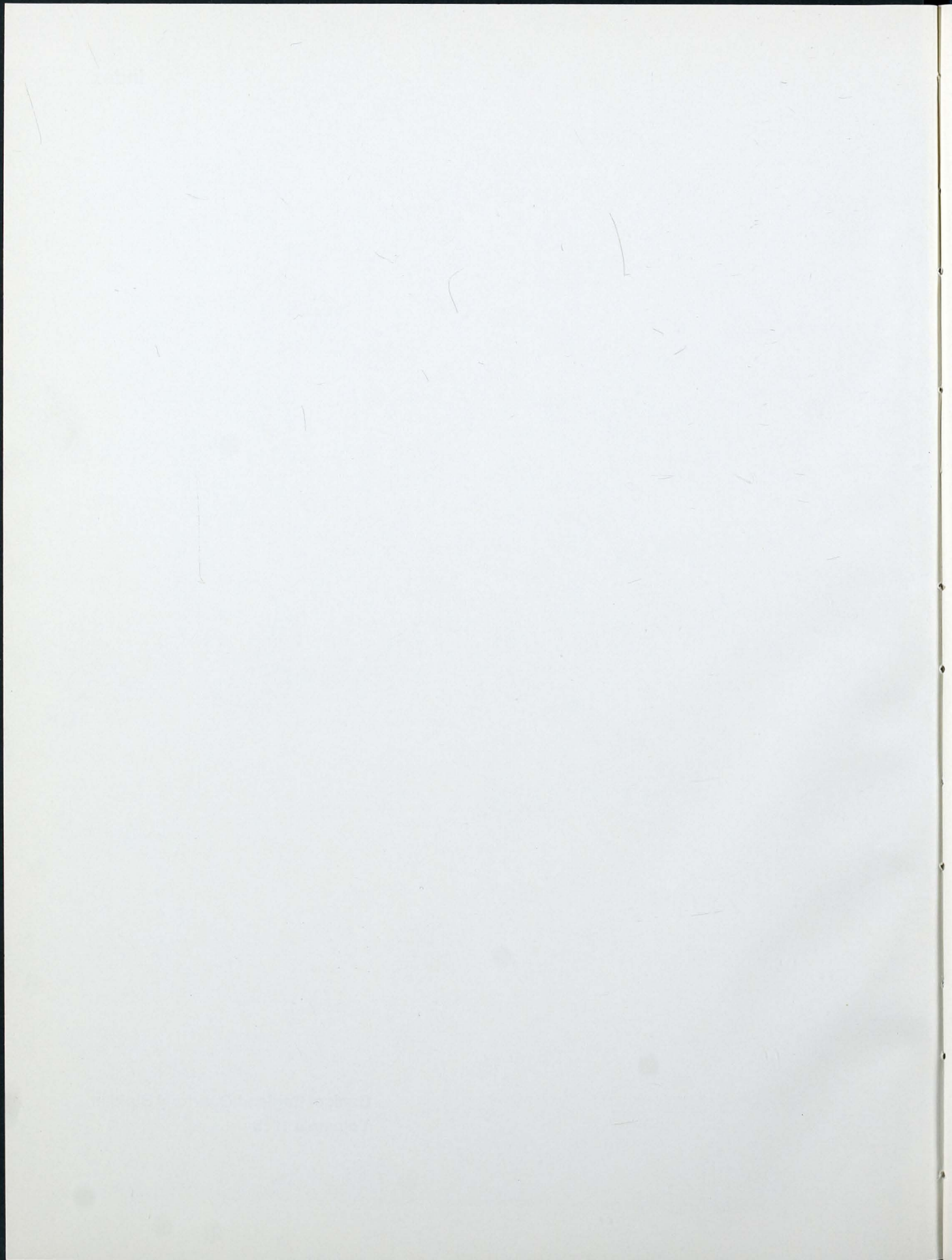


**Index**



# Index

## Commentary

The Commentary reviews events and assesses prospects. The four commentaries in Volume 8 for the most part cover the following periods:

November 1967–January 1968	3–19
February–April	105–19
May–July	231–46
August–October	341–57

