6	+ 4.5
Producers' prices of industrial products, total	124	126	126	125	125	+ 3.8	+ 0.9	-- 0.1
thereof: Basic materials and producers' goods	139	139	139	139	139	+ 1.5	-- 0.4	-- 0.2
thereof: Iron and steel	191	200	200	200	200	+ 11.9	+ 4.6	-- 0.0
Non-ferrous metals	111	90	92	92	92	-- 34.1	-- 17.3	+ 0.4
Paper production	140	140	140	139	139	+ 2.3	-- 0.3	-- 0.0
Capital goods	132	134	134	134	134	+ 5.5	+ 1.6	-- 0.0
thereof: Machine building	141	144	144	144	144	+ 7.8	+ 2.1	-- 0.1
Vehicle building	107	109	109	109	109	+ 2.4	+ 1.2	+ 0.0
Consumer goods	102	102	102	102	101	+ 3.4	-- 0.4	-- 0.2
thereof: Textiles	93	92	91	91	90	+ 1.5	-- 3.5	-- 0.5
Footwear	104	106	106	106	106	+ 3.6	+ 2.4	+ 0.0
Wood processing	129	130	130	130	130	+ 4.2	+ 1.1	+ 0.0
Producers' prices of farm products ⁶⁾ , total	126	133	134	137	135	+ 0.5	+ 7.1	-- 1.1
of which: Vegetable products	141	161	169	181	179	+ 1.0	+ 26.7	-- 1.2
Animal products	119	120	118	117	115	+ 0.1	-- 3.5	-- 1.0
Retail prices, total	108	111	111	112	112	+ 4.9	+ 3.1	--
thereof: Foodstuffs	110	113	113	114	114	+ 2.8	+ 3.5	+ 0.0
Vegetables	126	152	155	163	169	+ 7.6	+ 34.8	+ 4.2
Textiles and footwear	96	99	99	99	99	+ 7.3	+ 3.2	+ 0.0
Household goods and furnishings	120	122	123	123	123	+ 6.8	+ 2.2	+ 0.2
thereof: Hardware	141	143	144	144	144	+ 8.2	+ 2.6	+ 0.1
Furniture	122	123	123	123	123	+ 6.6	+ 1.3	+ 0.0
Electric apparatus (excluding radio sets)	103	105	105	105	107	+ 5.2	+ 3.3	+ 1.9
Cost-of-living index, total	114	119	119	119	120	+ 5.9	+ 4.5	+ 0.1
thereof: Foodstuffs	120	126	126	127	127	+ 5.9	+ 5.7	-- 0.0
Clothing	101	104	104	105	105	+ 7.5	+ 3.7	+ 0.0
Housebuilding costs index	141	143	.	.	.	+ 9.2 ⁵⁾	+ 5.8 ⁵⁾	+ 1.1 ⁶⁾
World Market⁷⁾								
"Volkswirt" price index ²⁾ ³⁾								
Total	100	93	93	93	93	-- 6.7	-- 7.0	+ 0.4
of which: Foodstuffs ⁸⁾	101	97	98	99	100	-- 3.8	-- 0.9	+ 0.9
Industrial raw materials ⁸⁾	102	93	92	91	92	-- 8.0	-- 9.7	+ 0.3
Moody's index ⁸⁾	98	95	95	94	95	-- 4.6	-- 2.8	+ 1.4
Reuter's index ⁸⁾	92	81	80	81	80	-- 15.7	-- 12.9	-- 0.5

¹⁾ For data for previous months and for explanatory remarks, see Table VIII, 5 (Price Indices) in the Statistical Section of this Report. — ²⁾ Calculated by R. Schulze. — ³⁾ When calculating the percentage changes, one decimal place of the index figure has been taken into account. — ⁴⁾ When calculating the percentage changes, two decimal places of the index figures have been taken into account. — ⁵⁾ Change February 1958 as against February 1957 and February 1956. — ⁶⁾ Change February 1958 as against November 1957. — ⁷⁾ Change calculated in per cent from the indices on the original basis. — ⁸⁾ Original basis 1950/51 = 100.

failure to allow for discounts and other deductions allowed from prices.

Among the price changes at the producer and wholesale stages the *reductions of prices for some basic materials* were especially important. Thus in the first half of June the steel industry in some measure adjusted its prices to the weakened state of the market; it did

so, while retaining the list prices as raised in December 1957, by granting discounts so as to reduce its actual prices for ships' plates, other heavy plates and concrete steel. In coal mining also the effective price-level was reduced by about 0.5 per cent through the granting of seasonal discounts and premiums for quantity, this being a step which had become necessary on market

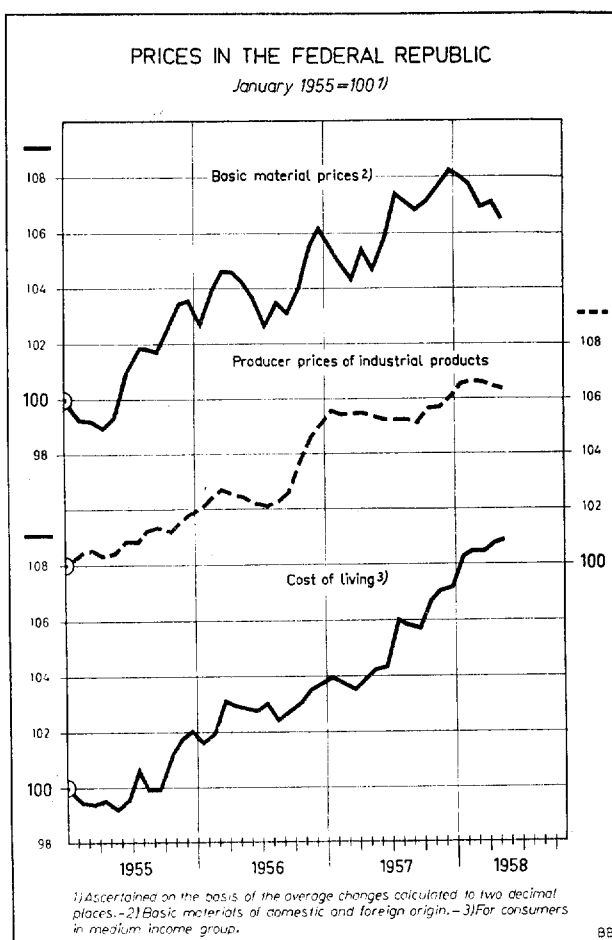
grounds if only because the mineral oil industry has of late further reduced its prices, thereby bringing them down again almost to the lowest level reached in the last three years. Also remarkable in the category of basic materials are the price reductions in the chemical industry; some of them were seasonal as in the case of artificial fertilisers, while some such as those for chemical fibres in particular were due to cyclical causes, and in May they brought down the producers' price index for the chemical industry by 0.4 per cent. Of late the sawmills and the paper industry have also made further price concessions, mainly under the influence of increased foreign competition. The official price indices have however reflected these price-falls only in part, because in many cases — just as in the steel industry and coal mining, where the same point was made above — they took the form only of discounts or the allowing of special prices, while the list prices on which the price indices have to be based remained as a rule unchanged.

At the further processing stages the level of prices also showed an almost general fall in May. Thus in particular the index of producers' prices of industrial consumer goods declined by a further 0.2 per cent, after having already fallen in March and April by 0.2 and 0.4 per cent. Special mention is merited here by the price-fall in the textile and clothing industry; in the textile industry the average price level now is below that of a year earlier by about 3 per cent. According to the Federal Statistical Office's figures however the downward price tendencies also prevailed during May in the capital goods industries for the first time since the renewed wave of price rises induced last autumn by the increases in coal and steel prices, even though their prevalence has so far hardly been apparent in the statistics. Price-falls especially occurred in mechanical engineering, in steel construction and the hardware industry. They were however largely offset by fresh price rises in other industries, such as electrical engineering, this being especially due to the strong renewed rise which has recently been apparent in international copper prices and to the consequent raising of producers' prices in the non-ferrous metal industry.

Producers' prices of farm products also declined during the period under report after having risen fairly vigorously from November to April. The change was due partly to seasonal causes, above all, however, to the considerable increase in milk production; the average price paid by the dairies for milk declined in May by a further 6 per cent, while butter and cheese prices also remained under downward pressure. Fatstock prices however rose appreciably. In the case of hogs this was especially because the Import and Storage

Agency, by putting much larger amounts into stock, took off the market a considerable part of the continuously large supply; accordingly hog prices in May were lower than at the corresponding time last year by only about 4 per cent, against roughly 14 per cent in April. A further important cause of the movement in farm producers' prices is that in May the prices of vegetables were still appreciably above their level of a year earlier because, owing to the long persistence of winter weather, there have been considerable delays this year in the ripening of the new crops. Thus at 130 on the basis 1950 = 100 the overall index of producers' prices for farm products in May was higher by 9 points than at the corresponding time last year — a fact which stands in striking discordance with the generally very large increase in domestic production.

As regards the recent trend in the level of consumer prices it has already been mentioned that its renewed rise, which has been in progress since last autumn, scarcely continued in May. This was especially due to the ceasing — although this was in part only seasonal — of the rise in food costs. It is true that by comparison with May 1957 these were higher by 6 per cent, an



increase which in large part is responsible for the rise of about 4.5 per cent in the overall cost of living since the spring of last year and which is only partly due to a widening of the traders' margin, while it largely results from the above-mentioned rise in producers' prices for farm products. The fact however must not be overlooked that precisely last year the other elements in the cost of living likewise greatly rose. In some of them the upward trend has moreover continued according to the latest figures. Thus in particular transport charges rose in May by a further 1.5 per cent, which would seem to be mainly because in the case of local transport services the wave of increases in charges has not yet ended. In other spheres however the upward movement does seem to have finished, at least for the present. This in particular applies to the costs of clothing, which in May for the first time in a rather long period showed no further rise. In this case therefore the change in the price trend at the producer stage does seem to have also reached the consumer. The costs of education and entertainment also did not show any further rise in May, while those of heating and lighting declined by 0.2 per cent under the influence of the summer reduction for house coal.

As to recent *wage movements* no further statistics have come to hand since those of the Federal Statistical Office for the first quarter, on which comment was offered in the last Monthly Report. No doubt however the movements continue to be less marked than last year. This is partly because the conclusion of new collective agreements is at present taking longer than usual. For this reason the number of workers and employees for whom wage and salary scales were raised has been comparatively small during recent months. At present moreover the rise in collective rates agreed when new agreements are made is as a rule smaller than in the first half of last year. Then the rises amounted in virtually all cases to between 8 and 10 per cent, whereas now they are mostly around 5 to 6 per cent. Obviously this moderating of the trend has greatly assisted the gradual stabilisation of the price-level. It certainly also conduces to the maintenance of a high level of employment because, as we tried to make clear in our recently published Report for the Year 1957, in the present phase of the business cycle any wage increases substantially exceeding the improvement in productivity might easily endanger investment activity and thus jeopardise what is at present the most important support of the level of employment.

Foreign Trade and the Balance of Payments

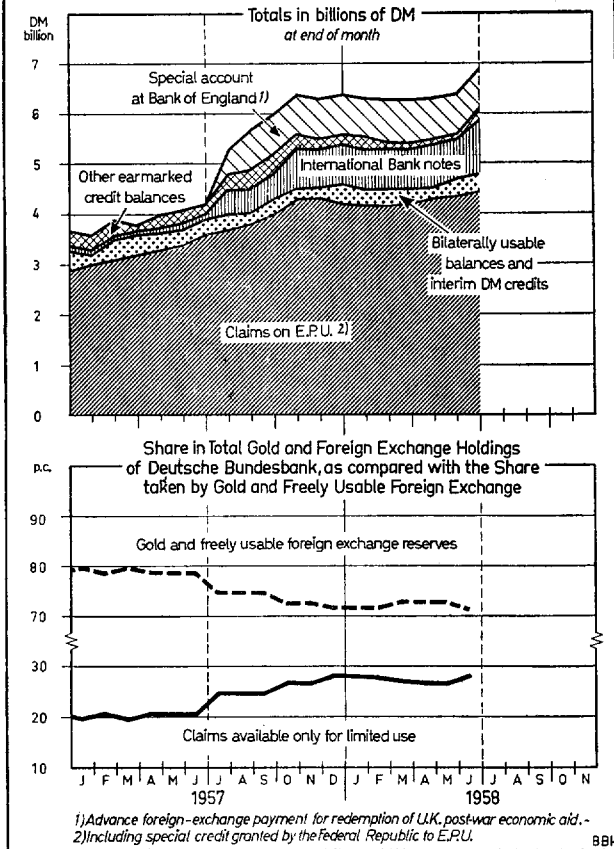
The feature of foreign trade and payments in the period under report continued to be relatively large payments surpluses. The Bundesbank's gold and exchange holding increased in June by about DM 345 million against DM 569 million in May, DM 371 million in April and DM 212 million in March. Altogether therefore the Central Bank's monetary reserves have risen since the beginning of March by DM 1.5 billion, whereas under the influence of the reaction to the international exchange-rate speculation which collapsed last autumn they had declined by DM 940 million during the months from November 1957 to February 1958.

Increase in the Monetary Reserves, but no corresponding Pressure on International Liquidity

For a correct interpretation of the recent renewed rise in the German monetary reserves it should however be observed that — contrary to the practice in many other countries, which for instance show only gold and dollar reserves — they are counted as also including assets which cannot be used at will or which have been fixed for rather long periods of up to several years. This especially applies to those of the Bundes-

bank's credit balances which are based on liquidity assistance to foreign countries, and in which an increase consequently does not mean a strain on foreign countries' liquidity such as is as a rule a priori assumed in the case of gold and exchange accruals, but has on the contrary widened or at least spared other countries' liquidity margin because it has enabled them to import goods and services without any corresponding strain on their own monetary reserves. Thus for instance the figures given above for the increase in German exchange reserves include the one to three-year dollar notes of the International Bank for Reconstruction and Development, which the Bundesbank acquired in the first half of June as an addition to the securities of this type already in its possession. The amount involved is U.S. \$ 75 million, or DM 315 million; at the same time the Bundesbank engaged, in respect of the International Bank notes in its possession and falling due on 11 July 1958, to take an equal amount of new notes of that institution. Thus the total amount of the International Bank's one to three-year notes taken by the Bundesbank, and all contained in its exchange holding, has risen to U.S. \$ 267 million or more than

THE DEUTSCHE BUNDESBANK'S FOREIGN EXCHANGE HOLDINGS NOT FREELY USABLE



Influx or Efflux of Gold and Foreign Exchange at the Deutsche Bundesbank (in millions of DM)

Items	1957				1958	
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr ^{b)}
Total influx or efflux of gold and exchange (net)	+ 829	+1,459	+3,421	- 583	- 70	+1,285
of which:						
(1) Gold and exchange available for unlimited use						
total	+ 711	+1,116	+1,604	-1,008	+ 69	+ 666
(a) gold	+1,104	+1,144	+1,554	+ 597	-341	+ 481
(b) U.S. dollars (including Canadian \$)	- 508	- 178	+ 465	- 228	+ 98	+ 171
(c) other exchange available for unlimited use	+ 115	+ 150	- 415	-1,377 ^{a)}	+312	+ 14
(2) Claims available for limited use						
total	+ 118	+ 343	+1,817	+ 425	-139	+ 619
(a) claims on E.P.U. ¹⁾	+ 328	+ 353	+ 457	+ 214	- 40	+ 245
(b) Special Account "D" at the Bank of England ²⁾	-	-	+ 794	-	-	-
(c) Notes of International Bank	-	-	+ 420	+ 315	-	+ 315
(d) Other claims for limited use only	- 210	- 10	+ 146	- 104	- 99	+ 59

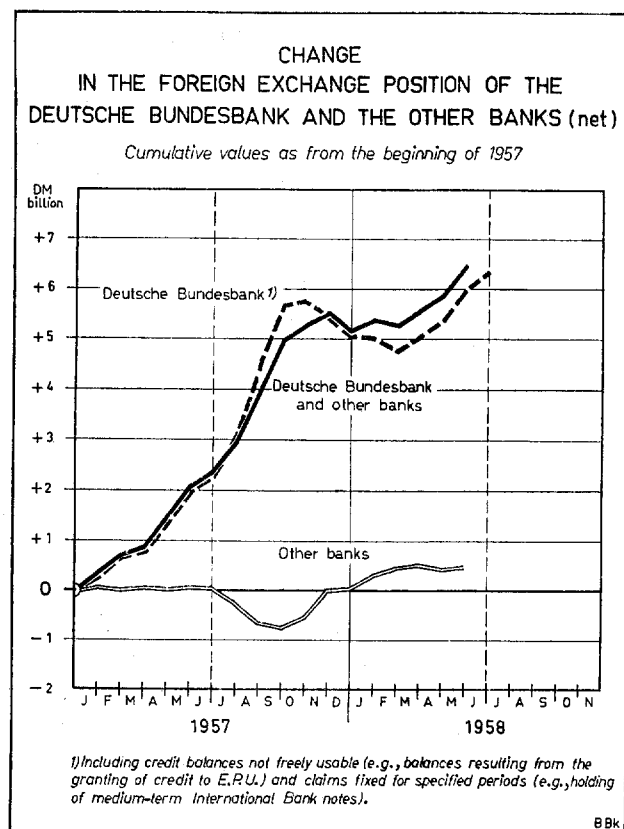
¹⁾ As from 1958 including the German contribution to the special E.P.U. credit granted to France under the O.E.E.C. Council's decision of 11 Feb. 1958. — ²⁾ The Federal Republic's foreign-exchange advance payment on the redemption of post-war debt to the United Kingdom. — ³⁾ Mainly decrease of credit balances in E.P.U. currency, which were standing at end-September 1957 on the central bank accounts entering E.P.U. settlement. — ^{b)} Provisional.

DM 1.1 billion, U.S. \$ 250 million or DM 1,050 million having been taken since mid-1957. Finally in addition to this dollar credit the Bundesbank with effect from 7 July this year also granted to the International Bank a DM credit of DM 200 million, which will bring its total share in the International Bank's market borrowings so far to U.S. \$ 315 million or about 18 per cent of the total.

The Bundesbank's exchange holding is further deemed to comprise the credit balance with E.P.U., which definitely represents liquidity assistance to other countries, since the Federal Republic has pro tanto waived immediate settlement for goods delivered and services rendered to other E.P.U. members, while as matters now stand the Bundesbank can make use of the asset only if the Federal Republic at some time falls into a state of deficit in E.P.U. Also to be mentioned in this connection are the Bundesbank's participation in the special credit which E.P.U. provided for France at the beginning of this year, the bilateral consolidation and transitional loans to other countries, and finally the substantial credit balances which have been reserved for specified purposes such as future redemption of post-war debts and which the Bundesbank keeps in particular at the Bank of England; they too are shown among the Bundesbank's exchange holdings, although some of them are due for repayment only after years, or have been firmly earmarked for purposes which prevent their use for current payments.

On analysing in greater detail the renewed increase in the Bundesbank's gold and exchange holding since the beginning of March this year one finds that, out of the total of about DM 1.5 billion, no less than DM 616 million or more than 40 per cent represents this kind of balances and claims usable only in limited degree or only after some time. In June such "foreign exchange" at DM 466 million actually increased by a greater amount than the Bundesbank's total gold and exchange holdings. Its proportion to the Bundesbank's gold and foreign-exchange holding, amounting to DM 24.2 billion at the end of June, had thus risen to DM 6.9 billion or say 28 per cent.

Finally in assessing the recent increase in the Bundesbank's monetary reserves it remains to be seen whether part of it has not been merely the corollary to a corresponding deterioration in the other banks' exchange position, as has been several times the case during recent years. It will of course not be possible to make any definite statement in this respect until the banks' full reports on their foreign-exchange position are to hand. At all events the movement in the banks'



credit balances abroad would seem to have been adversely affected in June by the fact that in that month a substantial parcel of the foreign money-market paper acquired at the end of 1957 by some German banks was prematurely redeemed by the issuing country because its money-market situation has in the meantime quite materially improved. It is not yet possible to see whether this decline has been fully offset, or even outweighed, by the movement in the other foreign balances. Nor is it known yet whether or not the banks' liabilities to foreigners have grown further in June. It will therefore not be possible until some time later to see to what extent the increase in the Bundesbank's gold and exchange holding reflects an overall foreign-exchange surplus. Nevertheless, even in the event of some deterioration in the other banks' position there is likely to be a substantial surplus, which will once again demonstrate the change that has occurred by comparison with the winter months.

The Causes of the Recent Renewed Rise in the Exchange Surpluses

Up to a point such a change was in any event to be expected. As has been repeatedly shown in these columns the fact that during the winter months the net foreign exchange movement had shown only small surpluses (and indeed deficits in the case of the Bundesbank) was mainly due to the comparatively strong

reactions which had been induced last autumn, as against the enormous speculative exchange accruals of preceding months, by the end of the rumours about an upward revaluation of the DM or a devaluation of other currencies. Even during the winter however the "true" balance-of-payments surpluses had remained comparatively large; and the Bundesbank had tirelessly and repeatedly pointed out in these Monthly Reports that on the ceasing of the above-mentioned reactions the continuing surplus on transactions (including capital movements) would again be clearly reflected in the net exchange movement¹⁾. It is true that this recurrence of exchange surpluses has been greater than expected, although the surpluses are still not equal to those of last year.

This is mainly for two reasons:

In the first place the consolidation in some of the countries which last winter under the pressure of their growing exchange difficulties decided to adopt measures for restoring sounder conditions, in certain cases even undertaking by international agreements to do so, has made less progress than had been originally hoped. The causes of this are not for discussion here. It must however be recorded as the result of it that the inflation-induced pull of imports into these countries has decreased less than expected, and that moreover confidence in the stability of international currency relationships has not returned to such an extent as to make flight into certain currencies regarded as "safer", for instance the DM, no longer a factor — although this does no longer apply to some currency areas, such as in particular the Sterling Area. The German balance of payments therefore continues to show substantial surpluses, which basically are no more than the inevitable counterpart to the deficits which, as experience shows, inflationary tendencies are bound to produce in the balances of payments of the countries concerned.

A factor contributing still more to the unexpected strength of the recurrence of exchange surpluses, however, has been the surprisingly far-reaching improvement in the *terms of trade*. Under the influence of the international decline in raw-material prices and freight rates the value of the import unit dropped from 108 in May 1957, on the basis 1954 = 100, to 97 in May 1958. At the same time the value of the export unit remained roughly at its May 1957 level. As the graph on page 36 shows, the "scissors" between the average values of imports and exports opened especially wide in the first months of the current year. Accordingly the index which measures the terms of trade.

¹⁾ See for instance the Monthly Report for January 1958, page 38.

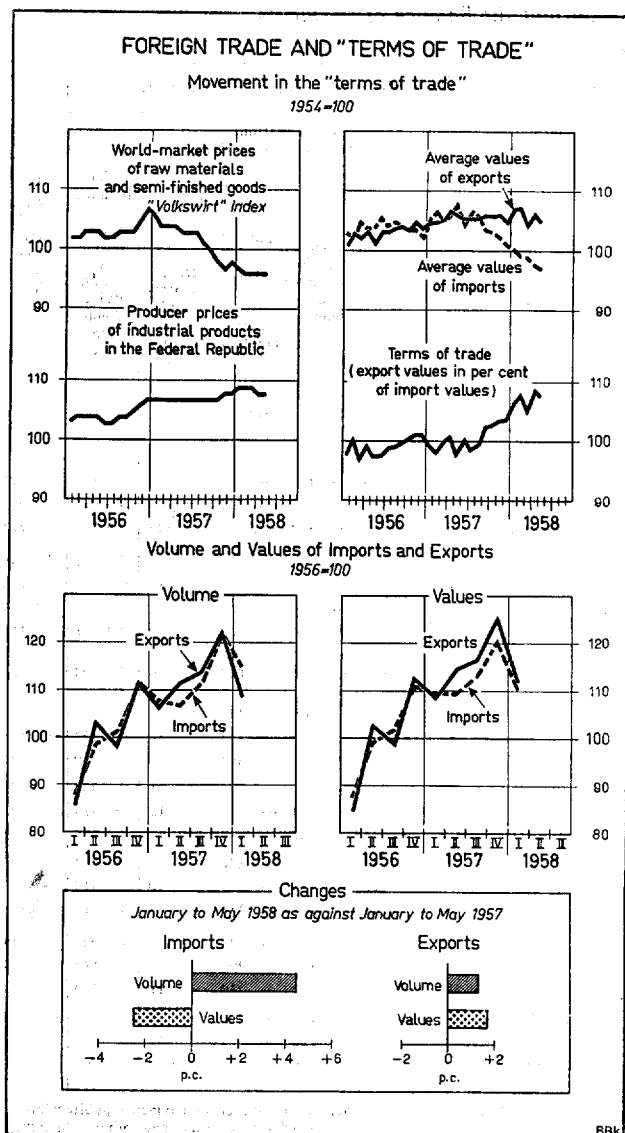
Figures relating to the Exchange Position and the Balance of Payments
in millions of DM

Period	I. Movement of gold and exchange					II. Balance of transactions in goods, services, donations and capital								III. Errors and omissions (I. less II.)	
	Gold and foreign exchange accruals or losses at the Deutsche Bundesbank ¹⁾	Change in exchange position of the credit institutions			Net movement of gold and exchange (payments surpluses or deficits with foreign countries)	Net transactions in goods and services ²⁾				Net donations and capital transactions					
		Total	Change in credit balances with foreign banks (including money market investments)	Change in DM liabilities to foreign countries ²⁾		Total	Balance of trade ⁴⁾	Services excluding investment income ⁵⁾	Investment income ⁵⁾	Total	Donations ⁶⁾ (mainly in-demni-fication)	Capital transactions ⁶⁾ excl. documentary and cash credits taken	Docu-mentary and cash credits taken ⁷⁾		Net balance of transactions in goods, services, donations and capital
1955	+1,861	+ 60	+ 40	+ 20	+1,921	+2,945	+1,245	+2,308	- 608	-1,249	- 814	- 511	+ 76	+1,696	+ 225
1956	+5,095	- 425	+ 40	- 465	+4,670	+5,499	+2,897	+3,040	- 438	-1,462	-1,104	- 743	+ 385	+4,037	+ 633
1957	+5,126	+ 65	+ 413	- 348	+5,191	+7,705	+4,271	+3,802	- 368	-4,195	-1,650	-2,688	+ 143	+3,510	+1,681
1957 1st Qtr.	+ 829	+ 84	- 68	+ 152	+ 913	+1,571	+ 718	+ 950	- 97	-1,053	- 344	- 855	+ 146	+ 518	+ 395
2nd Qtr.	+1,459	+ 11	+ 34	- 23	+1,470	+2,046	+1,203	+ 958	- 115	-1,260	- 423	- 755	- 82	+ 786	+ 684
3rd Qtr.	+3,421	- 820	- 34	- 786	+2,601	+1,947	+1,093	+ 960	- 106	- 759	- 464	- 370	+ 75	+1,188	+1,413
4th Qtr.	- 583	+ 790	+ 481	+ 309	+ 207	+2,141	+1,257	+ 934	- 50	-1,123	- 419	- 708	+ 4	+1,018	- 811
1958 1st Qtr.	- 70	+ 482	+ 203	+ 279	+ 412	+1,741	+ 916	+ 922	- 97	-1,417	- 476	- 815	- 126	+ 324	+ 88
1957 April	+ 553	- 10	+ 29	- 39	+ 543	+ 537	+ 285	+ 292	- 40	- 332	- 205	- 148	+ 21	+ 205	+ 338
May	+ 640	+ 37	+ 20	+ 17	+ 677	+ 829	+ 541	+ 331	- 43	- 307	- 124	- 143	- 40	+ 522	+ 155
June	+ 266	- 16	- 15	- 1	+ 250	+ 680	+ 377	+ 335	- 32	- 621	- 94	- 464	- 63	+ 59	+ 191
July	+ 858	- 269	- 29	- 240	+ 589	+ 568	+ 344	+ 306	- 82	- 261	- 157	- 105	+ 1	+ 307	+ 282
Aug.	+1,459	- 449	- 12	- 437	+1,010	+ 807	+ 490	+ 333	- 16	- 224	- 185	- 51	+ 12	+ 583	+ 427
Sep.	+1,104	- 102	+ 7	- 109	+1,002	+ 572	+ 259	+ 321	- 8	- 274	- 122	- 214	+ 62	+ 298	+ 704
Oct.	+ 75	+ 259	+ 45	+ 214	+ 334	+ 634	+ 354	+ 292	- 12	- 145	- 116	- 126	+ 97	+ 489	- 155
Nov.	- 286	+ 502	+ 253	+ 249	+ 216	+ 723	+ 410	+ 331	- 18	- 409	- 158	- 231	- 20	+ 314	- 96
Dec.	- 372	+ 29	+ 183	- 154	- 343	+ 784	+ 493	+ 311	- 20	- 569	- 145	- 351	- 73	+ 215	- 558
1958 Jan.	- 75	+ 283	+ 79	+ 204	+ 208	+ 118	- 113	+ 272	- 41	- 358	- 161	- 90	- 107	- 240	+ 448
Feb.	- 207	+ 120	+ 76	+ 44	- 87	+ 840	+ 545	+ 308	- 13	- 648	- 153	- 495	+ 0	+ 192	- 279
March	+ 212	+ 79	+ 48	+ 31	+ 291	+ 783	+ 484	+ 342	- 43	- 411	- 162	- 230	- 19	+ 372	- 81
April	+ 371	- 66	- 14	- 52	+ 305	+ 805	+ 573	+ 287	- 55	- 427	- 179	- 220	- 28	+ 378	- 73
May ⁸⁾	+ 569	+ 57	+ 51	+ 6	+ 626	+ 800	+ 620	+ 255	- 75	- 140	- 125	- 72	+ 57	+ 660	- 34
June ⁹⁾	+ 345	...	...	...	...	...	...	...	...	...	...	...	...	...	...

¹⁾ Up to 31 July 1957: Bank deutscher Länder. — ²⁾ Increase in liabilities —, decrease +. — ³⁾ By contrast with our other balance of payments publications, exports of ships' and aircraft's fuel and other supplies are not shown here under services, whereas the net balance of merchanting trade and other additions concerning trade in goods are included under services. — ⁴⁾ Special trade according to official foreign trade statistics: imports c. i. f., exports f. o. b.; cf. footnote ³⁾. — ⁵⁾ Net. — ⁶⁾ Including receipts from goods delivered and services rendered to foreign troops. — ⁷⁾ Up to 1956 by banks only, from 1957 onwards by banks and other business enterprises. — ⁸⁾ Partly estimated. — ⁹⁾ Provisional.

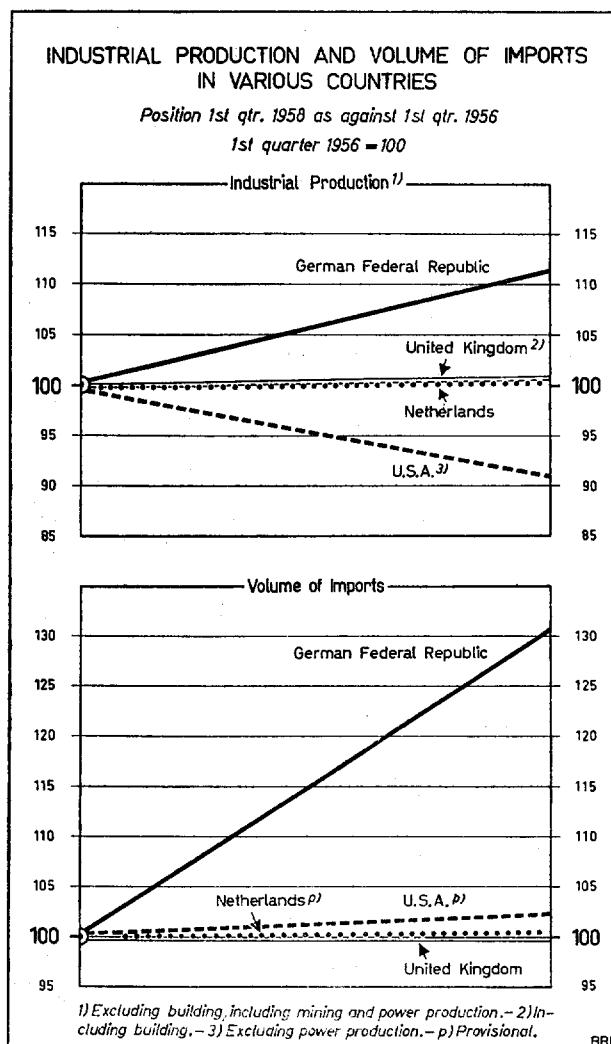
showing the ratio of the average value of exports to that of imports, stood in May this year at 108 against 104 in December 1957, 99 in January 1957 and 96 in May 1955, this being its most unfavourable level for the Federal Republic during the last three years. In consequence of these shifts the movements in import and export values have been completely different from what would have corresponded to those in quantities: in terms of value imports showed a fairly large decline during recent months although in accordance with the trend of economic activity in the Federal Republic the volume of imports has so far been relatively well maintained, and indeed until recently even showed an appreciable rise by comparison with a year earlier, while per contra the movement in exports in terms of value has until very recently been more favourable than that in the volume of exports.

The foreign trade figures for May, the last month for which data are at present available, were especially affected by this movement in the terms of trade. Contrary to the usual trend the May imports at a value of DM 2,393 million were not only smaller than the monthly average for the first quarter, but they also fell short of their level of a year earlier by the appreciable margin of 10 per cent; in terms of volume they remained slightly above the previous year's corresponding level, so that for the first five months of the year together they were 4.5 per cent greater in quantity than a year previously, although their value in that period already fell short of that of a year before by 2.5 per cent. It is true that on the other hand at DM 3,013 million the value of exports — except in March, for the first time in many years — was also not up to the level of the corresponding month a year



before; but the decrease of 6 per cent was appreciably smaller than that in imports, even though the volume of exports was smaller than in May 1957 by nearly 5 per cent, while as already mentioned the volume of imports had been maintained. Consequently, quite contrary to the relative movements in the volume of imports and exports, the trade surplus did not fall but rose, reaching its highest level to date for any month at DM 620 million in May this year. Thus for the first five months of the year together the export surplus rose to DM 2,109 million as compared with DM 1,544 million in the corresponding period of the previous year. But, as already stated, this trend is exclusively due to the shift in price relations caused mainly by the international fall in raw-material prices and freights; if foreign trade had been conducted during the first five months of this year on the same terms of trade as prevailed in the corresponding period of last year, the export surplus would not have risen from DM 1.5 to

2.1 billion but would have dropped to about DM 1 billion. The picture of the balance of payments would then doubtless look quite different, especially if one allows for the fact that with greater price stability the volume of imports would presumably have been greater still. While for instance in May this year the volume of imports for the first time in a long while was scarcely any greater than in the corresponding period a year before, this was above all due to the caution which the decline in international raw-material prices imposed on importers; it is clear that stocks of imported goods are at present being greatly reduced with a view to avoiding losses on the values due to falling prices (a fact which incidentally makes it also seem highly doubtful whether, so long as the international price-fall continues, any special steps to cheapen the financing of imports could give significant stimulus to importing). As soon as import prices are no longer falling, however, it is precisely the present caution shown by importers that will create a tendency to an at least temporary increase in the inflow of imports,



because then not only will they rise again to the level of current consumption but there will no doubt also be some replenishment of stocks.

One should therefore not over-estimate the durability of the trade surpluses due to the present improvement in the terms of trade. We do not prophesy that the reaction to the present relatively favourable terms of trade will come soon, even though our impression is that they will hardly improve much more, especially since under the pressure of increased competition German export prices are more likely to fall away than to rise further; but it would be a mistake to regard the present situation as "structural", and to direct its treatment accordingly.

The Other Items in the Balance of Payments

Apart from this it is remarkable that in general the remaining items in the balance of payments continue to counterbalance the increase in the trade surplus resulting from improvement of the terms of trade, so that so far the overall exchange surpluses have, despite their renewed rise since the spring, remained continuously lower than in the first months of last year.

