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Treasury Chambers, Parliament Street, SW1P 3AG
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5 October 1990

Barry Potter Esq
Private Secretary to
Prime Minister
10 Downing Street
LONDON
SW1

Dear Barry

ERM

... I attach a copy of the Chancellor's statement and question and answer briefing.

Tomasz Tarkowski

T TARKOWSKI
Private Secretary

ERM AND INTEREST RATE REDUCTION

Key facts

- Central rate around DM2.95
- Initial 6 per cent margins, like Spain

Inflation

- Made clear in Washington that headline figures less important than prospective movements from now on
- Tight monetary policy now clearly feeding through; expect inflation to peak soon and then decline sharply next year
- Satisfied that further progress now more easily achieved within ERM discipline than outside

Other Madrid conditions

- Substantial progress on all key European fronts - free movement of capital, single market, competition policy and liberalisation of financial services

Move to Narrow Band?

- Intention, as soon as conditions permit and with agreement of partners, to move to a narrow band

Level of Exchange Rate

- Real effective exchange rate and real £/DM rate are both close to average over the 1980s

Interest rate cut

- 14 per cent still very high figure
- Determined to keep monetary conditions tight. Now reinforced by ERM discipline; not a soft option

- Small easing justified by money figures. M0 12 month rate 4.9 per cent in August and has stayed in range in September. M4 12 month rate has fallen steadily since January to 15½ per cent in August, lowest since November 1987

- Clear signs that economic activity has slowed
- * manufacturing output falling for three months
- * retail sales 1 per cent lower in latest quarter over previous quarter
- * car sales 14 per cent down on last year
- * housing market flat
- * CBI survey shows low confidence
- * unemployment has stopped falling and started to rise

Political move pre-Conference?

- No. Interest rate reduction fully justified by latest indicators - indeed we have moved later than many wanted
- Repeatedly made clear our intention to join ERM. Had to wait until certain that economy had entered disinflationary phase.

SECRET : ADSO until 4.00 pmFRIDAY 5 OCTOBER thenUNCLASSIFIEDERM ENTRY BRIEF: BEFORE TERMS AGREED**FACTUAL**

(i) Sterling will be joining the exchange rate mechanism of the European Monetary System with effect from the start of business in London on Monday 8 October. Base rates will be reduced at the same time by 1 per cent, to 14 per cent.

(ii) Sterling will enter the mechanism at a central rate against the DM of around 2.95 compared to market rates of 2.93 at close of business on Thursday 4 October in London and at 10.00 am today (Friday) of just under DM 2.94.

(iii) Sterling will enter the mechanism with 6% bands around its central rate.

(iv) Details of the entry rate and intervention limits are subject to agreement by our Community partners.

(v) Precise details of sterling's central rate and upper and lower intervention limits against each of the other member currencies will be announced once agreement has been reached with our Community partners.

(vi) Sterling Exchange Rates

	£/ERI	\$/£	DM/£	FFr/£
1985 Av.	100	1.30	3.78½	11.5495
1986 Av.	91.5	1.47	3.19	10.1569
1987 Av.	90.1	1.64	2.94	9.8369
1988 Av.	95.5	1.78	3.121/3	10.5969
1989 Av.	92.6	1.63½	3.09	10.4476
1990 Av.				
(to Oct 3)	90.3	1.7333	2.8596	9.6335
Close Thursday	93.7	1.9087	2.9318	9.8164
4 October (London)				
10.00 am Friday				
5 October	93.9	1.9112	2.9379	9.8408

(vii) Conditions for sterling's entry to ERM spelt out by Prime Minister at Madrid Summit: Government committed to join ERM

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when level of UK inflation is significantly lower, there is capital liberalisation in the community and real progress has been made towards completion of single market, freedom of financial services and strengthened competition policy.

(viii) UK inflation rates of Europe excluding mortgage-interest relief and community charge:

	UK	ERM AVERAGE
12 months to		
April	6.5	4.0
May	7.0	3.9
June	6.9	3.9
July	7.0	3.8
August	7.9	4.3

(ix) At DM 2.95 sterling's real effective exchange rate and real rate against the deutschemark are both quite close to their historic average levels.

(x) UK inflation since Madrid

	HEADLINE	EXCL MORTGAGE INT PAYMENTS & COMMUNITY CHARGE	EC
June 1989 (Madrid)	8.3	5.8	5.5
July	8.2	5.7	5.6
August	7.3	5.5	5.2
September	7.6	5.7	5.3
October	7.3	5.9	5.4
November	7.7	5.9	5.4
December	7.7	6.0	5.4
January 1990	7.7	5.9	5.2
February	7.5	6.0	5.3
March	8.1	6.2	5.4
April	9.4	6.5	5.4
May	9.7	7.0	5.5
June	9.8	6.9	5.5
July	9.8	7.0	5.5
August	10.6	7.9	6.0
September	-	-	-

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(xi) Evidence that monetary policy working/interest rate cut justified.

- (a) Monetary aggregates have slowed in recent months, with M0 moving back well within its target range and with M4's 12 month growth rate in August at 15.5%, the lowest figure for nearly three years.