*References in bold type are to the principal topics included in the Commentary. Other references are to particular developments or features.*

Accepting houses, overseas banks and other banks:		
Restrictions on lending	10, 113-14, 238-9, 346-7	
Separate 'ceiling' for acceptances	238, 346	
<b>Balance of payments:</b>	<b>7, 110, 233-4, 354-5</b>	
Devaluation of sterling	7, 110	
Docks strikes	7, 233	
'Exchange adjustment' o/a devaluation	110	
Import deposit scheme	342-3	
Import prices	7, 110	
Large identified capital items	234, 354, 355	
Move into surplus delayed	245	
Official objectives	17, 105	
Prospects	341	
Removal of import surcharge	7	
Slow recovery	356	
Suez Canal closure	7	
Bank for International Settlements:		
Annual meeting of Governors	232	
Central bank facilities, participation in	4, 8, 232, 236, 342, 356	
Euro-dollar shortage alleviated	232	
Bank of England:		
Credit restrictions	15, 115, 238, 241, 342	
Large assistance to discount market after devaluation	12	
Loans to commodity traders	9	
Loans to discount market at Bank rate	11	
Loans to discount market at market rates	11, 12, 114, 240, 348	
Sterling certificates of deposit	239	
Bank of France, U.K. swap facility	8	
Bank rate:		
Increased to 6% (19.10.67); and to 6½% (9.11.67)	11	
Increased to 8% (23.11.67)	4	
Loans to discount market at Bank rate	11	
Reduced to 7½% (21.3.68)	105	
Reduced to 7% (19.9.68)	341	
<b>Banking sector:</b>	<b>10-11, 112-14</b>	
<b>Banks and discount houses:</b>	<b>237-9, 346-8</b>	
Credit restrictions	11, 112, 113, 237, 238, 342	
Emergency bank holidays	108, 114	
Import deposit scheme	342-3	
Liquidity position	346	
Sterling certificates of deposit	239, 347	
Sterling inter-bank market	114, 239	
Sterling usance credits, exchange control ruling	347-8	
Basle arrangements (see Facilities, central bank)		
<b>Bill markets:</b>	<b>11-12, 114-15, 240, 348-9</b>	
Foreign currency bills	239	
Board of Trade, investment intentions surveys	17, 245, 344	
Bonn, meeting of Finance Ministers (20-22.11.68)		341
<b>Budget (1968):</b>		<b>105-6</b>
Brought forward		3
Forecasts, deviation from	244, 245, 341, 357	
Foreign exchange market's reaction to		109
Measures to restrain personal spending to be included in		3
<b>Building societies:</b>		<b>117-18, 352</b>
Government's scheme for 100% mortgages		118
Limit on individual investment raised		352
Rates raised		118
Canada, U.K. debt repayment		7, 8
Capital issues (see Issues, capital)		
Central bank discount rates		4, 105, 109
Central bank facilities (see Facilities, central bank)		
Central bank gold pool (see Gold pool)		
<b>Central government finance:</b>	<b>9-10, 112, 236-7, 345-6</b>	
Borrowing requirement:		
First half of 1968/69		346
Forecast for 1968/69		106, 346
Import deposit scheme		343
Undertaking to I.M.F.		106
Budget		105-6, 345-6
Vote on Account 1968/69		108
Certificates of deposit, sterling		239, 347
Clearing banks (see London clearing banks)		
<b>Commodity markets</b>		<b>8-9</b>
Commodity traders, Bank of England loans		9
Company securities (see <b>Equities</b> , Debentures)		
Confederation of British Industry, industrial trends survey		16, 17, 344
Consumer spending (see Personal spending)		
Credit restrictions:		
November 1967		11, 15, 112
May 1968		105, 113, 115, 237, 241-2, 346
November 1968		342-3
Credits (sterling usance), exchange control ruling on		347-8
Czechoslovakia invaded		349, 352
Debentures (see also <b>Equities and debentures</b> ; Rates of interest, <b>other medium and long-term</b> ):		
New issues larger		352
Deposit certificates, sterling		239, 347
Deutschemark (see <b>Foreign exchange market</b> )		
Devaluation of sterling:		
Benefits slow to appear		119, 231, 245
Bill markets		11-12
Commodity markets		8-9
Credit facilities for U.K.		8
Equities		13
'Exchange adjustment'		110
Foreign exchange market		4
Gilt-edged		13
Gold market		5
Prices		107
Sterling area reserves		236