Recently for instance the *terms of payment*, that is the periods within which payment has to be made for imports and exporters receive their payments from abroad, have evidently moved steadily to the disadvantage of the Federal Republic. It is true that no precise data on this subject are available. Experience has however shown that the difference between the net exchange movement and the transactions surplus based on the actual exchange of goods, services, donations and capital with foreign countries affords a fairly reliable pointer to the movement in the terms of payment, although it naturally also reflects the errors and omissions in the statistical recording of the various items in the balance of transactions including capital movements. Month by month since last autumn, with the sole exception of January, that difference has been adverse: that is to say, the Federal Republic on balance would seem to have delivered and paid more to foreign countries than came to it from such countries through current payments. From October 1957 to May 1958, the last month for which figures are at present available, the difference was DM 830 million; in May it was again adverse, although only to the extent of DM 34 million against DM 73 million in April, DM 81 million in March and DM 279 million in February, whereas on the average of the first nine months of last year it had been favourable by about DM 280 million. The cause of the deterioration in the terms of payment reflected herein would seem to be chiefly

that since the collapse last autumn of the international exchange rate speculation foreigners have virtually ceased to make exceptional advance payments for subsequent German deliveries of goods, and indeed under the influence of growing financing and balance-of-payments difficulties some of them are probably no longer able to make such payments. For some time past on the contrary German industries have been obliged, if anything, to grant their foreign customers longer periods for payment in order to remain in business at all. Thus, not only are they now obliged to effect exports for which advance payment was made at a more or less distant past date, but also have to be prepared to make deliveries for which payment will not be received until later. They are of course able to do so only owing to the fact that credit conditions within the country have become a good deal easier. In part therefore the easing of the German credit markets is benefiting foreigners by way of suppliers' credits, although the extent of this movement must not be over-estimated, and indeed it would be by no means welcome if an "unofficial" export of capital were to start through the granting to foreign customers — in a way that could hardly be controlled even by the benefiting countries — of exceptionally long periods for payment.

Above all however the increased trade surplus has against it, at least on a longer view, a *deficit on donations and capital transactions* which has also greatly increased. In the first five months of 1958 that deficit amounted to nearly DM 2.0 billion, as compared with something less than DM 1.7 billion in the corresponding period of last year. It has accordingly increased by about DM 300 million, and has thus by itself already offset the greater part of the simultaneous increase of DM 409 million in the surplus on goods and services (resulting from a DM 565 million increase in the export surplus and a DM 156 million decrease in the surplus on services). On looking at May alone (being the last month for which figures are to hand) one certainly finds a quite different picture, because then the deficit on capital transactions and donations amounted as shown by the table on page 35 to only DM 140 million against DM 307 million in May 1957, while at a total of DM 800 million the surplus on goods and services was about as great as in the corresponding month last year and the export surplus alone amounted to DM 620 million as against DM 541 million then.

It is true that in great part this decline in the deficit on capital transactions is due to the fact that at DM 23 million in May the advance payments for defence

Foreign Trade and Payments
in millions of DM

	1956			1957				1958			
	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	March	April	May*)
Foreign Trade ¹⁾											
Monthly averages or monthly figures											
Exports, total	2,649	2,554	2,906	2,795	2,954	3,003	3,238	2,678	3,079	2,985	3,013
Imports, total	2,319	2,376	2,586	2,555	2,553	2,639	2,819	2,572	2,595	2,412	2,393
Surplus (+) or deficit (-) on balance of trade	+ 330	+ 178	+ 320	+ 240	+ 401	+ 364	+ 419	+ 306	+ 484	+ 573	+ 620
Exports according to currency areas ²⁾ :											
to E. P. U. Area	1,927	1,863	2,113	2,059	2,143	2,132	2,285	2,091	2,259	2,165	2,141
to Agreement Countries outside E. P. U. Area	301	278	311	300	322	330	362	317	334	350	363
to Non-Agreement Countries ³⁾	404	393	461	418	470	519	570	453	472	455	495
Imports according to currency areas ²⁾ :											
from E. P. U. Area	1,432	1,479	1,576	1,491	1,487	1,599	1,744	1,586	1,626	1,490	1,532
from Agreement Countries outside E. P. U. Area	274	288	314	281	275	287	305	283	300	251	256
from Non-Agreement Countries ³⁾	611	607	693	780	789	750	767	701	665	669	603
Average values (1954 = 100)											
Average values of export unit	102.7	103.8	104.1	105.1	106.1	105.7	105.8	106.3	104.6	106.4	104.7
Average values of import unit	104.5	104.4	103.1	105.8	106.3	105.4	102.3	99.7	99.1	97.6	97.0
Terms of trade ⁴⁾	98.3	99.4	101.0	99.3	99.8	100.3	103.5	106.6	105.5	108.9	107.9
Payment Transactions											
Monthly averages or monthly figures											
Net Changes on Accounts ⁵⁾											
with all countries											
total	+ 425	+ 517	+ 386	+ 304	+ 490	+ 867	+ 69	+ 137	+ 291	+ 305	+ 626
of which: capital movements and investment income ⁶⁾)	- 82	- 58	- 125	- 299	- 275	- 159	- 260	- 313	- 204	- 265	- 109
donations ⁷⁾	- 72	- 95	- 86	- 100	- 124	- 136	- 121	- 132	- 149	- 157	- 108
other payments	+ 579	+ 670	+ 597	+ 703	+ 889	+ 1,162	+ 450	+ 582	+ 644	+ 727	+ 843
with E. P. U. Area											
total	+ 360	+ 477	+ 487	+ 573	+ 636	+ 960	+ 218	+ 330	+ 266	+ 125	+ 412
thereof: capital movements and investment income ⁶⁾)	- 50	- 31	- 45	- 92	- 107	- 56	- 59	- 52	- 33	- 135	- 34
donations ⁷⁾	- 25	- 28	- 35	- 40	- 43	- 49	- 44	- 56	- 73	- 43	- 37
with Agreement Countries outside E. P. U. Area											
total	+ 10	- 1	- 27	+ 5	+ 8	- 32	+ 21	+ 17	+ 58	+ 103	+ 47
thereof: capital movements and investment income ⁶⁾)	- 8	- 8	- 7	- 18	- 15	- 18	- 12	- 6	- 8	- 11	- 10
donations ⁷⁾	- 4	- 6	- 5	- 6	- 8	- 7	- 9	- 9	- 8	- 7	- 9
with Non-Agreement Countries ⁸⁾											
total	+ 55	+ 41	- 74	- 274	- 154	- 61	- 170	- 210	- 33	+ 77	+ 167
thereof: capital movements and investment income ⁶⁾)	- 24	- 19	- 73	- 189	- 153	- 85	- 189	- 255	- 163	- 119	- 65
donations ⁷⁾	- 43	- 61	- 46	- 54	- 73	- 80	- 68	- 67	- 68	- 107	- 62
Accounting position in E. P. U.	+ 365	+ 371	+ 461	+ 512	+ 555	+ 977	- 48	+ 15	+ 53	+ 91	+ 295
of which: credit granted gold and dollar payments	+ 91	+ 93	+ 115	+ 128	+ 139	+ 244	- 12	+ 4	+ 13	+ 23	+ 74
	+ 274	+ 278	+ 346	+ 384	+ 416	+ 733	- 36	+ 11	+ 40	+ 68	+ 221 ⁸⁾
Gold and Foreign Exchange Holdings of the Deutsche Bundesbank ⁹⁾											
Position at end of period indicated											
Gold and foreign exchange holdings											
total (net)	+14,959	+16,668	+17,901	+18,730	+20,189	+23,610	+23,027	+22,957	+22,957	+23,328	+23,897
of which:											
Gold holdings	+ 4,635	+ 5,436	+ 6,275	+ 7,379	+ 8,523	+10,077	+10,674	+10,333	+10,333	+10,466	+10,495
Credit balances (net) ¹⁰⁾ with:											
Non-Agreement Countries ¹¹⁾	+ 6,638	+ 7,322	+ 7,426	+ 6,915	+ 6,731	+ 7,183	+ 6,956	+ 7,064	+ 7,064	+ 7,218	+ 7,369
E. P. U. Area	+ 3,234	+ 3,523	+ 3,888	+ 4,208	+ 4,679	+ 6,155	+ 5,167	+ 5,277	+ 5,277	+ 5,355	+ 5,740
thereof: Balances with E. P. U. (ex- cluding special credit to E. P. U.) ¹²⁾	+ 2,502	+ 2,579	+ 2,890	+ 3,218	+ 3,571	+ 4,028	+ 4,242	+ 4,147	+ 4,147	+ 4,141	+ 4,156
Special credit to E. P. U. ¹³⁾	-	-	-	-	-	-	-	+ 55	+ 55	+ 114	+ 160
Agreement Countries outside E. P. U. Area	+ 452	+ 387	+ 312	+ 228	+ 256	+ 195	+ 230	+ 283	+ 283	+ 289	+ 293
For data for previous months and for explanatory remarks see Tables under VII (Foreign Trade and Payments) in the Statistical Section of this Report.											
¹⁾ Imports according to selling countries; exports according to buying countries. — ²⁾ Excluding countries not ascertained. — ³⁾ Dollar countries and other non-agreement countries. — ⁴⁾ Average values of exports in per cent of the average values of imports. — ⁵⁾ Net balances of all payments in relation to a currency area in respect of goods, services, capital movements, investment income and donations, regardless of the currency paid. — ⁶⁾ Disregarding transactions not immediately affecting the foreign exchange position of the Deutsche Bundesbank, or Bank deutscher Länder, and of the credit institutions. — ⁷⁾ Excluding credit movements connected with the exchange of goods, which cannot be ascertained in detail. — ⁸⁾ Including a DM payment (DM 126 million) by E. P. U. under the E. P. U. Managing Board's Decision No. 15 of 18 November 1957. — ⁹⁾ Up to 31 July 1957: Bank deutscher Länder. — ¹⁰⁾ Credit and debit balances on foreign currency and DM agreement accounts, on freely convertible DM accounts and DM accounts of limited convertibility, and on liberalised capital accounts. — ¹¹⁾ Including U.S. \$ balances in other countries. — ¹²⁾ Not taking into account the latest E. P. U. settlement in each case. — ¹³⁾ Special accommodation accorded to E. P. U. by the Federal Republic in connection with the special E. P. U. credit granted to France under the O.E.E.C. Council's decision of 11 February 1958. — ^{*)} Partly provisional.											

*Important Items of the Federal Republic's
Balance of Payments
January to May 1956, 1957 and 1958
in millions of DM*

Items	January to May			Change January to May 1958 as against January to May 1957 ^{P)}
	1956	1957	1958 ^{P)}	
(1) Influx of foreign exchange at Bundesbank and other banks	+1,340	+2,133	+1,343	-790
(2) Surplus on transactions in goods and services thereof: surplus on the balance of trade ¹⁾	+1,919	+2,937	+3,346	+409
(3) Deficit on capital movements and donations	- 636	-1,692	-1,984	-292
(4) Residual item of the balance of payments (mainly change in the terms of payment)	+ 57	+ 888	- 19	-907

¹⁾ Special trade according to official foreign-trade statistics: imports c.i.f., exports f.o.b. — ^{P)} Provisional.

imports, which payments are often subject to major fluctuations and are regularly counted in these Reports as short-term capital outflows to foreign countries, were below the average for the first four months of this year by about DM 140 million. Two other factors were however also at work. First, foreign investors in May again showed very keen interest in acquiring German securities, so that foreigners' net private investments in the Federal Republic rose to nearly DM 130 million and so attained an extent which has so far been only seldom reached. Secondly, the monies borrowed by Germans abroad under documentary credits and as cash advances showed a further rise in May of about DM 60 million after having been reduced by nearly DM 250 million in the preceding six months. It is true that as against this the German capital payments to foreign countries — apart from the advance payments for armaments which have already been mentioned, but which as stated above were only very small in May — again comprised some governmentally assisted capital exports, in particular a DM 77 million loan to India to finance the well-known Rourkela project and the taking of a further tranche of the DM 240 million credit which was made available to Yugoslavia under the agreement reached in 1956 regarding mutual economic aid. Private German capital exports on the other hand still were confined in the main to the usual direct investments by German firms in foreign countries, which investments however continue on a longer view to show a rising tendency.

This state of affairs makes clear how desirable it is, from the point of view of establishing better equi-

librium in the balance of payments, that the level of German interest rates shall be adjusted as quickly as may be compatible with the requirements of sound domestic policy to that in the other major industrial countries. If for instance the rate of interest on capital in the Federal Republic had already reached a level not so far as it still is in some cases above that in some other countries which are comparable as regards their situation in other respects, the German security markets would hardly continue to exert the same attractive force on foreign capital as now; in some circumstances, indeed, the offering of foreign loan issues in the Federal Republic might then even be rather more practicable than it now is. Similarly the recourse to foreign countries for financing German external trade, which recourse as already mentioned is shown by the latest figures to have slightly increased in extent, would in all probability decrease or at least show no further progress if the credits required for this purpose cost no more at home than they did abroad. Possibly the German credit markets could also be brought in some measure into the international business of financing in this connection. The Deutsche Bundesbank's recent reduction of its discount rate to 3 1/2%, which it may be hoped will result in an appreciable further lowering of the overall German level of interest rates, and the efforts to provide special facilities for financing imports through the creation of a market in prime acceptances, ought therefore no doubt to contribute towards counteracting the renewed rise in the German balance-of-payments surpluses, so far as possible and so far as this depends on the Federal Republic, even though the latter alone can hardly neutralise the influences which are produced on the German balance of payments by the persistent tendencies to inflation in some foreign countries and in particular by the international fall in raw-material prices.

**The Abolition of the Libka Mark
and the New Arrangements for German Capital Imports**

The gradual adjustment of the level of German interest rates to that in foreign countries has moreover recently become the more urgent since, as was announced during the period under report by the Federal Ministry for Economic Affairs in agreement with the Bundesbank, with effect from 1 July this year the Liberalised Capital Mark will be abolished and thereby at the same time the import of capital will be largely freed. Details of the relative order, which marks an important milestone in the history of the abolition of German exchange restrictions, will be found in the Federal Advertiser (the Bundesanzeiger) of 28 June 1958.

First as regards the abolition of the Liberalised Capital Mark, through which up till now a great part of the Federal Republic's capital transactions with foreign countries were conducted, the above-mentioned order in particular contains provisions regarding further treatment of the foreigners' credit balances which have hitherto stood on Liberalised Capital Accounts and were last recorded at about DM 550 million. According to the order such balances can at the desire of the foreign beneficiary be transferred either

- a) to a foreign country in any currency, or
- b) to a Freely Convertible DM Account or a DM Account of Limited Convertibility.

The reason why abolition of the Liberalised Capital Mark called for simultaneous recasting of the provisions regarding imports of capital is that, as already indicated, such imports have in great part been hitherto possible only through delivery of Liberalised Capital Marks (that is only by replacement of one external liability by another), the basic object being to avoid any major foreign-exchange indebtedness and above all the major exchange influx which would in the circumstances be an immediate and inevitable result. Capital imports will in future be subject to much smaller limitations. Thus with effect from 1 July 1958 direct investments in the Federal Republic — for instance the founding and acquisition of enterprises, the taking of participations in enterprises and the setting up of branch establishments, as well as the acquisition of real estate, will be exempt from the need for any permit. In addition the acquiring of West German securities by foreigners is in principle being freed, and the taking by West German residents of bonded and other loans and of credit in other forms in foreign countries has been permitted by general licence in so far as the liabilities are in DM and run for not less than five years.

However, the fact that besides the freely convertible currencies comprising the U.S. and Canadian dollars and free Swiss francs there are numerous other currencies which are not convertible, or are convertible only within limits, makes it necessary to subject the channels of payment for security transactions and for the taking of bonded and non-bonded loans and of credit in other forms to certain limitations in an effort to prevent any "descent" from good to less good currencies, such as might occur if anybody bought West German securities for currency of limited convertibility and then after some time sold them again with a view to transferring the DM proceeds into freely convertible

currencies. That is why for the purpose of acquiring German securities expressed in German currency, and of granting loans expressed in DM for terms of not less than five years to West German borrowers, payments must always be made in freely convertible foreign currency or by the debit of a Freely Convertible DM Account. The proceeds of sale of and the income from the securities acquired for freely convertible currency may however be paid to foreigners in freely convertible foreign currency or in DM even if the beneficiary has his residence or registered office in a country having a currency of limited convertibility. The same applies to the interest and redemption which may in future be paid on DM loans to West German residents in freely convertible foreign currency or in DM. On the other hand payments from abroad for the purpose of acquiring participations in West German enterprises, of founding such enterprises, of setting up branch establishments and places of business or manufacture in the Federal Republic, as well as of acquiring West German real estate can according to the country of residence of the foreign investor be made in freely convertible currency or in currency of limited convertibility.

Receipts and Outgoings on Liberalised Capital Accounts¹⁾
in millions of DM

Items	1954 4th Qtr	1955	1956	1957	1958 January to May	October 1954 to May 1958
Position of Liberalised Capital Accounts ¹⁾ end-September 1954	(573)					(573)
In - payments total	553	2,227	2,036	2,418	1,081	8,315
thereof:						
Disinvestments	308	1,059	746	834	389	3,336
thereof:						
Sale of securities	(226)	(794)	(460)	(551)	(295)	(2,326)
Investment income	72	415	320	371	193	1,371
Indemnification	36	301	550	952	425	2,264
Out - payments total	581	2,365	1,962	2,302	1,119	8,329
thereof:						
Fresh investments	319	1,217	1,141	1,500	800	4,977
thereof:						
Purchase of securities	(222)	(1,002)	(642)	(1,148)	(669)	(3,683)
Transfer to foreign countries ²⁾	189	875	567	572	219	2,422
Consumption within the country (e.g., travel)	69	242	215	195	74	795
Position of Liberalised Capital Accounts ¹⁾ at end of period indicated	545	407	481	597	559	559

¹⁾ Including maturing monies at fixed periods and at notice on former blocked DM accounts. — ²⁾ Including transfers to DM accounts of free and of limited convertibility.

In future therefore the import of capital will in practice be as good as free, so far at least as it takes place through provision of hard currency, whereas previously it was allowed without special permit only where it was effected through delivery of Liberalised Capital Marks — which however were in general not easy to acquire in large quantities. In particular the acquisition of securities has now become much simpler for foreigners. The preceding table, which records the inward and outward payments on Liberalised Capital Accounts from the first return date after their institution on 16 September 1954 up to 31 May this year, makes clear how strong the urge already was to take advantage of the opportunities offered by the Liber-

alised Capital Mark for investment in the Federal Republic. Of the fresh in-payments amounting to DM 8.3 billion which were made during that period, and which mainly came from liquidation of foreigners' investments in the Federal Republic, from the income from such investments and from indemnification, only DM 2.4 billion were transferred to foreign countries or to Freely Convertible DM Accounts or DM Accounts of Limited Convertibility. On the other hand the withdrawals for investment in assets in the Federal Republic amounted to nearly DM 5 billion, or more by fully DM 1.6 billion than the simultaneous in-payments resulting from liquidation of foreigners' assets within the country.

Wealth Formation and its Financing in the Year 1957

Extent and Pattern of Wealth Formation

The Extent of Wealth Formation

The formation of wealth in the Federal Republic increased further in 1957 although, in accordance with the flattening of the general economic trend, the increase was smaller than in most of the preceding years. At a total of DM 35.7 billion the statistically recorded net formation of wealth¹⁾ in 1957 exceeded the previous year's amount by fully DM 2 billion, or 6.5 per cent. At some 5 per cent, it is true, the rate of growth in 1956 had been somewhat smaller; but in the years lying further back it had as a rule substantially exceeded that rate. The increase in wealth formation in 1957 was confined to the rise in stocks of goods and in claims on foreign countries, while the net addition to fixed assets — by far the most important part of wealth formation in terms of amount — at DM 26.0 billion was for the first time a little lower than in the previous year, when it had been DM 26.7 billion. It is true that gross investment in fixed assets — that is the total amount expended by West German investors on buying capital goods and on building — still showed a slight increase in 1957, of 3 per cent for investments in equipment and of 5 per cent for those in buildings.

¹⁾ The statistical records cover the net addition to fixed assets (including house-building), the addition to stocks of goods and the rise in claims on foreign countries, while the increase in durable consumer goods in the possession of private households is left out of account.

This increase was however not enough to counter-balance the simultaneous rise in the need for replacement. According to the figures for total depreciation calculated by the Federal Statistical Office, indeed, replacement investments would seem in 1957 to have amounted to more than DM 20 billion and so to have exceeded those in 1956 by some DM 2.5 billion; as against this the gross investment in fixed assets increased by only DM 1.8 billion, so that the net investments in fixed assets were down by DM 0.7 billion.

At DM 4.2 billion in 1957 on the other hand the investments in stocks of goods — also according to the Federal Statistical Office's figures — exceeded those in the previous year by DM 1.6 billion. In part they represent involuntary additions to such stocks, due to the flagging of sales during the second half of the year in particular. As to the addition to the national wealth in the form of claims on foreign countries as well as on West Berlin, the Soviet-occupied Zone and the Saar, at DM 5.5 billion in 1957 this exceeded the previous year's amount by DM 1.3 billion; thus in 1957 roughly 15 per cent of the total addition to the national wealth took the form of an increase in claims on foreign countries and on the German areas not belonging to the Federal Republic. The chief increase was that in gold and exchange holdings; its causes were analysed

Table 1: The Formation of Wealth in the German Federal Republic 1950 to 1957¹⁾

Categories of Wealth Formation	1950	1951	1952	1953	1954	1955	1956	1957	Change	
									1956	1957
									as against	
									1955	1956
	billions of DM								per cent	
(1) Gross investment in fixed assets	18.5	22.3	25.5	28.7	32.2	39.8	44.3	46.1	+ 11.4	+ 4.1
of which:										
(a) Equipment investments	(9.4)	(11.9)	(13.8)	(14.7)	(17.0)	(21.1)	(23.4)	(24.1)	(+ 10.8)	(+ 3.0)
(b) Building investments	(9.0)	(10.4)	(11.7)	(13.9)	(15.2)	(18.7)	(20.9)	(22.0)	(+ 12.0)	(+ 5.3)
(2) Replacement investments ²⁾	10.1	12.0	13.3	13.5	14.0	15.4	17.6	20.1	+ 14.1	+ 14.1
(3) Net investment in fixed assets (1 less 2)	8.4	10.2	12.2	15.2	18.2	24.3	26.7	26.0	+ 9.7	— 2.5
(4) Investments in stocks of goods	3.5	4.9	5.1	2.1	1.7	5.3	2.6	4.2	a)	a)
(5) Net formation of wealth within the country (3 + 4)	11.8	15.1	17.3	17.3	19.9	29.6	29.3	30.2	— 1.2	+ 3.2
(6) Net increase in claims on foreign countries	— 0.3	2.4	2.3	3.7	3.4	2.1	4.3	5.5	+102.4	+ 25.7
(7) Net increase in claims on Berlin (West) and the Soviet-occupied Zone	0.5	0.6	0.5	0.3	0.3	0.0	— 0.1	0.1	a)	a)
(8) Net formation of wealth (total of items 5 to 7)	12.0	18.1	20.1	21.3	23.7	31.8	33.6	35.7	+ 5.4	+ 6.5
id., in per cent of the net national product at market prices	(13.8)	(16.8)	(16.6)	(16.4)	(16.9)	(19.9)	(19.1)	(18.9)		

¹⁾ Details may not add to totals because of rounding. — ²⁾ Corresponds to depreciation due to wear and tear. — a) No figure because of substantial chance fluctuations.

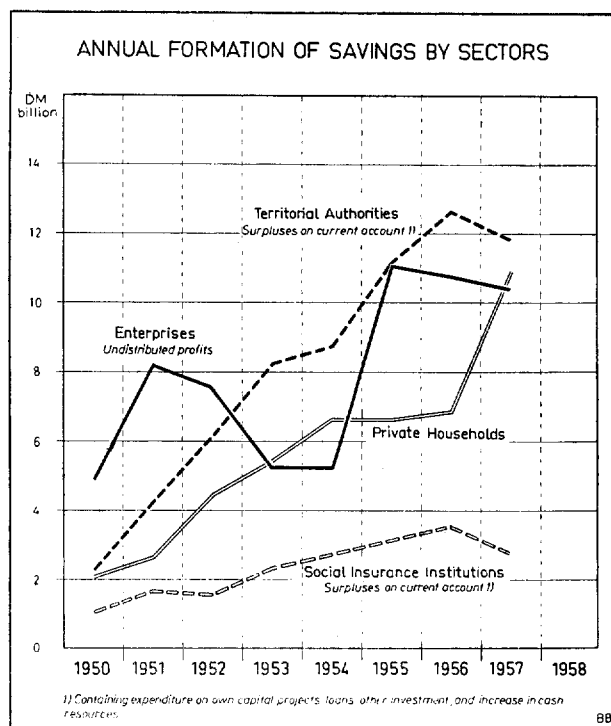
in some detail in the study entitled "The Balance of Payments in 1957" in our last Monthly Report¹⁾.

The Individual "Sectors" Share in Wealth Formation

If against the wealth formation in the whole economy one puts the saving in the individual sectors — thereby expressing the extent to which these sectors (private households, enterprises and public authorities) contributed to such wealth formation by abstaining from spending their income on consumption — it becomes clear that quite considerable shifts took place in this connection during 1957. On the one hand the share of private households in total saving showed an exceptionally large rise, while on the other hand the part of total saving for which public authorities account (and which previously had been especially large) greatly decreased, and the share taken by undrawn profits declined a little further.

The statistically recorded saving by private households amounted in 1957 to not quite DM 11 billion as against nearly DM 7 billion in each of the years 1955 and 1956; it was thus up by about DM 4 billion. If this increase is put in relation to the rise in private households' total disposable income, which rise may be estimated at over DM 12 billion, it becomes clear that in 1957 roughly a third of the increase in incomes was saved. Accordingly the saving ratio, that is the ratio of private households' saving to their disposable income, rose considerably from 5.7 per cent in 1956 to 8.2 per cent. This not only made good the decline in the saving ratio which had occurred in 1955 and 1956, but even appreciably exceeded the previous peak of 6.7 per cent in 1954. The increase in saving by private households was also much greater than that in saving as a whole; their share of total saving rose from about 21 per cent in the two previous years to 30.6 per cent in 1957. Here it must be borne in mind that in reality the share of private households was probably somewhat greater than these figures indicate, because so far it has not been possible to record certain saving processes statistically. That especially applies to those savings which are directly used to finance house-building, above all through direct loans from tenants to the parties ordering the building and through the use of people's own resources for financing their own homes, apart from the use of those resources — of very substantial amount — which are saved at building and loan associations and which it was therefore possible to include in the calculation. On the other hand however private households' direct

¹⁾ See the Monthly Report of the Deutsche Bundesbank for May 1958, page 33 and following pages.



indebtedness to enterprises — for instance in unorganised instalment sales business — is not taken into account either, so that the possibilities of statistical error may in some measure offset each other.

Saving by public authorities — in the sense of the surplus of current receipts over current expenditure (that is expenditure not affecting assets), which surplus corresponds to such authorities' capital expenditure on tangible assets financed out of their own receipts, plus their lendings to finance private capital projects, in particular housing, and the net addition to their financial reserves — dropped from DM 16.2 billion in 1956 to DM 14.7 billion in 1957. Thus the public authorities' share in total saving has declined from the high levels of 45 to 50 per cent, at which it had stood in the years 1953 to 1956, to something over 41 per cent. That decline is mainly due to the fact that the public authorities' current expenditure, especially on social purposes, rose during 1957 by more than their current receipts; this especially applies to the Federal budget and the Social Insurance Institutions. On the Federal budget there was in the 1957 calendar year, for the first time, a comparatively large cash deficit after surpluses of greater or lesser size had been achieved from 1952 to 1956¹⁾. It is true that this cash deficit did not to its full extent result in decreasing the saving, because some of the increase in Federal budget expenditure was also in expenditure "affecting assets"; this especially applies to the advance payments for

¹⁾ See the Report of the Deutsche Bundesbank for the Year 1957, page 22, and the Report of the Bank deutscher Länder for the Year 1955, page 75.

Table 2: The Formation of Savings in the German Federal Republic 1950 to 1957¹⁾

Sectors	1950	1951	1952	1953	1954	1955	1956	1957	Change	
									1956 as against 1955	1957 as against 1956
	billions of DM								per cent	
Savings of private households	2.1	2.7	4.5	5.5	6.7	6.7	6.9	10.9	+ 3.8	+57.7
Undistributed profits of enterprises ²⁾	4.9	8.3	7.6	5.3	5.3	11.1	10.6	10.4	- 4.7	- 2.1
Surplus on current account of public authorities ³⁾	3.4	6.1	7.8	10.6	11.6	14.3	16.2	14.7	+13.1	- 8.9
of which:										
Territorial authorities ⁴⁾	(2.3)	(4.3)	(6.2)	(8.3)	(8.8)	(11.2)	(12.6)	(11.9)	(+12.8)	(- 5.1)
Social insurance funds	(1.1)	(1.7)	(1.6)	(2.4)	(2.8)	(3.2)	(3.6)	(2.8)	(+14.5)	(-22.3)
Net wealth transfers of foreign countries and Berlin (West) ⁵⁾	1.6	1.1	0.2	- 0.0	0.1	- 0.2	- 0.1	- 0.3	. a)	. a)
Total	12.0	18.1	20.1	21.3	23.7	31.8	33.6	35.7	+ 5.4	+ 6.5
	per cent									
Savings of private households	17.7	15.0	22.2	25.6	28.2	21.0	20.7	30.6	.	.
Undistributed profits of enterprises ²⁾	40.8	45.7	38.1	24.7	22.4	34.9	31.5	29.0	.	.
Surplus on current account of public authorities ³⁾	28.4	33.5	38.7	49.8	49.0	44.9	48.2	41.2	.	.
of which:										
Territorial authorities ⁴⁾	(19.0)	(23.9)	(30.9)	(38.7)	(37.3)	(35.0)	(37.5)	(33.4)	.	.
Social insurance funds	(9.4)	(9.6)	(7.8)	(11.1)	(11.7)	(9.9)	(10.7)	(7.9)	.	.
Net wealth transfers of foreign countries and Berlin (West) ⁵⁾	13.1	5.8	1.0	- 0.1	0.4	- 0.8	- 0.4	- 0.8	.	.
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	.	.

¹⁾ Details may not add to totals because of rounding. — ²⁾ Including public enterprises and public utilities as well as Federal Railways and Federal Postal Administration; ascertained as residue on the enterprises' income account. — ³⁾ The surplus is computed from current receipts less current expenditure (i. e., expenditure not affecting assets). It thus contains expenditure on own capital projects, loans and other investment, as well as the increase in cash resources in so far as no credits were taken for this purpose. — ⁴⁾ Including Equalisation of Burdens Fund and E.R.P. Special Fund. — ⁵⁾ Especially foreign aid and restitutions. — a) No figure because of substantial chance fluctuations.

foreign armament deliveries, which payments — so far as they were not to be offset within the same period against corresponding effective deliveries — have been treated according to the principles of the National Accounts as a (short-term) granting of credit to foreign countries.

At all events the large increase in the Federal Government's current expenditure has made a decisive contribution towards causing the saving by all territorial authorities, including the Equalisation of Burdens Fund and the E.R.P. Special Fund, to fall from DM 12.6 billion in 1956 to DM 11.9 billion in 1957. The fact that the territorial authorities' "saving" nevertheless remains relatively large is primarily due to large items of expenditure "affecting assets", which expenditure the territorial authorities are either forced to incur in virtue of legal provisions (this especially applies to loans for financing house construction, for farming and the Federal Railways), or the execution of which is urgently required in the public interest (roadmaking, building of schools and hospitals). An appreciable decrease in the saving of territorial authorities is attainable only if a greater part of such expenditure than before is financed through borrowing; the increase of capital-market activity in the course of 1958 to date would seem to afford better opportunities for this than were previously available.

Saving by the Social Insurance Institutions declined in 1957 more than that of the territorial authorities. It dropped to DM 2.8 billion, against DM 3.6 billion in the previous year, thus returning to its 1954 level. In view of the heavy financial demands which were made on the Social Insurance Institutions in 1957 by the pension reform and other measures designed to increase social insurance payments, however, saving at this level is still very remarkable. Much the greater part of it, namely DM 2.0 billion against DM 2.5 billion in 1956, took place at the Social Pension Insurance Institutions (not including West Berlin). Here it must be borne in mind that, while the social pension reform laws enacted at the beginning of 1957 replaced the previously prescribed (but only partly applied) capital cover procedure by a modified phased cover procedure, a relatively large addition to the assets of the Pension Insurance Institutions is for the time being still required in order to permit fulfilment of the financial demands during the first ten-year phase without raising of the contributions.

In the "saving" of enterprises, that is in undistributed profits, the downward tendency already apparent last year has continued. According to our calculation the undrawn profits of all enterprises (corporations and self-employed persons including farmers and members of liberal professions) amounted in 1957 to DM 10.4

billion, against DM 10.6 billion in the previous year and DM 11.1 billion in 1955. Thus the share of enterprises in total savings dropped to 29 per cent, as compared with 31.5 per cent in the previous year and a yearly average of 33.5 per cent from 1950 to 1955; it was smaller than the share of private households, after having exceeded it by more than a half in both 1955 and 1956¹). The failure of undistributed profits to increase is noteworthy inasmuch as gross profits rose further in the year under report. According to the Federal Statistical Office's calculation the gross income derived from entrepreneurs' activity and from property (including the undistributed income of corporations), at DM 57 billion in 1957, was greater than in the previous year by about DM 3.1 billion. While nevertheless the undistributed profits in 1957 were if anything somewhat smaller than in 1956, this was mainly because the amount of direct taxes paid by enterprises during the year under report exceeded that paid in 1956 by fully DM 2 billion or 16 per cent. Moreover, the amounts taken by self-employed persons out of income for non-business purposes, namely consumption and savings formation outside the sphere of enterprise, showed an evident further rise which we estimate at about DM 1.5 billion.

Wealth Formation and its Financing

As the following analysis shows, the shifts in the formation of savings have also led to quite considerable changes in the financing of wealth formation. Above all, the proportion of financing out of own resources has declined in the case both of enterprises and of public authorities, while that of financing from outside sources has correspondingly risen. Within the financing from outside sources the importance of bank credit has decreased a little further in favour of the other forms of borrowing.

Enterprises

Tangible asset formation by enterprises rose by DM 0.7 billion in 1957 to DM 24.5 billion, after having fallen short in 1956 of the previous year's high level. The increase was entirely confined to investment in stocks of goods, which — as already mentioned — was greater by DM 1.6 billion in 1957 than in 1956; at DM 20.6 billion on the other hand the net investment by enterprises in fixed assets fell short of the previous year's total by some DM 900 million. In particular the fresh additions to fixed assets serving industrial production were smaller than in 1956, while net invest-

ments in housing showed a further slight increase. Here however it must be borne in mind that in this connection the investments of enterprises are reckoned to include not only the new dwellings built by house-building societies but also the homes newly built for owner occupation, since so far as the financing is concerned it has not yet been possible to separate these statistically from house-building as a whole.

Monetary wealth formation by enterprises increased in 1957 much more vigorously than their tangible wealth formation. According to our calculation, which comprises the total increase in claims on financial institutions and on other sectors¹), it amounted to DM 7.0 billion, as against about DM 5 billion in each of the two preceding years. This growth reflects the widening, due in particular to the large accrual of foreign exchange, in the economy's monetary margin. Thus in 1957 the liquid resources of enterprises in the form of sight deposits and cash holdings increased by about DM 1.5 billion, or by roughly DM 500 million more than in 1956. These influences were even more clearly reflected in the movement of time deposits, which rose in the year under report by DM 2.0 billion against only DM 1.2 billion in the year before. In particular the large advance payments which foreign buyers made last year to their German suppliers, often for reasons of exchange-rate speculation, would seem to have in many cases been fixed by the exporters as time deposits during the period up to delivery of the goods ordered²). The growth of DM 0.8 billion in enterprises' security holdings was on the other hand not so great as the increases of DM 1.1 billion in 1956 and DM 1.6 billion in 1955. Among the other forms of wealth formation mention is in particular merited by German enterprises' investments abroad through participations, acquisition of securities and the like; they rose from DM 400 million in 1956 to DM 800 million in 1957. Altogether enterprises' wealth formation in tangible and monetary form as here defined, at DM 31.5 billion in 1957, was greater than in the previous year by nearly DM 3 billion. For *financing* it, enterprises had available during 1957 resources of their own to only about the same extent as in the previous year. The proportion of wealth formation financed through undrawn profits correspondingly declined, amounting in 1957 to only 33 per cent as against 37 per cent in the two previous years. Per contra the proportion of financing from outside sources rose, although not all the kinds of such financing shared in this rise. Thus in

¹) The same considerations as those quoted to explain a certain "undervaluation" of the saving by private households (see page 43) suggest that the proportion of undrawn profits to total saving has been shown, if anything, somewhat too high.