	M0	M4
JANUARY	-	18.4
FEBRUARY	-	18.1
MARCH	-	17.5
APRIL	7.3	17.5
MAY	6.9	17.3
JUNE	6.5	16.9
JULY	5.5	16.3
AUGUST	4.9	15.5
SEPTEMBER	Estimated at around 4½	-

- (b) Retail sales down 1 per cent in latest 3 months over previous three months and only 1½ per cent up on a year ago.
- (c) New car registrations now 13 to 14 per cent lower than a year ago.
- (d) Housing market flat.
- (e) CBI report confidence, output, orders sharply down.
- (f) Imports have slowed down as have exports, with three month on three month comparisons showing both clearly slowing.

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(xii) Band Width?

We have proposed a band width of plus or minus 6% from its central rate against each of the other currencies. This is in line with the initial band width adopted for other currencies which have joined the ERM.

POSITIVE

(i) Participation in exchange rate mechanism

- will reinforce Government's counter-inflationary policy.
- will help avoid volatility in European exchange rates - giving UK business greater confidence to plan ahead in Europe.
- confirms Government's commitment to stage 1 of Economic and Monetary Union.

(ii) Very clear signals from economy that tight monetary policy working (money supply, retail sales, manufacturing orders a sharply down) therefore appropriate to reduce base rates at the same time as entry to ERM, which will add to UK monetary discipline and continued fight against inflation.

(iii) Experience in recent years suggests that the ERM has helped participants to reduce inflation. Change in inflation 1979-1990 (to March)

ERM Countries	-4.9
cf European OECD excl. ERM	1.7
OECD excl. ERM	-2.7

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(iv) The ERM has helped to bring greater stability to European exchange rates. Since the ERM has been in operation there have only been 12 realignments and these have become more infrequent.

(v) Government committed to join ERM as part of stage 1 of EMU. Have now done so within 4 months of commencement of stage 1 (1 July 1990). Taken together with most liberalised capital markets in Europe and the UK's first place in implementation of single market measures, UK can fairly claim to be in lead on putting stage 1 into effect.

(vi) Wide band gives markets time to adjust before sterling enters narrow band. Intend to move to narrow band, with agreement of partners as soon as conditions permit, once sterling has settled in system.

DEFENSIVE

(i) Why join now?

Conditions for entry have been broadly met. Satisfied that further progress (eg on inflation) can now be achieved better within the mechanism than outside.

(ii) Madrid Conditions Met?

Yes. There has been significant progress on all the key European fronts - free movement of capital, the single market, competition policy and liberalisation of financial services. And on inflation there are now clear signs that the Government's tight monetary policy is feeding through to the real economy. We are confident that inflation will be sharply lower next year. Further progress, on inflation in particular, will be more easily achieved in the ERM rather than outside.

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(a) Inflation?

[Madrid Condition: 'When level of inflation is significantly lower'; Chancellor in margins of OECD 30 May; 'wish to be certain that UK inflation is on a downward trend and a little bit closer to that of our Community partners': Chancellor 7 June; 'Inflation will not be assessed on the RPI but on a comparative basis to the measure in which European nations themselves assess inflation': Chancellor 26 September "But what matters here is less the difference between headline figures; which measure what has happened over the last 12 months, than the prospective movements in price levels from now on"].

The Government's tight monetary policy is now clearly feeding through to the real economy and we expect that inflation will peak soon and then decline sharply next year. Clearly would have liked more progress. But satisfied that monetary conditions now tight and that further progress on inflation will be more easily achieved within the ERM rather than outside.

(b) Free Movement of Capital?

All those countries required to abolish their exchange controls by 1 July under the 1988 Capital Liberalisation Directive have done so. Remainder bound to do so by 31 December, though for Greece and Portugal this may be extended for up to three years, if Commission accept case for more time.

(c) Real progress towards Single Market?

More than 60 per cent of measures necessary for completion of internal market have now been adopted or agreed in principle. Continued effort needed to maintain momentum, but considerable progress already made.

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(d) Real progress towards Freedom of Financial Services?

Second Banking Directive provides freedom to establish branches and provide cross border services anywhere in EC for banks authorised in their home state. Investment Services Directives, which will provide similar freedom for investment business, under discussion. Non-Life Framework directive for Insurance tabled by Commission in July. Clearly more to be done, but real progress is being made.

(e) Strengthened Competition Policy?

Commission acting to reduce state aids and ensure those that remain are fairer. Since September commission has power to block largest mergers which inhibit competition. Commission has proposed action programme to reduce barriers to takeovers across EC. Good progress made but vigorous enforcement of competition rules needs to be maintained.

(iii) Interest rate cut too soon

No. Monetary indications and evidence from real economy both pointing firmly to a significant slowdown in activity which justifies a cut in rates now. Confident that inflation will fall sharply next year.

(iv) Interest rate cut too late?

Important that government takes no risks with inflation. Time is right for the modest reduction announced, in light of all recent evidence of domestic economic slowdown.

(v) Further cuts to come?

Government firmly committed to maintaining tight monetary policy. Present cut only possible because of added discipline of ERM. No expectation of further early reduction in rates.

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(vi) How does ERM help monetary policy?