Discount market:	10, 114, 239, 347-8		
Bank of England advances at Bank rate		11	
Bank of England advances at market rates	11, 12, 114, 240, 348		
Bond portfolios reduced		114	
Credit restrictions	239, 240-5		
Foreign currency bills		239	
Sterling certificates of deposit		239, 347	
Swollen commercial bill holdings	239, 240, 347		
Dollar portfolio (H.M.G.), transfer of remaining assets to official reserves		8	
<b>Domestic economy</b>	<b>15-17, 106-8, 243-5, 343-5</b>		
Drawings, net, under central bank facilities	111, 235, 356		
<b>Equities (see also Equities and debentures):</b>	<b>117</b>		
Australian mining shares		351	
Budget (1968)		117	
Czechoslovakia invaded		351	
Devaluation	3, 13		
New issues larger	243, 351		
Peak prices		351	
'Reverse yield gap'	243, 351		
Stock shortage		117	
<b>Equities and debentures</b>	<b>13-14, 242-3, 351-2</b>		
Euro-dollars (see also <b>Movements of short-term funds</b> ):			
Central banks ease shortage	6, 111, 232, 235		
'Exchange adjustment' o/a devaluation of sterling		110	
In demand to buy gold	6, 111		
In demand to buy deutschemarks		355	
Rates reach peak		231	
Exchange control ruling on sterling usance credits		347-8	
Exchange Equalisation Account, forward commitments	5, 232, 353		
<b>Exchequer finance (see Central government finance)</b>			
<b>Exports (see also Balance of Payments):</b>			
Budget forecast		106	
Docks strikes	233, 234		
Finance, exempt from 'ceiling' (November 1967)		15	
included in 'ceiling' (May 1968)		105	
exempt from 'ceiling' (November 1968)		342-3	
Strike by U.S. longshoremen anticipated		354	
World trade	110, 234		
Facilities, central bank (see also <b>Reserves and central bank facilities; Reserves and special facilities</b> ):			
Arranged in November 1967		8	
in March 1968		112	
Basle arrangements of June 1966	8, 356		
of September 1968	231, 236, 341, 352, 356		
Net drawings under facilities	111, 235, 356		
Federal Reserve:			
Central bank swap network	8, 112		
Credit policy tighter		4	
Discount rates, raised	105, 109		
reduced	348-9		
Facilities made available to U.K.	8, 111, 112, 235, 356		
Gold backing of note issue to be abolished		6	
Finance Bill (1968)		116	
<b>Foreign exchange market (see also Foreign exchange and gold markets):</b>	<b>4-5, 231-2, 352-3</b>		
Czechoslovakia invaded		352	
March gold crisis		108	
Market closed after devaluation		3	
November currency crisis	341-2		
Fears of exchange rate alterations	341		
of French devaluation	232		
of West German revaluation	231, 352		
<b>Foreign exchange and gold markets</b>	<b>108-9</b>		
Franc (see France)			