²) Both the increase in claims on debtors in the same sector and the corresponding increase in liabilities are left out of account.

³) See the Report of the Deutsche Bundesbank for the Year 1957, pages 29 and 30.

Table 3: The Formation of Wealth by Enterprises 1950 to 1957¹⁾

Categories of Wealth Formation	1950	1951	1952	1953	1954	1955	1956	1957	1956	1957
	billions of DM								per cent	
I. Formation of Tangible Assets ²⁾ including:	9.8	12.4	14.2	13.7	16.0	24.7	23.8	24.5	82.9	77.7
Net investment in fixed assets	(6.5)	(7.7)	(9.3)	(11.8)	(14.6)	(19.8)	(21.5)	(20.6)	(75.1)	(65.5)
Investment in stocks of goods	(3.5)	(4.9)	(5.1)	(2.1)	(1.7)	(5.3)	(2.6)	(4.2)	(9.0)	(13.3)
II. Formation of Monetary Assets	5.0	3.9	4.0	4.2	3.4	5.1	4.9	7.0	17.1	22.3
(1) at banks ³⁾ including:	4.0	2.9	3.1	3.3	1.4	2.9	3.1	4.8	10.9	15.3
(a) Sight deposits (including notes and coin)	(1.3)	(1.1)	(0.7)	(0.7)	(2.1)	(1.2)	(1.2)	(1.6)	(4.2)	(5.2)
(b) Time deposits	(1.3)	(0.9)	(1.2)	(0.9)	(-0.9)	(0.2)	(1.2)	(2.0)	(4.3)	(6.4)
(c) Savings deposits	(0.0)	(0.0)	(0.1)	(0.1)	(0.3)	(0.2)	(-0.2)	(0.1)	(-0.6)	(0.2)
(d) other monies placed with banks at medium and long term	(-0.0)	(0.1)	(0.7)	(0.8)	(0.1)	(0.0)	(0.2)	(-0.0)	(0.8)	(-0.1)
(2) at building and loan associations ⁴⁾	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.2	0.3
(3) at insurance companies	0.1	0.2	0.2	0.3	0.4	0.3	0.3	0.5	1.1	1.5
(4) Purchase of securities	0.0	0.0	0.1	0.5	1.0	1.6	1.1	0.8	3.7	2.6
(5) Increase in direct claims										
(a) on foreign countries and Berlin (West)	—	—	0.0	0.0	0.2	0.2	0.3	0.8	1.2	2.5
(b) other direct claims ⁵⁾	0.8	0.8	0.5	0.0	0.3	—	—	—	—	—
Total (I + II)	14.8	16.3	18.2	17.9	19.4	29.8	28.7	31.5	100.0	100.0

¹⁾ Details may not add to totals because of rounding. — ²⁾ In plants and stocks of goods as well as by acquisition of real estate (net). — ³⁾ Including increase in the banks' own resources which also represent resources of enterprises and which may be lent out like other accruals. — ⁴⁾ Increase in the building and loan associations' own resources. — ⁵⁾ Including errors in statistical ascertainment.

particular bank lendings (including public authorities' loans transmitted to borrowers, especially for house-building) increased in 1957 by only DM 8.2 billion, whereas the net lending by banks to enterprises had reached DM 8.8 billion in the previous year and more than DM 11 billion in 1955. This form of financing from outside sources has thus again lost a little in importance. The share of bank lendings in the total outside financing of enterprises accordingly dropped to 39 per cent, against 47 per cent in 1956, nearly 60 per cent in 1955 and about 85 per cent in 1950. This trend is chiefly due to the greater amount of borrowing from building and loan associations and from insurance companies, as well as to the increase in issues of securities. Thus the building and loan associations were able in 1957 to pay out for capital purposes some DM 2.3 billion of loans and of depositors' own saved resources, against DM 1.9 billion in the previous year. Borrowings from insurance companies amounted to DM 1.0 billion against DM 0.9 billion in 1956; and the sum produced through security issues rose from DM 2.1 billion in 1956 to DM 2.5 billion in 1957. In addition enterprises during 1957 obtained loans on a greater scale than before from foreign creditors, including the loans financed by Libka Marks. Thus the amount of medium and long-term loans granted by foreigners increased from DM 0.4 billion in the previous year to DM 0.8 billion in 1957; there was probably even greater growth in foreigners' granting of short-term credit through advance payment for subsequent German exports and through postponement of German

liabilities to pay for imports. It is true that the orders of magnitude involved can be ascertained only as a residue in connection with the other foreign trans-

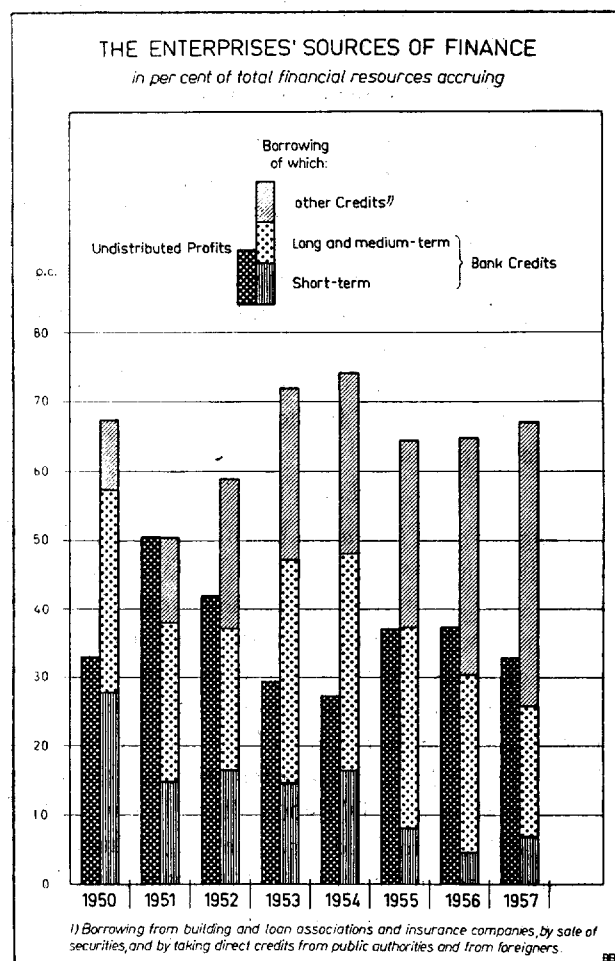


Table 4: The Formation of Wealth and its Financing 1955 to 1957 ¹⁾
in billions of DM

Items	Private Households			Enterprises			Public Authorities			Foreign Countries, Berlin (West) and Soviet-occupied Zone			Total ²⁾					
													Wealth Formation or Savings			Monetary Wealth Formation or Borrowings		
	1955	1956	1957	1955	1956	1957	1955	1956	1957	1955	1956	1957	1955	1956	1957	1955	1956	1957
A. Formation of Wealth																		
I. Formation of Tangible Assets (Net Investments)				24.7	23.8	24.5	4.9	5.5	5.7				29.6	29.3	30.2			
II. Increase in Claims on Foreign Countries, Berlin (West) and Soviet-occupied Zone										2.2	4.3	5.5	2.2	4.3	5.5			
III. Formation of Monetary Wealth	7.7	7.5	11.3	5.1	4.9	7.0	10.7	11.8	9.8	0.5	1.6	2.3				24.0	25.8	30.4
(1) at banks	4.7	3.8	6.1	2.9	3.1	4.8	5.7	5.8	2.1	0.2	0.6	0.1				13.5	13.3	13.2
including:																		
(a) Sight deposits (including notes and coin)	(1.2)	(0.9)	(1.3)	(1.2)	(1.2)	(1.6)	(1.8)	(1.3)	(-2.2)	(0.1)	(0.5)	(0.2)				(4.3)	(3.9)	(0.9)
(b) Time deposits	(-0.0)	(0.0)	(0.1)	(0.2)	(1.2)	(2.0)	(-0.4)	(0.3)	(1.2)	(0.1)	(0.1)	(-0.0)				(-0.1)	(1.6)	(3.2)
(c) Savings deposits	(3.5)	(2.9)	(4.7)	(0.2)	(-0.2)	(0.1)	(0.3)	(-0.0)	(0.1)							(4.0)	(2.7)	(4.8)
(d) other monies placed with banks at medium and long term				(0.0)	(0.2)	(-0.0)	(4.1)	(4.3)	(3.1)							(4.1)	(4.5)	(3.1)
(2) at building and loan associations	1.6	2.0	2.6	0.1	0.0	0.1										1.6	2.1	2.7
(3) at insurance companies	0.9	1.0	1.3	0.3	0.3	0.5										1.2	1.4	1.7
(4) Purchase of securities	0.5	0.6	1.4	1.6	1.1	0.8	1.1	1.6	1.0							3.2	3.2	3.2
(5) Increase in direct claims of which:				0.2	0.3	0.8	3.9	4.4	6.6	0.4	1.1	2.2				4.4	5.8	9.5
(a) on domestic sectors							(3.5)	(3.6)	(4.8)	(-0.3)	(0.0)	(0.4)				(3.2)	(3.6)	(5.2)
(b) on foreign countries and Berlin (West)				(0.2)	(0.3)	(0.8)	(0.4)	(0.8)	(1.8)							(0.6)	(1.2)	(2.6)
(c) other direct claims ³⁾										(0.6)	(1.1)	(1.8)				(0.6)	(1.1)	(1.8)
Total ⁴⁾	7.7	7.5	11.3	29.8	28.7	31.5	15.6	17.3	15.5	2.7	5.9	7.8	31.8	33.6	35.7	24.0	25.8	30.4
B. Financing of Wealth Formation																		
I. Savings	6.7	6.9	10.9	11.1	10.6	10.4	14.3	16.2	14.7				32.1	33.7	36.0			
II. Transfers of Wealth	0.5	0.4	0.3	-0.5	-0.6	-0.1	-0.2	0.1	-0.6				-0.2a)	-0.1a)	-0.3a)			
III. Borrowing	0.5	0.2	0.1	19.2	18.7	21.2	1.5	1.0	1.3	2.7	5.9	7.8				24.0	25.8	30.4
(1) from banks	0.5	0.2	0.1	11.2	8.8	8.2	1.7	1.4	1.6	1.9	4.6	5.1				15.2	15.0	15.0
of which:																		
(a) at long and medium term				(8.7)	(7.4)	(6.0)	(1.9)	(1.3)	(1.2)							(10.6)	(8.8)	(7.2)
(b) at short term	(0.5)	(0.2)	(0.1)	(2.5)	(1.4)	(2.2)	(-0.2)	(0.1)	(0.4)	(-0.1)	(-0.1)	(-0.1)				(2.7)	(1.6)	(2.6)
(c) Credits to foreign countries ⁵⁾										(1.9)	(4.7)	(5.2)				(1.9)	(4.7)	(5.2)
(2) from building and loan associations				1.4	1.9	2.3	-0.0	0.0	-0.0							1.4	1.9	2.3
(3) from insurance companies				0.8	0.9	1.0	0.1	0.1	0.1							0.8	0.9	1.0
(4) by sale of securities				1.8	2.1	2.5	0.0	-0.1	0.0	0.2	0.2	0.2				2.1	2.1	2.7
(a) fixed-interest securities				(0.6)	(0.5)	(1.0)	(0.0)	(-0.1)	(0.0)	(0.1)	(0.1)	(0.0)				(0.7)	(0.4)	(1.1)
(b) shares				(1.3)	(1.6)	(1.4)				(0.1)	(0.1)	(0.1)				(1.4)	(1.7)	(1.6)
(5) direct borrowing				4.1	5.0	7.4	-0.3	-0.3	-0.4	0.6	1.2	2.6				4.4	5.8	9.5
of which:																		
(a) from domestic sectors				(3.5)	(3.6)	(4.8)				(0.6)	(1.2)	(2.6)				(4.1)	(4.8)	(7.4)
(b) in foreign countries and in Berlin (West)				(0.6)	(1.4)	(2.5)	(-0.3)	(-0.3)	(-0.4)							(0.4)	(1.1)	(2.2)
Total ⁴⁾	7.7	7.5	11.3	29.8	28.7	31.5	15.6	17.3	15.5	2.7	5.9	7.8	31.8	33.6	35.7	24.0	25.8	30.4

¹⁾ Details may not add to totals because of rounding. — ²⁾ The aggregate total of real wealth formation or of savings cannot be added to the monetary wealth formation or to the borrowings, respectively, since on an overall view the financial changes cancel each other out. — ³⁾ Ascertained as residue. — ⁴⁾ For the reasons given in note ²⁾ the totals for the individual sectors were not reckoned together to an aggregate amount but were added up separately for real wealth formation or savings on the one hand and monetary wealth formation or borrowings on the other. — ⁵⁾ Change in gold and foreign exchange holding. — a) Net transfers of wealth by foreign countries and Berlin (West).

Table 5: The Financing of the Wealth Formation by Enterprises 1950 to 1957¹⁾

Sources of Finance	1950	1951	1952	1953	1954	1955	1956	1957	1956	1957
	billions of DM								per cent	
I. Undistributed Profits	4.9	8.3	7.6	5.3	5.3	11.1	10.6	10.4	36.9	32.9
II. Net Transfers of Wealth ²⁾	-0.1	-0.2	-0.2	-0.3	-0.3	-0.5	-0.6	-0.1	-2.1	-0.2
III. Borrowing	10.0	8.3	10.7	12.9	14.4	19.2	18.7	21.2	65.2	67.2
(1) from banks	8.5	6.2	6.8	8.5	9.4	11.2	8.8	8.2	30.7	26.0
(a) at long and medium term	(4.4)	(3.8)	(3.8)	(5.8)	(6.1)	(8.7)	(7.4)	(6.0)	(25.9)	(19.0)
(b) at short term	(4.1)	(2.4)	(3.0)	(2.6)	(3.2)	(2.5)	(1.4)	(2.2)	(4.8)	(7.0)
(2) from building and loan associations ³⁾	0.4	0.3	0.4	0.6	1.0	1.4	1.9	2.3	6.6	7.2
(3) from insurance companies	0.3	0.4	0.5	0.5	0.7	0.8	0.9	1.0	3.1	3.0
(4) by sale of securities	0.3	0.2	0.4	0.6	1.1	1.8	2.1	2.5	7.3	7.9
including: shares	(0.0)	(0.1)	(0.2)	(0.2)	(0.3)	(1.3)	(1.6)	(1.4)	(5.6)	(4.6)
(5) direct borrowing	0.5	1.1	2.7	2.7	2.3	4.1	5.0	7.4	17.5	23.4
(a) from public authorities	(0.5)	(1.1)	(2.2)	(2.8)	(2.4)	(3.5)	(3.6)	(4.8)	(12.6)	(15.3)
(b) in foreign countries and Berlin (West)	(—)	(—)	(0.6)	(—0.1)	(—0.1)	(0.6)	(1.4)	(2.5)	(4.9)	(8.0)
Total (I + II + III)	14.8	16.3	18.2	17.9	19.4	29.8	28.7	31.5	100.0	100.0

¹⁾ Details may not add to totals because of rounding. — ²⁾ Composition payments on equalisation of burdens levies, indemnification, and other. — ³⁾ Including out-payments of members' accumulated savings.

actions, and may therefore not be very accurate. Still, according to our estimate the amount for 1957 was DM 1.8 billion as against DM 1.1 billion in 1956¹⁾. Finally the comparative smallness of the increase in bank lendings would also seem to have been due to certain changes in the arrangements, affecting in particular the way in which governmental loans are channelled to borrowers. As can be seen from Table 5, the amount of direct borrowing from public authorities reached nearly DM 5 billion in 1957 against DM 3.6 billion in the year before. As against this the total lending by public authorities to enterprises did not rise so much, from which it may be deduced that the proportion of governmental loans passing through banks was notably smaller than in the previous year.

As already mentioned, the figures given above relate to all enterprises including house-building. No doubt however the conditions as to financing in house-building differ appreciably from those in the sphere of enterprises in the narrower sense, that is with house-building excluded. Thus for example in the case of housing the governmental loans and the monies paid out by building and loan associations are a much more important factor than in that of enterprise in other forms. On the other hand the loans from banks (especially those at short term) and also those from insurance companies for the most part, and the whole of the funds procured through the issue of borrowers' own securities, serve to finance enterprises in the narrower sense. And there can be little doubt that in

¹⁾ Differences from the figures shown in the balance of payments (see the Monthly Report of the Deutsche Bundesbank for May 1958, page 44) are due to the fact that the balance of payments covers the area of the Federal Republic and West Berlin, whereas the foregoing calculation relates to the area of the Federal Republic only. Besides this the balance of payments, unlike the foregoing calculation, is based on "special trade" and not on "general trade" (which also comprises German transactions in goods in bonded warehouses and free ports).

the case of enterprises the proportion of financing out of their own resources is much greater than in the finance of house-building. A rough estimate has led to the conclusion that in 1957 the proportion of undistributed profits to the financing of wealth formation, while it was reckoned as 33 per cent for enterprises including house-building, was probably only about a quarter in house-building but something over 35 per cent in enterprises excluding this latter.

Public Authorities

For the first time in a long period the formation of wealth by public authorities showed no further growth in 1957; indeed at DM 15.5 billion in that year it was smaller than in the previous year by DM 1.8 billion. It was moreover solely the formation of monetary wealth which decreased, while the increase in tangible assets (buildings, real estate and movable material assets) was slightly greater than in the year before.

The decrease in *monetary wealth formation*, from DM 11.8 billion in 1956 to DM 9.8 billion in 1957, primarily resulted from the above-mentioned turn in the Federal Government's cash position. The sight deposits of public authorities consequently declined by more than DM 2 billion, whereas in each of the four preceding years they had risen by between DM 1 and 2 billion. At the same time however the time deposits of public authorities rose somewhat more than before, namely by some DM 1.3 billion. This is remarkable inasmuch as the Social Insurance Institutions' time deposits, which account for a large part of the total time deposits of public authorities, increased by only DM 200 to 300 million in 1957 because of the considerable demands which the increase in social insurance benefits made on their available resources. Evidently however the territorial authorities' time

deposits rose by more than in the preceding years. The other funds which public authorities put into banks at medium and long term, being mostly intended for passing to private borrowers for housing and similar purposes, showed in 1957 an increase of DM 3.1 billion against one of DM 4.3 billion in the previous year. As already mentioned, this was chiefly due to the fact that direct loans were granted on a larger scale for publicly assisted capital projects. They amounted in 1957 to nearly DM 5 billion as against DM 3.6 billion in the year before. On the other hand there was a notable decrease in the amount of securities acquired by public authorities. According to our estimate such authorities' security holdings grew in 1957 by DM 1.0 billion as against DM 1.6 billion in 1956. This again was primarily an effect of the decrease in savings by Social Insurance Institutions; in 1957 the net amount

of securities acquired by them was only about DM 0.5 billion as compared with over DM 0.8 billion in the previous year.

If one treats as a whole that monetary wealth formation by public authorities which consists of an addition to their claims on parties within the country, one finds for 1957 a total of DM 8 billion against DM 11 billion in the previous year. By way of contrast the increase of DM 1.8 billion in claims on foreign countries, West Berlin and the Saar exceeded that in the previous year by about DM 1 billion. The greater part represented advance payments for armament deliveries; on the other hand medium and long-term lendings, such as the Federal Government's provision of credit for the Saar and for international organisations as well as the E.R.P. Special Fund's loans to West Berlin, were only a relatively small element in the total addition.

Table 6: *The Formation of Wealth by Public Authorities and its Financing 1954 to 1957* ¹⁾
in billions of DM

Categories of Wealth Formation and Sources of Finance	Territorial Authorities ²⁾				Social Insurance Funds ³⁾				Public Authorities, total			
	1954	1955	1956	1957	1954	1955	1956	1957	1954	1955	1956	1957
Formation of Wealth												
I. Formation of Tangible Assets ⁴⁾ (net investments)	3.8	4.8	5.4	5.7	0.1	0.1	0.1	0.1	3.9	4.9	5.5	5.7
II. Formation of Monetary Wealth ⁵⁾	7.2	8.1	8.7	7.5	2.7	3.0	3.5	2.8	9.4	10.7	11.8	9.8
(1) at banks	4.8	4.4	4.4	1.2	0.6	1.4	1.5	1.0	5.4	5.7	5.8	2.1
(a) Sight deposits (including notes and coin)	(1.7)	(2.0)	(1.2)	(-2.4)	(-0.3)	(-0.2)	(0.1)	(0.1)	(1.4)	(1.8)	(1.3)	(-2.2)
(b) Time deposits and savings deposits	(0.6)	(-0.5)	(-0.5)	(1.0)	(0.3)	(0.3)	(0.7)	(0.2)	(0.9)	(-0.2)	(0.2)	(1.3)
(c) other monies placed with banks at medium and long term ⁶⁾	(2.4)	(2.8)	(3.6)	(2.5)	(0.6)	(1.3)	(0.7)	(0.6)	(3.0)	(4.1)	(4.3)	(3.1)
(2) Purchase of securities	0.3	0.4	0.7	0.5	0.8	0.7	0.8	0.5	1.1	1.1	1.6	1.0
(3) Increase in direct claims												
(a) on enterprises ⁷⁾	1.6	2.9	2.8	4.0	0.8	0.5	0.8	0.8	2.4	3.5	3.6	4.8
(b) on social insurance funds	—	—	—	—	—	—	—	—	—	—	—	—
(c) on territorial authorities	—	—	—	—	0.5	0.4	0.4	0.5	—	—	—	—
(d) on foreign countries and Berlin (West)	0.5	0.4	0.8	1.8	—	—	—	—	0.5	0.4	0.8	1.8
Total ⁵⁾	11.0	12.9	14.1	13.2	2.8	3.1	3.6	2.9	13.3	15.6	17.3	15.5
Financing of Wealth Formation												
I. Surplus on Current Account	8.8	11.2	12.6	11.9	2.8	3.2	3.6	2.8	11.6	14.3	16.2	14.7
II. Net Transfers of Wealth ⁸⁾	-0.9	-0.2	0.1	-0.6	—	—	—	—	-0.9	-0.2	0.1	-0.6
III. Borrowing ⁹⁾	3.1	2.0	1.4	1.8	0.0	-0.0	0.0	0.1	2.6	1.5	1.0	1.3
(1) from banks	2.4	1.7	1.4	1.5	0.0	-0.0	0.0	0.1	2.4	1.7	1.4	1.6
(a) at long and medium term ⁹⁾	(2.2)	(1.9)	(1.3)	(1.2)	(-0.0)	(0.0)	(0.0)	(0.0)	(2.2)	(1.9)	(1.3)	(1.2)
(b) at short term	(0.2)	(-0.2)	(0.1)	(0.3)	(0.0)	(-0.0)	(-0.0)	(0.0)	(0.2)	(-0.2)	(0.1)	(0.4)
(2) from building and loan associations and insurance companies	0.1	0.1	0.1	0.1	—	—	—	—	0.1	0.1	0.1	0.1
(3) by sale of securities	0.4	0.0	-0.1	0.0	—	—	—	—	0.4	0.0	-0.1	0.0
(4) direct borrowing												
(a) from social insurance funds	0.5	0.4	0.4	0.5	—	—	—	—	—	—	—	—
(b) from territorial authorities	—	—	—	—	—	—	—	—	—	—	—	—
(c) from foreign countries ¹⁰⁾	-0.2	-0.3	-0.3	-0.4	—	—	—	—	-0.2	-0.3	-0.3	-0.4
Total ⁹⁾	11.0	12.9	14.1	13.2	2.8	3.1	3.6	2.9	13.3	15.6	17.3	15.5

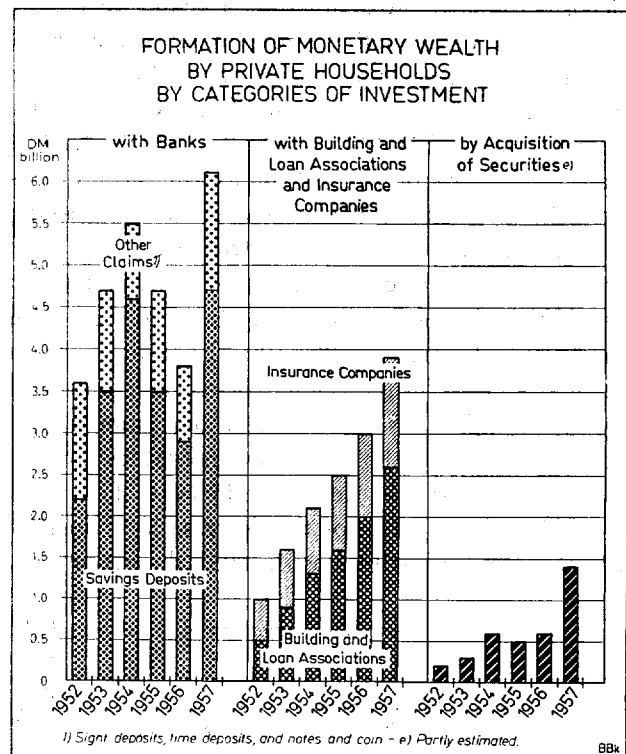
¹⁾ Details may not add to totals because of rounding. — ²⁾ Including Equalisation of Burdens Fund and E.R.P. Special Fund. — ³⁾ Including supplementary insurance. — ⁴⁾ Investment in building, acquisition of movables and purchase of real estate (net). — ⁵⁾ In computing the aggregate figures for all public budgets no account was taken of the credits granted by territorial authorities to social insurance institutions and vice versa. — ⁶⁾ Including monies passed on through banks. — ⁷⁾ The increase in direct claims of territorial authorities on enterprises has been ascertained as residue. — ⁸⁾ Foreign aid granted to the German Federal Republic, legacy duty, and composition payment of equalisation of burdens levies, less indemnification, housing premiums, basic compensation, compensation to holders of "old" savings, and currency conversion compensation to expelled persons. — ⁹⁾ Including covering claims. — ¹⁰⁾ Repayment of foreign debts.

In the same way as in previous years much the greatest part of the *financing* of the public authorities' total wealth formation was effected out of their "saving", that is the surplus of their receipts over their current expenditure. This year again the incurring of debt was still not a substantial factor. It is true that lendings to public authorities grew during 1957 by DM 1.3 billion as against DM 1.0 billion in 1956; but the proportion of wealth formation financed through borrowing still remained somewhat below 10 per cent.

Private Households

Private households' wealth formation, which is here reckoned as comprising only their *formation of monetary wealth* and not of tangible wealth¹⁾, conformed to the trend of private saving during 1957 in showing exceptional growth; at DM 11.3 billion it exceeded the amount for the previous year by more than a half. Contrary to the tendency in past years the banks were somewhat more preferred, for the employment of private savings, to employment in other forms. Thus in 1957 the savings deposits of private households increased by DM 4.7 billion, or by fully 60 per cent more than in the previous year. Private households' other bank deposits and note and coin holdings would also seem to have risen by much more than in 1956. Thus according to our estimate some 54 per cent of the total monetary wealth formation by private households was reflected in the banking system during the year under report as against 51 per cent in 1956. By comparison with the years lying further back, however, the proportion of wealth bestowed in this form re-

¹⁾ In accordance with the principles used in the National Accounts the acquisition of durable consumer goods is regarded not as an increase in wealth but as current consumption; and owing to the statistical difficulties which have already been mentioned (see page 43) the acquiring of owner-occupied homes is counted among the investments of enterprises.



mained relatively low, having been over 60 per cent in 1955 and 75 per cent in 1952. In absolute terms therefore there was considerable further expansion in the employment of money by private households at other financial institutions and in securities. At DM 2.6 billion the in-payments at building and loan associations were greater than in the previous year by DM 0.6 billion; they were twice as great as in 1954, and actually five times as great as in 1952. The formation of savings at the life assurance companies, after having risen by only about DM 100 million in each of the preceding years, also showed a very considerable in-

Table 7: The Formation of Wealth by Private Households and its Financing 1950 to 1957¹⁾

Categories of Monetary Wealth Formation and Sources of Finance	1950	1951	1952	1953	1954	1955	1956	1957	1956	1957
	billions of DM								per cent	
I. Formation of Monetary Wealth										
(1) at banks	1.5	2.0	3.5	4.7	5.5	4.7	3.8	6.1	50.9	53.7
(a) Sight deposits (including notes and coin) ²⁾	(0.5)	(1.1)	(1.3)	(1.1)	(0.9)	(1.2)	(0.9)	(1.3)	(11.9)	(11.8)
(b) Time deposits	(0.0)	(0.0)	(0.1)	(0.1)	(-0.0)	(-0.0)	(0.0)	(0.1)	(0.1)	(0.5)
(c) Savings deposits	(1.0)	(0.9)	(2.2)	(3.5)	(4.6)	(3.5)	(2.9)	(4.7)	(38.9)	(41.5)
(2) at building and loan associations	0.4	0.3	0.5	0.9	1.3	1.6	2.0	2.6	26.9	22.8
(3) at insurance companies	0.4	0.4	0.5	0.7	0.8	0.9	1.0	1.3	13.9	11.1
(4) Purchase of securities	0.0	0.0	0.2	0.3	0.6	0.5	0.6	1.4	8.3	12.4
Total	2.3	2.8	4.7	6.5	8.3	7.7	7.5	11.3	100.0	100.0
II. Financing of Wealth Formation										
(1) Net savings	2.1	2.7	4.5	5.5	6.7	6.7	6.9	10.9	92.9	96.4
(2) Transfers of wealth ³⁾	—	—	0.0	0.7	1.3	0.5	0.4	0.3	4.9	3.1
(3) Borrowing from banks ⁴⁾	0.2	0.1	0.2	0.3	0.3	0.5	0.2	0.1	2.2	0.5
Total	2.3	2.8	4.7	6.5	8.3	7.7	7.5	11.3	100.0	100.0

¹⁾ Details may not add to totals because of rounding. — ²⁾ Estimate. — ³⁾ Compensation to holders of "old" savings, currency conversion compensation to expelled persons, and housing premiums. — ⁴⁾ Instalment credits.

crease in 1957; at DM 1.3 billion it was greater than in the previous year by DM 0.3 billion. Relatively the largest increase, however, took place in monetary wealth formation in the form of acquiring securities. According to our estimate the security holdings of private households increased in 1957 by DM 1.4 billion as compared with DM 0.6 billion in 1956. Thus the acquisition of securities accounted for over 12 per cent of total monetary wealth formation as against 8 per cent in the previous year, and 1 to 2 per cent in the years lying further back. Last year, therefore, saving through securities again became an important form of saving for private households.

In 1957 the financing of private households' monetary wealth formation was based, even more than in previous years, on their own current savings. On the other hand wealth transfers such as compensation to holders of old savings, which some years back (for instance in 1954) had been an important factor in determining the growth of monetary wealth, were not a significant factor in 1957. Similarly the net borrowing by private households at banks, so far as it could be statistically recorded as "consumer credit", further decreased in the year under report; at not quite DM 100 million it no longer appreciably influenced the net asset position of private households.

Growth of Claims on Foreign Countries and West Berlin

The growth of claims on foreign countries (including the Saar) amounted according to the definition used for this calculation to DM 5.5 billion in the year under report, against DM 4.3 billion in 1956 and DM 2.1 billion in 1955¹⁾. In the same way as in the two preceding years by far the greatest part of the total wealth formation in this form consisted of the increase in the gold and exchange holding by DM 5.2 billion. A further increase in claims resulted from commercial and governmental lending to foreign countries, including the net advance payments for armament deliveries. If however one offsets this increase in claims against the simultaneous increase in liabilities, one finds only a relatively small net growth of claims apart from the accrual of gold and foreign exchange.

In relation to West Berlin (including the Soviet-occupied Zone) the Federal Republic showed in 1957, according to our calculation, only a trifling net addition of about DM 100 million to its claims. West Berlin's adverse balance of DM 1.5 billion on that year's transactions in goods and services with the Federal Republic was largely offset by a net surplus of

¹⁾ More detailed figures will be found in "The Balance of Payments in 1957" (see the Monthly Report of the Deutsche Bundesbank for May 1958, page 33 and following pages). As to differences, due to working methods, from the overall results published there see the footnote on page 48 of the present Report.

Table 8: Net Increase in the German Federal Republic's Claims on Foreign Countries ¹⁾ in billions of DM

	1954	1955	1956	1957
I. Net balance on goods and services	3.9	2.9	5.3	6.8
II. Net income and wealth transfers to foreign countries	0.4	0.7	0.9	1.3
III. Net increase in claims on foreign countries (I less II) of which:	3.4	2.1	4.3	5.5
(1) Claims of banks including: Gold and foreign exchange holding	2.4	1.8	4.3	5.1
(2) Statistically ascertained direct claims of domestic sectors ²⁾	0.8	0.6	0.8	1.9
(3) Other claims ³⁾	0.2	-0.2	-0.7	-1.5

¹⁾ Details may not add to totals because of rounding. — ²⁾ Balance of statistically ascertained capital movements; also including increase in advance payments for armament imports. — ³⁾ Ascertained as residue. Including change in terms of payment and errors in statistical ascertainment.

DM 1.4 billion on income and wealth transfers. Accordingly the credit transactions in both directions between the Federal Republic and West Berlin would seem to have been approximately equal. It is true that in 1957 substantial amounts of public monies (especially from the E.R.P. Special Fund) were again sent as loans to West Berlin, while a good deal of securities of West Berlin issuers were placed in the area of the Federal Republic; but at the same time there was an increase in the claims of West Berlin banks and commercial suppliers on this area.

Table 9: Net Increase in the German Federal Republic's Claims on Berlin (West) and the Soviet-occupied Zone ¹⁾ in billions of DM

	1954	1955	1956	1957
I. Net balance of goods and services	1.5	1.4	1.3	1.5
II. Net income and wealth transfers to Berlin (West) ²⁾	1.2	1.3	1.4	1.4
III. Net increase in claims on or liabilities to Berlin (West) and Soviet-occupied Zone (I less II) of which:	0.3	0.0	-0.1	0.1
(1) Direct claims of public authorities	0.2	0.3	0.3	0.3
(2) Liabilities of West German banks	-0.0	-0.1	-0.2	-0.2
(3) Acquisition of securities of West-Berlin issuers	0.1	0.2	0.2	0.2
(4) Other claims or liabilities ³⁾	0.0	-0.4	-0.4	-0.2

¹⁾ Details may not add to totals because of rounding. — ²⁾ Excess of the Federal Government's expenditure on Berlin (West) over Federal receipts from Berlin (West), common-burden procedure of Pension Insurance Institutions, grants of Unemployment Insurance Fund, etc. — ³⁾ Ascertained as residue. Including net lendings among enterprises in the area of the Federal Republic and in Berlin (West), including errors in statistical ascertainment.

Capital Formation and Investment Policy in Individual Insurance

Studies of the supply of funds to the economy for long-term financing purposes are often confined to describing the formation and use of monetary capital in the banking system and on the securities market because statistics are most easily available in these categories. Among the public the fact is therefore frequently overlooked that a large part of monetary capital formation takes place, outside the banking system and the securities market, at other private and public institutional investors such as Social Insurance Institutions, insurance companies or building and loan associations. By way of supplement to our monthly reporting as to the accrual of medium and long-term funds for financing purposes at banks and on the securities market, and as to the granting of medium and long-term loans through these channels, we accordingly propose in the present study to describe the importance as collectors of capital and as investors and lenders during recent years of the enterprises engaging in individual insurance¹⁾. In doing so we base ourselves on the figures published by the Federal Supervisory Office for Insurance Companies and Building and Loan Associations (known as the BAV) regarding the business results and investments of all insurance enterprises subject to supervision — these comprise not only the private enterprises (including, as regards their German business, the foreign enterprises operating in the Federal Republic) but also the public-law insurance institutions engaging in individual insurance — as well as on the BAV's quarterly partial statistics for the investments of the major insurance enterprises.

Continuous Capital Formation

The extent of capital formation at insurance enterprises can be best measured by the growth of their investments. In 1955 and 1956, for which years the BAV has also published figures for the investments of pension funds and of the numerous small burial funds, the addition to investments at all the insurance enterprises covered by the statistics and subject to supervision (numbering 8,526) amounted to DM 3.2 billion (see Table 1). This approximately corresponds to 80 per cent of the total in-payments of contributions towards saving and debt redemption plus the amounts

¹⁾ The category of individual insurance — as distinct from the collective and obligatory social insurance — comprises all the private insurance enterprises and in addition the public-law insurance institutions, which in some cases compete with the private enterprises (for instance in life assurance), or which conduct their activity on the basis of a locally limited insurance monopoly (for instance in the insurance of buildings against fire).

credited as housing premiums at the building and loan associations (namely DM 4.1 billion), or to not quite half the addition of DM 7 billion to savings deposits in the two years in question. The importance of insurance business as a reservoir for the accumulation of capital by comparison with the other financial systems (outside the banking system) feeding the capital market becomes even more clearly visible if one takes as a basis the figures of the National Accounts for the formation of wealth according to sectors¹⁾. According to these figures during the eight years from the beginning of 1950 to the end of 1957 DM 8.4 billion or 24 per cent of all the monetary wealth formed in the three major financial systems outside the banking system accrued at insurance enterprises, while the building and loan associations had a share of 29 per cent and the securities market one of 47 per cent.