Makes quite clear that Government committed to a strong exchange rate: so no hope of bail out for companies who fail to control costs and wages by a depreciation of sterling.

(vii) Deal between PM and Chancellor

Both Chancellor and Prime Minister agreed that circumstances warrant a modest interest rate reduction coupled with the added discipline of ERM. Interest rates must remain at what is historically a high level: we cannot take any chances with inflation.

(viii) Has cabinet agreed terms

Membership of ERM Government policy for a long time. Detailed terms matter for Chancellor in consultation with European Colleagues.

(ix) Joined too soon:

(a) Should have waited for further progress on Madrid Conditions

Matter of judgement. Key point is that progress being achieved in all areas covered by Madrid Conditions, including inflation where the Governments tight monetary policy is now clearly feeding through to the real economy.

(b) Should have waited until inflation much lower?

Would have liked to have made further progress. Economy clearly slowing down and we confidently expect rate of UK inflation to fall sharply next year. Satisfied that further progress in continuing fight against inflation will be better achieved in ERM.

(x) Joined too late

(a) Another example of UK joining late on worse terms than if joined at start?

ERM not the sort of arrangement where early joiners necessarily have an advantage over others. When a new currency joins it is in everybody's interest that it does so at a sustainable rate and in appropriate band.

(b) Inflation would have come down significantly by now if we had been in ERM before?

Impossible to say. Experience suggests that ERM has helped participants achieve lower inflation rates. But ERM not a substitute for sound monetary policy.

(c) UK Interest rates would now be lower if in ERM earlier?

ERM entry not a soft option. Present cut only possible because of impact of high interest rates on real economy over a long period and added discipline of ERM entry.

(d) UK proposals on EMU unlikely to be taken seriously outside ERM - Chancellors proposals prejudiced by late entry?

Government made clear intention to join ERM in stage one of EMU. Have done so right at start. Can be no doubt about UK's commitment to stage one. Look forward to opportunity to discuss further the Chancellor's proposals for evolutionary approach beyond stage one with European partners.

(xi) Entry rate too high

Government clearly committed to a strong pound. Firm exchange rate essential part of fight against inflation. Proposed Central rate close to historical real levels.

(a) UK industry will be uncompetitive?

Key to competitiveness is restraint of unit costs not devaluation of currency. Continued high inflation relative to UK competitors itself threat to competitiveness in long run. Participation in ERM at firm rate will help bear down on inflation.

(b) Rate cannot be sustained?

Believe fundamental strength of UK economy supports entry rate.

(c) Interest rates will have to go back up again to sustain exchange rate?

No reason why exchange rate cannot be sustained at lower interest rates, given the clear evidence of slowing in the economy and the prospect that inflation will fall sharply next year.

(a) Monetary conditions too lax will fuel inflation?

UK real interest rates remain at high levels at DM 2.95 exchange rate also firm. Government will not take risks with inflation.

(b) Signals further fall in interest rates?

Government determined to maintain firm monetary policy to bear down on inflation. And will continue to set interest rates at the level necessary to achieve that.

(xii) Band too wide?

Appropriate to be cautious and give markets time to adjust before entering narrow band. Intend to move to a narrow band, with agreement of our partners, as soon as conditions permit, once sterling has settled within the system.

(xiii) Prime Minister reluctant to enter-forced on her by Europeans in Cabinet?

No. Prime Minister fully behind decision to enter ERM and with proposed entry terms. Has issued statement to that effect.

(xiv) Views of other Member States?

Confident other ERM members will welcome sterling's entry. Participation by second most widely traded European currency clearly strengthens ERM.

(xv) Implications for EMU?

Government fully committed to stage 1 of EMU as shown clearly by our decision to join ERM. But believe further progress best by market-led, evolutionary change. Look forward to debate on UK's proposals this autumn.

(xvi) Loss of Sovereignty - eg in exchange rate and monetary policy?

Exchange rate always has been one factor in assessing monetary conditions and setting interest rates. Within ERM exchange rate policy for all participating currencies is agreed by all participating countries. But overall UK monetary policy remains sole responsibility of UK Government.

(xvii) Sterling now 'tied' to Deutschemark

Sterling now linked to all 9 member currencies. DM clearly plays major role - but as a strong, low inflation currency that is all to the good. With the accession of sterling, system overall now much stronger.

(xviii) Interest rates now bound to converge on DM rates irrespective of UK monetary conditions?

No. Experience shows that the system has worked with differences between interest rates for member currencies.

(xix) ERM membership will be deflationary?

ERM membership not a substitute for sound monetary policy but it will help bear down on inflation. That is all to the good.

(xx) ERM membership will cause unemployment?

Membership will reinforce anti-inflationary policy and thus have favourable effects on economy, including employment, in long run.

(xxi) How will sterling be kept within band?

Believe band reflects reasonable level for sterling in medium term. But if sterling reaches limits, the normal ERM commitments to buy/sell sterling to keep it in its band will apply. ERM arrangements for coordinated intervention, including mobilisation of funds of member central banks, provides effective mechanism for deterring short term fluctuations in exchange rates.

(xxii) If Intervention does not succeed/is prolonged have to increase/decrease interest rates?