France (see also Bank of France):			
Crisis of May-June:			
Gold movements restricted		233	
June measures		231	
Outflow of funds		235	
Political and economic disturbances	231, 232		
Support for franc withdrawn 30.5.68		231-2	
November measures		342	
General Agreement on Tariffs and Trade, 'Kennedy round'		233, 354	
<b>Gilt-edged:</b>	<b>12-13, 116, 242, 350-1</b>		
New issues		13, 116	
Redemptions		116, 351	
'Reverse yield gap'		243, 351	
Steel compensation stock		13, 116	
Sterling devaluation	3, 12, 13		
Time-yield curves, change in pattern		13	
Yields historically high		242	
Gold and convertible currency reserves (see <b>Reserves and central bank facilities; Reserves and special facilities</b> )			
<b>Gold market (see also Foreign exchange and gold markets; Gold pool):</b>	<b>5-6, 233, 353-4</b>		
Czechoslovak crisis		353	
Federal Reserve note issue gold backing to be abolished		6	
French restrictions on gold movements	233, 353		
London market, emergency closures	3, 105, 108		
reopens as 'free' market	109, 233		
March crisis, 'two-tier' system established	108-9, 119		
Periods of heavy demand		5	
South African gold policy	109, 233, 353-4		
United States gold policy		5, 105	
Gold pool:			
Arrangements ended	108-9		
France ceases to take active part	5		
Meeting, in Basle (March)	108		
in Frankfurt (November)	5		
in Washington (March)	108		
Sales to market November 1967-March 1968	109		
Government expenditure (see <b>Public expenditure</b> )			
Government's dollar portfolio	8		
Government stocks (see <b>Gilt-edged</b> )			
Group of Ten:			
General Arrangements to Borrow	235		
Meeting in Stockholm (March)	105, 109		
in Bonn (November)	341		
<b>Hire purchase finance companies (see also Rates of interest, other short-term):</b>	<b>15, 115-16, 241-2, 350</b>		
Deposit rates varying with Bank rate		15	
Lending above ceiling	15, 115-16, 241-2		
Restrictions on lending	15, 115-16, 342, 350		
Terms control tightened, on cars		15	
on wide range of goods		341, 350	
Hong Kong dollar bonds	236, 355		
Imports (see also <b>Balance of payments; Import deposit scheme</b> ):			
French crisis	233, 354		
Silver bullion	234		
Surcharge removed	7		
Tariff reductions	233, 354		
Import deposit scheme	342-3, 357		
Industrial stoppages and disputes	341, 353		
Industry's fixed investment	344, 346		
Inter-bank market	114, 115, 239, 347		
Interest rates (see Rates of interest)			
International Monetary Fund:			
Annual meeting of Governors	353		
Special Drawing Rights	105, 119		
Standby facility	8, 112, 235		
U.K. borrowing requirement	106		
U.K. repayments to	4, 8, 356		