¹⁾ See "Wealth Formation and its Financing" in the Monthly Report of the Deutsche Bundesbank for November 1957, page 49 and following pages, and in this number, page 42. — Due to different regional and material delimitation these figures are not however immediately comparable with the net addition to wealth according to the following tables.

Table 1: Amount and Growth of Investments of All Insurance Enterprises Subject to Supervision

Types of Investment and Branches of Insurance	Amount at end of				Net Addition in 1955 and 1956	
	1954		1956		DM mn	p. c.
	DM mn	p. c.	DM mn	p. c.		
A. By Types of Investment:						
Real estate	1,020	9.2	1,486	10.4	466	14.5
Mortgage loans ¹⁾	1,586	14.3	2,268	15.8	682	21.3
Loans against borrowers' notes and otherwise	1,741	15.7	2,768	19.4	1,027	32.0
Securities	1,284	11.6	2,050	14.3	766	23.9
Loans against policies	174	1.6	225	1.6	51	1.6
Participations	80	0.7	173	1.2	93	2.9
Equalisation claims	4,492	40.5	4,419	30.9	— 74	— 2.3
Other investments	717	6.4	913	6.4	196	6.1
Total investments	11,094	100.0	14,302	100.0	3,208	100.0
B. By Branches of Insurance:						
Life assurance	5,790	52.2	7,794	54.5	2,004	62.5
Pension and burial funds	2,704	24.4	3,188	22.3	484	15.1
Sickness insurance	441	4.0	493	3.4	52	1.6
Indemnity and accident insurance	1,656	14.9	2,168	15.2	512	15.9
Reinsurance	503	4.5	659	4.6	156	4.9
All branches of insurance	11,094	100.0	14,302	100.0	3,208	100.0

¹⁾ Including land charges in annuity and other forms. — Source: Federal Supervisory Office for Insurance Companies and Building and Loan Associations (known as BAV); number of reporting enterprises 8,565 in 1954, 8,526 in 1956.

Apart from its magnitude the formation of capital in insurance is of special significance from the point of view of capital-market policy because it goes on very evenly. By far the greater part of the insurance premiums are in fact paid on the basis of long-term contractual engagements; an element of decisive importance here is the life assurance contracts, which as a rule not only afford insurance protection against the risk of death but also represent an arrangement by which private households incur definitely long-term obligations to save for special purposes. It is true that the greater part of insurance premiums — in 1956 indeed 64 per cent of the total premium receipts, amounting to about DM 5.5 billion, of all the enterprises subject to supervision — are paid in respect of contracts concluded, outside life assurance, in the many branches of indemnity and accident insurance. But even out of these premium receipts, after deduction of payments on account of events insured against and of other out-payments, a substantial part accumulates at property insurance and reinsurance enterprises in their actuarial and other reserves, and so in one form or another is added to the supply of capital to the economy. It has already been mentioned that out of the 1955 and 1956 premium incomes amounting altogether to DM 10.5 billion — no more recent overall figures for all enterprises subject to supervision are available — DM 3.2 billion appeared as net addition to the investments of insurance enterprises. At the life assurance enterprises alone just under two-thirds of these capital funds accumulated, and at pension and burial funds a further 15 per cent (see Table 1). Thus about 75 per cent of the investable capital funds which accrued during 1955 and 1956 at all insurance enterprises were formed in the sphere of "saving through insurance"; the manifold branches of indemnity and accident insurance had on the other hand a share of only 16 per cent, and reinsurance one of 5 per cent, in this capital formation.

Rise of "Saving through Insurance"

The decisive factor in causing the great productivity of insurance as a source of capital recently has therefore been the favourable course of *life assurance business*. In the years since Currency Reform the total amount of "saving through insurance" has steadily increased from year to year, as can be seen from Table 2. Last year the premium incomes in respect of life assurance contracts exceeded DM 2 billion, being thus more than two and a half times as great as in 1950. At the same time the evenness in the growth of premium incomes is noteworthy, since in nearly all

Table 2:
Course of Life Assurance Business ¹⁾
in millions of DM

Year	Premium income	Out-payments under assurances ²⁾	Addition to investments ⁴⁾	Change in total policies outstanding ³⁾
1948/49 ²⁾	1,113	359	404	— 982
1950	794	278	352	+ 1,329
1951	924	293	443	+ 2,720
1952	1,061	302	532	+ 3,157
1953	1,242	349	770	+ 3,350
1954	1,414	420	893	+ 3,861
1955	1,581	458	961	+ 4,406
1956	1,763	531	1,058	+ 4,989
1957	2,059	609	1,290	+ 6,757

¹⁾ Figures up to 1952 for the Federal Republic, from 1953 for the Federal Republic and West Berlin. — ²⁾ From 21 June 1948 to 31 December 1949. — ³⁾ Payments in respect of events insured against and repurchase of contracts. — ⁴⁾ Excluding Equalisation Claims. — ⁵⁾ Net increase or decrease in total amounts insured. — Source: Federal Supervisory Office for Insurance Companies and Building and Loan Associations.

the years other than 1955 and 1956 the rate of growth by comparison with the previous year remained between 14 and 17 per cent. The basis for this continuous increase in the premiums was the vigorous rise of new life-assurance business, in consequence of which the total of policies outstanding has grown continuously since 1950, whereas during the early years after the war large decreases in that total (due to abandonment, to non-continuance, and to repurchase of contracts in connection with the Currency Reform and the ensuing tightness of money) had exceeded the gross addition of newly concluded contracts or had at least greatly reduced the net addition. Thus at a total of DM 7.3 billion assured the gross addition to capital-sum life assurances in 1956 was already roughly twice the 1950 gross addition. In 1957 the addition showed a further vigorous rise to DM 9.6 billion, largely because people in certain income groups were able to conclude life-assurance contracts in such a way as to gain exemption from obligatory social insurance. With total life assurance contracts outstanding at DM 44.5 billion the annual rate of capital formation rose in 1957 to DM 1.29 billion, against DM 0.35 billion in 1950. Despite the notable size of this figure however the amount saved by way of insurance last year accounted for only 11.5 per cent of the total saving by private households. That is a quite modest proportion, especially if one compares with it the ratios in the Anglo-Saxon countries or in Switzerland, where saving through insurance occupies a very much larger place among the various forms of private saving. Since however as already mentioned these are very long-term saving movements, which cannot be prematurely broken off without loss of amounts previously saved, these insurance monies would seem likely to flow fairly steadily even in times of less propensity to save, and

therefore to form a particularly valuable contribution towards the supply of capital to the economy.

Changes in Investment Policy

The amounts of monetary capital which have accumulated at insurance enterprises since the Currency Reform have either been employed in the capital market and so made again available to the economy, for instance through the granting of loans and the acquiring of securities, or have been invested in productive material assets such as real estate and participations. At the same time there have been notable shifts of weight in the distribution of capital resources as between the various forms of investment, these shifts — apart from the direct effects of the currency conversion — having been largely due to the special financing requirements and capital-market conditions during the reconstruction period after 1948. Accordingly the structure of the total investments of insurance enterprises has considerably changed, as can be seen from Table 3, by comparison not only with the first years after 1948 but also more particularly with the period before the war.

A particularly striking feature since the war in the asset-structure of the insurance enterprises covered by the table is the large amount of over DM 2 billion of *Equalisation Claims*, which as will be remembered were

created in consequence of the currency conversion, and in practice took the place of the large holdings of Reich securities which were not converted. While at the outset these Equalisation Claims — bearing as a rule only 3 1/2 % interest — represented up to 80 per cent of all the assets left after conversion of the balance sheets, their importance has since greatly declined owing to the addition of extensive fresh investments, and their proportion to the total has fallen from 60 per cent at the end of 1950 to 20 per cent at the end of 1957. Apart from this special movement the great increase in the importance of *loans against borrowers' notes and otherwise* among the insurance enterprises' investments may perhaps be described as the most important structural change in recent years. These loans, which before the war had reached only relatively modest orders of magnitude, at a total of DM 3.3 billion at the end of last year for the enterprises covered by the statistics formed the largest of all the categories of investment. Both at 27 per cent for all the enterprises covered and at 31.5 per cent for the life assurance enterprises alone the proportion of the loans against borrowers' notes and otherwise (excluding loans granted to insured parties against policies) to the total investments far exceeded the proportions for all other types of investment; on the average for all

Table 3: Investments of the Major Insurance Enterprises¹⁾

Total at end of year	Total investments	Real estate	Claims in respect of mortgages and land charges	Loans against borrowers' notes and otherwise	Securities	Loans against securities	Loans against policies	Participations	Other investments ²⁾	Equalisation claims
Enterprises conducting Life Assurance, Indemnity and Accident Insurance and Reinsurance in millions of RM or DM										
1928	2,676	299	1,383	173	490	11	93	173	54	—
1937	8,017	702	3,210	933	2,347	13	508	182	122	—
1950	3,549	342	418	380	191	—	39	32	—	2,147
1957	12,233	1,466	2,327	3,305	2,208	—	258	272	—	2,397
in per cent of total investments										
1928	100.0	11.2	51.7	6.5	18.3	0.4	3.4	6.5	2.0	—
1937	100.0	8.8	40.0	11.6	29.3	0.2	6.3	2.3	1.5	—
1950	100.0	9.6	11.8	10.7	5.4	—	1.1	0.9	—	60.5
1957	100.0	12.0	19.0	27.0	18.1	—	2.1	2.2	—	19.6
including: Life Assurance Enterprises ²⁾ in millions of RM or DM										
1928	1,793	111	1,239	96	243	—	83	—	21	—
1937	6,358	462	2,919	698	1,708	8	491	36	36	—
1950	2,667	207	385	312	118	—	39	3	—	1,605
1957	9,063	907	2,166	2,851	970	—	246	63	—	1,860
in per cent of total investments										
1928	100.0	6.2	69.1	5.3	13.5	—	4.6	—	1.3	—
1937	100.0	7.2	45.9	11.0	26.9	0.1	7.7	0.6	0.6	—
1950	100.0	7.7	14.4	11.7	4.4	—	1.5	0.1	—	60.2
1957	100.0	10.0	23.9	31.5	10.7	—	2.7	0.7	—	20.5

¹⁾ Excluding the investments of the private sickness, hail and livestock insurance enterprises, but including those of public-law life assurance and fire insurance institutions; figures for 1928 and 1937 have been compiled according to data of the Reich Supervisory Office for Private Insurance and those in the Statistical Yearbooks, for 1950 and 1957 according to corresponding data of the Federal Supervisory Office for Insurance Companies and Building and Loan Associations. — ²⁾ Figures for 1928 and 1937 do not include German investments of foreign enterprises; some relatively large pension funds are included in 1928 and 1937, but not in 1950 and 1957. — ³⁾ Partly including the participations not shown separately.

branches of insurance at the end of 1957 the loans against borrowers' notes had attained a proportion to the total four times as great as in the pre-war year 1928, and in life assurance a proportion actually six times as great as then. Thus *mortgage loans*, the form of lending which was formerly regarded as traditional in insurance and which in 1928 had on the average accounted for 69 per cent of the total investments of life assurance companies, and before the first world war for as much as more than 80 per cent, have been considerably displaced and indeed largely replaced by loans against borrowers' notes. From their once dominating position in life assurance the mortgage lendings, including lendings on land charges in annuity and other forms, have dropped to a proportion of less than a quarter. At a total of DM 2.3 billion (against RM 3.2 billion at the end of 1937) the mortgage loan holdings of all the enterprises covered were not much greater than their *security holdings* of DM 2.2 billion; these latter have increased more than tenfold since 1950 — a further remarkable change in the investment structure. At 18 per cent at the end of last year the proportion of securities to total investments on the average of all branches had however only just reattained its 1928 level.

New Investments in the Years 1951 bis 1957

The capacity of the insurance enterprises to lend and invest becomes particularly clear when one takes as a basis, not as hitherto the net changes in investments, but the gross additions to them as recorded by the quarterly statistics of the Federal Supervisory Office for the major enterprises engaging in life, indemnity and accident insurance and reinsurance, and holding three-quarters of the total assets of all the enterprises subject to supervision. During the last seven years since the end of 1950 the new investments of these insurance enterprises have reached a gross total of DM 11.5 billion, of which DM 8 billion came from life assurance; last year alone these enterprises freshly invested DM 2.5 billion, including DM 2.2 billion in lendings and securities (see Table 4). In detail however differing principles apply to the investment policy in life assurance and in the other branches of insurance, because the requirements as to liquidity of the investments differ greatly. In life assurance the reserves to be formed almost entirely represent savings capital, which can be employed at long term, especially since the requirement of finance for the purpose of meeting out-payments under assurances can be ascertained with fair accuracy in advance; on the other hand, in indemnity and accident insurance and

in reinsurance a large part of the reserves has to be employed in liquid form, or in some form in which they are easily realisable, so as to stand the fluctuations — which vary from branch to branch — in the occurrence of losses. That is why in life assurance the less liquid loans predominate, while in property insurance it is securities which can be more easily rendered liquid that do so.

Loans against Borrowers' Notes Prominent

In view of these differing requirements as to liquidity it is especially noteworthy that in both groups of insurance enterprises the loans against borrowers' notes form an important element in the investment of assets. This applied at least to the years 1951 and 1952, when even among property insurance enterprises the amounts newly put into the form of loans against borrowers' notes were greater than those newly employed in any other category of asset, and in fact were well in the lead with 37 and 45 per cent respectively of the gross addition to investments. Although in the succeeding years the main emphasis in investment passed clearly to the acquisition of securities, fresh investment in loans against borrowers' notes still continued of late to represent a share of 21 to 27 per cent; thus even in these branches of insurance such loans remained the most important form of investment after securities. In life assurance the additions to loans against borrowers' notes have since 1952 continuously exceeded those to mortgage loans, which up till then had held first place; at 47 per cent of the gross addition to investments they reached a peak at the end of 1954. While during recent years the amounts which life assurance enterprises have put into borrowers' notes against ad rem security have continued to increase, they have done so more slowly than total investments, so that the proportion of such lendings has slightly declined to 41 per cent. Thus the loan against borrowers' note not only remains a central object of investment activity in life assurance, but is also clearly the most important form for the granting of direct loans by insurance enterprises as a whole, since in the period from 1951 to 1957 a total of DM 4.37 billion — or more than 60 per cent of all direct loans made — were granted in that form by all the enterprises rendering quarterly returns.

The reason why loans against borrowers' notes have won so outstanding a place among investments, especially in life assurance, is that they have taken on a completely new function as a vehicle for the financing of private-enterprise industry. Whereas before the war such loans served almost solely for the granting

Table 4: Gross Addition to Investments of the Major Insurance Enterprises

Year	Total addition to investments ¹⁾	including				
		Real estate	Mortgage loans, etc.	Loans against borrowers' notes ²⁾	Securities	Loans against policies
at Life Assurance Enterprises in millions of DM						
1951	535	62	203	156	65	49
1952	678	61	210	262	83	60
1953	990	76	248	460	148	55
1954	1,266	93	295	595	216	51
1955	1,358	129	315	607	246	49
1956	1,488	162	379	661	210	60
1957	1,763	142	463	722	353	68
in per cent of total addition to investments ¹⁾						
1951	100.0	11.5	38.0	29.2	12.1	9.2
1954	100.0	7.3	23.3	47.0	17.1	4.0
1956	100.0	10.9	25.5	44.4	14.1	4.0
1957	100.0	8.0	26.2	41.0	20.0	3.9
at Indemnity and Accident Insurance and Reinsurance Enterprises in millions of DM						
1951	204	37	20	76	69	0
1952	314	43	33	141	92	0
1953	423	57	34	120	200	2
1954	600	88	31	128	333	1
1955	509	84	33	106	263	2
1956	594	76	38	162	261	4
1957	799	80	36	179	422	6
in per cent of total addition to investments ¹⁾						
1951	100.0	18.1	9.6	37.2	33.8	0.0
1954	100.0	14.7	5.2	21.4	55.5	0.2
1956	100.0	12.9	6.4	27.3	44.0	0.7
1957	100.0	10.0	4.5	22.4	52.8	0.8

¹⁾ Excluding the addition to Equalisation Claims. — ²⁾ Including other loans, but excluding loans against policies. — Source: Quarterly Investment Statistics of the BAV, for which 95 life assurance enterprises, 111 property insurance enterprises and 32 reinsurance enterprises rendered returns in 1957.

of credit to public authorities, during the years since 1950 they have from the outset gone mainly to industry, in some cases with a certain inevitability conditioned by the facts of the post-war and reconstruction years. For a long while there was no efficient capital market, so that industrial enterprises had to procure their funds for capital expenditure by way of taking relatively small individual loans. Insurers were in this connection the less able to resist the desires of industry for credit because frequently the enterprises seeking loans were important customers of the insurance companies concerned. At the end of 1957, out of the total (DM 3.3 billion) of loans granted by the larger life assurance and property insurance enterprises against borrowers' notes, DM 1.4 billion or 42 per cent represented loans to industry alone. Public authorities, which before the war had been practically the only recipients of such loans, at the end of 1957 had a share of only DM 616 million or 19 per cent in the total outstanding; even if one adds claims of DM 276 million which were outstanding on borrowers' notes of legally independent public utility

and transport enterprises as well as other similar enterprises owned by public authorities, the share taken by such authorities becomes only DM 892 million or 27 per cent of the total. The third important group of recipients of loans against borrowers' notes comprises the credit institutions, with a share of DM 516 million or 16 per cent of the total. In addition the banks, which financed their long-term lending business by taking such loans en bloc, also received loans of this kind for the finance of housebuilding in the same way as the other groups of borrowers did; at the end of 1957 claims in this form on all the groups of borrowers together amounted to DM 360 million, or 11 per cent of the outstanding total of loans against borrowers' notes.

If one breaks down the total amount of such loans put out by life assurance companies in the years 1951 to 1957 according to the object of the transaction, the importance of these insurance monies for the financing of industries becomes even clearer. Half of the loans granted in this form, namely DM 1.74 billion out of the total of DM 3.46 billion, served to finance capital expenditure in industry, trade and the crafts; and large enterprises in the mining, ironworking, steel construction, chemical, electrical engineering, gas, water and electricity supply industries were the most prominent takers. The DM 661 million, or 19 per cent of such new loans, which were altogether granted to banks against borrowers' notes during that period, if funds for housing purposes are excluded, have not been broken down according to their purposes; but they too would seem to have mainly served for financing capital projects of private enterprise. DM 376 million, or 11 per cent, out of the loans granted by life assurance enterprises went to finance house-building; and DM 240 million or 7 per cent were used to finance transport and communications enterprises as well as public utilities.

The loan against borrower's note however owes its widespread use by insurance enterprises largely to its special qualities as a credit instrument, since these have met the needs of borrowers and more particularly of lenders since the war. With these loans, the amounts of which range between say DM 300,000 and DM 10 million, the terms as to maturity, rate for payment to the borrower and repayment dates can be entirely adjusted to the needs of the financing project and to the individual requirements of the parties to the contract. In addition, this form of investment has certain qualities which are prized by insurance enterprises. Roughly 95 per cent of the total loans in this category run for more than 4 years, most of them for between

7 and 13 years, and as a rule they are currently redeemed after only 2 to 4 redemption-free years; thus, unlike mortgage loans, they represent a relatively liquid investment. Despite this the loans against borrowers' notes yield a high rate of interest, and moreover — unlike securities — they entail no risk on the price. The rates of interest allowed on such loans mostly lie between 7 per cent and 8 per cent, although for a time in the summer of 1955 the rate dropped to 6 1/2 0/0; on the other hand during the years of strain on the capital market in 1956 and 1957 frequently rates of 8 1/2 0/0 and in isolated cases even higher were agreed, so that with between 96 and 98 per cent paid to the borrower the effective yields obtained were as a rule between 7 1/2 0/0 and 8 1/2 0/0, and in some cases up to 9 1/2 0/0. It was just these high interest returns that largely accounted for the preference shown for this investment, since the insurance enterprises tried in this way to obtain some compensation for the lowness of the return on their 3 1/2 0/0 Equalisation Claims.

Reversal of the Trends

The causes of the rapid advance of the loan against borrower's note to be the dominating form of investment for insurance monies lay largely, as already indicated, in the stagnation of the securities market. When therefore activity in the bond market increased as a result of the Capital Market Encouragement Law in 1953 and 1954, this was accompanied in property insurance by a decrease of lending against borrowers' notes in favour of investment in securities. In life assurance too the proportion of such loans to current fresh investments declined as already mentioned from 47 per cent in 1954 to 41 per cent in 1957, while that of security purchases rose from 17 per cent — and from only 14 per cent in 1956 — to 20 per cent. At the same time the absolute amount of new loans granted against notes to private industrial enterprises declined last year for the first time since the war, namely from DM 338 million in 1956 to DM 265 million in 1957, while on the other hand the amount of lending to public authorities and also to credit institutions showed a larger increase. Thus in connection with the brisk activity in security issuing by industry last year a certain correction of the previous trends began, not only inasmuch as borrowers reverted more to the traditional methods of procuring capital through the securities market, but also in respect of the investment policy of insurance enterprises, which have again been attaching more value to the advantages of bonds since issues bearing high rates of interest and subject to normal taxation have appeared.

This reversal of the previous trends is altogether to be welcomed, since its effect is again to channel through the capital market in the narrower sense a part of the capital funds which were previously by-passing the securities market and going into direct loans to industry; this will help not only to strengthen the capital market and to improve its perspicuity as regards the facts of supply, demand and interest rate formation but also to avoid certain disadvantages of loans against borrowers' notes, such as concentration of the loan proceeds in a relatively narrow circle of large enterprises and the increasing of the risk for creditors in respect of large individual loans. From another point of view however the loan against borrower's note is likely to remain in the future also an important instrument for financing capital expenditure in the private sector of the economy, especially where relatively large enterprises of the highest standing require fairly small loans of under DM 5 million to DM 10 million running for only 5 to 10 years, since in such cases the incidental costs of bond issues, which are designed for wide publicity, are after all of greater weight than a somewhat higher rate of current interest. Up to a point therefore the penetration of the loan against borrower's note into industrial financing, and its increased use as an investment by insurance enterprises, represents a structural change in the capital market which may well prove to be lasting.

Investment in Securities Gaining Ground

The counter-movement corresponding to the recent decrease in the granting of loans against borrowers' notes is, as has been more than once indicated, the advance of securities to prominence among the investments of insurance enterprises. During the first years after 1948 the amount of security buying by insurance enterprises remained relatively small, since the quite under-developed capital market could hardly offer them any attractive securities, and because there was no broad market which would have permitted them in case of need to sell major amounts of securities. In life assurance therefore the buying of securities remained until 1952 within narrow limits of 10 to 12 per cent of the fresh investments; and even in property insurance, where securities as the most liquid of long-term investments are traditionally an important element, they accounted for only about a third of the amounts of capital freshly invested. It was the brisk activity in the issuing and placing of bonds in the market after promulgation of the Capital Market Encouragement Law which first led the insurance enterprises in 1953 and 1954 to increase their buying of

securities. Especially in the case of property insurers the acquiring of securities assumed greater proportions, amounting for some of them to more than half of their total fresh investments. On the other hand life assurance enterprises increased only moderately the proportion of securities to their fresh investments. Apart from the differing requirements as to liquidity in the two groups this difference in the reaction to the new bond-market situation is due to the fact that property insurers are subject to the full tax on earnings, and that in their case the exemption of interest on securities from tax produces its full effect. Life assurance enterprises on the other hand are in any case required to pay a tax of only 5 per cent on their profits, so that they are less interested in exemption of the interest from tax than in the level of the nominal interest rate. For life assurers it was not really until last year that investment in securities again became attractive, when normally taxed bonds of public authorities bearing high interest, and also 7½% mortgage bonds, came on to the market. This caused them in 1957 to increase their security buying by about 70 per cent as compared with 1956, so that they put into the securities market roughly a fifth of their funds available for investment.

Of late therefore, under the influence of the return towards normal conditions in the securities market, securities have again achieved a respectable position among the various forms of investment in the insurance sphere too, and especially in indemnity and accident insurance. Even in life assurance the amount of security buying in proportion to total fresh investment was about as great as in 1927 and 1931 when at 19 and 21 per cent respectively of the net addition to investments the net growth of security holdings in private life assurance had reached its highest levels during the period before 1933. It is true that in the subsequent years the purchases of securities, and especially of Reich bonds, had increased more and more under the influence of the work creation schemes and afterwards of governmental direction of capital; during the war years at first two-thirds, and in the end more than 75 per cent, of the available capital funds had to be put into Reich bonds. Apart from these exceptional conditions in the years from 1933 to the end of the war, which conditions can certainly not serve as a model for the investment policy of insurance enterprises, the present security purchases of life assurers are for German conditions again quite substantial — before the first world war only about 5 per cent of the investments of life assurance companies were in securities. But in view of the fact that even now the security holdings are still relatively low, there would

Table 5: Acquisition of Securities by Insurance Enterprises in millions of DM

Year	Total fresh acquisition ¹⁾	Public loans	Mortgage and communal bonds	Industrial bonds	Other securities incl. shares	Reichs-mark securities
Life Assurance Enterprises						
1951	65	23	24	4	1	13
1952	83	18	26	12	9	18
1953	148	15	70	35	10	18
1954	216	31	77	37	62	9
1955	246	20	112	30	82	2
1956	210	20	82	45	62	1
1957	353	43	148	74	88	0
Indemnity, Accident and Reinsurance Enterprises						
1951	69	20	8	3	8	30
1952	92	24	21	7	16	24
1953	200	43	79	51	16	12
1954	333	49	154	64	59	7
1955	263	32	98	29	101	3
1956	261	42	74	33	110	2
1957	422	113	135	52	118	3
Total ¹⁾						
1951	134	43	32	7	9	43
1952	175	42	47	19	25	42
1953	349	58	149	86	26	30
1954	549	80	231	101	121	16
1955	509	52	210	59	183	5
1956	471	62	156	78	172	3
1957	774	156	283	126	206	3

¹⁾ Details may not add to totals because of rounding. — Source: Quarterly Investment Statistics of the BAV, for which 95 life assurance enterprises, 111 property insurance enterprises and 32 reinsurance enterprises rendered returns in 1957.

seem to remain a very considerable margin for a large increase of investment in securities, a process which would be to the advantage not only of the securities market but also to that of the insurance enterprises themselves. In this connection it is by no means necessary to go so far as in the Anglo-Saxon countries, where investments in securities are traditionally of large amount in the case of insurance enterprises; at the end of 1956 for instance in the United Kingdom 69 per cent of the total investments of 44 major life assurance companies were in securities.

Investment in Shares also

Notable differences by comparison with the period before the war are also apparent in the composition of insurance enterprises' security holdings. Whereas then much the greater part of such holdings was in Government securities, during recent years only about 10 to 20 per cent of the securities newly acquired have come from loans issued by public authorities (see Table 5) — although in this connection it should be remembered that the issue of Government loans has remained comparatively small since the war. A considerably greater share went into mortgage and communal bonds, which are also generally approved for investment purposes and which almost continuously formed the largest individual item among the newly

added securities. The most striking feature in the breakdown of the new acquisitions is however the relatively large proportion of industrial bonds and shares. Before the war the acquisition of such paper for investment was permitted on a limited scale only for a time between 1923 and 1931, but scarcely became significant. During the years since 1954 on the other hand nearly a half of the current addition to securities in all branches of insurance covered by the statistics has gone into such industrial securities. And it was especially during the last four years that the enterprises have again made substantial use of the permission, again accorded since 1952, to acquire shares. At times, for instance in 1955 and 1956 when purchases of bonds were limited, the property insurers' new acquisitions of "Other Securities including Shares" — this group mainly comprises shares — actually exceeded the addition to any other category of securities. During each of the last three years the purchases of "Other Securities including Shares" even in the case of life assurance enterprises were greater than those of Government securities, once the traditional form of investment for insurance enterprises. This typifies a certain change in investment policy, which some of the insurance enterprises themselves — evidently following the example of foreign insurers — explain by the desire to have a higher proportion of "material-value assets" among their total investments.

More Real Estate Holdings

It would however be a mistake to attach too much importance to this consideration, and to treat it as mainly accounting for the fact that nowadays a larger part of the investments in all branches of insurance than before the war consists of real estate. The relatively large size of the capital funds newly invested in real estate — amounting among property insurers to 10–18 per cent and among life assurers to 7–12 per cent of the gross addition to assets — was in the first place due to the need to erect enough large new administrative buildings (in place of those destroyed during the war) to handle their rapidly growing new business. Besides this, correspondingly large sums were spent on the reconstruction or new construction of dwelling-houses for the enterprises' own employees, and on the erecting of apartment houses for the general promotion of housing. In other respects the proportion of fresh investments going into real property tends to fall; in life assurance indeed the absolute amount of additions to real estate last year showed a decline, partly no doubt owing to the high costs of building.

Mortgage Loans mainly for House-Building

The contribution by insurance enterprises to finance house-building however comprises not only their own capital expenditure on new construction and the previously mentioned en bloc loans against borrowers' notes and purchases of mortgage bonds, but also the granting of mortgage loans. During the early years after Currency Reform this traditional form of direct lending by life assurers at first grew quite vigorously in view of the large demand for first-mortgage building loans, more especially since the life assurance enterprises in 1950 undertook each year to put roughly a half of their newly investable covering resources into financing house construction in various forms. From 1952 onwards however the granting in the life assurance sphere of mortgage loans, of which for a time more than 90 per cent went into financing house construction, fell short of the amount of loans newly granted against borrowers' notes. During recent years investment in mortgage loans has tended to increase again, having finally reached a proportion of 26 per cent to the total fresh investments as against only 23 per cent in 1954 (see Table 4). There is moreover no doubt that it was the increased demand from insured parties for loans for building purposes during the period of tightness in the capital market that caused this change in investment policy. That change however probably does not portend any return to former investment habits such as the return now observable in the case of securities, especially since the demand for mortgage loans has of late again become smaller. In property insurance, where during the first years after 1948 the mortgage lendings for a time had attained the substantial proportion of nearly 10 per cent of fresh investments owing to the shortage of mortgage loans at that time, the amounts newly lent in this way have already fallen in 1957 below the previous year's level, or to a proportion of under 5 per cent.

The third form of direct lending which is usual in life assurance and to some extent also in accident insurance, namely *loans and advance payments against insurance policies*, has so far been of only moderate importance since the war. Although the amounts so lent last year showed a rise, they amounted to only just on 4 per cent of the total fresh investments. In 1929 and 1933 on the other hand lendings against insurance policies had accounted for 7 per cent in each case, and in the two following years for as much as 14.5 and 21 per cent respectively, of the annual net addition to assets in private life assurance.

Section 1: Introduction

The first part of the document discusses the overall structure and objectives of the project. It outlines the main goals and the scope of the work to be completed. The text is dense with technical details and specific instructions regarding the project's timeline and resource allocation. It covers the initial phases, including data collection, analysis, and the development of the core components. The author emphasizes the importance of maintaining accurate records and ensuring that all team members are fully informed of their roles and responsibilities.

In the second part, the focus shifts to the implementation phase. This section details the various steps involved in setting up the system, including hardware configuration, software installation, and network setup. It provides a step-by-step guide for the user, ensuring that they can follow the instructions accurately. The text also includes troubleshooting tips for common issues that may arise during the installation process. The author concludes this section by summarizing the key points and providing contact information for further assistance.

The third part of the document describes the testing and validation process. It details the various tests conducted to ensure the reliability and accuracy of the system. This includes performance testing, stress testing, and user acceptance testing. The text provides a comprehensive overview of the test results and identifies any areas that require further attention. The author also discusses the importance of documenting the test results and using them to inform future improvements to the system. This section is crucial for ensuring that the final product meets the highest standards of quality and performance.

The final part of the document provides a summary of the project's findings and conclusions. It highlights the key achievements and the challenges encountered throughout the project. The author reflects on the lessons learned and provides recommendations for future work. This section is an essential part of the project's documentation, as it provides a clear and concise overview of the entire process. The document concludes with a final statement of appreciation to the team and stakeholders who supported the project throughout its duration.

Statistical Section

Unless otherwise indicated, the following statistics relate to the area of the Federal Republic (not including Saarland) and West Berlin. The tables shown in Part III, "Credit Institutions", which up to and including the Monthly Report for April 1958 only comprised the credit institutions in the area of the Federal Republic, now also include the figures for West Berlin.