Hypothetical question. Decisions on interest rates will continue to be taken, as now, on the basis of a wide range of factors. [If pressed: Exchange rates always have been one factor in assessing monetary conditions and appropriate level of interest

rates. But other factors, in particular the growth of monetary aggregates, are also relevant].

(xxiii) Government would realign rather than increase/decrease interest rates?

Ridiculous to begin talking about realignment now.

(xxiv) Should have been opportunity for Parliament to debate entry

Simply not practical to give advance warning of entry date. The Government's intention to join the ERM has been well known for some time, and there have been a number of opportunities for both Houses to discuss the ERM over the last year or so. A statement will be made in the Lords on Monday.

(xxv) Labour Party views

[Should join with 'sustainable' (competitive) exchange rate, expansion of social and regional funds and joint growth strategy].

Labour wish to join ERM only on terms which would impart inflationary bias to system. Wholly inappropriate to do so and, quite rightly, no prospect of other members agreeing. Reduction of inflation is only firm basis for sustainable growth.

(xxvi) What will happen to mortgage rates now?

Matter for banks and building societies.

(xxvii) What happens if Germany raises Interest rates now were in ERM?

Hypothetical question.

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(xxviii) Previous shadowing of DM caused severe difficulties?
Will happen again?

Sterling has not been in ERM before. Confident that a central rate of around DM 2.95 is appropriate and sustainable.

(xxix) What are the government's forecasts for inflation in the UK next year, compared with inflation in other ERM countries?

The headline inflation rate in the UK will probably peak soon and diminish noticeably through next year. And before long the tight monetary policy stance should deliver a lower underlying rate of inflation. New forecast will be published in Autumn Statement.

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I. Activity

- 1) Growth in money GDP fallen significantly over past year. Close now to growth rates consistent with Government's objectives for inflation (see table 1).
- 2) More recent evidence points to continued deceleration in demand.

On the consumer side

- a) retail sales show fall of 1 per cent in latest three months compared to previous three months. Annual growth rates well below earlier levels (see chart 1);
- b) as measured by EC Survey, consumer confidence remains at historically low levels (see chart 1);
- c) new car registrations 14 per cent lower than year ago and no sign of turnaround (see chart 2).

On the company side

- i) business investment fell by 2 per cent in 1990Q2 after long period of buoyancy. Companies destocked by some £4 billion;
- ii) commercial vehicle registrations May-July fell by some 22 per cent on year earlier (see chart 3);
- iii) in 3 months to July new commercial construction orders down 11 per cent on year earlier (see chart 4);
- iv) manufacturing output fell by $\frac{1}{2}$ per cent in July, third successive month of decline (see chart 5);
- v) CBI indicators show further weakening of orders in September and of output expectations (see chart 6);
- vi) housing starts still weakening (see chart 4).

In the Labour Market

- a) unemployment rose by 22,000 in August, fifth successive monthly rise (see chart 7);
- b) overtime working has been falling. In July was 4½ per cent lower than a year before (see chart 7);
- c) vacancies fell in August to lowest level since January 1986.

II. Monetary and Financial Developments

Monetary and financial data supports activity indicators in portraying decelerating demand.

Amongst the monetary data

- i) M0 - good indicator of current conditions in economy - has decelerated significantly over last few months. Now comfortably within target range (see chart 8);
- ii) broad money growth, M4, also fallen steadily over last few months (see chart 9);
- iii) retail deposit growth, M2, growing at rates well below previous ones (see chart 9);
- iv) bank/building society lending shows continued deceleration (see charts 10/11).

Amongst other financial data

- a) equity prices, though remaining at healthy levels by historical standards, have fallen by 20 per cent since the peak in July 1989 (see chart 12);

b) company trading profits fell 8 per cent in 1990Q2 (though real rates of return remain sound). Recent results eg. ICI (unchanged dividend), BTR (4 per cent increase), Barratt (dividend halved) suggest more modest future dividend growth after long period of strong growth;

c) exchange rate been strong in recent months reflecting tightness of monetary stance (see chart 13).

III. But inflation remains high and worsening?

1) "Headline" RPI inflation has been rising and wage settlements tending to follow (see chart 14).

2) But this overstates inflationary picture:

a) RPI distorted by inclusion of mortgage interest payments. Producer output prices give better underlying guide. Inflation on this basis pretty flat (see chart 15);

b) deceleration in economy and fall back in overtime working will reduce impact of higher settlements on earnings growth (earnings growth flat in July at 10 per cent after period of rises).

3) Key point is that inflation turns down a little after economy has decelerated and inflationary pressure abated. That is normal pattern (see chart 16).

4) Already evidence of inflation turning down in some sectors:

a) house prices virtually stable after period of rapid growth (see chart 17);

b) construction output price inflation has fallen from 15 per cent 18 months ago to 6½ per cent on latest figures. Tender price inflation has fallen to zero.

These falls in inflation must be expected to spread throughout the economy in coming months.

IV. Oil price increases make it wrong time to cut interest rates?

Certainly higher oil prices unwelcome development in environment for defeating inflation. But

- a) strength of sterling has moderated effect on UK inflation;
- b) UK economy like other developed economies, much better able to cope with rise than at time of previous oil shocks.
- c) non-oil commodity prices have fallen in sterling terms - by some 14 per cent over last year. Provides some offsetting beneficial effect (see table 2).