International swap arrangements (see Facilities, central bank; Federal Reserve)			
Investment (see Industry's fixed investment)			
Investment intentions of industry:			
Board of Trade survey	17, 245, 344		
Confederation of British Industry enquiry	16, 17, 344		
Other surveys	245		
Invisibles account (see <b>Balance of payments</b> )			
Issues, capital:			
Birmingham Corporation 7½% 1980/82	241, 349		
G.L.C. stock issue by tender	117		
Debentures	352		
Equities	243, 351		
<b>Local authorities</b> (see also Rates of interest):	<b>14-15, 115, 116-17, 241, 349-50</b>		
Bank borrowing	113, 238, 346-7		
Birmingham Corporation 7½% 1980/82	241, 349		
G.L.C. stock issue by tender	117		
P.W.L.B. lending rates	14, 241, 349		
P.W.L.B. quota arrangements	241		
Temporary borrowing limit	14		
London clearing banks:	10, 112-13, 237-8, 346		
Credit restrictions	11, 105, 113, 237, 238, 342		
Exempt lending expands	112		
Long-term capital movements (see also <b>Balance of Payments</b> ):			
Effects of U.S. take-overs	354		
Large identified transactions	234, 354, 355		
Loan repayments to North America	7, 8		
Portfolio investment in Australia	234, 354-5		
Striking improvement in capital balance	234		
<b>Measures of 22nd November:</b>	<b>342</b>		
Need for measures	341		
Monetary movements (see <b>Balance of payments</b> )			
Money supply (see reference under Analysis of financial statistics, pages 476, 477)			
<b>Movements of short-term funds</b>	<b>6-7, 110-11, 234-5, 355-6</b>		
National Board for Prices and Incomes, reference of price and pay increases to	107-8		
National Institute of Economic and Social Research, industrial enquiry	16		
National savings (see Savings)			
Overseas holdings of sterling, central bank facilities linked to	8, 231, 232, 236, 341, 352, 356		
Personal savings (see Savings)			
Personal spending:			
Budget forecast	106		
Decline after Budget	234, 241, 244		
Renewed growth	341, 343-4		
Strong rise before Budget	107		
Productivity:			
Growth slowing down	343		
Improvement	244		
Productivity, prices and incomes policy:			
Importance of	119, 357		
Prices and Incomes Bill	108		
Urgent need to re-establish control over incomes	19		
White Paper (April 1968)	107-8		
<b>Public expenditure:</b>	<b>17-18</b>		
Cuts in growth (January)	3, 17, 105		
Need to contain growth	18, 19		
Responding to official restraint	345, 357		
Public Works Loan Board:			
Interest rates	14, 241, 349		
Quota arrangements for local authorities	241		
Rates reflect cost of Exchequer borrowing	14		
Rates of interest:			
<b>Other medium and long-term</b>	<b>116-17</b>		
<b>Other short-term</b>	<b>115-16</b>		
Reserves:			
Transfer of remaining assets in H.M.G.'s dollar portfolio	8		
<b>Reserves and central bank facilities</b>	<b>8, 111-12</b>		
<b>Reserves and special facilities</b>	<b>235-6, 356</b>		
Savings, Budget measures to improve attractiveness of national savings	106, 345		
Scottish banks, credit restrictions	238, 342		
Selective employment tax, rates increased	106		
Silver bullion, imports	234		
South Africa, gold policy	109, 233, 353-4		
Special Drawing Rights	105, 119		
<b>Sterling area developments</b>	<b>236</b>		
Sterling balances (see <b>Movements of short-term funds</b> ; Overseas holdings of sterling; <b>Sterling area developments</b> )			
Sterling certificates of deposit	239, 347		
Sterling usance credits, exchange control ruling	347-8		
Swap arrangements, Federal Reserve:			
Central bank network	8, 112		
Facilities made available to U.K.	8, 111, 112, 235, 356		
'Switching' (see <b>Movements of short-term funds</b> )			
Switzerland, loan to H.M. Government by Swiss commercial banks	8		
Tariffs:			
'Kennedy round' of reductions	233, 354		
Removal within E.E.C.	232		
Tax regulator	342		
Treasury bills (see also <b>Bill markets</b> ), tender cancelled (15.3.68)	114		
United States (see also Federal Reserve):			
Balance of payments, programme to reduce deficit	3, 231		
Banks borrow dollars through London	231, 234-5, 355, 356		
Fiscal policy	119, 231		
Gold policy	5-6, 105, 108		
Proposals for income tax surcharge	231		
Strike threat to eastern ports	354		
Treasury bill rates reach peak	231		
U.K. debt repayment	7, 8		
Wall Street, prices break	243		
Washington meeting of central bank governors	105, 108		
Western Germany:			
Euro-dollars in demand to buy deutschemarks	355		
Measures to overcome speculative pressures	342		
Rumours of Deutschemark revaluation	341, 352		
World trade:			
Expansion	245		
Outlook	18, 105, 118-19, 245		
U.K. exports	110, 234		