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Period	Notes and Coin in Circulation	Influx (+) or Efflux (-) of Funds at Credit Institutions										
		Central Bank Deposits of Non-Banks ¹⁾							Central Bank Lendings (excluding Purchase or Sale of Money-Market Securities)			
		Total	Public Authorities			Counterpart Funds	Agencies of former Occupying Powers	Other Depositors	Total	Non- Banks	Recon- struction Loan Cor- poration 4)	
			Total	Federal Government (without Special Func's), Länder and Equalisation of Burdens Authorities ⁵⁾	Other Public Authorities							
By Years												
Overall Change												
1951	-1,299	+ 267	-	- 175	+ 175	+ 32	- 224	+ 459	- 524	- 609	+ 85	
1952	-1,557	+ 346	- 351	- 366	+ 15	+ 447	+ 243	+ 7	- 287	- 102	- 185	
1953	-1,165	- 1,143	- 1,629	- 1,435	- 194	+ 353	+ 112	+ 21	- 77	- 11	- 66	
1954	- 861	- 1,710	- 1,734	- 1,707	- 27	+ 30	+ 115	+ 61	+ 19	+ 26	- 7	
1955	-1,346	- 1,964	- 2,231	- 2,049	- 182	+ 62	+ 135	+ 70	+ 92	+ 148	- 56	
1956	- 948	- 1,796	- 1,919	- 1,855	- 64	+ 59	+ 122	- 58	- 203	- 110	- 93	
1957	-1,682	- 471	- 310	- 216	- 94	+ 24	+ 3	- 188	- 175	- 195	+ 20	
Change on a monthly average												
1951	- 108	+ 22	-	- 14	+ 14	+ 3	- 19	+ 38	- 44	- 51	+ 7	
1952	- 130	+ 29	- 29	- 31	+ 2	+ 37	- 20	+ 1	- 24	- 9	+ 15	
1953	- 97	- 95	- 135	- 119	- 16	+ 29	+ 9	+ 2	- 7	- 1	- 6	
1954	- 72	- 142	- 144	- 142	- 2	+ 3	+ 10	+ 5	+ 2	+ 2	- 0	
1955	- 112	- 164	- 186	- 171	- 15	+ 5	+ 11	+ 6	+ 8	+ 12	- 4	
1956	- 79	- 150	- 160	- 154	- 6	+ 5	+ 10	+ 5	+ 17	+ 9	- 8	
1957	- 140	- 39	- 26	- 18	- 8	+ 2	+ 0	- 15	- 15	- 16	+ 1	
By Quarters												
Overall Change												
1955 1st Qtr.	- 122	- 374	+ 412	- 196	+ 216	+ 9	+ 14	+ 15	+ 50	+ 123	- 73	
2nd " "	- 376	+ 397	- 289	+ 19	+ 270	+ 3	+ 27	+ 78	+ 118	+ 132	+ 14	
3rd " "	- 322	- 998	- 1,018	- 985	- 33	+ 32	+ 66	- 9	- 58	- 23	- 35	
4th " "	- 322	- 989	- 1,090	- 887	- 203	+ 82	+ 28	- 1	+ 218	+ 180	+ 38	
1956 1st Qtr.	- 462	- 917	- 958	- 1,122	+ 164	+ 42	+ 21	+ 22	- 292	- 342	- 50	
2nd " "	- 88	- 355	- 609	- 670	+ 61	+ 31	+ 68	+ 17	- 19	- 11	- 8	
3rd " "	- 232	- 454	- 525	- 461	- 64	+ 47	+ 10	+ 14	+ 18	+ 40	- 12	
4th " "	- 166	+ 131	+ 173	+ 398	- 225	+ 1	+ 22	+ 65	+ 89	+ 102	- 23	
1957 1st Qtr.	- 145	- 670	- 687	- 764	+ 77	+ 26	- 73	+ 64	- 138	- 124	- 14	
2nd " "	- 792	- 306	- 209	- 222	+ 13	+ 27	- 142	+ 18	- 5	- 12	- 7	
3rd " "	- 509	+ 139	+ 488	+ 549	- 61	- 107	- 142	- 100	- 53	- 72	+ 19	
4th " "	- 237	+ 367	+ 97	+ 220	- 123	+ 79	+ 361	- 170	+ 11	- 13	+ 24	
1958 1st Qtr.	- 509	- 430	- 399	- 594	+ 195	- 131	+ 126	- 26	- 82	- 40	- 42	
Change on a monthly average												
1955 1st Qtr.	- 41	+ 125	- 137	- 66	+ 70	+ 3	+ 4	+ 5	+ 17	+ 41	- 24	
2nd " "	- 125	+ 133	+ 96	+ 6	+ 91	+ 2	+ 9	+ 26	- 39	- 44	+ 5	
3rd " "	- 175	- 333	- 339	- 328	- 11	+ 22	+ 22	+ 5	- 20	- 8	+ 12	
4th " "	- 107	- 330	- 363	- 296	- 67	+ 27	+ 9	- 3	+ 73	+ 61	+ 12	
1956 1st Qtr.	- 154	- 306	- 319	- 374	+ 55	+ 14	+ 7	+ 6	+ 97	- 81	- 16	
2nd " "	- 29	- 185	- 203	- 224	+ 21	+ 11	+ 23	+ 4	+ 6	+ 13	- 7	
3rd " "	- 78	- 151	- 175	- 153	- 22	+ 16	+ 7	+ 4	+ 30	+ 34	- 4	
4th " "	- 55	+ 43	+ 58	+ 133	- 75	+ 0	+ 0	+ 22	+ 30	+ 34	- 4	
1957 1st Qtr.	- 48	- 223	- 229	- 254	+ 25	+ 9	- 24	+ 21	- 46	- 41	- 5	
2nd " "	- 264	- 102	- 70	- 74	+ 4	+ 9	- 47	+ 6	- 2	- 4	+ 6	
3rd " "	- 170	+ 46	+ 163	+ 183	- 20	- 36	- 47	- 34	+ 18	- 24	+ 8	
4th " "	- 79	+ 122	+ 32	+ 73	- 41	+ 27	+ 120	- 57	+ 4	- 4	+ 8	
1958 1st Qtr.	- 170	- 143	- 133	- 198	+ 65	- 44	+ 42	- 8	- 27	- 13	- 14	
By Months												
Overall Change												
1955 July	+ 242	- 178	- 186	- 182	- 4	+ 19	+ 22	+ 5	- 93	- 68	- 25	
Aug.	+ 115	- 121	- 143	- 89	- 54	+ 22	+ 13	+ 14	+ 79	+ 79	+ 0	
Sep.	+ 438	- 699	- 689	- 714	+ 25	+ 35	+ 31	+ 5	+ 45	+ 35	+ 10	
Oct.	+ 91	- 143	- 193	- 228	+ 35	+ 28	+ 17	+ 5	+ 6	+ 3	+ 3	
Nov.	- 145	- 505	- 577	- 523	- 54	+ 37	+ 17	+ 18	+ 84	+ 73	+ 11	
Dec.	- 268	- 341	- 321	- 137	- 184	+ 17	- 6	+ 31	+ 129	+ 106	+ 23	
1956 Jan.	+ 295	- 719	- 734	- 963	+ 229	- 10	+ 9	+ 16	- 251	- 218	- 33	
Feb.	- 88	- 482	- 490	- 451	- 39	+ 27	+ 0	+ 19	+ 82	+ 65	+ 17	
March	+ 669	+ 285	+ 268	+ 293	- 25	+ 24	+ 12	+ 19	- 123	- 89	- 34	
April	+ 212	- 207	- 206	- 264	+ 58	- 25	+ 15	+ 9	+ 32	+ 13	+ 19	
May	- 194	- 65	- 76	- 94	+ 18	- 3	+ 43	+ 29	+ 1	+ 15	- 14	
June	- 107	- 283	- 326	- 312	- 14	- 3	+ 10	+ 36	- 51	- 38	- 13	
July	- 39	+ 130	+ 80	+ 60	+ 20	+ 9	+ 27	+ 14	+ 15	+ 2	+ 13	
Aug.	- 6	- 193	- 185	- 188	+ 3	+ 16	+ 23	+ 1	+ 117	+ 136	- 19	
Sep.	+ 188	+ 391	+ 421	+ 333	- 88	+ 22	+ 7	+ 1	+ 114	- 97	- 17	
Oct.	+ 233	+ 326	+ 300	+ 269	+ 31	+ 19	+ 25	+ 20	+ 77	+ 64	+ 13	
Nov.	+ 507	- 171	- 158	+ 4	- 162	+ 18	+ 10	+ 41	+ 16	+ 6	- 10	
Dec.	+ 109	- 24	+ 32	+ 125	- 93	+ 2	- 13	+ 45	+ 28	+ 44	- 16	
1957 Jan.	+ 362	- 190	- 260	- 575	+ 315	- 21	+ 11	+ 80	- 154	- 136	- 18	
Feb.	- 424	- 253	- 304	- 160	- 144	+ 47	+ 12	+ 8	+ 50	+ 56	- 6	
March	- 83	- 227	- 133	- 29	- 94	- 0	+ 96	- 8	- 33	- 43	+ 10	
April	- 528	+ 71	+ 13	+ 11	+ 2	+ 7	+ 74	+ 23	+ 43	+ 29	+ 14	
May	- 152	- 67	- 121	- 87	- 34	+ 7	+ 23	+ 24	+ 25	+ 24	+ 1	
June	- 112	- 310	- 102	- 146	+ 44	+ 13	- 239	+ 18	- 63	- 40	- 23	
July	- 118	+ 533	+ 612	+ 688	- 76	- 27	+ 73	+ 21	+ 37	+ 34	+ 3	
August	- 159	+ 569	+ 632	+ 376	+ 256	- 5	+ 62	+ 120	+ 9	+ 15	- 6	
Sep. ⁶⁾	- 232	- 963	- 756	- 515	- 241	+ 75	+ 131	- 1	- 99	- 121	- 22	
Oct.	- 156	+ 212	+ 7	+ 1	+ 6	+ 69	+ 302	- 166	- 19	+ 8	- 27	
Nov.	- 342	+ 512	+ 525	+ 387	+ 138	+ 16	+ 67	+ 96	+ 35	+ 41	- 6	
Dec.	+ 262	- 358	- 433	- 167	- 266	- 7	- 9	+ 91	+ 6	- 62	+ 56	
1958 Jan.	+ 76	- 175	- 230	- 390	+ 160	- 22	+ 70	+ 7	- 82	- 25	- 57	
Feb.	- 477	- 34	+ 51	- 14	+ 65	- 28	+ 76	+ 19	+ 30	+ 3	+ 27	
March	- 109	- 221	- 220	- 190	+ 30	- 81	+ 132	+ 52	+ 31	+ 18	- 13	
April	- 115	+ 639	+ 523	+ 320	+ 203	+ 51	+ 22	+ 43	+ 6	+ 18	- 12	
May	+ 24	- 563	- 545	- 90	- 455	+ 42	+ 38	+ 98	- 26	- 26	- 0	

¹⁾ The amalgamation, in September 1957, of the Berlin Central Bank which the Deutsche Bundesbank necessitated some alterations in the procedure for compiling the above (or previously Bank deutscher Länder) and its deposits maintained there (under "Other factors"), its assets and liabilities have now to be taken into account separately onwards the figures are not entirely comparable with those for previous periods; deviations are, however, only insignificant. — ²⁾ Up to 31 July 1957; Bank deuten-taken into account only in so far as they entailed an influx or efflux of funds at the credit institutions. They are therefore not necessarily identical with the changes in the indicate whether the changes had the effect of an efflux (-) or an influx (+) of Central Bank money. — ³⁾ Including credit balances employed in equalisation claims. — advances under a fixed credit line granted for the purpose of providing anticipatory finance for work creation, housing and investment programmes, which cannot be considered with foreign banks and money-market investments abroad, foreign notes and coin, foreign cheques and other claims on foreign countries (including credit balance with other foreign currency accounts. — ⁴⁾ Mainly pending settlements in respect of credit institutions' Central Bank items, which cannot be allocated explicitly to any of the

3. Central Bank Lendings to Credit Institutions
in millions of DM

Period	Credit Institutions (excluding R.L.C.)				Reconstruction Loan Corporation		
	Total ¹⁾	Discount Credits ¹⁾	Advances on Securities	Equalisation Claims temporarily purchased ²⁾	Total	Cash Advances	Securities
1950 Dec.	5,201.9	4,235.4	360.6	605.9	368.7	368.7	—
1951 Dec.	5,694.0	4,757.2	290.8	646.0	454.0	454.0	—
1952 Dec.	4,083.9	3,389.0	253.5	441.4	468.4	268.5	199.9
1953 Dec.	3,351.1	2,739.1	245.2	366.8	225.6	202.6	23.0
1954 Dec.	3,339.0	2,837.7	265.1	236.2	207.3	195.2	12.1
1955 Dec.	4,683.0	4,130.9	340.5	211.6	145.0	139.5	5.5
1956 Dec.	3,127.1	2,723.7	220.7	182.7	58.6	46.6	12.0
1957 Dec.	1,676.6	1,463.0	52.8	160.8	67.8	66.8	1.0
1956 Jan.	4,419.0	4,141.6	70.7	206.7	111.8	106.2	5.6
Feb.	4,659.5	4,348.3	106.8	204.4	129.3	123.7	5.6
March	5,231.9	4,871.8	160.9	199.2	95.6	90.0	5.6
April	4,805.2	4,433.9	174.0	197.3	114.5	108.9	5.6
May	4,397.1	4,134.7	66.8	195.6	100.4	94.8	5.6
June	4,290.6	3,975.5	120.8	194.3	87.7	82.1	5.6
July	3,643.9	3,372.1	80.5	191.3	100.4	95.0	5.4
Aug.	2,931.6	2,667.9	75.1	188.6	84.8	76.3	8.5
Sep.	3,192.7	2,867.4	137.0	188.3	68.3	59.8	8.5
Oct.	2,392.1	2,154.7	49.7	187.7	81.0	72.5	8.5
Nov.	2,202.2	1,934.6	82.5	185.1	71.3	62.9	8.4
Dec.	3,127.1	2,723.7	220.7	182.7	58.6	46.6	12.0
1957 Jan.	2,023.4	1,795.0	46.3	182.1	40.8	28.7	12.1
Feb.	1,916.8	1,638.1	98.9	179.8	34.4	22.3	12.1
March	2,278.7	2,037.4	62.0	179.3	46.6	32.5	14.1
April	2,136.4	1,913.6	44.6	178.2	61.6	46.5	15.1
May	2,271.3	2,051.4	45.2	174.7	62.7	47.6	15.1
June	3,115.9	2,844.4	96.8	174.7	34.9	25.1	9.8
July	2,146.0	1,940.9	31.0	174.1	29.0	27.6	1.4
Aug.	1,435.5	1,241.7	29.7	164.1	21.8	21.4	0.4
Sep.	1,645.6	1,438.2	43.4	164.0	43.6	43.2	0.4
Oct.	1,223.3	1,021.2	39.0	163.1	16.9	16.5	0.4
Nov.	1,121.6	923.3	35.8	162.5	10.7	10.3	0.4
Dec.	1,676.6	1,463.0	52.8	160.8	67.8	66.8	1.0
1958 Jan.	1,328.3	1,139.6	28.9	159.8	10.2	10.2	—
Feb.	1,257.9	1,016.1	82.2	159.6	37.9	37.9	—
March	1,509.2	1,324.7	30.0	154.5	25.1	25.1	—
April	1,451.2	1,242.4	56.5	152.3	12.8	12.8	—
May	1,144.4	969.7	23.5	151.2	13.2	13.2	—

¹⁾ Including foreign bills and export drafts purchased, but excluding money-market securities purchased in the open market. — ²⁾ With the credit institutions' liability of repurchase.

4. Central Bank Deposits of Non-Banks and of Credit Institutions
in millions of DM

Period	Non-bank Customers							
	Total		Public Authorities		Counterpart Funds ³⁾	Agencies of former Occupying Powers	Other Depositors	Credit Institutions ⁴⁾
	including Amounts temporarily employed in Equalisation Claims ⁴⁾	excluding	Federal Government (without Special Funds), Länder and Equalisation of Burdens Authorities ¹⁾	Other Public Authorities				
1950 Dec.	3,693.3	3,446.0	594.3	396.6	965.0	907.7	829.7	1,887.7
1951 Dec.	3,973.8	2,999.0	1,180.3	211.0	1,312.8	997.3	272.4	2,675.0
1952 Dec.	3,913.3	2,194.1	1,890.6	178.2	825.9	753.4	265.2	2,992.6
1953 Dec.	4,935.3	1,704.2	3,181.4	373.2	496.7	639.3	244.7	3,286.9
1954 Dec.	6,266.5	1,529.9	4,684.7	400.6	352.8	523.4	305.0	4,005.9
1955 Dec.	7,003.5	3,420.7	5,949.7	274.3	272.2	265.5	241.8	4,502.2
1956 Dec.	7,682.3	4,459.3	6,711.8	339.8	163.1	143.8	294.4	5,258.5
1957 Dec.	5,097.3	4,017.1	4,017.1	431.4	167.8	140.6	340.4	7,108.9
1956 Jan.	7,677.0	4,244.1	6,869.3	57.7	273.6	256.3	220.1	3,494.4
Feb.	8,189.3	4,910.7	7,347.2	84.4	262.4	256.6	238.7	3,495.3
March	7,921.8	4,703.6	7,055.6	116.6	247.3	244.4	257.9	3,509.8
April	8,076.7	4,900.6	7,279.7	52.7	265.9	229.2	249.2	3,745.9
May	8,097.8	4,995.0	7,332.9	34.1	268.3	186.6	275.9	3,471.9
June	8,330.2	4,963.3	7,599.7	53.1	260.6	176.7	240.1	3,682.8
July	8,217.3	4,979.5	7,539.3	32.7	259.8	150.0	235.5	3,837.5
Aug.	8,124.7	4,994.7	7,459.8	28.5	234.5	173.4	228.5	3,579.8
Sep.	8,529.0	5,255.2	7,811.0	116.7	208.3	166.2	226.8	3,929.7
Oct.	8,186.0	5,326.1	7,511.5	85.6	239.6	141.3	208.0	3,714.4
Nov.	8,202.5	5,459.1	7,363.4	247.4	209.2	130.8	251.7	3,494.1
Dec.	7,682.3	4,459.3	6,711.8	339.8	192.5	143.8	294.4	5,258.5
1957 Jan.	7,772.9	5,527.2	7,181.1	27.3	217.4	132.6	214.5	3,615.9
Feb.	7,804.6	5,553.8	7,121.9	171.8	168.8	120.4	221.7	3,690.6
March	7,531.1	5,373.8	6,643.2	269.1	174.1	216.5	228.2	4,167.2
April	7,224.2	5,461.7	6,385.2	267.9	174.9	142.9	253.3	3,968.6
May	7,140.5	5,815.2	6,333.3	300.3	167.1	120.2	229.6	4,369.8
June	7,079.2	5,628.9	6,099.7	256.0	152.1	358.9	212.5	5,278.6
July	6,362.9	6,072.9	5,212.4	331.8	181.5	432.0	205.2	4,952.2
Aug.	5,539.7	4,614.2	4,614.2	73.1	172.1	370.4	309.9	4,857.1
Sep.	6,285.6	4,912.8	4,912.8	314.6	246.5	501.4	310.3	5,622.6
Oct.	5,901.4	4,739.9	4,739.9	302.9	177.5	199.3	481.8	5,340.9
Nov.	4,956.7	4,104.3	4,104.3	164.9	161.0	132.0	394.5	5,397.0
Dec.	5,097.3	4,017.1	4,017.1	431.4	167.8	140.6	340.4	7,108.9
1958 Jan.	5,146.3	4,170.3	4,170.3	271.0	190.2	70.8	444.0	5,453.4
Feb.	4,671.3	3,702.2	3,702.2	205.8	218.1	146.3	398.9	5,438.4
March	4,669.5	3,660.8	3,660.8	235.9	299.2	114.4	359.2	5,814.7
April	3,966.9	3,307.4	3,307.4	32.8	248.5	92.5	285.7	5,921.2
May	4,397.1	3,265.5	3,265.5	488.0	206.1	54.9	382.6	5,455.3

¹⁾ Including the amounts temporarily employed in equalisation claims. — ²⁾ As from August 1957 deposits of E.R.P. Special Fund. — ³⁾ Including Postal Cheque and Postal Savings Bank Offices. — ⁴⁾ Since the entry into force, on 1 August 1957, of the Law concerning the Deutsche Bundesbank it has no longer been possible for public monies to be employed in equalisation claims.

5. Minimum Reserve Statistics

a) Reserve Ratios *)

Applicable as from:	For Credit Institutions																				For Land Central Banks *)					
	Liabilities towards Residents														Liabilities towards Non-Residents											
	Sight Deposits										Time Deposits						Savings De- posits	Sight De- posits	Time De- posits	Savings De- posits						
	at "Bank Places" **)					at other places					Reserve Class 1)															
	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6								
in per cent of the Liabilities subject to the Reserve Requirement																										
1948 July 1			10																		20					
1948 Dec. 1			15																							
1949 June 1			12																		12					
1949 Sep. 1			10																							
1950 Oct. 1			15																							
1952 May 1	15	14	13	12	11	10	12	11	10	9	10	11	10	9	8	8	8	7	7.5	7	6.5	6	5.5	4	up to 30 April 1957 the same rates were applying as to liabilities towards Residents	
1952 Sep. 1	12	12	11	11	10	9	10	10	9	9	8	8	8	8	7	7	6	6	6	6	5	5	5	4		
1953 Feb. 1	11	11	10	10	9	9	9	9	8	8	8	8	8	7	7	6	6	5	5	5	5	5	4			
1955 Sep. 1	12	12	11	11	10	10	10	10	9	9	9	9	9	8	8	7	7	6	6	6	6	6	5			
1957 May 1	13	13	12	12	11	11	11	11	10	10	9	9	9	9	9	8	8	7	7	7	6	6	6			
1957 Sep. 1	13	13	12	12	11	11	11	11	10	10	9	9	9	9	9	8	8	7	7	7	6	6	6			
																								20		10	10

*) Applying to the credit institutions in the area of the Federal Republic and, as from 1 May 1954, also to the credit institutions in Berlin (West). Prior to 1 May 1954, partly different regulations applied to the West-Berlin credit institutions. — **) "Bank places" are places at which there is a branch establishment of the Deutsche Bundesbank. — †) Since 1 May 1952 the credit institutions have been graded as follows, the amounts representing the totals of their liabilities (other than savings deposits) subject to the reserve requirement:

Millions of DM				Millions of DM			
Reserve Class 1		100 and over		Reserve Class 4		from 5 to under 10	
-	-	2	from 50 to under 100	-	-	5	from 1 " " 5
-	-	3	- 10 " " 50	-	-	6	under 1

The reserve class into which any credit institution is to be placed is determined by the amount of its liabilities subject to the reserve requirement in the previous month. For the purpose of determining the reserve class for a credit institution with branches in various Länder, the deposits at all branches are added up. — ‡) No longer applicable since entry into force of the Law concerning the Deutsche Bundesbank (1 August 1957).

b) Reserves Maintained by Credit Institutions, by Banking Groups and Reserve Classes *)

Amounts in millions of DM

Month	Total	Banking Groups										Reserve Classes						
		Commercial Banks	of which:				Central Giro Institutions	Savings Banks	Central Institutions of Agricultural Credit Cooperatives, and Agricultural Credit Cooperatives	Central Institutions of Industrial Credit Cooperatives	Industrial Credit Cooperatives	All other Credit Institutions subject to the Reserve Requirement	1 (DM 100 million and over)	2 (DM 50 to under 100 million)	3 (DM 10 to under 50 million)	4 (DM 5 to under 10 million)	5 (DM 1 to under 5 million)	6 (under DM 1 million)
			Big Banks †)	State, Regional and Local Banks	Private Bankers	Specialised Commercial Banks												
Liabilities subject to the Reserve Requirement																		
1957 May	59.626.7	22.164.5	12.496.6	7.626.4	1.723.2	318.3	2.968.8	23.038.4	4.248.7	87.3	3.451.6	3.667.4	27.570.2	4.986.0	10.255.3	6.315.8	5.829.6	4.669.8
1958 March	69.865.1	25.293.7	14.479.8	8.565.3	1.929.3	319.3	3.827.5	27.434.2	5.106.1	120.5	4.048.3	4.034.8	34.348.7	4.182.1	12.566.4	7.099.3	6.464.5	5.204.1
1958 April	71.047.2	25.789.6	14.744.9	8.789.1	1.978.1	327.5	3.738.6	27.878.6	5.188.0	109.3	4.139.0	4.204.1	34.909.1	4.320.7	13.025.8	7.016.1	6.484.6	5.290.9
1958 May*)	68.549.2	26.245.6	15.086.6	8.894.1	1.957.0	307.9	3.546.2	28.420.1	5.251.1	110.9	4.234.4	740.9	34.116.3	3.797.6	13.693.0	5.306.8	6.368.2	5.267.3
Reserve Required																		
1957 May	5.280.9	2.324.7	1.346.1	766.9	181.4	30.3	307.1	1.725.7	301.7	8.7	272.1	340.9	2.813.3	425.0	836.1	464.1	421.4	321.0
1958 March	6.301.3	2.807.1	1.657.5	891.9	224.2	33.5	388.7	2.044.0	362.9	13.2	318.8	366.6	3.555.3	377.4	1.032.7	514.6	463.7	357.6
1958 April	6.419.0	2.860.7	1.690.7	913.0	221.8	35.2	381.1	2.082.4	369.1	11.9	327.0	386.8	3.621.3	379.9	1.076.3	511.7	465.7	364.1
1958 May*)	6.192.7	2.909.9	1.730.1	922.1	223.9	33.8	361.1	2.125.7	374.2	11.8	335.4	74.6	3.498.7	343.3	1.121.6	407.2	459.0	362.9
Average Reserve Rate (Required Reserve in per cent of Liabilities subject to the Reserve Requirement)																		
1957 May	8.9	10.5	10.8	10.1	10.5	9.5	10.3	7.5	7.1	10.0	7.9	9.3	10.2	8.5	8.2	7.3	7.2	6.8
1958 March	9.0	11.1	11.4	10.4	11.6	10.5	10.2	7.5	7.1	11.0	7.9	9.1	10.4	9.0	8.2	7.2	7.2	6.9
1958 April	9.0	11.1	11.5	10.4	11.5	10.7	10.2	7.5	7.1	10.9	7.9	9.2	10.4	8.8	8.3	7.3	7.2	6.9
1958 May*)	9.0	11.1	11.5	10.4	11.4	11.0	10.2	7.5	7.1	10.6	7.9	10.1	10.3	9.0	8.2	7.7	7.2	6.9
Excess Reserves																		
1957 May	84.9	37.0	8.4	21.2	5.6	1.8	4.2	11.3	3.8	0.4	5.8	22.4	31.6	3.1	27.8	6.0	9.5	6.9
1958 March	96.2	39.5	12.9	17.7	6.6	2.3	6.4	11.6	5.6	0.5	8.3	24.3	35.3	6.7	28.0	4.9	12.4	8.9
1958 April	89.6	23.2	2.5	12.3	5.8	2.6	2.0	11.2	5.5	0.3	7.9	39.5	15.0	4.5	43.8	5.3	11.7	9.3
1958 May*)	91.7	38.2	8.3	21.5	6.3	2.1	7.8	12.3	4.2	0.6	8.4	20.2	36.0	2.0	27.8	4.8	12.0	9.1
Excess Reserves in per cent of Required Reserve																		
1957 May	1.6	1.6	0.6	2.8	3.1	5.9	1.4	0.7	1.3	4.6	2.1	6.6	1.1	0.7	3.3	1.3	2.3	2.1
1958 March	1.5	1.4	0.8	2.0	2.9	6.9	1.6	0.6	1.5	3.8	2.6	6.6	1.0	1.8	2.7	1.0	2.7	2.5
1958 April	1.4	0.8	0.1	1.3	2.6	7.4	0.5	0.5	1.5	2.5	2.4	10.2	0.4	1.2	4.1	1.0	2.5	2.6
1958 May*)	1.5	1.3	0.5	2.3	2.8	6.2	2.2	0.6	1.1	5.1	2.5	27.1	1.0	0.6	2.5	1.2	2.6	2.5
Excess Reserves in per cent of Aggregate Total of Excess Reserves																		
1957 May	100.0	43.6	9.9	25.0	6.6	2.1	4.9	13.3	4.5	0.5	6.8	26.4	37.2	3.7	32.7	7.1	11.2	8.1
1958 March	100.0	41.1	13.4	18.4	6.9	2.4	6.6	12.1	5.8	0.5	8.6	25.3	36.7	7.0	29.1	5.1	12.9	9.2
1958 April	100.0	25.9	2.8	13.7	6.5	2.9	2.2	12.5	6.2	0.3	8.8	44.1	16.7	5.0	48.9	5.9	13.1	10.4
1958 May*)	100.0	41.6	9.0	23.4	6.9	2.3	8.5	13.4	4.6	0.7	9.2	22.0	39.3	2.2	30.3	5.2	13.1	9.9

*) As from May 1958 without the minimum reserves of the Federal Postal Administration on behalf of the Postal Cheque and Postal Savings Bank offices, which since the introduction on 1 May 1958 of the optional central maintaining of the minimum reserve can in practice no longer be separated from the other Central Bank deposits of the Federal Postal Administration. Hence the overall minimum reserve requirement for May shows a shortfall of approximately DM 300 million. — †) Deutsche Bank A.G., Dresdner Bank A.G., Commerzbank group, and their Berlin subsidiaries.

1. Short, Medium and
in millions

End of Month	Number of Reporting Institutions ²⁾	Lendings to Non-banks								Lendings to Business and Private Customers						
		Short-term Lendings								Short-term Lendings						
		Total		Debtors			Discount Credits, Treasury Bills and Non-interest-bearing Treasury Bonds of Federal Government and Länder	Medium-term Lendings ³⁾	Long-term Lendings ⁴⁾	Total	Debtors			Discount Credits	Medium-term Lendings ³⁾	Long-term Lendings ⁴⁾
		Including Treasury Bills and Non-interest-bearing Treasury Bonds of Federal Government and Länder	excluding	Total	Acceptance Credits	Credits in Current Account and other Credits					Total	Acceptance Credits	Credits in Current Account and other Credits			
Central Giro Institutions																
1956 Dec.	11	1,959.6	1,385.0	662.3	29.9	632.4	1,297.3	679.3	7,059.1 ⁵⁾	1,348.3	632.2	29.9	602.3	716.1	513.3	4,269.0 ⁶⁾
1957 Sep.	11	3,122.0	1,292.2	608.2	23.2	585.0	2,513.8	755.5	8,016.9	1,244.5	570.8	23.2	547.6	673.7	588.8	4,919.3
1958 Dec.	11	3,439.0	1,426.4	604.6	33.6	571.0	2,834.4	770.9	8,270.1	1,387.9	573.8	33.6	540.2	814.1	597.6	5,041.0
1956 Dec.	858	4,689.5	4,590.2	3,184.0	15.3	3,168.7	1,505.5	1,576.7	11,466.4	4,481.8	3,081.0	15.3	3,065.7	1,400.8	1,403.1	9,654.4
1957 Sep.	857	4,877.8	4,701.1	3,278.4	12.4	3,266.0	1,599.4	1,704.4	12,660.7	4,633.6	3,217.4	12.4	3,205.0	1,416.2	1,415.7	10,627.4
1958 Dec.	856	4,889.1	4,713.3	3,338.7	11.8	3,326.9	1,556.4	1,815.6	13,444.4	4,559.5	3,209.2	11.8	3,197.0	1,370.0	1,470.7	10,984.6
Savings Banks																
1956 Dec.	856	4,797.3	4,636.9	3,281.2	12.2	3,269.0	1,516.1	1,818.5	13,276.4	4,559.5	3,209.2	12.2	3,197.0	1,350.3	1,463.7	11,081.3
1957 Sep.	857	4,834.8	4,666.9	3,271.5	13.3	3,258.2	1,563.3	1,740.2	12,797.6	4,593.8	3,204.1	13.3	3,190.8	1,389.7	1,432.3	10,726.1
1958 Dec.	856	4,899.1	4,713.3	3,338.7	11.8	3,326.9	1,556.4	1,815.6	13,444.4	4,559.5	3,209.2	11.8	3,197.0	1,350.3	1,470.7	11,999.8
Central Institutions of Credit Cooperatives ⁴⁾																
1956 Dec.	17	605.9	598.7	362.3	52.0	310.3	243.6	28.5	198.1	597.6	361.2	52.0	309.2	236.4	28.4	197.6
1957 Sep.	17	548.9	528.8	312.5	24.6	287.9	236.4	47.6	225.6	527.4	311.1	24.6	286.5	216.3	47.0	224.4
1958 Dec.	17	558.0	539.9	333.3	25.8	307.5	224.7	53.4	225.3	538.5	331.9	25.8	306.1	206.6	52.8	224.7
Central Institutions of Industrial Credit Cooperatives																
1956 Dec.	5	51.5	44.3	27.6	—	27.6	23.9	12.2	12.1	43.8	27.1	—	27.1	16.7	12.1	12.1
1957 Sep.	5	75.2	50.7	33.9	1.9	32.0	41.3	13.1	12.9	50.0	33.2	1.9	31.3	16.8	12.6	12.8
1958 Dec.	5	77.7	47.6	29.9	—	33.6	34.5	15.2	12.8	50.5	35.1	1.9	33.2	15.4	14.6	12.8
Central Institutions of Agricultural Credit Cooperatives																
1956 Dec.	12	554.4	554.4	334.7	52.0	282.7	219.7	16.3	186.0	553.8	334.1	52.0	282.1	219.7	16.3	185.5
1957 Sep.	12	471.2	467.7	273.1	21.3	251.8	198.1	32.4	210.9	466.7	272.1	21.3	250.8	194.6	32.4	210.1
1958 Dec.	12	489.9	488.9	299.3	25.8	273.5	190.6	37.3	212.5	487.9	298.3	25.8	272.5	189.6	37.2	211.7
Credit Cooperatives ⁴⁾																
1956 Dec.	2,184	3,274.2	3,269.6	2,512.4	20.9	2,491.5	761.8	466.3	1,124.3	3,266.4	2,509.9	20.9	2,489.0	756.5	462.6	1,086.0
1957 Sep.	2,187	3,515.2	3,506.5	2,728.8	16.5	2,712.3	786.4	497.0	1,325.0	3,502.1	2,725.2	16.5	2,708.7	776.9	488.9	1,278.3
1958 Dec.	2,188	3,564.3	3,555.4	2,789.5	18.7	2,770.8	774.8	506.4	1,366.2	3,550.7	2,785.6	18.7	2,766.9	765.1	497.3	1,318.3
Industrial Credit Cooperatives																
1956 Dec.	738	2,207.9	2,203.3	1,586.9	19.5	1,567.4	621.0	241.1	679.3	2,200.1	1,584.4	19.5	1,564.9	615.7	237.4	641.0
1957 Sep.	741	2,379.2	2,370.5	1,748.6	15.6	1,733.0	630.6	259.9	766.0	2,366.1	1,745.0	15.6	1,729.4	621.1	250.9	719.3
1958 Dec.	742	2,431.4	2,423.6	1,810.6	18.6	1,792.0	620.8	262.8	817.9	2,419.7	1,813.6	18.6	1,788.9	612.2	254.9	768.6
Agricultural Credit Cooperatives ⁵⁾																
1956 Dec.	1,446	1,066.3	1,066.3	925.5	1.4	924.1	140.8	225.2	445.0	1,066.3	925.5	1.4	924.1	140.8	225.2	445.0
1957 Sep.	1,446	1,136.0	1,136.0	980.2	0.9	979.3	155.8	237.1	559.0	1,136.0	980.2	0.9	979.3	155.8	237.1	559.0
1958 Dec.	1,446	1,177.6	1,177.6	1,026.4	1.0	1,025.4	151.2	240.2	605.6	1,177.6	1,026.4	1.0	1,025.4	151.2	240.2	605.6

¹⁾ and ²⁾ to ⁴⁾ see first page of Table III A 1. — ⁵⁾ Larger institutions only. Figures for all agricultural credit cooperatives are shown in Table III A 4. — ⁶⁾ Including statistical DM 518 million; long-term lendings to public authorities: about DM 42 million; long-term lendings to credit institutions: about DM 7 million). — ⁷⁾ Industrial and agricultural.