Table 1 : Economic Activity

		Half Years: Percentage Change on a Year earlier
	Nominal GDP	Real GDP*
1988 I	11.7	6.0
II	11.5	5.1
1989 I	10.8	4.3
II	7.7	2.0
1990 I	7.6	1.5

* Excluding North Sea oil

Chart 1 : Retail sales and consumer confidence

- Both retail sales growth and consumer confidence well below earlier levels.

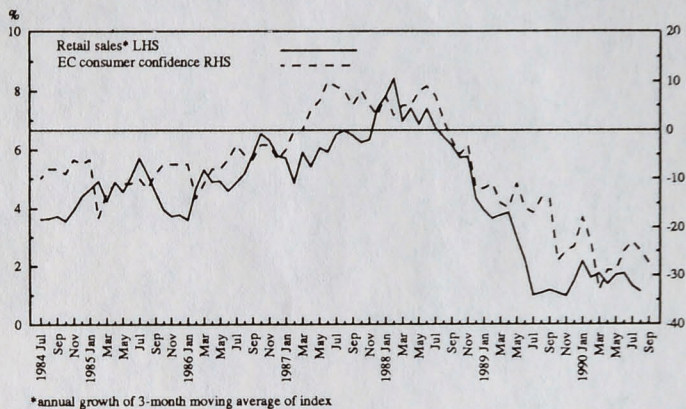


Chart 2 : Car registrations

- Car registrations around 15 percent lower than a year ago.

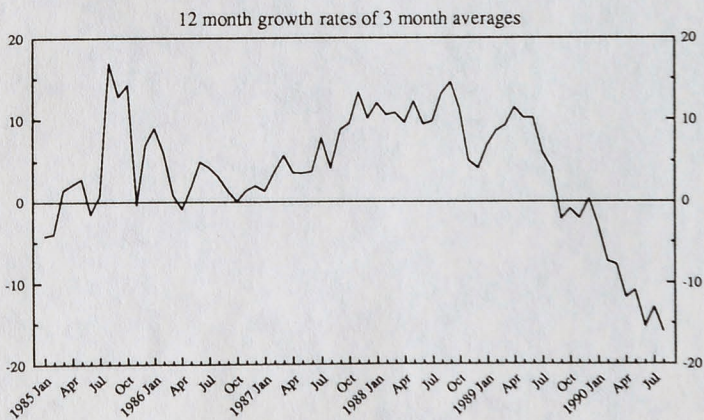


Chart 3 : Commercial vehicle registrations

- Commercial vehicle registrations in the three months to August were about 25 percent lower than a year earlier.

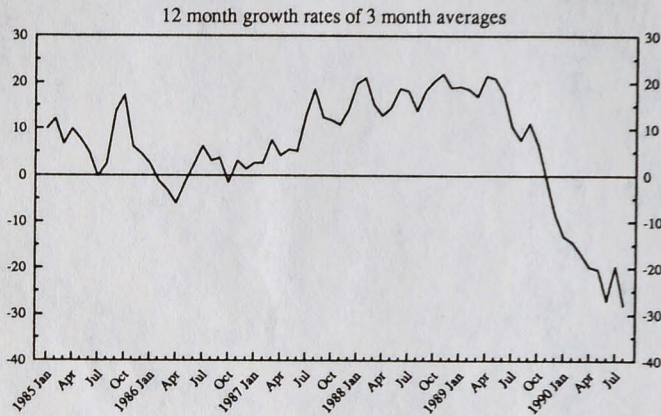


Chart 4 : Housing starts and construction orders

- Both housing starts and construction orders have fallen to low levels since the boom of 1988.

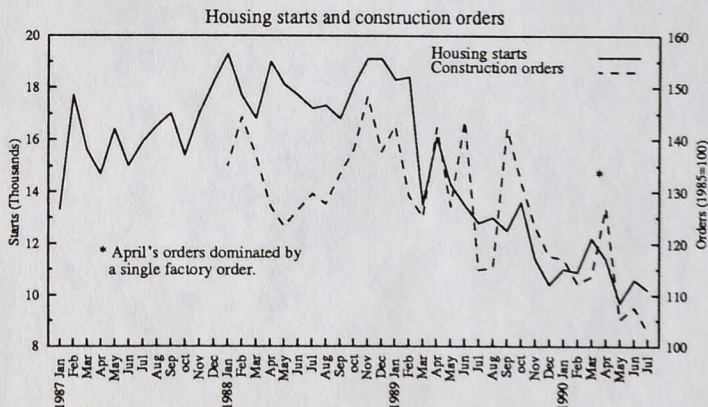


Chart 5 : Manufacturing output growth

- Manufacturing output growth slowed during 1989 and has remained low in 1990.