## Analysis of financial statistics

The analysis of financial statistics traces the financial transactions each quarter of the five domestic sectors – public sector, persons, companies, banks and other financial institutions. The discussions appear on the following pages:

	Preliminary	Detailed
3rd quarter 1967		20– 3
4th quarter 1967	23–4	134– 6
1st quarter 1968	136–7	247–50
2nd quarter 1968	250	361– 7
3rd quarter 1968	367–8	

The text is illustrated by tables (seasonally adjusted figures are used to support the detailed discussion of the third quarter of 1968, and the preliminary discussion of the fourth quarter) and there are detailed (unadjusted) quarterly statistics in each issue for the five sectors and for the overseas sector. Comprehensive notes on sources and definitions are given on pages 144–5 (June Bulletin) and there are briefer notes in the other issues.

The analysis also contains special sections (illustrated by tables and charts), as follows:

Sector financing 1967	125-34
Industrial and commercial companies, October 1966-September 1967	24-9
Personal sector, April 1967-March 1968	252-5
Banking sector:	
Net sterling deposits and sterling lending:	
1967/68	122-5
2nd quarter 1968	250-2
3rd quarter 1968	368-70
Money supply, April-September 1968	370-1

## Statistics

### Statistical annex and additional notes

Accepting houses, overseas banks and other banks in the U.K.:		
Accepting houses	66, 192, 302, 433	
American banks	68, 194, 304, 434	
British overseas and Commonwealth banks	70, 196, 306, 436	
Foreign banks and affiliates	69, 195, 305, 435	
Other overseas banks	71, 197, 307, 437	
Other banks	72, 198, 308, 438	
Balance of payments	82, 209, 319, 449	
Bank advances, analysis	73-5, 200, 310, 440	
Bank of England:		
Advances to discount market at Bank rate	60, 186, 296, 427	
Bank return	59, 185, 295, 426	
Banking sector:		
Deposits and advances, analysis	61, 187, 297, 428	
Deposits and advances, analysis	62, 188, 298, 429	
Banks, deposit:		
London clearing banks	63, 189, 299, 430	
Northern Ireland banks	65, 191, 301, 432	
Scottish banks	64, 190, 300, 431	
Banks, overseas (see Accepting houses, overseas banks and other banks in the U.K.)		
Capital issues on the U.K. market:		
Gross issues, by method of issue	76, 204, 314, 444	
Gross issues, less redemptions	76, 204, 314, 444	
Net issues by quoted U.K. public companies	77, 205, 315, 445	
Central government finance:		
Borrowing requirement	55, 181, 291, 421	
Current and capital accounts	56, 182, 292, 422	
Marketable debt	57, 183, 293, 423	
National savings	58, 184, 294, 424	
P.O.S.B.: transfers from ordinary to special accounts	96, 223, 333, 462	
Tax reserve certificates	58, 184, 294, 424	
Company acquisitions of subsidiaries etc.	78, 206, 316, 446	
Currency circulation	59, 185, 295, 425	

Discount market, assets and borrowed funds	60, 186, 296, 427
Exchange rates and comparative interest rates	92-3, 218-19, 328-9, 458-9
External liabilities and claims of the U.K. in sterling:	
Class of holder and main areas	85, 212, 322, 452
Class of holder, by type of liability and claim	88, 215, 325, 454
Groups of countries	86-7, 213-14, 323-4, 453
Non-interest-bearing notes held by international organisations	89, 216, 326, 455
101, 228, 337, 466	
External liabilities and claims of U.K. banks in foreign currencies:	
In U.S. dollars	83, 210, 320, 450
In Deutsche marks	84, 211, 321, 451
In Swiss francs	100, 227, 337, 466
100, 227, 337, 466	
External liabilities in overseas sterling area currencies	101, 228, 337, 466
Gold and convertible currency reserves	90, 217, 327, 456
Gold price, London	90, 217, 327, 456
Investment trusts, net transactions and assets:	
Gross transactions in quoted U.K. company securities	80, 207, 317, 447
Reconciliation of end-year figures of assets	100, 226, 336, 465
99, 226, 336, 465	
Reserves (see Gold and convertible currency reserves)	
Security yields	94, 221, 331, 460
Short-term money rates	91, 220, 330, 457
Stock exchange transactions, London and Scottish stock exchanges:	
Transactions in British government stocks on the London stock exchange <sup>1</sup>	79, 202, 312, 442
203, 313, 443	
Unit trusts, net transactions and assets:	
Gross transactions in quoted ordinary and deferred U.K. company securities	81, 208, 318, 448
Numbers of trusts making returns	100, 227, 336, 465
100, 227, 336, 465	

<sup>1</sup> Introductory table, page 59.