Long-term Lendings*) (cont'd)
of DM

Lendings to Public Authorities						Bank-to-Bank Credits							End of Month
Short-term Lendings					Medium-term Lendings ³⁾	Long-term Lendings ⁴⁾	Short-term Lendings				Medium-term Lendings ³⁾	Long-term Lendings ⁴⁾	
Total including Treasury Bills and Non-interest-bearing Treasury Bonds of Federal Government and Länder	excluding Treasury Bills and Non-interest-bearing Treasury Bonds of Federal Government and Länder	Debtors (Cash Advances)	Discount Credits	Treasury Bills and Non-interest-bearing Treasury Bonds of Federal Government and Länder			Total	Debtors		Discount Credits			
								Total	thereof: Acceptance Credits				
Central Giro Institutions													
611.3	36.7	30.1	6.6	574.6	166.0	2,790.1 ⁵⁾	546.8	219.5	—	327.3	66.3	928.7 ⁶⁾	Dec. 1956
1,877.5	47.7	37.4	10.3	1,829.8	166.7	3,097.6	336.6	165.1	0.1	171.5	87.2	1,058.3	Sep. 1957
2,012.8	40.7	31.7	9.0	1,972.1	174.7	3,172.3	284.8	130.4	0.5	154.4	84.7	1,084.1	Oct.
2,051.1	38.5	30.8	7.7	2,012.6	173.3	3,229.1	288.4	130.4	0.8	158.0	84.6	1,095.5	Nov.
2,001.6	39.9	33.4	6.5	1,961.7	219.5	3,286.9	318.4	129.8	0.6	188.6	76.6	1,114.9	Dec.
2,259.7	41.4	32.6	8.8	2,218.3	224.8	3,342.2	424.0	117.4	0.4	306.6	69.7	1,151.3	Jan. 1958
2,225.1	48.8	39.1	9.7	2,176.3	275.0	3,389.2	477.4	126.0	0.4	351.4	73.0	1,177.2	Feb.
2,207.1	52.2	42.2	10.0	2,154.9	272.6	3,441.5	471.4	139.5	0.5	331.9	73.5	1,190.7	March
2,189.2	47.7	36.8	10.9	2,141.5	269.0	3,557.0	414.9	146.8	0.4	268.1	75.8	1,209.2	April
Savings Banks													
207.7	108.4	103.0	5.4	99.3	173.6	1,812.0	94.3	18.6	—	75.7	35.3	319.8	Dec. 1956
244.2	67.5	61.0	6.5	176.7	288.7	2,033.3	114.5	21.5	—	93.0	38.2	399.0	Sep. 1957
241.0	73.1	67.4	5.7	167.9	307.9	2,071.5	118.4	20.1	—	98.3	37.5	408.7	Oct.
234.1	69.7	64.2	5.5	164.4	327.6	2,092.4	110.2	18.9	—	91.3	38.9	416.9	Nov.
237.2	80.6	74.9	5.7	156.6	341.0	2,143.9	110.1	18.1	—	92.0	40.7	426.7	Dec.
237.8	77.4	72.0	5.4	160.4	354.8	2,195.1	107.7	16.4	—	91.3	40.7	429.6	Jan. 1958
236.9	61.1	55.8	5.3	175.8	362.4	2,244.6	101.8	15.3	—	86.5	35.5	460.1	Feb.
237.8	60.8	54.8	6.0	177.0	368.4	2,313.1	108.8	18.2	—	90.6	34.3	495.0	March
228.2	67.9	61.3	6.6	160.3	373.6	2,376.8	117.4	17.8	—	99.6	34.5	520.8	April
Central Institutions of Credit Cooperatives⁺													
8.3	1.1	1.1	—	7.2	0.1	0.5	561.4	309.8	7.3	251.6	39.8	424.5	Dec. 1956
29.7	1.7	1.7	—	28.0	0.5	0.9	456.6	246.7	0.9	209.9	38.2	527.0	Sep. 1957
21.5	1.4	1.4	—	20.1	0.6	0.9	434.8	230.0	0.8	204.8	38.9	541.3	Oct.
19.5	1.4	1.4	—	18.1	0.6	0.9	423.2	231.9	0.6	191.3	37.4	542.2	Nov.
37.5	0.9	0.9	—	36.6	0.6	0.9	420.6	231.8	0.2	188.8	36.5	546.0	Dec.
50.7	1.1	1.1	—	49.6	0.6	0.9	400.3	218.1	0.1	182.2	37.5	557.8	Jan. 1958
46.5	0.9	0.9	—	45.6	0.6	0.9	398.3	223.1	0.0	175.2	37.3	569.7	Feb.
43.5	0.9	0.9	—	42.6	0.6	0.9	408.9	219.9	0.0	189.0	37.0	574.6	March
52.6	1.0	1.0	—	51.6	0.6	0.9	400.0	215.8	0.0	184.2	37.1	601.5	April
Central Institutions of Industrial Credit Cooperatives													
7.7	0.5	0.5	—	7.2	0.1	0.0	279.5	124.0	—	155.5	8.8	198.4	Dec. 1956
25.2	0.7	0.7	—	24.5	0.5	0.1	231.2	111.0	0.3	120.2	3.2	232.3	Sep. 1957
19.5	0.4	0.4	—	19.1	0.6	0.0	230.1	102.0	0.3	128.1	3.6	238.2	Oct.
17.5	0.4	0.4	—	17.1	0.5	0.1	227.9	105.3	—	122.6	3.8	240.4	Nov.
30.5	0.4	0.4	—	30.1	0.6	0.1	227.3	110.3	—	117.0	3.3	241.3	Dec.
43.5	0.4	0.4	—	43.1	0.6	0.1	220.2	109.4	—	110.8	2.8	248.3	Jan. 1958
39.5	0.4	0.4	—	39.1	0.6	0.1	212.9	104.4	—	108.5	3.6	253.3	Feb.
36.5	0.4	0.4	—	36.1	0.6	0.1	221.8	98.6	—	123.2	2.8	253.8	March
45.5	0.4	0.4	—	45.1	0.5	0.0	201.4	90.5	—	110.9	2.7	275.4	April
Central Institutions of Agricultural Credit Cooperatives													
0.6	0.6	0.6	—	—	0.0	0.5	281.9	185.8	7.3	96.1	31.0	226.1	Dec. 1956
4.5	1.0	1.0	—	3.5	0.0	0.8	225.4	135.7	0.6	89.7	35.0	294.7	Sep. 1957
2.0	1.0	1.0	—	1.0	0.0	0.9	204.7	128.0	0.5	76.7	35.3	303.1	Oct.
2.0	1.0	1.0	—	1.0	0.1	0.8	195.3	126.6	0.6	68.7	33.6	301.8	Nov.
7.0	0.5	0.5	—	6.5	0.0	0.8	193.3	121.5	0.2	71.8	33.2	304.7	Dec.
7.2	0.5	0.5	—	6.5	0.0	0.8	180.1	108.7	0.1	71.4	34.7	309.5	Jan. 1958
7.0	0.5	0.5	—	6.5	0.0	0.8	185.4	118.7	0.0	66.7	33.7	316.4	Feb.
7.0	0.5	0.5	—	6.5	0.0	0.8	187.1	121.3	0.0	65.8	33.2	320.8	March
7.1	0.6	0.6	—	6.5	0.1	0.9	198.6	125.3	0.0	73.3	34.4	326.1	April
Credit Cooperatives⁺													
7.8	3.2	2.5	0.7	4.6	3.7	38.3	8.2	5.5	—	2.7	3.4	0.5	Dec. 1956
13.1	4.4	3.6	0.8	8.7	9.0	46.7	7.8	4.9	—	2.9	1.4	2.3	Sep. 1957
13.5	4.6	3.9	0.7	8.9	9.0	47.3	8.4	5.4	—	3.0	1.5	1.0	Oct.
13.6	4.7	3.9	0.8	8.9	9.1	47.9	8.0	5.3	—	2.7	1.4	1.0	Nov.
13.4	4.5	3.6	0.9	8.9	9.3	48.2	9.3	6.8	—	2.5	1.3	1.2	Dec.
13.5	4.4	3.7	0.7	9.1	9.2	48.3	9.7	6.7	—	3.0	1.4	1.2	Jan. 1958
11.7	3.9	3.1	0.8	7.8	9.3	49.4	9.3	6.2	—	3.1	1.4	1.2	Feb.
11.8	4.2	3.3	0.9	7.6	9.1	50.1	9.2	6.1	—	3.1	1.2	1.2	March
11.3	4.2	3.3	0.9	7.1	8.9	51.5	9.2	6.5	—	2.7	1.2	1.1	April
Industrial Credit Cooperatives													
7.8	3.2	2.5	0.7	4.6	3.7	38.3	8.2	5.5	—	2.7	3.4	0.5	Dec. 1956
13.1	4.4	3.6	0.8	8.7	9.0	46.7	7.8	4.9	—	2.9	1.4	2.3	Sep. 1957
13.5	4.6	3.9	0.7	8.9	9.0	47.3	8.4	5.4	—	3.0	1.5	1.0	Oct.
13.6	4.7	3.9	0.8	8.9	9.1	47.9	8.0	5.3	—	2.7	1.4	1.0	Nov.
13.4	4.5	3.6	0.9	8.9	9.3	48.2	9.3	6.8	—	2.5	1.3	1.2	Dec.
13.5	4.4	3.7	0.7	9.1	9.2	48.3	9.7	6.7	—	3.0	1.4	1.2	Jan. 1958
11.7	3.9	3.1	0.8	7.8	9.3	49.3	9.3	6.2	—	3.1	1.4	1.2	Feb.
11.8	4.2	3.3	0.9	7.6	9.1	50.1	9.2	6.1	—	3.1	1.2	1.2	March
11.3	4.2	3.3	0.9	7.1	8.9	51.5	9.2	6.5	—	2.7	1.2	1.1	April
Agricultural Credit Cooperatives⁵⁾													
—	—	—	—	—	—	—	—	—	—	—	—	—	Dec. 1956
—	—	—	—	—	—	—	—	—	—	—	—	—	Sep. 1957
—	—	—	—	—	—	—	—	—	—	—	—	—	Oct.
—	—	—	—	—	—	—	—	—	—	—	—	—	Nov.
—	—	—	—	—	—	—	—	—	—	—	—	—	Dec.
—	—	—	—	—	—	—	—	—	—	—	—	—	Jan. 1958
—	—	—	—	—	—	—	—	—	—	—	—	—	Feb.
—	—	—	—	—	—	—	—	—	—	—	—	—	March
—	—	—	—	—	—	—	—	—	—	—	—	—	April

decrease due to elimination of transitory credits (long-term lendings to non-bank customers: about DM 560 million; long-term lendings to business and private customers: about

Long-term Lendings*) (cont'd)
of DM

Lendings to Public Authorities						Bank-to-Bank Credits						End of Month	
Short-term Lendings						Short-term Lendings							
Total including Treasury Bills and Non-interest-bearing Treasury Bonds of Federal Government and Länder	excluding Treasury Bills and Non-interest-bearing Treasury Bonds of Federal Government and Länder	Debtors (Cash Advances)	Discount Credits	Treasury Bills and Non-interest-bearing Treasury Bonds of Federal Government and Länder	Medium-term Lendings ³⁾	Long-term Lendings ⁴⁾	Total	Debtors Total	thereof: Acceptance Credits	Discount Credits	Medium-term Lendings ³⁾		Long-term Lendings ⁴⁾
Private and Public Mortgage Banks													
8.4	1.0	1.0	—	7.4	16.8	1,681.1	4.0	4.0	—	0.0	23.2	149.4	Dec. 1956
10.4	3.7	3.7	—	6.7	19.4	1,744.4	6.6	6.6	—	0.0	26.7	155.7	Sep. 1957
27.1	20.4	20.4	—	6.7	20.4	1,802.3	6.3	6.3	—	0.0	30.0	153.7	Oct. 1957
31.6	24.8	24.8	—	6.8	17.4	1,883.2	8.4	8.3	—	0.1	35.3	157.7	Nov. 1957
11.5	4.5	4.5	—	7.0	16.7	2,032.5	8.1	8.1	—	0.0	35.2	171.1	Dec. 1957
16.0	9.0	9.0	—	7.0	16.5	2,084.8	15.4	15.4	—	—	38.4	174.4	Jan. 1958
16.8	9.8	9.8	—	7.0	16.6	2,323.3	16.6	16.6	—	—	40.5	176.8	Feb. 1958
24.4	18.5	18.5	—	6.9	17.3	2,433.8	24.8	24.8	—	0.0	38.3	198.0	March 1958
16.6	10.6	10.6	—	6.0	18.5	2,516.1	24.7	24.6	—	0.1	35.1	203.8	April 1958
Private Mortgage Banks ⁵⁾													
5.1	0.7	0.7	—	4.4	3.5	862.4	3.4	3.4	—	0.0	2.3	44.7	Dec. 1956
6.6	3.2	3.2	—	3.4	10.4	889.2	6.4	6.4	—	0.0	6.3	44.4	Sep. 1957
23.4	19.9	19.9	—	3.5	11.4	932.5	5.6	5.6	—	0.0	9.5	44.2	Oct. 1957
28.0	24.4	24.4	—	3.6	8.8	982.5	6.2	6.1	—	0.1	9.3	44.2	Nov. 1957
7.8	4.1	4.1	—	3.7	9.2	1,122.0	2.8	2.8	—	0.0	9.2	44.2	Dec. 1957
12.3	8.6	8.6	—	3.7	9.5	1,170.0	9.9	9.9	—	—	9.1	45.3	Jan. 1958
13.2	9.5	9.5	—	3.7	10.2	1,338.8	11.4	11.4	—	—	10.6	45.4	Feb. 1958
21.6	17.9	17.9	—	3.7	10.2	1,440.7	18.1	18.1	—	0.0	10.8	45.8	March 1958
11.6	8.9	8.9	—	2.7	10.0	1,521.8	16.4	16.3	—	0.1	8.8	45.8	April 1958
Public Mortgage Banks													
3.3	0.3	0.3	—	3.0	13.3	818.7	0.6	0.6	—	—	20.9	104.7	Dec. 1956
3.8	0.5	0.5	—	3.3	9.0	855.2	0.2	0.2	—	—	20.4	113.3	Sep. 1957
3.7	0.5	0.5	—	3.2	9.0	869.8	0.7	0.7	—	—	20.5	109.5	Oct. 1957
3.6	0.4	0.4	—	3.2	8.6	900.7	2.2	2.2	—	—	26.0	113.5	Nov. 1957
3.7	0.4	0.4	—	3.3	7.5	910.5	5.3	5.3	—	—	26.0	126.9	Dec. 1957
3.7	0.4	0.4	—	3.3	7.0	914.8	5.3	5.5	—	—	29.3	129.1	Jan. 1958
3.6	0.3	0.3	—	3.3	6.4	984.5	5.2	5.2	—	—	29.9	131.4	Feb. 1958
3.8	0.6	0.6	—	3.2	7.1	983.1	6.7	6.7	—	—	27.5	152.2	March 1958
5.0	1.7	1.7	—	3.3	8.5	994.3	8.3	8.3	—	—	26.3	158.0	April 1958
Credit Institutions with Special Functions													
292.1	212.2	188.0	24.2	79.9	22.1	1,588.1	447.2	183.5	0.6	263.7	268.8	8,887.4	Dec. 1956
1,934.4	334.9	303.9	31.0	1,599.5	35.8	1,241.5	278.4	85.5	—	192.9	290.1	9,734.6	Sep. 1957
2,051.7	344.4	294.9	49.5	1,707.3	35.4	1,241.7	266.3	117.0	—	149.3	282.4	9,869.6	Oct. 1957
2,180.9	342.8	290.2	52.6	1,838.1	35.3	1,241.5	246.9	100.6	—	146.3	275.5	9,938.0	Nov. 1957
1,530.1	385.8	342.5	43.3	1,144.3	37.1	1,209.8	393.8	200.7	—	193.1	339.2	10,074.8	Dec. 1957
2,264.2	481.5	409.0	72.5	1,782.7	37.2	1,182.4	256.2	95.7	—	160.5	369.7	10,104.9	Jan. 1958
2,460.8	519.1	438.0	81.1	1,941.7	37.8	1,183.0	249.3	87.8	—	161.5	360.2	10,196.8	Feb. 1958
2,570.8	525.1	442.9	82.2	2,045.7	37.8	963.1	262.2	118.8	—	143.4	373.5	10,318.3	March 1958
2,761.0	428.3	361.1	67.2	2,332.7	41.3	975.0	212.4	81.9	—	130.5	238.4	10,406.0	April 1958
Reconstruction Loan Corporation, Finanzierungs-Aktiengesellschaft and Berliner Industriebank A. G. +)													
2.2	1.2	1.2	—	1.0	0.9	681.2	74.0	0.5	—	73.5	0.8	3,311.6	Dec. 1956
2.1	0.1	0.1	—	2.0	0.2	425.0	36.6	0.5	—	36.1	0.6	3,236.4	Sep. 1957
2.0	0.0	0.0	—	2.0	0.4	424.9	36.6	0.5	—	36.1	0.6	3,269.8	Oct. 1957
2.1	0.1	0.1	—	2.0	0.4	425.0	39.4	0.5	—	38.9	0.6	3,285.1	Nov. 1957
2.1	0.1	0.1	—	2.0	0.1	415.9	63.2	0.6	—	62.6	0.6	3,343.7	Dec. 1957
2.0	0.0	0.0	—	2.0	0.2	415.9	31.3	0.5	—	30.8	0.6	3,250.8	Jan. 1958
2.0	0.0	0.0	—	2.0	0.1	415.9	31.3	0.5	—	30.8	0.6	3,261.8	Feb. 1958
0.2	0.2	0.2	—	—	0.1	232.8	30.7	0.0	—	30.7	0.3	3,276.4	March 1958
0.1	0.1	0.1	—	—	1.7	236.4	30.8	0.0	—	30.8	—	3,263.9	April 1958
Other Credit Institutions with Special Functions													
289.9	211.0	186.8	24.2	78.9	21.2	906.9	373.2	183.0	0.6	190.2	268.0	5,575.8	Dec. 1956
1,932.3	334.8	303.8	31.0	1,597.5	35.6	816.5	241.8	85.0	—	156.8	289.5	6,498.2	Sep. 1957
2,049.7	344.4	294.9	49.5	1,705.3	35.0	816.8	229.7	116.5	—	113.2	281.8	6,599.8	Oct. 1957
2,178.8	342.7	290.1	52.6	1,836.1	34.9	816.5	207.5	100.1	—	107.4	274.9	6,652.9	Nov. 1957
1,528.0	385.7	342.4	43.3	1,142.3	37.0	793.9	330.6	200.1	—	130.5	338.6	6,731.1	Dec. 1957
2,262.2	481.5	409.0	72.5	1,780.7	37.0	766.5	224.9	95.2	—	129.7	369.1	6,854.1	Jan. 1958
2,458.8	519.1	438.0	81.1	1,939.7	37.7	767.1	213.0	87.3	—	130.7	359.6	6,935.0	Feb. 1958
2,570.6	524.9	442.7	82.2	2,045.7	37.7	730.3	231.5	118.8	—	112.7	373.2	7,041.9	March 1958
2,760.9	428.2	361.0	67.2	2,332.7	39.6	738.6	181.6	81.9	—	99.7	238.4	7,142.1	April 1958
Instalment Credit Institutions ⁶⁾													
—	—	—	—	—	—	—	2.6	0.2	—	2.4	0.3	1.0	Dec. 1956
—	—	—	—	—	—	—	2.2	0.6	—	1.6	0.1	0.9	Sep. 1957
—	—	—	—	—	—	—	2.3	0.6	—	1.7	0.1	0.9	Oct. 1957
—	—	—	—	—	—	—	2.2	0.6	—	1.6	0.1	0.9	Nov. 1957
—	—	—	—	—	—	—	2.1	0.6	—	1.5	0.1	0.8	Dec. 1957
—	—	—	—	—	—	—	2.1	0.6	—	1.5	0.1	0.8	Jan. 1958
—	—	—	—	—	—	—	2.0	0.6	—	1.4	0.1	0.8	Feb. 1958
—	—	—	—	—	—	—	2.7	1.4	—	1.3	0.0	0.8	March 1958
—	—	—	—	—	—	—	1.9	0.6	—	1.3	0.0	0.8	April 1958
Postal Cheque and Postal Savings Bank Offices ⁶⁾													
850.2	—	—	—	850.2	—	731.6	111.5	—	—	111.5	0.7	57.4	Dec. 1956
897.2	—	—	—	897.2	—	855.0	51.7	—	—	51.7	0.7	76.1	Sep. 1957
964.0	—	—	—	964.0	—	855.0	—	—	—	—	0.7	75.9	Oct. 1957
994.9	—	—	—	994.9	—	853.5	—	—	—	—	0.7	76.5	Nov. 1957
1,018.4	—	—	—	1,018.4	—	890.8	11.5	—	—	11.5	0.7	76.3	Dec. 1957
1,011.7	—	—	—	1,011.7	—	890.8	20.5	—	—	20.5	—	74.6	Jan. 1958
1,037.2	—	—	—	1,037.2	—	926.7	10.1	—	—	10.1	—	76.3	Feb. 1958
977.2	—	—	—	977.2	—	925.6	43.0	—	—	43.0	—	76.2	March 1958
938.0	—	—	—	938.0	—	925.5	14.4	—	—	14.4	—	76.0	April 1958

Credits*. For further data regarding instalment credit see Table III A 2. — ⁶⁾ Source: Federal Ministry for Posts and Telecommunications. Discount credits: bills purchased for employ-

8. Turnover in Savings

in millions of DM

Period	Amount of Savings Deposits at beginning of period	Credits	Debits ¹⁾	Balance of Credits and Debits ²⁾	Interest	Other Changes (e.g., conversion, transfers in the books, institutions newly included in, or taken out of, the statistics, etc.)	Amount of Savings Deposits at end of period	
							Total	thereof: Savings Deposits carrying Tax Privileges
All Banking Groups								
1950	3,076.4	3,546.4	2,627.0	+ 919.4	93.5	+ 21.4	4,110.7	278.5
1951	4,110.7	3,939.8	3,170.7	+ 769.1	132.9	+ 75.0	5,087.7	611.8
1952	5,087.7	6,380.9	4,101.7	+ 2,279.2	180.9	+ 33.4	7,581.2	972.1
1953	7,581.2	9,739.0	6,066.7	+ 3,672.3	282.6	+ 10.5	11,546.6	1,531.5
1954	11,546.6	14,321.6	9,111.4	+ 5,210.2	457.3	+ 10.5	17,224.6	2,318.6
1955	17,224.6	14,709.2	11,135.2	+ 3,574.0	592.2	- 17.3	21,373.5	2,524.7
1956	21,373.5	16,519.1	14,415.7	+ 2,103.4	799.6	- 0.9	24,275.6	2,917.4
1957	24,275.6	19,832.5	15,753.1	+ 4,079.4	1,022.6	+ 10.7	29,388.3	3,785.3
1956 1st Qtr.	21,373.5	4,132.2	3,013.1	+ 1,119.1	100.8	+ 1.9	22,595.3	2,482.5
2nd Qtr.	22,595.3	3,941.9	3,386.7	+ 555.2	7.3	+ 0.5	23,158.3	2,527.4
3rd Qtr.	23,158.3	3,925.8	3,813.3	+ 112.5	8.8	+ 0.1	23,279.7	2,261.9
4th Qtr.	23,279.7	4,519.2	4,202.6	+ 316.6	682.7	+ 3.4	24,275.6	2,917.4
1957 Feb.	24,904.8	1,438.4	1,036.7	+ 401.7	19.4	+ 1.1	25,327.0	3,151.6
March	25,327.0	1,657.6	1,234.7	+ 422.9	3.9	+ 0.8	25,754.6	3,416.4
April	25,754.6	1,536.4	1,250.2	+ 286.2	2.4	+ 0.4	26,043.6	3,462.5
May	26,043.6	1,486.5	1,186.9	+ 299.6	1.6	- 0.9	26,343.9	3,490.1
June	26,343.9	1,331.5	1,107.6	+ 223.9	2.5	+ 0.4	26,569.9	3,535.0
July	26,569.9	1,740.6	1,624.7	+ 115.9	4.9	+ 1.6	26,692.3	3,184.0
Aug.	26,692.3	1,602.4	1,248.4	+ 354.0	1.5	+ 1.5	27,046.3	3,175.0
Sep.	27,046.3	1,504.9	1,147.7	+ 357.2	1.3	+ 0.8	27,404.0	3,189.2
Oct.	27,404.0	1,696.0	1,246.3	+ 449.7	1.6	+ 4.3	27,859.6	3,216.5
Nov.	27,859.6	1,544.6	1,235.4	+ 309.2	7.5	+ 2.4	28,178.7	3,264.7
Dec.	28,178.7	2,283.6	1,957.1	+ 326.5	881.2	+ 1.9	29,388.3	3,785.3
1958 Jan.	29,388.3	2,141.7	1,469.6	+ 672.1	107.6	+ 4.5	30,172.5	3,845.8
Feb.	30,172.5	1,707.8	1,102.9	+ 604.9	10.6	+ 1.1	30,789.1	3,881.8
March	30,789.1	1,867.8	1,352.9	+ 514.9	3.9	+ 0.6	31,308.5	3,926.6
April	31,308.5	1,815.6	1,357.7	+ 457.9	1.1	+ 0.8	31,768.3	3,971.9
May ³⁾	31,768.3	1,745.0	1,354.5	+ 390.5	...	...	32,161.8	4,017.4
Commercial Banks³⁾								
1957	3,781.8	3,039.4	2,367.1	+ 672.3	159.2	+ 1.7	4,615.0	1,339.6
1958 Feb.	4,750.9	244.7	154.5	+ 90.2	0.4	+ 0.5	4,842.0	1,381.3
March	4,842.0	263.9	186.5	+ 77.4	0.5	+ 0.3	4,920.2	1,396.3
April	4,920.2	260.6	170.1	+ 90.5	0.1	- 0.1	5,010.7	1,413.5
Big Banks⁴⁾ +)								
1957	2,054.5	1,721.2	1,357.9	+ 363.3	85.5	+ 1.4	2,504.7	878.1
1958 Feb.	2,584.4	143.5	88.2	+ 55.3	0.0	+ 0.4	2,640.1	906.1
March	2,640.1	151.7	105.0	+ 46.7	0.0	+ 2.8	2,689.6	917.3
April	2,689.6	150.8	93.7	+ 57.1	0.0	- 0.0	2,746.7	928.9
State, Regional and Local Banks⁴⁾								
1957	1,489.4	1,128.1	860.9	+ 267.2	63.9	+ 1.5	1,822.0	372.8
1958 Feb.	1,868.6	87.9	56.6	+ 31.3	0.1	+ 0.1	1,900.1	384.5
March	1,900.1	96.1	70.6	+ 25.5	0.1	+ 2.6	1,923.1	387.5
April	1,923.1	93.9	66.2	+ 27.7	0.1	+ 0.0	1,950.9	392.3
Private Bankers⁴⁾								
1957	229.4	183.3	143.8	+ 39.5	9.6	- 1.0	277.5	84.8
1958 Feb.	286.9	13.0	9.5	+ 3.5	0.3	- 0.0	290.7	86.8
March	290.7	15.6	10.6	+ 5.0	0.3	- 0.0	296.0	87.5
April	296.0	13.6	9.9	+ 3.7	0.0	- 0.2	299.5	88.3
Savings Banks								
1957	15,506.1	12,352.1	9,860.4	+ 2,491.7	661.9	+ 5.6	18,665.3	1,922.5
1958 Feb.	19,116.1	1,087.3	700.7	+ 386.6	4.4	+ 0.6	19,507.7	1,966.3
March	19,507.7	1,190.9	864.8	+ 326.1	1.7	+ 0.0	19,835.5	1,990.8
April	19,835.5	1,159.5	878.3	+ 281.2	0.6	+ 1.0	20,118.3	2,013.3
Industrial Credit Cooperatives								
1957	1,907.1	1,577.3	1,223.3	+ 354.0	80.4	+ 0.6	2,342.1	343.9
1958 Feb.	2,417.3	126.4	82.2	+ 44.2	3.7	+ 0.0	2,465.2	351.1
March	2,465.2	143.7	104.2	+ 39.5	0.8	+ 0.1	2,505.6	354.6
April	2,505.6	138.9	100.3	+ 38.6	0.0	+ 0.1	2,544.3	357.5
Agricultural Credit Cooperatives⁴⁾								
1957	1,510.7	1,058.6	833.9	+ 224.7	60.2	+ 2.3	1,797.9	155.3
1958 Feb.	1,849.0	90.2	61.9	+ 28.3	1.8	- 0.0	1,879.1	158.1
March	1,879.1	93.3	74.1	+ 19.2	0.9	+ 0.3	1,899.5	159.7
April	1,899.5	90.9	73.2	+ 17.7	0.3	- 0.2	1,917.3	162.1
Postal Savings Bank Offices								
1957	1,457.0	1,721.3	1,411.9	+ 309.4	55.2	+ 0.8	1,822.4	—
1958 Feb.	1,889.0	154.0	100.0	+ 54.0	0.0	+ 0.0	1,943.0	—
March	1,943.0	168.4	118.8	+ 49.6	0.1	+ 0.0	1,992.7	—
April	1,992.7	155.4	125.9	+ 29.5	0.1	+ 0.0	2,022.3	—
All other Groups⁵⁾								
1957	112.9	83.6	56.1	+ 27.5	5.2	- 0.0	145.6	23.9
1958 Feb.	150.2	5.2	3.6	+ 1.6	0.1	-	151.9	25.0
March	151.9	7.4	4.4	+ 3.0	0.0	- 0.0	154.9	25.2
April	154.9	10.4	9.7	+ 0.7	0.0	+ 0.0	155.6	25.5

¹⁾ Including the debits to accounts of expelled persons and "old" savers, which debits cannot be ascertained as a separate item. — ²⁾ The net amount of genuine new savings in 1953 and 1954 cannot be accurately ascertained owing to the conversion and disbursement of credit balances of expelled persons and "old" savers; cf. footnote 1). — ³⁾ Specialised commercial banks, which are included in the group "Commercial Banks", are not specified in this table because of their small holding of savings deposits. — ⁴⁾ Partial statistics collected from about 1,450 institutions; for figures on the savings deposits at all agricultural credit cooperatives see Table III A 4. — ⁵⁾ Central giro institutions, central institutions of credit cooperatives, private and public mortgage banks, credit institutions with special functions. — ⁶⁾ Deutsche Bank A.G., Dresdner Bank A.G., Commerzbank group, and their Berlin subsidiaries. — ⁷⁾ Sub-group of "Commercial Banks". — ⁸⁾ Provisional.

2. Number of Credit Institutions and Classification of Reporting Credit Institutions according to Size

Position at end of December 1957

Banking groups	Total number of credit institutions	of which, reporting for monthly banking statistics	The credit institutions reporting for the monthly banking statistics are graded as follows according to their balance-sheet total ¹⁾									
			less than DM 500,000	DM 500,000 to less than DM 1 million	DM 1 million to less than DM 5 million	DM 5 million to less than DM 10 million	DM 10 million to less than DM 25 million	DM 25 million to less than DM 50 million	DM 50 million to less than DM 100 million	DM 100 million to less than DM 500 million	DM 500 million to less than DM 1 billion	DM 1 billion and over
Commercial banks	363	339	25	30	85	47	36	36	31	34	6	9
Big banks ²⁾	8	8	—	—	—	—	—	—	—	3	—	5
State, regional and local banks	87	85	—	1	10	11	12	13	10	18	6	4
Private bankers	238	217	24	27	69	35	19	17	18	8	—	—
Specialised commercial banks	30	29	1	2	6	1	5	6	3	5	—	—
Central giro institutions	11	11	—	—	—	—	—	—	—	1	1	9
Savings banks	858	857	—	1	88	153	291	187	75	54	8	—
Central institutions of credit cooperatives	17	17	—	—	—	—	—	—	4	12	1	—
Central institutions of industrial credit cooperatives	5	5	—	—	—	—	—	—	—	5	—	—
Central institutions of agricultural credit cooperatives	12	12	—	—	—	—	—	—	4	7	1	—
Credit cooperatives	11,567	2,188	15	147	1,631	240	116	27	10	2	—	—
Industrial credit cooperatives	747	742	15	19	390	176	106	25	9	2	—	—
Agricultural credit cooperatives	10,820	1,446	—	128	1,241	64	10	2	1	—	—	—
Private and public mortgage banks	47	47	—	—	1	4	5	4	5	16	6	6
Private mortgage banks	29	29	—	—	1	2	2	1	3	14	6	—
Public mortgage banks	18	18	—	—	—	2	3	3	2	2	—	6
Credit institutions with special functions	23	23	—	1	1	3	1	2	1	4	2	8
Instalment credit institutions	191	162	25	18	60	18	21	13	4	3	—	—
Other credit institutions	42	—	—	—	—	—	—	—	—	—	—	—
Postal Cheque and Postal Savings Bank offices	14	14	—	—	—	—	—	—	—	—	—	—
Total ³⁾	13,133	3,658	65	197	1,866	465	470	269	130	126	24	32
<i>note:</i>												
Balance-sheet total ^{1) 2)}	161,016 e)	158,486.7	17.5	164.0	4,331.2	3,329.4	7,491.9	9,586.7	8,818.7	27,255.6	15,943.9	77,465.2

¹⁾ Balance-sheet total as shown in the Interim Statement, plus endorsement liabilities on rediscounted bills and own drawings in circulation. — ²⁾ Deutsche Bank A. G., Dresdner Bank A. G., Commerzbank group, and their Berlin subsidiaries. — ³⁾ Figures printed in italics do not contain Postal Cheque and Postal Savings Bank offices. — e) Estimated.

IV. Interest Rates

I. Interest Rates of the Deutsche Bundesbank *)

a) Rates for Discounts and Advances, and Special Rate of Interest charged for failure to meet the Minimum Reserve Requirement

Applicable as from:	Discounts ¹⁾	Advances on Securities	Special Rate of Interest charged to Credit Institutions for failure to meet Minimum Reserve Requirement
	% p. a.	% p. a.	% p. a. over advance rate
1948 July 1	5	6	1
Dec. 1			3
1949 May 27	4 1/2	5 1/2	
July 14	4	5	
1950 Oct. 27	6 ²⁾	7	1
Nov. 1			3
1951 Jan. 1			
1952 May 29	5 ⁴⁾	6	
Aug. 21	4 1/2	5 1/2	
1953 Jan. 8	4	5	
June 11	3 1/2	4 1/2	
1954 May 20	3	4	
1955 Aug. 4	3 1/2	4 1/2	
1956 March 8	4 1/2	5 1/2	
May 19	5 1/2 ⁵⁾	6 1/2	
Sep. 6	5	6	
1957 Jan. 11	4 1/2	5 1/2	
Sep. 19	4	5	
1958 Jan. 17	3 1/2	4 1/2	
June 27	3	4	

*) Until 31 July 1957 rates of Bank deutscher Länder and of Land Central Banks.
¹⁾ This is also the rate for cash advances to public authorities and to the Reconstruction Loan Corporation; cf. footnotes ²⁾ and ⁴⁾. The discount rate for bills expressed in foreign currency was uniformly fixed at 3 %/o, for the time being, by a decision adopted by the Board of Directors of the Bank deutscher Länder on 3 Aug. 1948. By decision of 9/10 November 1949 the Board of Directors authorised the Board of Managers to fix varying rates for bills in this class, in accordance with the discount rates of the foreign Central Banks concerned. The same applies to bills in DM which have been accepted abroad (Decision of 22/23 March 1950), and also to export drafts (Decisions of 15/16 November 1950 and 23/24 May 1951); see also footnote ²⁾. —
²⁾ Promissory notes arising under the export promotion scheme of the Reconstruction Loan Corporation were discounted at the preferential rate of 4 %/o even after the raising of the discount rate on 27 October 1950 (Decision of 29/30 November 1950). This privilege in regard to the interest rate was cancelled by decision of 7/8 November 1951; and it could then be claimed only for promissory notes arising from credits which were granted or promised not later than 7 November 1951. —
³⁾ Under a decision taken by the Board of Directors of the Bank deutscher Länder on 20 December 1950 the interest rate for cash advances to the Reconstruction Loan Corporation was fixed, with effect from 27 October 1950, at 4 %/o in the case of lendings to agriculture, maritime shipping and housebuilding, while for credits serving other purposes it was fixed at 5 1/2 %/o. —
⁴⁾ Since 29 May 1952 there has been in effect only the special arrangement mentioned under ³⁾ for lendings to be used for financing agriculture, maritime shipping and housebuilding, to which lendings the rate of 4 %/o continues to apply. —
⁵⁾ As from 19 May 1956 also discount rate for foreign bills, foreign cheques, foreigners' DM acceptances, and export drafts.

b) Rates Applying to Sales of Money Market Securities in the Open Market
 %/o per annum