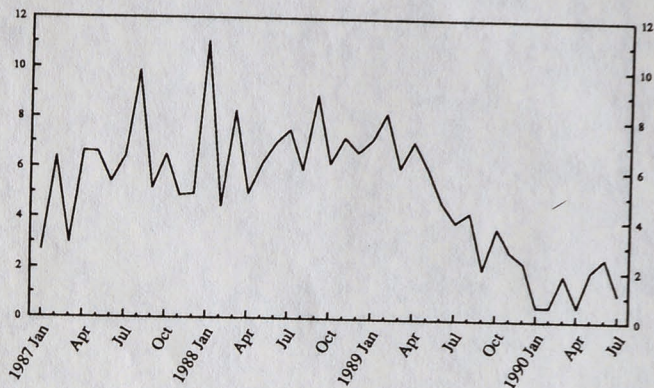


Chart 6 : CBI monthly indicators

- Balance on total orders has fallen markedly since early last year.
- Export orders have held up relatively well.
- Balance of firms expecting higher output has been around zero for several months
- Balance of firms with at least adequate stocks has climbed steadily since low point at end 1988

Chart 7 : Unemployment and overtime

- Unemployment - a lagging indicator of the state of the economy - has recently started to rise, having earlier fallen for over 40 months in a row.

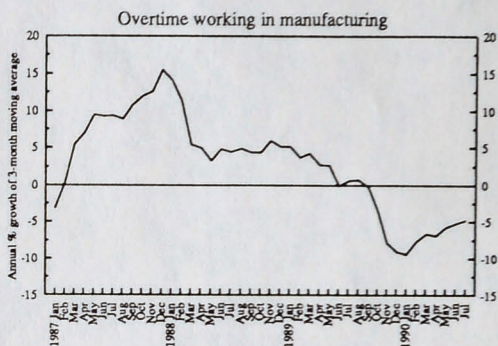
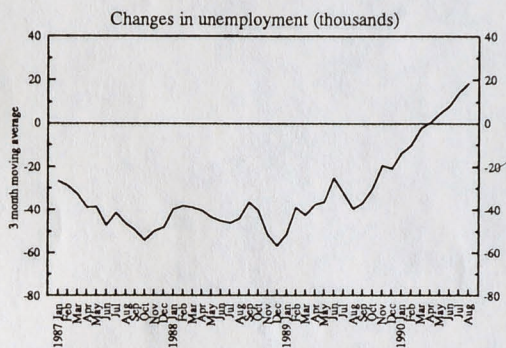


Chart 8 : M0 growth

■ M0 growth now back in target range after a period above it

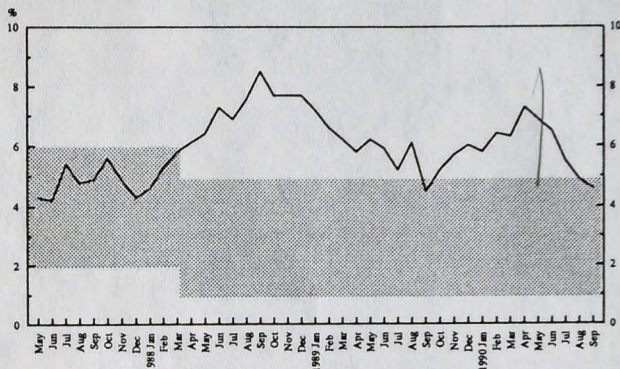


Chart 9 : Broad money growth

■ Broad money growth has now fallen back decisively.
M4 12 month growth rate in August was the lowest since November 1987.

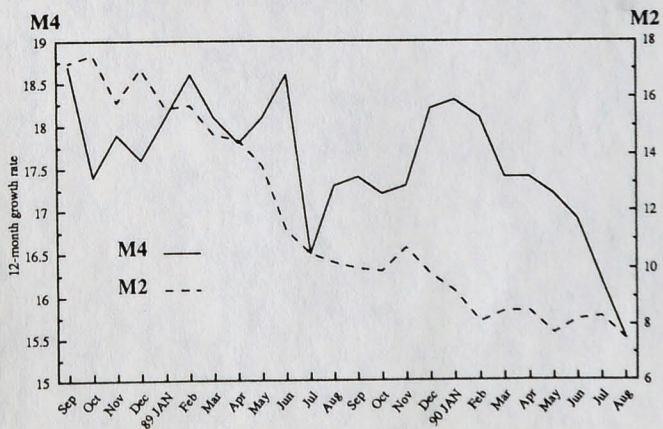


Chart 10 : Bank and building society lending

- Lending growth has been falling for well over a year. August's figure was the lowest since May 1986.

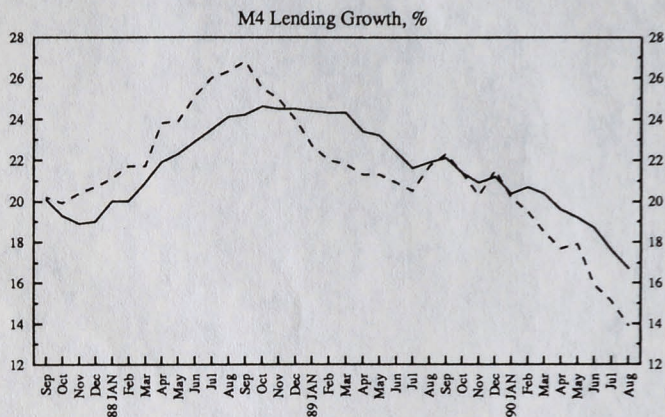


Chart 11 : Sectoral lending

- Lending growth has slowed in all sectors.