## Other statistical information

Bank of England:				
Accountant's Department, items of work in 1967	270			
Stock registers, amounts of stock recorded at 31 December 1967	269			
External assets and liabilities, U.K., end-1962, 1964, 1966, 1967: <sup>1</sup>	276-7			
Official and private long-term, changes in, 1967	273			
Official and private short-term, changes in, 1967	272			
External liabilities in sterling, U.K., 1932-67	389			
Federal Reserve, reciprocal swap arrangements with U.K.:				
Drawings:				
October-December 1967	8			
March 1968	111			
October-December 1968	356			
Facility increased:				
November 1967	8			
March 1968	112			
Financial institutions, U.K., net direct overseas earnings:				
Banking	404			
Insurance	405			
Merchanting	405-6			
Miscellaneous	406			
Total, average of, 1965-7	407			
Gilt-edged turnover on the London stock exchange, quarterly figures, 2nd qtr. 1966 - 3rd qtr. 1967: <sup>2</sup>	50-1			
Gold and currency reserves, U.K., 1932-67	389			
Gold reserves, U.K., 1932-39	388			
Interest rates, short-term, 1967-68	394			
Liquid assets, selected, 1962-67, industrial and commercial companies	394			
Liquid assets, selected, 1962-67, persons	396			
National debt: 31 March 1967, estimated distribution: <sup>3</sup>	46			
Changes by groups of holders and type of debt, 1966-67	42			
Reserves:				
Official gold reserves 1932-39	388			
Official reserves and net external liabilities in sterling 1932-67	389			
Sector finance:				
Detailed annual figures, 1965-67	140-1			
Detailed quarterly figures	30-1, 142-3, 256-7, 372-3			
Financial surpluses/deficits, 1966-67	125			
Financial surpluses/deficits, seasonally adjusted quarterly figures	20, 134, 247, 362			
Government stocks, changes in holdings, including acquisitions of steel compensation stock, 1967	133			
Liquid assets, increases in certain, quarterly figures, seasonally adjusted, 1st qtr. 1967-1st qtr. 1968	247			
Money supply, April-September 1968	370-1			
Sector finance:				
Banking sector:				
Assets and liabilities, changes in, 1965-67			134	
Assets and liabilities, seasonally adjusted, quarterly changes in, end-Sept. 1967 to mid-1968			367	
Assets and liabilities, seasonally adjusted, quarterly changes in, 2nd and 3rd qtrs., 1968			368	
Changes in sterling deposits and assets:				
Financial years 1963/64-1967/68		139. 258, 374		
Quarterly figures, 1965-68				
Sterling assets, changes in, 1966/67-1967/68			123	
Sterling assets, changes in, quarterly figures 1967-68		251, 369		
Sterling deposits, net changes in, 1966/67-1967/68			122	
Sterling deposits, net changes in, quarterly figures 1967-68		251, 368		
Sterling lending to private sector, changes in, 1966/67-1967/68			124	
Companies:				
All companies, income and allocation thereof, 1965-67			128	
All companies, income and allocation thereof, seasonally adjusted figures, 1st half 1968			364	
Industrial and commercial companies, financial transactions, 1965-67			129	
Industrial and commercial companies, financial transactions, quarterly figures, seasonally adjusted, end-Sept. 1967 to mid-1968			364	
Financial institutions other than banks:				
Financial transactions, 1965-67			131	
Financial transactions, quarterly figures, seasonally adjusted, end-Sept. 1967 to mid-1968			365	
Personal sector:				
Financial transactions, 1965-67			127	
Financial transactions, quarterly figures, seasonally adjusted, end-Sept. 1967 to mid-1968			363	
Saving, 1965-67			126	
Public sector:				
Certain central government transactions, seasonally adjusted figures, 2nd and 3rd qtrs. 1968			368	
Financial transactions, 1965-67			132	
Financial transactions, quarterly figures, seasonally adjusted, end-Sept. 1967 to mid-1968			366	
Sterling balances, net external liabilities in sterling, U.K., 1932-67 (end-years)			389	
Tax reserve certificates:				
Applications, issues, surrenders and repayments by persons and companies, 1962-68			400	
Companies, surrenders, 1957-65			393	
Dates and terms of issues, 1941-67			398	
Issues and surrenders, annual figures, 1942-68			399	
Issues as percentage of central government borrowing requirement, 1960-67			397	
Persons, surrenders, 1957/58-1967/68			395	

<sup>1</sup> Regular series (normally biennial).

<sup>2</sup> Article introducing a new series of statistics in the annex to the *Bulletin*.

<sup>3</sup> Annual series.