Applicable as from:	Treasury Bills of Federal Government and Federal Railways running for		Non-interest-bearing Treasury Bonds of Federal Government, Federal Railways and Federal Postal Administration running for				Storage Agency Bills running for	
	30 to 59 days	60 to 90 days	6 months	12 months	18 months	24 months	30 to 59 days	60 to 90 days
	1955 Jan. 4	2 1/4	2 3/8	3	3 1/4	3 1/2	3 3/4	2 1/2
Jan. 12	2 1/4	2 1/4	2 7/8	3 1/8	3 1/2	3 1/2	2 1/4	2 1/4
Feb. 24	2 1/4	2 3/8	3	3 1/4	3 1/2	3 3/4	2 1/2	2 1/2
Mar. 4	2 3/8	2 1/2	3	3 1/4	3 1/2	3 3/4	2 1/2	2 1/2
Mar. 7	2 1/2	2 3/8	3 1/8	3 3/8	3 1/2	3 3/4	2 1/2	2 1/2
Apr. 25	2 1/2	2 1/2	3	3 1/4	3 1/2	3 3/4	2 1/2	2 1/2
June 3	2 1/2	2 3/8	3	3 1/4	3 1/2	3 3/4	2 1/2	2 1/2
July 14	2 1/2	2 3/8	3	3 1/4	3 3/8	3 7/8	2 1/2	2 1/2
July 20	2 5/8	2 3/4	3 1/8	3 3/8	3 3/4	4	2 1/2	2 1/2
Aug. 4	2 7/8	3	3 3/8	3 3/8	4	4 1/4	3	3 1/8
Sep. 2	3	3 1/8	3 1/2	3 3/4	4	4 1/4	3 1/4	3 3/8
Sep. 7	3 1/8	3 1/4	3 3/8	3 7/8	4 1/8	4 3/8	3 3/8	3 3/8
Oct. 10	3 1/4	3 3/8	3 7/8	4 1/8	4 3/8	4 5/8	3 1/2	3 3/8
Nov. 4	3 1/4	3 3/8	4 1/4	4 1/2	4 3/4	5	3 1/2	3 3/8
1956 Jan. 20	3 1/4	3 3/8	4 1/2	4 3/4	5	5 1/4	3 1/2	3 3/8
Jan. 24	3 1/4	3 3/8	4 3/4	5	5 1/4	5 1/2	3 1/2	3 3/8
Mar. 8	4	4 1/8	5 1/4	5 1/2	5 3/4	6	4 1/4	4 3/8
Mar. 26	3 7/8	4	5	5 1/4	5 1/2	5 3/4	4 1/4	4 3/8
Apr. 27	4 1/8	4 1/4	5	5 1/4	5 1/2	5 3/4	4 1/4	4 3/8
May 22	5 1/8	5 1/8	5 3/4	5 1/2	5 1/2	5 3/4	4 3/8	4 3/8
June 5	4 3/4	4 3/4	6	6 1/4	6 1/4	6 3/4	5 1/8	5 1/8
Sep. 6	4 3/4	4 3/4	6	6 1/4	6 1/4	6 3/4	5 1/8	5 1/8
Nov. 23	4 5/8	4 3/4	6	6 1/4	6 1/4	6 3/4	4 3/4	4 3/4
Nov. 28	4 1/2	4 5/8	6	6 1/4	6 1/4	6 3/4	4 3/4	4 3/4
Dec. 4	4 5/8	4 3/4	6	6 1/4	6 1/4	6 3/4	4 3/4	4 3/4
1957 Jan. 3	4 1/2	4 5/8	5 3/4	5 3/4	6	6 1/4	4 3/4	4 3/4
Jan. 4	4 3/8	4 1/2	5 3/8	5 3/8	5 7/8	6 1/8	4 1/2	4 3/4
Jan. 11	4 1/8	4 1/4	5 1/8	5 3/8	5 3/8	5 7/8	4 1/4	4 3/4
Jan. 30	4 1/8	4 1/4	5	5 1/4	5 1/2	5 3/4	4 1/4	4 3/4
Mar. 4	4 1/4	4 3/8	5	5 1/4	5 1/2	5 3/4	4 1/4	4 3/4
Mar. 7	4 3/8	4 1/2	5 1/4	5 1/2	5 1/4	6	4 1/2	4 3/4
Mar. 18	4 1/4	4 3/8	5 1/4	5 1/2	5 1/2	6 3/8	4 1/2	4 3/4
Apr. 15	4 1/4	4 3/8	5 1/4	5 1/2	5 1/2	6	4 1/2	4 3/4
July 5	4 1/4	4 1/4	5	5 1/4	5 1/2	5 3/4	4 1/4	4 3/4
Aug. 12	4 1/8	4 1/8	4 3/4	5	5 1/4	5 1/2	4 1/4	4 3/4
Aug. 22	3 7/8	4	4 3/4	4 3/4	5	5 1/4	4	4 1/8
Aug. 24	3 3/4	3 7/8	4 1/2	4 5/8	4 7/8	5 1/8	3 7/8	4
Aug. 27	3 5/8	3 3/4	4 1/8	4 3/8	4 5/8	4 7/8	3 3/4	3 7/8
Sep. 2	3 7/8	4	4 3/8	4 5/8	4 7/8	5 1/8	4	4 1/8
Sep. 6	4	4 1/8	4 1/2	4 3/4	5	5 1/4	4 1/8	4 1/4
Sep. 19	3 5/8	3 3/4	4 1/8	4 3/8	4 5/8	4 7/8	3 3/4	3 7/8
Sep. 27	3 3/4	3 7/8	4 1/4	4 1/2	4 3/4	5	3 3/4	4
Oct. 3	3 1/2	3 5/8	4 1/8	4 1/2	4 3/4	4 7/8	3 1/2	3 7/8
Oct. 18	3 1/2	3 5/8	4	4 1/4	4 1/2	4 3/4	3 1/2	3 5/8
Oct. 24	3 3/8	3 1/2	3 7/8	4 1/4	4 1/2	4 3/4	3 1/2	3 5/8
Nov. 9	3 1/4	3 3/8	3 3/4	4 1/8	4 1/2	4 3/4	3 1/2	3 5/8
Nov. 29	3 3/8	3 1/2	3 7/8	4 1/8	4 1/2	4 3/4	3 1/2	3 5/8
Dec. 4	3 1/2	3 5/8	4	4 1/4	4 1/2	4 3/4	3 1/2	3 5/8
Dec. 27	3 5/8	3 3/4	4 1/8	4 1/4	4 1/2	4 3/4	3 1/4	3 7/8
1958 Jan. 2	3 3/8	3 1/2	3 3/4	4	4 1/4	4 1/2	3 1/2	3 5/8
Jan. 6	3 1/4	3 3/8	3 3/8	3 7/8	4 1/8	4 3/8	3 1/2	3 5/8
Jan. 17	3 1/8	3 1/4	3 1/2	3 3/4	4 1/8	4 3/8	3 1/4	3 5/8
Apr. 15	3 1/8	3 1/4	3 1/2	3 5/8	3 7/8	4 1/8	3 1/4	3 5/8
May 30	3 1/8	3 1/4	3 1/2	3 3/8	3 3/4	4	3 1/4	3 5/8
June 27	2 5/8	2 3/4	3	3 1/8	3 1/4	3 1/2	2 3/4	2 7/8

2. The Debtor and Creditor Interest Rates

Debtor Interest Rates of Credit Institutions as from 27 June 1958

	Baden-Württemberg ²⁾		Bavaria ²⁾		Berlin (West) ²⁾		Bremen ²⁾	
Debtor Interest Rates, in per cent per annum								
D = Central Bank Discount Rate, at present ³ A = Central Bank Advance Rate, at present ⁴								
Charges for Credits								
1. Charges for Credits in Current Account ⁴⁾	in detail	total	in detail	total	in detail	total	in detail	total
(a) Approved Credits								
Interest ¹¹⁾	$\frac{1}{4}\%$ $\frac{4}{4}$ per month	$7\frac{3}{4}$	$\frac{1}{4}\%$ $\frac{4}{4}$ per month	$7\frac{3}{4}$	$\frac{1}{4}\%$ $\frac{4}{4}$ per month	$7\frac{3}{4}$	$\frac{1}{4}\%$ $\frac{4}{4}$ per month	$7\frac{3}{4}$
Credit Commission								
(b) Overdrafts								
Interest ¹¹⁾	$\frac{1}{8}\%$ $\frac{4}{4}$ per day	$9\frac{1}{4}$	$\frac{A}{100} + 1\frac{1}{2}\%$ per day	10	$\frac{1}{8}\%$ $\frac{4}{4}$ per day	$9\frac{1}{4}$	$\frac{1}{8}\%$ $\frac{4}{4}$ per day	$9\frac{1}{4}$
Overdraft Commission								
2. Acceptance Credits (normal terms)								
Interest	D + $\frac{1}{2}\%$		D + $\frac{1}{2}\%$		D + $\frac{1}{2}\%$		D + $\frac{1}{2}\%$	
Acceptance Commission	$\frac{1}{4}\%$ per month	$6\frac{1}{2}$	$\frac{1}{4}\%$ per month	$6\frac{1}{2}$	$\frac{1}{4}\%$ per month	$6\frac{1}{2}$	$\frac{1}{4}\%$ per month	$6\frac{1}{2}$
3. Charges for Discount Credits								
(a) Items of DM 20,000.— or above								
Interest	D + $\frac{1}{2}\%$		D + $1\frac{1}{2}\%$		D + 1%		D + $\frac{1}{2}\%$ - 1%	
Discount Commission	$\frac{1}{8}\%$ per month	5	1% per month	$5\frac{7}{10}$	$\frac{1}{8}\%$ per month	$5\frac{1}{2}$	$\frac{1}{8}\%$ per month	$5 - 5\frac{1}{2}$
(b) Items from DM 5,000.— to under DM 20,000.—								
Interest	D + $\frac{1}{2}\%$		D + $1\frac{1}{2}\%$		D + 1%		D + $\frac{1}{2}\%$ - 1%	
Discount Commission	$\frac{1}{8}\%$ per month	5	1% per month	$5\frac{7}{10}$	$\frac{1}{8}\%$ per month	$5\frac{1}{2}$	$\frac{1}{8}\%$ per month	$5 - 5\frac{1}{2}$
(c) Items from DM 1,000.— to under DM 5,000.—								
Interest	D + 1%		D + $1\frac{1}{2}\%$		D + 1%		D + $\frac{1}{2}\%$ - 1%	
Discount Commission	$\frac{1}{8}\%$ per month	$5\frac{1}{2}$	$\frac{1}{8}\%$ per month	6	$\frac{1}{8}\%$ per month	6	$\frac{1}{8}\%$ per month	$5\frac{1}{2} - 6$
(d) Items under DM 1,000.—								
Interest	D + 1%		D + $1\frac{1}{2}\%$		D + 1%		D + $\frac{1}{2}\%$ - 1%	
Discount Commission	$\frac{1}{8}\%$ per month	6	$\frac{1}{8}\%$ per month	$6\frac{1}{2}$	$\frac{1}{8}\%$ per month	7	$\frac{1}{8}\%$ per month	$6\frac{1}{2} - 7$
4. Drawings on Customers								
Interest	no rates fixed		no rates fixed		no rates fixed		no rates fixed	
Credit Commission								
5. Turnover Commission								
	no terms stated		$\frac{1}{8}\%$ per half-year, on minimum of three times highest debit balance		$\frac{1}{2} - 1\%$ of turnover on larger side, minimum 1% p. a. of amount of credit		$\frac{1}{8}\%$ on the larger side of the account less balance brought forward, minimum $\frac{1}{8}\%$ per half-year on amount of credit	
6. Minimum Charges for Discounting	DM 2.—		DM 2.—		DM 2.—		DM 2.—	
7. Domicile Commission	$\frac{1}{2}\%$, minimum DM —.50		not fixed		not fixed		$\frac{1}{2}\%$	
Depositor Interest Rates								
Creditor Interest Rates ⁷⁾ in per cent per annum								
1. for Monies payable on Demand								
(a) on Accounts free of Commission	$\frac{1}{2}$		$\frac{1}{2}$		$\frac{1}{2}$		$\frac{1}{2}$	
(b) on Accounts subject to Commission	1		1		1		1	
2. Savings Deposits								
(a) with Legal Period of Notice	$3\frac{1}{4}$		$3\frac{1}{4}$		$3\frac{1}{4}$		$3\frac{1}{4}$	
(b) with Agreed Period of Notice of								
(1) 6 months to less than 12 months	4		4		4		4	
(2) 12 months and over	5		5		5		5	
3. for Monies at Notice of								
(a) 1 to less than 3 months	$2\frac{7}{8}$	3	$2\frac{7}{8}$	3	$2\frac{7}{8}$	3	$2\frac{7}{8}$	3
(b) 3 to less than 6 months	3	$3\frac{1}{4}$	3	$3\frac{1}{4}$	3	$3\frac{1}{4}$	3	$3\frac{1}{4}$
(c) 6 to less than 12 months	$3\frac{3}{4}$	4	$3\frac{3}{4}$	4	$3\frac{3}{4}$	4	$3\frac{3}{4}$	4
(d) 12 months and over ⁸⁾	$4\frac{1}{2}$	$4\frac{3}{4}$	$4\frac{1}{2}$	$4\frac{3}{4}$	$4\frac{1}{2}$	$4\frac{3}{4}$	$4\frac{1}{2}$	$4\frac{3}{4}$
4. for Monies placed for Fixed Periods of								
(a) 30 to 89 days	$2\frac{7}{8}$	3	$2\frac{7}{8}$	3	$2\frac{7}{8}$	3	$2\frac{7}{8}$	3
(b) 90 to 179 days	3	$3\frac{1}{4}$	3	$3\frac{1}{4}$	3	$3\frac{1}{4}$	3	$3\frac{1}{4}$
(c) 180 to 359 days	$3\frac{3}{4}$	4	$3\frac{3}{4}$	4	$3\frac{3}{4}$	4	$3\frac{3}{4}$	4
(d) 360 days and over ⁸⁾	$4\frac{1}{2}$	$4\frac{3}{4}$	$4\frac{1}{2}$	$4\frac{3}{4}$	$4\frac{1}{2}$	$4\frac{3}{4}$	$4\frac{1}{2}$	$4\frac{3}{4}$
5. Preferential Rate of Interest ¹⁰⁾	$\frac{1}{8} - \frac{1}{2}$		$\frac{1}{8} - \frac{1}{2}$		$\frac{1}{8} - \frac{1}{2}$		$\frac{1}{8} - \frac{1}{2}$	

¹⁾ Compiled on the basis of notifications, published by the Bank Supervisory Authorities of the Länder, concerning the fixing of interest and commission rates. The table does not include, with the approval of the appropriate Bank Supervisory Authority, to charge higher rates in cases where there is good reason for doing so. — ²⁾ Maximum rates, which are credits firmly approved or, in the case of tacitly granted credit, from the highest balance. Hence, in individual cases total charges for credits may deviate from total charges as shown. — ³⁾ Also for bills on places where there is no Land Central Bank or branch of one. — ⁴⁾ These maximum rates apply to transactions with non-banker customers. Non-banker is paid, at the Hamburg clearing banks, on giro accounts amounting to not more than DM 10,000.— — ⁵⁾ In the case of monies at notice or at fixed periods in groups 3 (d) Commission and with the conditions laid down in the notifications of the various Bank Supervisory Authorities, credit cooperatives whose balance-sheet total does not exceed DM 10,000.—, exceed the maximum rates fixed for creditor interest by no more than the rates here shown; for a specification of the rates, see the special table in the Monthly Report 1954. — ⁶⁾ The debtor interest rates fixed for credits in current account drop below $4\frac{3}{4}\%$ p. a. owing to lowering of the Central Bank advance rate — as happened on 27 June 1958 — a rate

in force in the Individual Länder ¹⁾

As regards a change in creditor interest rates, negotiations are at present under way.

Creditor Interest Rates of Credit Institutions as from 10 February 1958

Hamburg ³⁾		Hesse ²⁾		Lower Saxony ²⁾		North Rhine-Westphalia ²⁾		Rhineland-Palatinate ²⁾		Schleswig-Holstein ²⁾	
Debtor Interest Rates, in per cent per annum											
D = Central Bank Discount Rate, at present ³ A = Central Bank Advance Rate, at present ⁴											
in detail	total	in detail	total	in detail	total	in detail	total	in detail	total	in detail	total
$\frac{1}{4}\%$ $\frac{4}{4}$ per month	7 $\frac{3}{4}$	$\frac{1}{4}\%$ $\frac{4}{4}$ per month	7 $\frac{3}{4}$	$\frac{1}{4}\%$ $\frac{4}{4}$ per month	7 $\frac{3}{4}$	$\frac{1}{4}\%$ $\frac{4}{4}$ per month	7 $\frac{3}{4}$	$\frac{1}{4}\%$ $\frac{4}{4}$ per month	7 $\frac{3}{4}$	$\frac{1}{4}\%$ $\frac{4}{4}$ per month	7 $\frac{3}{4}$
$\frac{1}{8}\%$ $\frac{4}{60}$ per day	9 $\frac{1}{4}$	$\frac{1}{8}\%$ $\frac{4}{60}$ per day	9 $\frac{1}{4}$	$\frac{1}{8}\%$ $\frac{4}{60}$ per day	9 $\frac{1}{4}$	$\frac{1}{8}\%$ $\frac{4}{60}$ per day	9 $\frac{1}{4}$	$\frac{1}{8}\%$ $\frac{4}{60}$ per day	9 $\frac{1}{4}$	$\frac{1}{8}\%$ $\frac{4}{60}$ per day	9 $\frac{1}{4}$
D + $\frac{1}{2}\%$ $\frac{1}{4}\%$ per month	6 $\frac{1}{2}$	D + $\frac{1}{2}\%$ $\frac{1}{4}\%$ per month	6 $\frac{1}{2}$	D + $\frac{1}{2}\%$ $\frac{1}{4}\%$ per month	6 $\frac{1}{2}$	D + $\frac{1}{2}\%$ $\frac{1}{4}\%$ per month	6 $\frac{1}{2}$	D + $\frac{1}{2}\%$ $\frac{1}{4}\%$ per month	6 $\frac{1}{2}$	D + $\frac{1}{2}\%$ $\frac{1}{4}\%$ per month	6 $\frac{1}{2}$
D + 1% $\frac{1}{8}\%$ per month	5 $\frac{1}{2}$	D + $\frac{1}{2}\%$ $\frac{1}{8}\%$ per month	5	A + $\frac{1}{2}\%$ $\frac{1}{2}\%$ per month	5	D + $1\frac{1}{2}\%$ $\frac{1}{2}\%$ per month	5	D + $1\frac{1}{2}\%$ $\frac{1}{2}\%$ per month	5	D + 1% $\frac{1}{8}\%$ per month	5 $\frac{1}{2}$
D + 1% $\frac{1}{8}\%$ per month	5 $\frac{1}{2}$	D + $\frac{1}{2}\%$ $\frac{1}{8}\%$ per month	5 $\frac{1}{2}$	A + $\frac{1}{2}\%$ $\frac{1}{12}\%$ per month	5 $\frac{1}{2}$	D + $1\frac{1}{2}\%$ $\frac{1}{12}\%$ per month	5 $\frac{1}{2}$	D + $1\frac{1}{2}\%$ $\frac{1}{24}-\frac{1}{12}\%$ per month	5 - 5 $\frac{1}{2}$	D + 1% $\frac{1}{8}\%$ per month	5 $\frac{1}{2}$
D + 1% $\frac{1}{8}\%$ per month	6	D + $1\frac{1}{2}\%$ $\frac{1}{8}\%$ per month	6	A + $\frac{1}{2}\%$ $\frac{1}{8}\%$ per month	6	D + $1\frac{1}{2}\%$ $\frac{1}{8}\%$ per month	6	D + $1\frac{1}{2}\%$ $\frac{1}{8}\%$ per month	6	D + 1% $\frac{1}{8}\%$ per month	6
D + 1% $\frac{1}{4}\%$ per month	7	D + $1\frac{1}{2}\%$ $\frac{1}{8}\%$ per month	6	A + $\frac{1}{2}\%$ $\frac{1}{8}\%$ per month	6 $\frac{1}{2}$ ⁶⁾	D + $1\frac{1}{2}\%$ $\frac{1}{8}\%$ per month	6 ⁵⁾	D + $1\frac{1}{2}\%$ $\frac{1}{8}\%$ per month	6 ⁵⁾	D + 1% $\frac{1}{4}\%$ per month	7 ⁶⁾
no rates fixed		A + $\frac{1}{2}\%$ $\frac{1}{4}\%$ per month	7 $\frac{1}{2}$	no rates fixed		no rates fixed		A + $\frac{1}{2}\%$ $\frac{1}{4}\%$ per month	7 $\frac{1}{2}$	no rates fixed	
Calculation according to Art. 5 of Agreement on Debtor Interest, together with instructions issued by Reich Credit Supervisory Office on 5 March 1942		Calculation according to Art. 5 of Agreement on Debtor Interest, together with instructions issued by Reich Credit Supervisory Office on 5 March 1942						Calculation according to Art. 5 of Agreement on Debtor Interest, together with instructions issued by Reich Credit Supervisory Office on 5 March 1942			
DM 2.—		DM 2.—		DM 2.—		DM 2.—		DM 2.—		DM 2.—	
not fixed		$\frac{1}{2}\%$ per month, minimum DM —.50		$\frac{1}{2}\%$ per month, minimum DM —.50		$\frac{1}{2}\%$ per month, minimum DM —.50		$\frac{1}{2}\%$ per month, minimum DM —.50		not fixed	

Creditor Interest Rates⁷⁾ in per cent per annum

$\frac{1}{2}$ ⁸⁾		$\frac{1}{2}$		$\frac{1}{2}$		$\frac{1}{2}$		$\frac{1}{2}$		$\frac{1}{2}$	
1		1		1		1		1		1	
3 $\frac{1}{4}$		3 $\frac{1}{4}$		3 $\frac{1}{4}$		3 $\frac{1}{4}$		3 $\frac{1}{4}$		3 $\frac{1}{4}$	
4		4		4		4		4		4	
5		5		5		5		5		5	
For deposited amount of less than DM 50,000.— and over		For deposited amount of less than DM 50,000.— and over		For deposited amount of less than DM 50,000.— and over		For deposited amount of less than DM 50,000.— and over		For deposited amount of less than DM 50,000.— and over		For deposited amount of less than DM 50,000.— and over	
2 $\frac{7}{8}$	3	2 $\frac{7}{8}$	3	2 $\frac{7}{8}$	3	2 $\frac{7}{8}$	3	2 $\frac{7}{8}$	3	2 $\frac{7}{8}$	3
3	3 $\frac{1}{4}$	3	3 $\frac{1}{4}$	3	3 $\frac{1}{4}$	3	3 $\frac{1}{4}$	3	3 $\frac{1}{4}$	3	3 $\frac{1}{4}$
3 $\frac{3}{4}$	4	3 $\frac{3}{4}$	4	3 $\frac{3}{4}$	4	3 $\frac{3}{4}$	4	3 $\frac{3}{4}$	4	3 $\frac{3}{4}$	4
4 $\frac{1}{2}$	4 $\frac{3}{4}$	4 $\frac{1}{2}$	4 $\frac{3}{4}$	4 $\frac{1}{2}$	4 $\frac{3}{4}$	4 $\frac{1}{2}$	4 $\frac{3}{4}$	4 $\frac{1}{2}$	4 $\frac{3}{4}$	4 $\frac{1}{2}$	4 $\frac{3}{4}$
2 $\frac{7}{8}$	3	2 $\frac{7}{8}$	3	2 $\frac{7}{8}$	3	2 $\frac{7}{8}$	3	2 $\frac{7}{8}$	3	2 $\frac{7}{8}$	3
3	3 $\frac{1}{4}$	3	3 $\frac{1}{4}$	3	3 $\frac{1}{4}$	3	3 $\frac{1}{4}$	3	3 $\frac{1}{4}$	3	3 $\frac{1}{4}$
3 $\frac{3}{4}$	4	3 $\frac{3}{4}$	4	3 $\frac{3}{4}$	4	3 $\frac{3}{4}$	4	3 $\frac{3}{4}$	4	3 $\frac{3}{4}$	4
4 $\frac{1}{2}$	4 $\frac{3}{4}$	4 $\frac{1}{2}$	4 $\frac{3}{4}$	4 $\frac{1}{2}$	4 $\frac{3}{4}$	4 $\frac{1}{2}$	4 $\frac{3}{4}$	4 $\frac{1}{2}$	4 $\frac{3}{4}$	4 $\frac{1}{2}$	4 $\frac{3}{4}$
$\frac{1}{8}$ — $\frac{1}{2}$		$\frac{1}{8}$ — $\frac{1}{2}$		$\frac{1}{8}$ — $\frac{1}{2}$		$\frac{1}{8}$ — $\frac{1}{2}$		$\frac{1}{8}$ — $\frac{1}{2}$		$\frac{1}{8}$ — $\frac{1}{2}$	

not take account of special rates or preferential arrangements which in certain Länder have been provided and agreed for various types of credit. — ²⁾ Normal rates. It is per-
³⁾ According to Art. 2 of the Debtor Interest Agreement, interest may only be charged for credits actually taken. Credit commission may however be computed in advance from quoted above. — ⁴⁾ For items under DM 1,000.— a processing fee of DM 1.— to DM 2.— is to be charged, according to circumstances, irrespective of the charges for discounting, customers in the meaning of Art. 3 of the skeleton agreement of 22 December 1936 include, e. g., cash offices of public authorities, and insurance companies. — ⁵⁾ No interest and 4 (d), the deposit interest rate is 4 $\frac{1}{8}\%$ for deposited amounts of DM 1,000,000.— and over. — ⁶⁾ In compliance with a decision adopted by the Special Bank Supervisory DM 40 million, joint stock companies and other corporations, private bankers and partnerships with a balance-sheet total not greater than DM 60 million may, as from April of the Bank deutscher Länder for September 1955, page 88. — ⁷⁾ The debtor interest rate fixed for credits in current account is the Central Bank advance rate + $\frac{1}{2}\%$. Should of up to 4 $\frac{3}{4}\%$ p. a. may however be charged under a decision of the Bank Supervisory Authorities.

2. Placings of Securities: Nominal Values, Market Values and Average Issue Prices¹⁾

Period	Mortgage Bonds ¹⁾ and Communal Bonds			Industrial Bonds			Loans of Public Authorities			Bonds of Specialised Credit Institutions and others			Fixed-interest-bearing Securities total			Shares		
	Nominal Value	Market Value	Average Issue Price	Nominal Value	Market Value	Average Issue Price	Nominal Value	Market Value	Average Issue Price	Nominal Value	Market Value	Average Issue Price	Nominal Value	Market Value	Average Issue Price	Nominal Value	Market Value	Average Issue Price
	DM million		p. c.	DM million		p. c.	DM million		p. c.	DM million		p. c.	DM million		p. c.	DM million		p. c.
1955	2,407.8	2,356.2	97.9	432.0	427.3	98.9	583.2	570.3	97.8	257.7	251.6	97.6	3,680.7	3,605.4	98.0	1,554.8	1,714.6	110.3
1956	1,654.3	1,618.7	97.9	563.7	553.0	98.1	332.0	324.5	97.7	14.2	13.9	97.6	2,564.2	2,510.1	97.9	1,837.5	1,950.0	106.1
1957	2,286.3	2,186.5	95.6	931.1	909.7	97.7	690.9	675.9	97.8	275.2	265.8	96.6	4,183.5	4,037.9	96.5	1,631.7	1,676.2	102.7
1957 Nov.	286.5	275.2	96.1	55.5	53.9	97.0	96.8	94.5	97.6	57.0	55.1	96.7	495.8	478.7	96.5	76.0	84.8	111.8
1957 Dec.	237.8	229.7	96.6	52.5	50.9	97.0	84.1	82.0	97.5	32.7	31.8	97.2	407.1	394.4	96.9	78.7	79.6	101.1
1958 Jan.	353.6	341.3	96.5	105.9	103.0	97.3	171.8	166.4	96.8	3.3	3.2	97.8	634.6	613.9	96.7	116.0	121.2	104.5
1958 Feb.	452.9	438.4	96.8	202.0	201.0	99.5	86.8	85.3	98.3	6.3	6.3	99.7	748.0	731.0	97.7	149.5	174.5	116.7
1958 March	383.4	372.8	97.2	193.9	189.2	97.6	72.5	70.8	97.6	22.5	22.4	99.3	672.3	655.2	97.4	12.2	12.4	101.6
1958 April	364.3	355.9	97.7	60.9	59.5	97.7	251.4	246.4	98.0	148.1	145.5	98.3	824.7	807.3	97.9	177.7	178.2	100.3
1958 May	162.1	158.6	97.8	306.0	303.3	99.1	356.4	351.5	98.6	7.0	7.0	99.8	831.5	820.4	98.7	52.9	53.0	100.2

¹⁾ Weighted average prices, computed from original figures which are reported in thousands of DM. — ²⁾ Including ship mortgage bonds.

3. Placings of Securities, classified by Securities with tax-free and with taxable Interest Income

in millions of DM

Period	Mortgage Bonds ¹⁾ and Communal Bonds			Industrial Bonds			Loans of Public Authorities			Bonds of Specialised Credit Institutions and others			Total of Fixed-interest-bearing Securities		
	Tax-free	Carrying Tax Privileges	Subject to normal Taxation	Tax-free	Carrying Tax Privileges	Subject to normal Taxation	Tax-free	Carrying Tax Privileges	Subject to normal Taxation	Tax-free	Carrying Tax Privileges	Subject to normal Taxation	Tax-free	Carrying Tax Privileges	Subject to normal Taxation
1953 ²⁾	1,291.9	179.9	—	143.4	252.8	—	770.6	3.4	0.5	228.5	29.9	—	2,435.4	466.0	0.5
1954 ³⁾	2,960.8	279.4	—	79.2	712.3	—	306.2	284.0	—	12.7	56.4	—	3,358.9	1,332.1	—
1955	309.8	282.3	1,815.7	21.9	321.6	88.5	—	—	583.2	22.3	43.6	191.8	354.0	647.5	2,679.2
1956	6.1	10.7	1,637.5	12.3	—	551.4	—	—	332.0	0.4	—	13.8	18.8	10.7	2,534.7
1957	1.7	8.8	2,275.8	—	—	931.1	—	—	690.9	0.1	—	275.1	1.8	8.8	4,172.9
1957 April	0.0	0.1	147.9	—	—	25.9	—	—	19.6	0.1	—	2.4	0.1	0.1	195.8
1957 May	0.0	0.4	147.7	—	—	147.7	—	—	20.7	—	—	31.7	0.0	0.4	267.5
1957 June	0.0	0.0	100.5	—	—	67.4	—	—	52.7	—	—	5.2	0.0	0.0	245.0
1957 July	0.0	0.1	178.2	—	—	119.1	—	—	72.1	—	—	41.9	0.0	0.1	411.3
1957 Aug.	0.0	0.1	190.9	—	—	94.6	—	—	27.7	0.0	—	46.2	0.0	0.1	359.4
1957 Sep.	0.0	1.2	309.1	—	—	104.7	—	—	25.0	0.0	—	3.6	0.0	1.2	442.4
1957 Oct.	0.0	4.8	311.9	—	—	94.0	—	—	99.5	—	—	10.0	0.0	4.8	515.4
1957 Nov.	0.2	0.8	285.5	—	—	55.5	—	—	96.8	0.0	—	57.0	0.2	0.8	494.8
1957 Dec.	0.3	1.0	236.5	—	—	52.5	—	—	84.1	0.0	—	32.7	0.3	1.0	405.8
1958 Jan.	0.1	0.0	353.5	—	—	105.9	—	—	171.8	—	—	3.3	0.1	0.0	634.5
1958 Feb.	0.0	0.0	452.9	—	—	202.0	—	—	86.8	—	—	6.3	0.0	0.0	748.0
1958 March	0.1	—	383.3	—	—	193.9	—	—	72.5	—	—	22.5	0.1	—	672.2
1958 April	0.0	—	364.3	—	—	60.9	—	—	251.4	—	—	148.1	0.0	—	824.7
1958 May	0.0	0.0	162.1	—	—	306.0	—	—	356.4	0.0	—	7.0	0.0	0.0	831.5

¹⁾ Not including Berlin (West). — ²⁾ Including Berlin (West) since July 1948. — ³⁾ Including ship mortgage bonds.

4. Placings of Industrial Bonds and of Shares

Issuers classified by branches of economic activity in millions of DM

Issuers' Branch of Economic Activity	Industrial Bonds						Shares					
	1948 (2nd half) to 1954	1955	1956	1957	1958 January to May	Total since Currency Reform	1948 (2nd half) to 1954	1955	1956	1957	1958 January to May	Total since Currency Reform
1) Agriculture, Forestry and Fisheries	—	—	—	—	—	—	1.8	—	—	1.0	0.3	3.1
2) Mining, Production and Processing of Stones and Earths	394.0	103.1	45.0	112.6	110.0	764.7	22.5	116.1	226.0	330.1	22.4	717.1
3) Production and Processing of Iron and Metal	161.8	229.9	55.0	272.5	177.5	896.7	38.4	43.8	131.2	62.0	13.7	289.1
4) Power Production and Public Utilities	546.7	73.0	90.1	324.2	122.0	1,156.0	264.5	165.9	215.1	230.8	32.3	908.6
5) Steel and Iron Construction, Machine, Vehicle and Ship Building, Hardware, Precision Instruments, Optical Goods and Electrical Engineering	189.1	—	114.1	34.8	91.0	429.0	195.1	399.8	377.1	301.9	54.4	1,328.3
6) Chemicals, Mineral Oil Processing, Coal Derivatives, Rubber, Plastics	184.9	0.1	197.7	165.0	304.4	852.1	75.8	365.5	517.5	464.3	151.4	1,574.5
7) Food, Beverages and Tobacco, Feedstuffs	4.1	3.0	—	4.0	—	11.1	30.6	41.6	38.8	41.3	29.1	181.4
8) Other Processing Industries (Pottery, Glass, Sawing, Wood, Paper, Leather, Textiles, Clothing)	17.1	16.6	41.8	—	—	75.5	83.9	63.2	40.9	32.1	10.1	230.2
9) Building and allied trades	30.9	6.3	—	—	3.8	41.0	20.7	1.9	4.3	1.4	—	28.3
10) Housing and Real Estate	—	—	—	—	—	—	41.5	61.2	24.8	17.1	3.6	148.2
11) Other Services	—	—	—	—	—	—	20.0	1.6	8.8	14.8	1.8	47.0
12) Commerce, Banking, Insurance Companies	—	—	20.0	18.0	—	38.0	378.2	254.8	204.7	113.8	151.6	1,103.1
13) Transport	10.0	—	—	—	60.0	70.0	61.1	39.4	48.3	21.1	37.1	207.0
14) Public Services	—	—	—	—	—	—	4.6	—	—	—	0.5	5.1
All Branches of Economic Activity (1 to 14)	1,538.6	432.0	563.7	931.1	868.7	4,334.1	1,238.7	1,554.8	1,837.5	1,631.7	508.3	6,771.0

VI. Public Finances

1. Equalisation Claims of Banks, Insurance Companies and Building and Loan Associations ¹⁾

in millions of DM

Types of Equalisation Claims	Rate of Interest %	Total Amount of Equalisation Claims	Creditors of Equalisation Claims									
			Deutsche Bundesbank ¹⁰⁾	Postal Cheque and Postal Savings Bank Offices		Credit Institutions, Insurance Companies, Building and Loan Associations						
				Area of the Federal Republic	Berlin (West)	Total	Credit Institutions		Insurance Companies		Building and Loan Associations	
							Area of the Federal Republic	Berlin (West)	Area of the Federal Republic	Berlin (West)	Area of the Federal Republic	Berlin (West)
1) Equalisation Claims under Regulations for the Monetary Reform in the area of the Federal Republic												
a) Normal type for financial institutions ⁹⁾	3	14.126	8.102 ¹⁶⁾	302 ¹⁷⁾	—	5.722	5.722	—	—	—	—	—
b) For the purpose of covering bonds and similar securities issued by the appropriate institutions ⁹⁾	4 1/2	439	—	—	—	439	439	—	—	—	—	—
c) Non-interest-bearing Equalisation Claims ⁹⁾	—	76	—	—	—	76	76	—	—	—	—	—
d) Normal type for Insurance Companies and Building and Loan Associations ⁹⁾	3 1/2	2.856	—	—	—	2.856	—	—	2.795 ¹⁸⁾	—	61	—
e) Special Equalisation Claims for conversion costs ⁹⁾	3	214	—	—	—	214	132	—	81	—	1	—
Sub-Total 1		17.711	8.102	302	—	9.307	6.369	—	2.876	—	62	—
2) Equalisation Claims under Regulations for the Monetary Reform in Berlin (West)												
a) Normal type for financial institutions under Suppl. Conv. Reg. of 20 March 1949 ⁹⁾	3	102	—	—	—	102	—	102	—	—	—	—
b) On account of conversion of pre-capitulation credit balances pursuant to Impl. Reg. 19 under Conv. Reg. of 4 July 1948 ⁹⁾	3	409	—	—	27	382	—	382	—	—	—	—
c) Normal type for Insurance Companies and Building and Loan Associations ⁹⁾	3 1/2	112	—	—	—	112	—	—	—	107	—	5
d) Special Equalisation Claims for conversion costs ¹⁰⁾	3	10	—	—	—	10	—	—	—	10	—	—
Sub-Total 2		633	—	—	27	606	—	484	—	117	—	5
3) Equalisation Claims under Supplementary Conversion Law of 21 Sep. 1953												
a) On account of conversion of pre-capitulation credit balances, Art. 33 Suppl. Conv. Law ¹¹⁾	3	92 ¹⁸⁾	14	1	0	77	50	27	—	—	—	—
b) For Berlin old banks, under Art. 45 of Supplementary Conversion Law ¹²⁾	3, 4 1/2	184 ¹⁸⁾	—	—	—	184	—	184	—	—	—	—
Sub-Total 3		276	14	1	0	261	50	211	—	—	—	—
4) Annuity Equalisation Claims ¹³⁾	3 1/2	1.523	—	—	—	1.523	—	—	1.377	146	—	—
5) Equalisation Claims in respect of the settlement of pre-war liabilities on documentary credits ¹⁴⁾	3, 3 1/2	3	—	—	—	3	3	—	—	—	—	—
6) Debt Certificate bearing no interest ¹⁵⁾	—	547	547	—	—	—	—	—	—	—	—	—
Total		20.693	8.663	303	27	11.700	6.422	695	4.253	263	62	5

¹⁾ The tabulation only comprises "equalisation claims". It does not include similar claims of financial institutions, such as covering claims under the Law on Currency Conversion Compensation for Savings of Expelled Persons and under the Law concerning Old Savings, claims for reimbursement under Art. 32 of the Law, dated 24 Aug. 1953, on the Implementation of the Agreement on German External Debts of 27 February 1953, or covering items of Berlin old banks pursuant to Art. 12, paragraph 4 (2) of the Berlin Old Banks Law of 10 Dec. 1953 in conjunction with Art. 54 of the Supplementary Conversion Law of 21 September 1953.

The figures of the equalisation claims have been compiled, so far as other records were not available, on the basis of the confirmed, but in most cases provisional, Conversion Accounts (as at end-April 1953), or, where these were not yet available, on that of the tabulations which the institutions had to submit for the purpose of calculating the interest as at 30 April 1953. The above figures thus show the amounts originally allocated. Sales, purchases and redemptions of equalisation claims have been disregarded. The redemption of equalisation claims according to Art. 2 of the Law on the Redemption of Equalisation Claims, dated 14 June 1956, has commenced on 30 June 1956.