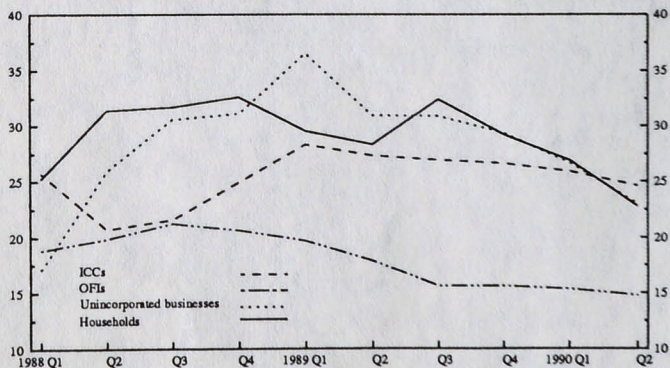


Chart 12 : Equity prices

- Equity prices, though at healthy levels, have fallen 20 per cent since the July 1987 peak.

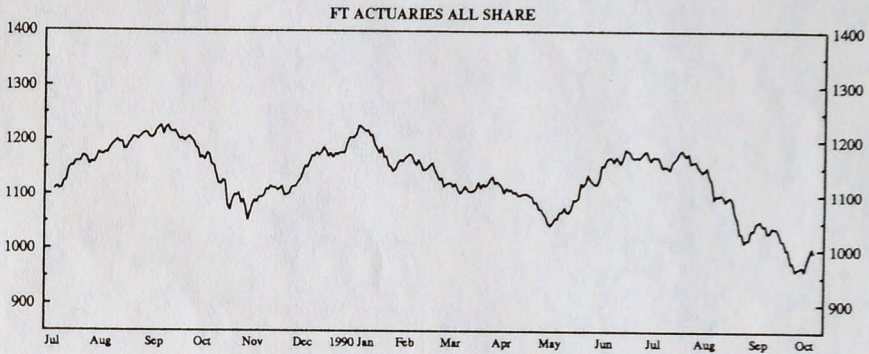


Chart 13 : Exchange rate

■ ERI strong in recent months reflecting tightness of monetary conditions.

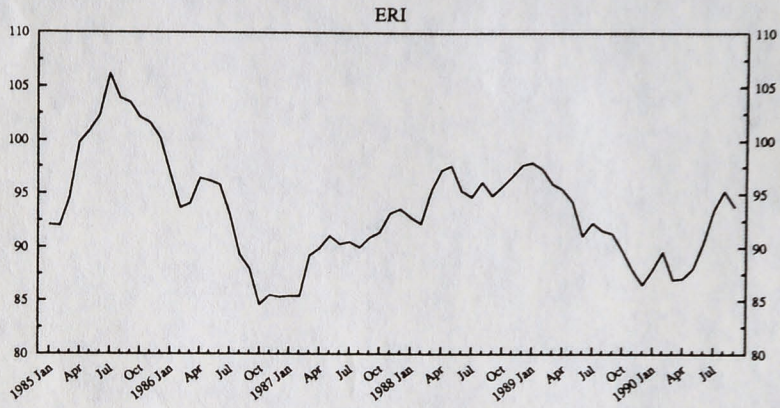


Chart 14 : Headline inflation

■ Headline RPI inflation has been rising with wage settlements tending to follow.

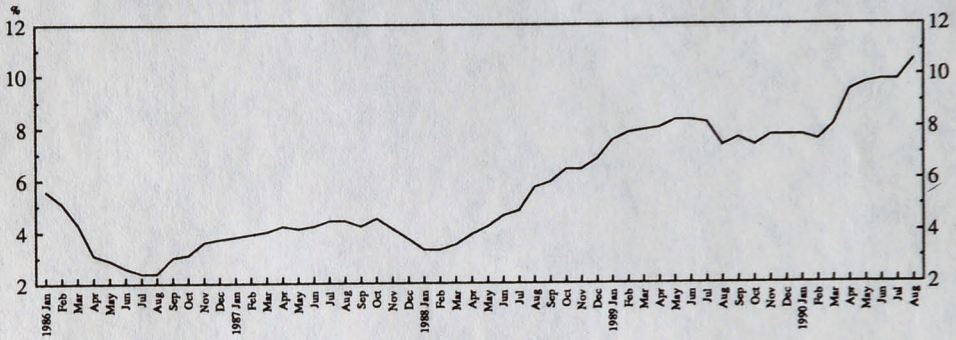


Chart 15 : Producer output inflation

■ Producer output inflation has been relatively flat.