²⁾ Art. 11, Conv. Law. — ³⁾ Art. 22, Conv. Law, in conjunction with Regulation 30/Conv. Law. — ⁴⁾ For unredeemed interest on bonds (Art. 2, Reg. 27/Conv. Law). — ⁵⁾ Art. 11, Reg. 23/Conv. Law and Art. 3, Reg. 33/Conv. Law. — ⁶⁾ Art. 2, Reg. 45/Conv. Law. DM 195 million redeemed in the meantime; hence remaining balance DM 19 million. — ⁷⁾ Art. 1 (3b), Berlin Supplementary Conversion Regulation. — ⁸⁾ Paragraph 5, Impl. Reg. 19/Berlin Conv. Reg. — ⁹⁾ Art. 7 (2) in conjunction with Arts. 10 and 11 of Impl. Reg. 3, and Art. 5 of Impl. Reg. 7, under Berlin Suppl. Conv. Reg. — ¹⁰⁾ Art. 2 (1), Impl. Reg. 10/Berlin Suppl. Conv. Reg. — ¹¹⁾ Arts. 33 to 36, Suppl. Conv. Law. — ¹²⁾ Arts. 45 and 47, Suppl. Conv. Law. — ¹³⁾ Art. 5, Law on Supplementary Pension Payments (amount according to figures of the Federal Debt Administration as at 31 March 1958). — ¹⁴⁾ Art. 3 (3) to (5) and Art. 9, Law on the Internal Settlement of Pre-War Liabilities on Documentary Credits. — ¹⁵⁾ Non-interest-bearing debt certificate of the Federal Government concerning money supply to the Municipality of Berlin under Mil.Gov. Law No. 67. — ¹⁶⁾ Position as at 31 May 1958. — ¹⁷⁾ According to figures of the Federal Ministry for Posts and Telecommunications. Position as at 31 May 1958. — ¹⁸⁾ In the absence of relative reports the equalisation claims of a large number of small insurance companies (hardly exceeding DM 1,000 in the individual case) could not be included. This does not however substantially affect the total. — ¹⁹⁾ Position according to Federal Debt Administration as at 31 March 1958. — ²⁰⁾ Up to 31 July 1957: Bank deutscher Länder and Land Central Banks.

2. Cash Results of the Federal Budget

in millions of DM

Period	Cash Receipts ¹⁾	Cash Expenditure ²⁾	Cash Surplus (+) or Deficit (-) ³⁾	Cumulative Surplus (+) or Deficit (-) as from beginning of Fiscal Year	Increase (+) or Decrease (-)		Note:	
					in Cash Resources ⁴⁾	in Credit Market Indebtedness	Amounts credited in respect of Coinage	Surplus (+) or Deficit (-) after deduction of Receipts from Coinage
Fiscal Years								
1950/51	-	-	- 619	- 619	+ 178	+ 921 ⁴⁾	-	-
1951/52	16,322	16,757	- 435	- 435	+ 198	+ 132 ⁵⁾	234	+ 669
1952/53	20,734	19,696	+ 1,038	+ 1,038	+ 1,237	-	312	+ 726
1953/54	22,042	20,283	+ 1,759	+ 1,759	+ 1,854	-	304	+ 1,675
1954/55	23,566	22,374	+ 1,192	+ 1,192	+ 1,045	-	147	+ 1,157
1955/56	26,726	23,867	+ 2,859	+ 2,859	+ 2,441	-	418	+ 2,823
1956/57	28,710	28,802	- 92	- 92	+ 320	-	217	+ 178
1957/58	29,912	32,613	- 2,701	- 2,701	- 3,084	-	399	- 2,777
1951/52 1st Qtr.	3,218	3,655	- 437	- 437	+ 204	+ 187	114	+ 551
2nd Qtr.	3,901	4,005	- 104	- 541	+ 1	+ 72	69	+ 173
3rd Qtr.	4,587	4,303	+ 284	- 257	+ 335	+ 26	8	+ 276
4th Qtr.	4,616	4,794	- 178	- 435	- 330	- 152	43	+ 221
1952/53 1st Qtr.	4,670	4,532	+ 138	+ 138	+ 237	+ 99	105	+ 33
2nd Qtr.	5,293	4,684	+ 609	+ 747	+ 476	- 133	98	+ 511
3rd Qtr.	5,584	5,313	+ 271	+ 1,018	+ 61	- 210	67	+ 204
4th Qtr.	5,187	5,167	+ 20	+ 1,038	+ 462	+ 442	42	+ 22
1953/54 1st Qtr.	5,204	5,462	- 258	- 258	+ 254	+ 4	36	+ 294
2nd Qtr.	5,671 ⁷⁾	4,664 ⁴⁾	+ 1,007	+ 749	+ 930	- 77	26	+ 981
3rd Qtr.	5,679 ⁷⁾	4,810	+ 869	+ 1,618	+ 743	- 124	12	+ 857
4th Qtr.	5,488 ⁷⁾	5,347	+ 141	+ 1,759	+ 34	- 107	10	+ 131
1954/55 1st Qtr.	5,375	4,908 ⁸⁾	+ 467	+ 467	+ 434	- 33	12	+ 455
2nd Qtr.	5,900	5,729 ⁸⁾	+ 171	+ 638	+ 166	5	9	+ 162
3rd Qtr.	6,313	5,678 ⁸⁾	+ 635	+ 1,273	+ 634	- 1	8	+ 627
4th Qtr.	5,979	6,059	- 80	+ 1,193	- 188	- 108	6	+ 86
1955/56 1st Qtr.	5,997	5,747	+ 250	+ 250	+ 111	- 361	4	+ 246
2nd Qtr.	6,720	5,895	+ 825	+ 1,075	+ 825	-	10	+ 815
3rd Qtr.	7,008	6,014	+ 994	+ 2,069	+ 988	- 6	8	+ 986
4th Qtr.	7,001	6,211	+ 790	+ 2,859	+ 739	- 51	14	+ 776
1956/57 1st Qtr.	7,006	6,318	+ 688	+ 688	+ 627	- 54	16	+ 672
2nd Qtr.	7,165	6,874	+ 291	+ 979	+ 221	- 56	20	+ 271
3rd Qtr.	7,283	8,184	- 901	+ 78	- 904	- 11	35	+ 936
4th Qtr.	7,256	7,426	- 170	- 92	- 264	- 96	14	+ 184
1957/58 1st Qtr.	7,118	7,855	- 737	- 737	- 722	- 0	16	+ 753
2nd Qtr.	7,231	8,411	- 1,180	- 1,917	- 1,211	- 0	33	+ 1,203
3rd Qtr.	7,900	8,221	- 321	- 2,238	- 700	- 399	30	+ 351
4th Qtr.	7,663	8,126	- 463	- 2,701	- 451	-	7	+ 470
1955/56 April	1,919	2,093	- 174	- 174	- 216	-	1	+ 175
May	1,870	1,699	+ 171	- 3	- 148	- 319	1	+ 170
June	2,208	1,955	+ 253	+ 250	+ 253	-	2	+ 251
July	2,147	2,008	+ 139	+ 389	+ 139	-	3	+ 136
Aug.	1,956	2,055	- 99	+ 290	+ 99	-	4	+ 103
Sep.	2,617	1,832	+ 785	+ 1,075	+ 785	-	3	+ 782
Oct.	2,231	1,823	+ 408	+ 1,483	+ 408	-	2	+ 406
Nov.	2,072	1,737	+ 335	+ 1,818	+ 329	- 6	3	+ 332
Dec.	2,705	2,454	+ 251	+ 2,069	+ 251	-	3	+ 248
Jan.	2,612	1,808	+ 804	+ 2,873	+ 754	- 50	4	+ 800
Feb.	1,990	1,713	+ 277	+ 3,150	+ 277	-	4	+ 273
March	2,399	2,690	- 291	+ 2,859	- 292	- 1	6	+ 297
1956/57 April	2,336	2,020	+ 316	+ 215	+ 251	- 5	6	+ 209
May	2,115	2,007	+ 108	+ 323	+ 22	- 43	5	+ 103
June	2,655	2,291	+ 365	+ 688	+ 354	- 6	4	+ 361
July	2,339	2,226	+ 113	+ 801	+ 85	- 20	5	+ 108
Aug.	2,169	2,341	- 172	+ 629	+ 164	- 10	5	+ 177
Sep.	2,657	2,307	+ 350	+ 979	+ 300	- 26	10	+ 340
Oct.	2,212	2,269	- 57	+ 922	- 55	- 5	13	+ 70
Nov.	2,109	2,884	- 775	+ 147	- 726	- 2	11	+ 786
Dec.	2,962	3,030	- 68	+ 78	- 123	- 4	11	+ 79
Jan.	2,577	2,011	+ 566	+ 644	+ 487	- 95	2	+ 564
Feb.	2,052	2,335	- 283	+ 361	-	- 0	8	+ 291
March	2,628	3,081	- 453	- 92	+ 511	- 0	4	+ 457
1957/58 April	2,283	2,526	- 243	- 243	- 233	- 0	5	+ 248
May	2,056	2,366	- 310	- 553	- 281	- 0	5	+ 315
June	2,779	2,963	- 184	- 737	- 208	- 0	6	+ 190
July	2,261	2,878	- 617	- 1,354	- 625	- 0	9	+ 626
Aug.	2,183	2,826	- 643	- 1,997	- 636	- 0	7	+ 650
Sep.	2,787	2,707	+ 80	- 1,917	+ 49	- 0	7	+ 73
Oct.	2,608	2,570	+ 38	- 1,879	+ 56	- 0	10	+ 28
Nov.	2,280	2,687	- 407	- 2,286	- 755	- 391	8	+ 415
Dec.	3,012	2,964	+ 48	- 2,238	- 2	- 7	12	+ 36
Jan.	2,754	2,411 ⁸⁾	+ 343	- 1,895	+ 345	-	0	+ 342
Feb.	2,040	2,689	- 649	- 2,544	+ 619	-	4	+ 653
March	2,870	3,027 ⁸⁾	- 157	- 2,701	- 177	-	3	+ 160
1958/59 April	2,503	2,481	+ 22	+ 22	+ 7	-	2	+ 20
May	2,308	2,559	- 251	- 229	- 213	-	1	+ 252

¹⁾ In-payments on the Federal accounts at the Deutsche Bundesbank (up to 31 July 1957: Bank deutscher Länder) (excluding counterpart accounts and STEG accounts) less receipts from the incurring of debt other than the amounts mentioned in footnote ⁷⁾. — ²⁾ Out-payments from the Federal accounts at the Deutsche Bundesbank (up to 31 July 1957: Bank deutscher Länder) (excluding counterpart accounts and STEG accounts) less expenditure on redemption of debt (including repurchase of bonds) other than the amount mentioned in footnote ⁸⁾. — ³⁾ The differences, to be observed since April 1956, between the change in cash resources and the cash surpluses or deficits result from the channelling of the Equalisation of Burdens Levies through the account of the Federal Cash Office (Bundeshauppkasse). — ⁴⁾ DM 124 million out of total borrowings were not used for financing the cash deficit but for covering deficits on the counterpart accounts. — ⁵⁾ Apart from drawing on cash resources and from the increase in credit market indebtedness, DM 106 million were available, for financing the cash deficit, from repayment of the amount mentioned in footnote ⁴⁾. — ⁶⁾ Not including payments to the International Monetary Fund and the International Bank for Reconstruction and Development amounting to DM 183 million in August 1952, DM 18 million in August 1953, DM 175 million in May 1954, DM 14 million in November 1954, DM 29 million in January 1958, and DM 63 million in March 1958. — ⁷⁾ Including credits taken from the E.R.P. Special Fund: DM 50 million in August, DM 41 million in October, DM 125 million in December, and DM 35 million in March. — ⁸⁾ Including DM 255 million for the repurchase of the loan taken from the E.R.P. Special Fund in the previous year. — Details may not add to totals because of rounding.

6. The Federal Government's Indebtedness

in millions of DM

Position at end of Year or Month	Indebtedness inside the Country										Foreign Debt ⁶⁾	Total Indebtedness (including Foreign Debt)
	Total Indebtedness inside the country	Liabilities in respect of Equalisation Claims ¹⁾			Post-Currency Reform Indebtedness ²⁾							
		Total	of which, for purposes of Open Market Policy converted into		Total	Cash Advances by Bank deutscher Länder or Deutsche Bundesbank	Treasury Bills	Non-interest-bearing Treasury Bonds ⁵⁾	Premium Treasury Bonds	1952 Loan ⁴⁾		
1950 Dec.	7,289.8	6,212.7	—	—	1,077.1	578.4	498.7	—	—	—	—	—
1951 Dec.	8,220.2	6,880.4	—	—	1,339.8	—	608.2	697.8	33.8	—	—	—
1952 Dec.	8,866.7	7,821.5	—	—	1,045.2	—	110.6	751.0	37.2	146.4	—	—
1953 Dec.	9,159.4	7,867.8	—	—	1,291.6	—	78.7	674.9	37.8	500.2	—	—
1954 March	9,057.0	7,872.2	—	—	1,184.8	—	70.8	575.8	38.0	500.2	—	—
June	9,053.4	7,901.3	—	—	1,152.1	—	71.8	542.0	38.1	500.2	—	—
Sep.	9,112.8	7,965.8	—	—	1,147.0	—	66.6	542.0	38.2	500.2	7,431.7	16,544.5
Dec.	9,150.6	8,005.1	—	—	1,145.5	—	65.0	542.0	38.3	500.2	7,745.6	16,896.2
1955 March	9,125.1	8,087.7	—	—	1,037.4	—	7.4	491.5	38.3	500.2	8,004.4	17,129.5
June	8,765.8	8,089.3	457.0	977.5	676.5	—	—	138.0	38.3	500.2	8,071.4	16,837.2
Sep.	8,781.6	8,105.1	303.0	1,022.5	676.5	—	—	138.0	38.3	500.2	8,022.2	16,805.8
Dec.	8,805.8	8,129.3	264.0	784.3	676.5	—	—	138.0	38.3	500.2	8,078.9	16,884.7
1956 March	8,762.2	8,129.7	282.0	1,293.6	632.5	—	—	94.0	38.3	500.2	8,138.7	16,900.9
June	8,698.3	8,065.8	211.0	1,237.6	632.5	—	—	94.0	38.3	500.2	8,124.6	16,822.9
Sep.	8,681.3	8,073.2	382.0	1,139.2	608.1	—	—	94.0	13.9	500.2	8,028.7	16,710.0
Dec.	8,681.1	8,081.9	366.2	1,062.9	599.2	—	—	94.0	5.0	500.2	8,055.8	16,736.9
1957 March	11,197.6	10,693.8	328.2	2,309.3	503.8	—	—	—	3.6	500.2	8,075.6	19,273.2
April	—	—	425.0	2,584.3	503.6	—	—	—	3.4	500.2	—	—
May	—	—	518.0	2,925.1	503.4	—	—	—	3.2	500.2	—	—
June	11,196.7	10,693.4	313.8	3,135.1	503.3	—	—	—	3.1	500.2	8,060.5	19,257.2
July	—	—	479.0	3,846.7	503.2	—	—	—	3.0	500.2	—	—
Aug.	—	—	775.3	4,854.9	503.1	—	—	—	2.9	500.2	—	—
Sep.	—	—	609.0	4,638.8	503.0	—	—	—	2.8	500.2	7,971.9	19,164.0
Oct.	—	—	730.5	4,856.8	502.9	—	—	—	2.7	500.2	—	—
Nov.	—	—	716.5	4,864.5	9.6	—	—	—	2.6	7.0	—	—
Dec.	10,698.2	10,698.2	292.5	3,949.1	0 ³⁾	—	—	—	0 ⁸⁾	—	7,981.5	18,679.7
1958 Jan.	—	—	505.5	5,034.9	0	—	—	—	0	—	—	—
Feb.	—	—	358.6	5,070.1	0	—	—	—	0	—	—	—
March	10,618.4	10,618.4	294.2	5,237.7	0	—	—	—	0	—	7,993.3	18,611.7
April	—	—	382.7	5,925.6	0	—	—	—	0	—	—	—
May	—	—	458.7	6,183.7	0	—	—	—	0	—	—	—

¹⁾ Data based on the current returns of the financial institutions and — for annuity equalisation claims and equalisation claims under the Supplementary Conversion Law — on the publications of the Federal Debt Administration. By contrast with Table VI/1, the redemption amounts have been deducted. — The changes in the totals are due mainly to revisions of the conversion accounts and to the fact that, as from January 1957, the liability on the equalisation claims of the Land Central Banks was transferred to the Federal Government under Art. 38 of the Law concerning the Deutsche Bundesbank. — ²⁾ Not including indebtedness towards public authorities; also excluding the interest-free loan granted by the Deutsche Bundesbank (until 31 July 1957: Bank deutscher Länder) for the Federal Republic's subscription payments to the International Monetary Fund and the International Bank for Reconstruction and Development. — ³⁾ Including those non-interest-bearing Treasury Bonds which were passed on to the Länder in respect of financial adjustment payments. — ⁴⁾ Repurchases effected since November 1955 (DM 101.9 million by 31 October 1957) were not taken into account. — ⁵⁾ According to figures of the Federal Debt Administration. — ⁶⁾ Small amounts of matured Premium Treasury Bonds have not yet been presented for redemption.

7. Indebtedness of the Länder

in millions of DM

Position at end of Year or Month	Indebtedness inside the Country							Foreign Debt	Total Indebtedness (including Foreign Debt)
	Total Indebtedness inside the country	Liabilities in respect of Equalisation Claims ¹⁾	Total ²⁾	Post-Currency Reform Indebtedness thereof					
				Cash Advances by Land Central Banks or Deutsche Bundesbank	Treasury Bills and non-interest-bearing Treasury Bonds	Tax Credit Certificates ³⁾	Loans ⁴⁾ and interest-bearing Treasury Bonds			Direct Lendings by Credit Institutions outside the Central Banking System
1950 Dec.	12,717.5	12,107.2	610.3	161.1	263.0	50.0	—	121.2	—
1951 Dec.	13,152.1	12,375.0	777.1	168.0	182.7	163.6	15.0	212.8	—
1952 Dec.	13,537.8	12,481.0	1,056.8	50.3	168.7	162.0	235.1	380.7	—
1953 Dec.	13,992.0	12,563.2	1,428.8	41.6	152.6	147.6	568.0	429.0	—
1954 March	14,341.3	12,554.9	1,786.4	0.1	144.2	233.3	822.6	491.2	—
June	14,372.8	12,525.1	1,847.7	—	154.6	190.5	877.4	525.2	—
Sep.	14,314.8	12,547.4	1,767.4	1.3	148.2	201.3	870.3	441.3	183.9
Dec.	14,299.2	12,540.1	1,759.1	60.8	106.0	193.5	869.1	414.7	178.8
1955 March	14,415.0	12,568.3	1,846.7	29.0	108.7	227.9	857.2	497.8	178.0
June	14,442.6	12,554.1	1,888.5	14.0	142.4	182.7	856.0	567.1	178.1
Sep.	14,640.8	12,564.8	2,076.0	80.6	160.1	169.4	987.0	556.2	177.4
Dec.	14,745.3	12,564.3	2,181.0	205.8	180.1	141.1	987.4	543.6	179.2
1956 March	14,686.4	12,597.5	2,088.9	—	325.9	136.2	949.2	539.5	192.1
June	14,697.8	12,534.1	2,163.7	11.3	380.7	123.0	928.7	582.4	190.0
Sep.	14,756.0	12,515.9	2,240.1	44.1	387.3	114.2	947.2	610.8	199.8
Dec.	14,866.3	12,486.9	2,379.4	101.8	409.7	138.0	996.2	594.1	183.6
1957 March	12,509.3	9,934.8	2,574.5	24.7	485.7	160.7	1,115.3	622.7	204.5
April	—	—	2,729.4	94.2	543.6	171.0	1,118.0	637.2	—
May	—	—	2,710.2	72.7	563.6	181.5	1,113.4	613.6	—
June	12,659.8	9,903.5	2,756.3	34.5	592.9	198.1	1,139.6	622.0	187.4
July	—	—	2,931.7	119.7	631.1	206.9	1,188.9	615.9	—
Aug.	—	—	2,989.6	149.4	623.1	206.8	1,191.1	650.0	—
Sep.	12,735.0	9,880.7	2,854.3	61.5	614.9	209.9	1,164.2	623.1	183.2
Oct.	—	—	2,877.9	95.6	605.4	214.5	1,154.1	627.6	—
Nov.	—	—	3,046.3	138.9	613.6	224.1	1,204.1	684.9	—
Dec.	12,888.5	9,835.3	3,053.2	83.8	661.3	236.5	1,254.1	633.7	183.1
1958 Jan.	—	—	3,162.8	60.0	666.3	248.2	1,331.4	673.1	—
Feb.	—	—	3,355.3	63.7	659.3	258.5	1,376.4	813.6	—
March	13,212.4	9,839.0	3,373.4 ⁵⁾	46.0	597.3	251.7	1,436.4	846.5	—
April	—	—	3,368.0	65.0	536.3	252.0	1,411.4	907.8	—
May	—	—	—	38.8	481.9	251.5	1,369.3	—	—

¹⁾ Figures based on the current returns of the financial institutions as well as, by contrast with the data here published up to and including July 1957, on the returns submitted by the Länder regarding their liability on equalisation claims held by insurance companies and building and loan associations. This fact, together with the deduction of redemption amounts, explains the differences from Table VI/1. The changes in the totals are due to redemption payments and revisions of the conversion accounts and to the fact that, as from January 1957, the liability on the equalisation claims of the Land Central Banks was transferred to the Federal Government under Art. 38 of the Law concerning the Deutsche Bundesbank. — ²⁾ As far as statistically ascertained. Not including indebtedness towards other public authorities. — ³⁾ Including Berlin debt certificates. — ⁴⁾ Nominal amounts including bonds in own portfolios. — ⁵⁾ Revised.

4. DM Liabilities of Credit Institutions ¹⁾

in millions of DM

Group of Accounts	1953	1954	1955	1956			1957				1958		
				June	September	December	March	June	September	December	March	April	May
				Position at end of Year or Month									
DM Agreement Accounts	252	361	376	373	482	531	382	365	851	649	389	463	513
Freely Convertible DM Accounts ²⁾	3	22	50	121	91	74	92	190	226	180	576	674	541
DM Accounts of Limited Convertibility ³⁾	52	219	294	380	493	506	467	422	671	518	117	— 13 ⁴⁾	100
Liberalised Capital Accounts	—	480	402	443	450	479	497	484	499	591	578	588	552
Blocked DM Accounts ³⁾	774	65	5	3	2	2	2	2	2	2	1	1	1
Total	1,081	1,147	1,127	1,320	1,518	1,592	1,440	1,463	2,249	1,940	1,661	1,713	1,707

¹⁾ After deduction of claims on foreigners' DM accounts. — ²⁾ Up to 31 March 1954 agents' and representatives' DM accounts. — ³⁾ As from 30 September 1954 only time deposits, and monies at notice, in blocked DM, which until the expiry of the periods provided continue to be conducted as blocked DM accounts. — ⁴⁾ Claims exceeding liabilities (—).

5. The Position of the E.P.U. Member Countries

from July 1950 to May 1958, in millions of units of account

Member Countries	Change in the Cumulative Net Position ¹⁾											Cumulative Net Position ²⁾ as at end of May 1958	Quotas ³⁾	"Rallonges" ⁴⁾	Credits granted ⁵⁾ (to E.P.U. +, by E.P.U. —) as at end of May 1958	Credit Facilities ⁶⁾ (facilities not used by debtors: D; outstanding credit liability of creditors: C)
	July 1950 to June 1952 ⁷⁾	July 1952 to June 1953	July 1953 to June 1954	July 1954 to June 1955	July 1955 to June 1956	July 1956 to June 1957	July 1957 to March 1958	1958								
	March	April	May													
Austria	— 142.5	+ 42.1	+ 106.9	— 101.7	— 5.9	+ 23.2	+ 2.0	— 7.0	— 6.4	— 0.2	— 82.5	168.0	—	+ 1.1	40.9 C	
B.L.E.U. ⁸⁾	+ 752.3	— 25.8	— 47.9	+ 84.4	+ 226.9	+ 19.2	+ 87.3	+ 30.2	+ 33.6	+ 23.5	+1,153.5	805.3	100.0 C	+ 161.9	64.4 C	
Denmark	— 23.9	— 17.8	— 94.0	— 97.2	+ 1.0	— 46.3	+ 6.8	+ 3.5	— 0.1	— 6.0	— 277.5	468.0	36.4 D	— 77.4	48.7 D	
Federal Republic of Germany	+ 299.3	+ 266.2	+ 530.2	+ 310.2	+ 599.8	+1,356.8	+652.9	+ 12.5	+ 21.7	+ 70.2	+4,107.3	1,200.0	— ⁹⁾	+1,005.4	—	
France	— 408.5	— 424.5	— 158.2	+ 108.7	— 183.2	— 975.2	—406.2	— 56.4	— 58.3	— 76.6	—2,582.0	1,248.0	691.0 D	— 436.3	48.5 D	
Greece	— 223.6	— 27.7	— 40.2	— 27.3	+ 40.0	+ 4.6	— 8.5	— 1.2	+ 3.6	+ 5.7	— 273.4	108.0	—	—	27.0 C/D	
Iceland	— 12.8	— 4.3	— 5.3	— 1.8	— 4.2	— 3.6	— 1.8	— 0.0	+ 0.0	+ 0.1	— 33.7	36.0	3.2 D	— 5.2	4.6 D	
Italy	+ 166.3	— 220.8	— 211.3	— 228.1	— 130.3	— 99.2	+184.4	+ 23.3	+ 14.1	+ 8.9	— 516.0	492.0	328.0 D	— 80.2	124.8 D	
Netherlands	+ 205.3	+ 142.9	— 35.7	+ 88.2	— 57.7	— 33.0	+ 54.5	+ 25.9	+ 12.5	+ 27.7	+ 404.7	852.0	—	+ 96.2	116.8 C	
Norway	— 59.9	— 60.1	— 62.9	— 72.7	— 30.2	+ 37.8	— 52.2	— 6.6	— 7.0	— 9.8	— 317.0	480.0	29.6 D	— 83.1	44.3 D	
Portugal	+ 88.0	— 22.0	— 17.7	— 58.6	— 32.7	— 38.5	— 41.0	— 4.6	— 7.5	— 5.2	— 135.2	168.0	—	—	42.0 C/D	
Sweden	+ 225.9	— 40.9	— 33.3	— 103.4	+ 6.3	+ 110.8	— 36.1	— 3.8	— 4.9	+ 8.9	+ 133.3	624.0	—	+ 4.0	152.0 C	
Switzerland (as from 1 Nov. 1950)	+ 170.6	+ 87.6	+ 77.4	+ 14.6	— 62.7	— 81.0	—169.5	— 23.5	— 6.5	— 7.4	+ 23.1	600.0	250.0 C	—	212.5 C	
Turkey	— 160.9	— 51.4	— 95.3	— 39.8	— 28.9	— 38.2	— 43.1	— 6.8	— 0.6	— 4.3	— 462.5	120.0	—	— 30.0	—	
United Kingdom	— 876.0	+ 355.3	+ 89.8	+ 125.7	— 336.9	— 235.8	—228.3	+ 14.5	+ 5.8	— 35.5	—1,135.9	2,544.0	155.0 D	— 332.9	341.9 D	
Total	+1,907.7	+ 994.1	+ 804.3	+ 731.8	+ 874.0	+1,552.4	+987.9	+109.9	+ 91.3	+145.0	+5,821.9					
	—1,908.1	— 895.3	— 801.8	— 730.6	— 872.7	—1,550.8	—986.7	—109.9	— 91.3	—145.0	—5,815.7					

¹⁾ Net balance of all surpluses and deficits of a country (including E.P.U. interest, excluding use of "Existing Resources") during the period under report. — ²⁾ Net balance of all surpluses and deficits of a country (including E.P.U. interest, excluding use of "Existing Resources") since the beginning of the E.P.U. settlement. — ³⁾ The quotas shown are those applying at the end of the last accounting period indicated. The quota of B.L.E.U. as debtor is 864.0 million units of account. — ⁴⁾ Facilities made available to debtors (D) in excess of the quotas, on the basis of 75 p.c. gold and 25 p.c. credit, for covering deficits, or facilities which creditors (C) grant in excess of the quotas on the same basis. — ⁵⁾ Credits granted by creditor countries to E.P.U. (+), and credits granted by E.P.U. to debtor countries (—). Since the reorganisation of E.P.U. on 1 August 1955 (cf. Monthly Report of the Bank deutscher Länder for August 1955, p. 41 et seq.), the cumulative accounting position is, as a rule, the quadruple amount of the credit granted or taken in each case. — ⁶⁾ No account is taken of the special E.P.U. credit (150 million units of account) which France, in accordance with the O.E.E.C. Council's decision of 11 February 1958, may use — instead of paying gold — in the case of deficits on the E.P.U. settlement. Similarly the special credits granted in this connection to E.P.U. by several E.P.U. countries (Federal Republic of Germany: 100 million units of account) are disregarded. — ⁷⁾ The credit facilities correspond to the difference between a quarter of the total of quota and "rallonges" on the one hand and the credits granted on the other. — ⁸⁾ Including the revision of the figures for Belgium, France and United Kingdom resulting from the June 1952 settlement. — ⁹⁾ By virtue of a prolongation of the regulation in force since November 1956, the "rallonge" shall be unlimited until 30 June 1958.

XI. The Currencies of the World

Exchange Parities of Members in International Monetary Fund

Position as on 15 May 1958

Country	Currency Unit	Gold Parity		... Units of the Currency equal to		... DM equal to 100 Units of the Currency	Country	Currency Unit	Gold Parity		... Units of the Currency equal to		... DM equal to 100 Units of the Currency
		as from	grammes of fine gold	U.S. \$ 1	DM 100				as from	grammes of fine gold	U.S. \$ 1	DM 100	
1	2	3	4	5	6	7	1	2	3	4	5	6	7
Afghanistan	afghani	not fixed	—	—	—	—	Iran	rial	22 May 57	0.0117316	75.7500	1,803.571	5.545
Argentina	Argentine peso	9 Jan. 57	0.0493706	18.0000	428.571	23.333	Iraq	Iraqi dinar	20 Sep. 49	2.48828	0.357143	8.503	11.760 ¹⁾
Australia, Commonwealth of	Australian pound	19 Sep. 49	1.99062	0.446429	10.629	9.408 ¹⁾	Ireland	Irish pound	14 May 58	2.48828	0.357143	8.503	11.76 ¹⁾
Austria	schilling	4 May 53	0.0341796	26.0000	619.0476 ²⁾	16.154 ²⁾	Israel	Israel pound	13 Mar. 57	0.493706	1.80000	42.857	233.333
Belgium	Belgian franc	22 Sep. 49	0.0177734	50.0000	1,190.475 ²⁾	8.40 ²⁾	Italy	Italian lira	not fixed	—	—	—	—
Bolivia	boliviano	14 May 53	0.00467722	190.000	4,523.810	2.211	Japan	yen	11 May 53	0.00246853	360.000	8,571.429	1.167
Brazil	cruzeiro	14 July 48	0.0480363	18.5000	440.476	22.703	Jordan	Jordan dinar	5 Oct. 53	2.48828	0.357143	8.503	11.760 ¹⁾
Burma	kyat	10 Aug. 53	0.186621	4.76190	113.379	88.200	Korea (South)	hwan	not fixed	—	—	—	—
Canada	Canadian dollar	not fixed	—	—	—	—	Lebanon	Lebanese pound	29 July 47	0.405512	2.19148	52.178	191.651
Ceylon	Ceylon rupee	16 Jan. 52	0.186621	4.76190	113.379	88.200	Luxemburg	Luxemburg franc ²⁾	22 Sep. 49	0.0177734	50.0000	1,190.475	8.400
Chile	Chilean peso	5 Oct. 53	0.00807883	110.000	2,619.048	3.818	Malaya	Malay dollar	not fixed	—	—	—	—
China (Taiwan)	New Taiwan dollar	not fixed	—	—	—	—	Mexico	Mexican peso	17 Apr. 54	0.0710937	12.5000	297.619	33.600
Colombia	Colombian peso	17 Dec. 48	0.455733	1.94998	46.428	215.387	Morocco	Moroccan franc	not fixed	—	—	—	—
Costa Rica	Costa Rican colon	18 Dec. 46	0.158267	5.61500	133.690	74.800	Netherlands	Dutch guilder	21 Sep. 49	0.233861	3.80000	90.4761 ²⁾	110.526 ²⁾
Cuba	Cuban peso	18 Dec. 46	0.888671	1.00000	23.8095	420.000	Nicaragua	cordoba	1 July 55	0.126953	7.00000	166.667	60.000
Denmark	Danish krone	19 Sep. 49	0.128660	6.90714	164.455 ²⁾	60.8066 ²⁾	Norway	Norwegian krone	19 Sep. 49	0.124414	7.14286	170.067677 ²⁾	58.80 ²⁾
Dominican Republic	Dominican peso	23 Apr. 48	0.888671	1.00000	23.8095	420.000	Pakistan	Pakistan rupee	31 July 55	0.186621	4.76190	113.379	88.200
Ecuador	sucre	2 Dec. 50	0.0592447	15.0000	357.143	28.000	Panama	balboa	18 Dec. 46	0.888671	1.00000	23.8095	420.000
Egypt	Egyptian pound	19 Sep. 49	2.55187	0.348242	8.291	12.0605 ¹⁾ ²⁾	Paraguay	guarani	1 Mar. 56	0.0148112	60.0000	1,428.571	7.000
El Salvador	El Salvador colon	18 Dec. 46	0.355468	2.50000	59.524	168.000	Peru	sol	not fixed	—	—	—	—
Ethiopia	Ethiopian dollar	18 Dec. 46	0.357690	2.48447	59.154	169.050	Philippine Islands	Philippine peso	18 Dec. 46	0.444335	2.00000	47.619	210.000
Finland	markka	16 Sep. 57	0.00277710	320.000	7,619.048	1.313	Saudi Arabia	Saudi riyal	not fixed	—	—	—	—
France	French franc	not fixed	—	—	—	—	Sudan	Sudanese pound	not fixed	—	—	—	—
Germany, Federal Republic of	Deutsche mark	30 Jan. 53	0.211588	4.20000	—	—	Sweden	Swedish krona	5 Nov. 51	0.171783	5.17321	123.17167 ²⁾	81.1875 ²⁾
Ghana	West African pound	not fixed	—	—	—	—	Syria	Syrian pound	29 July 47	0.405512	2.19148	52.178	191.651
Greece	drachma	not fixed	—	—	—	—	Thailand (Siam)	baht	not fixed	—	—	—	—
Guatemala	quetzal	18 Dec. 46	0.888671	1.00000	23.8095	420.000	Tunisia	Tunisian franc	not fixed	—	—	—	—
Haiti (Republic)	gourde	9 Apr. 54	0.177734	5.00000	119.048	84.000	Turkey	Turkish pound	19 June 47	0.317382	2.80000	66.667	150.000
Honduras (Republic)	lempira	18 Dec. 46	0.444335	2.00000	47.619	210.000	Union of South Africa	South African pound	19 Sep. 49	2.48828	0.357143	8.503	11.760 ¹⁾
Iceland	Iceland krona	20 Mar. 50	0.0545676	16.2857	387.755	25.789	United Kingdom	pound sterling	19 Sep. 49	2.48828	0.357143	8.503	11.76 ¹⁾ ²⁾
India	Indian rupee	19 Sep. 49	0.186621	4.76190	113.379	88.200	United States (U.S.A.)	U.S. dollar	18 Dec. 46	0.888671	—	23.8095 ²⁾	4.20 ¹⁾ ²⁾
Indonesia	rupiah	not fixed	—	—	—	—	Uruguay	Uruguayan peso	not fixed	—	—	—	—
							Venezuela	bolivar	18 Apr. 47	0.265275	3.35000	79.762	125.373
							Viet-Nam (South)	Viet-Nameese dollar	not fixed	—	—	—	—
							Yugoslavia	Yugoslavian dinar	1 Jan. 52	0.00296224	300.000	7,142.857	1.400

Columns 6 and 7 have been calculated on the basis of the par value of the currency in terms of the U.S. dollar (column 5) in conjunction with the U.S. \$ parity of the Deutsche mark. — ¹⁾ Equal to one unit of the currency. — ²⁾ Fixed parity. — ³⁾ At par with the Belgian franc.