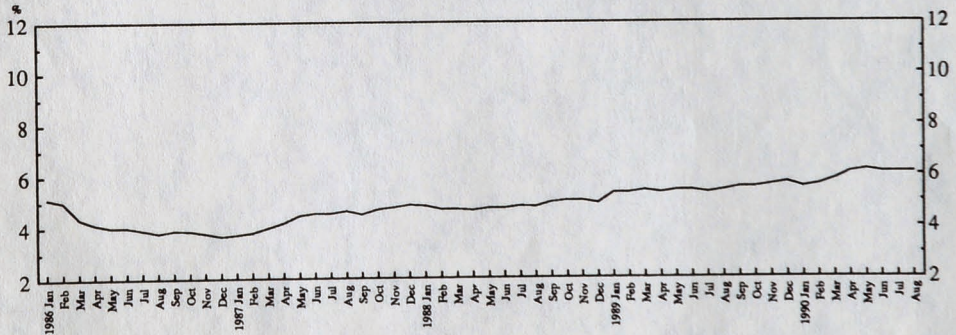
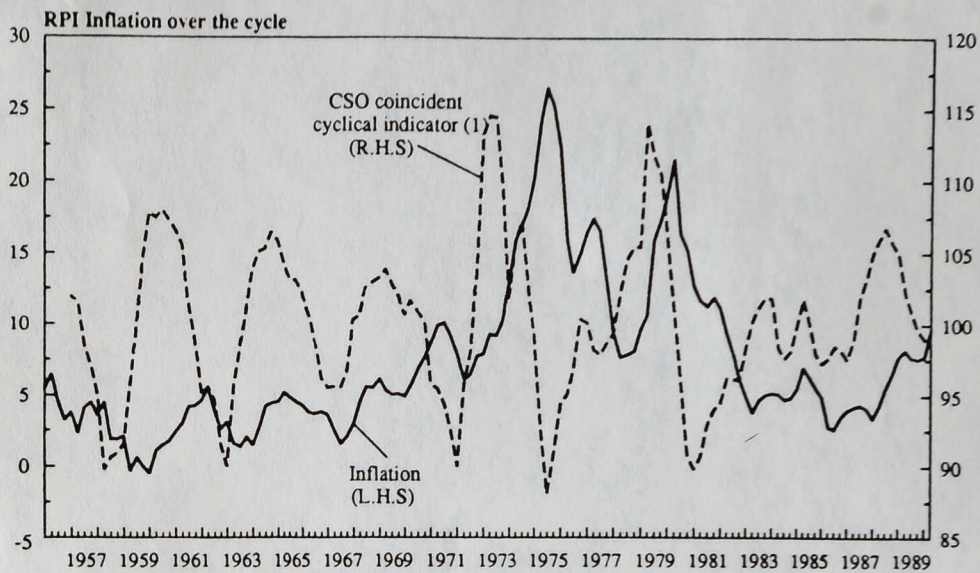


Chart 16



(1) - Long term trend = 100

Chart 17 : House prices

- House price inflation reached nearly 35 percent at the end of 1988. Over the last year house prices have fallen nearly 2 percent.

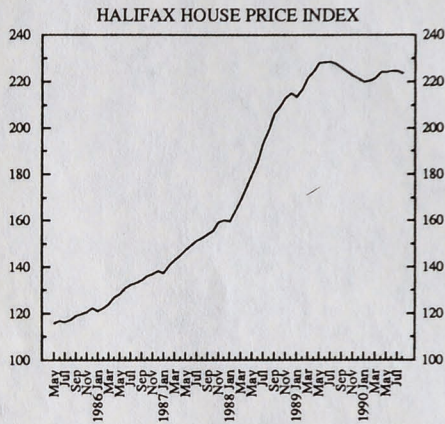


Table 2: COMMODITY PRICE INDICES (1985=100)

	SDR indices			All items
	Food	Non-food Agriculturals	Metals	Sterling
1984	112.3	111.6	106.2	107.2
1985	100.0	100.0	100.0	100.0
1986	92.4	89.9	85.4	86.4
1987	73.0	103.3	100.6	82.2
1988	85.7	109.6	156.2	103.3
1989	85.6	108.9	153.4	101.6
1988 Q1	77.6	105.5	133.4	95.9
Q2	84.0	115.1	169.1	109.1
Q3	92.9	114.0	157.9	111.7
Q4	88.3	103.6	164.4	107.7
1989 Q1	90.4	107.1	172.4	114.4
Q2	91.3	108.8	158.9	106.3
Q3	83.1	111.7	147.1	97.9
Q4	77.7	107.9	135.3	90.6
1990 Q1	76.9	106.3	120.1	96.1
Q2	80.0	109.4	129.0	99.4
1989 Sep	81.4	112.1	148.2	107.6
Oct	78.3	109.1	145.2	105.8
Nov	79.3	108.7	135.0	104.4
Dec	75.5	105.8	125.6	99.0
1990 Jan	75.2	104.8	115.2	94.0
Feb	75.5	106.0	113.8	91.9
Mar	80.1	108.0	131.4	102.4
Apr	81.5	109.6	129.6	101.8
May	81.4	110.0	129.7	100.9
Jun	77.1	108.6	127.8	95.6
Jul	73.4	105.7	128.2	90.0
Aug	70.6	99.3	136.8	87.5
Sep	70.7	98.0	142.1	90.8
Sep 04	70.6	98.9	138.7	89.5
Sep 11	72.3	99.4	149.3	94.5
Sep 18	70.5	97.4	146.0	90.6
Sep 25	69.5	96.2	134.5	88.6
Oct 2	68.7	95.9	133.9	87.4
% ch. on one yr	-13.2	-12.5	-8.2	-17.1