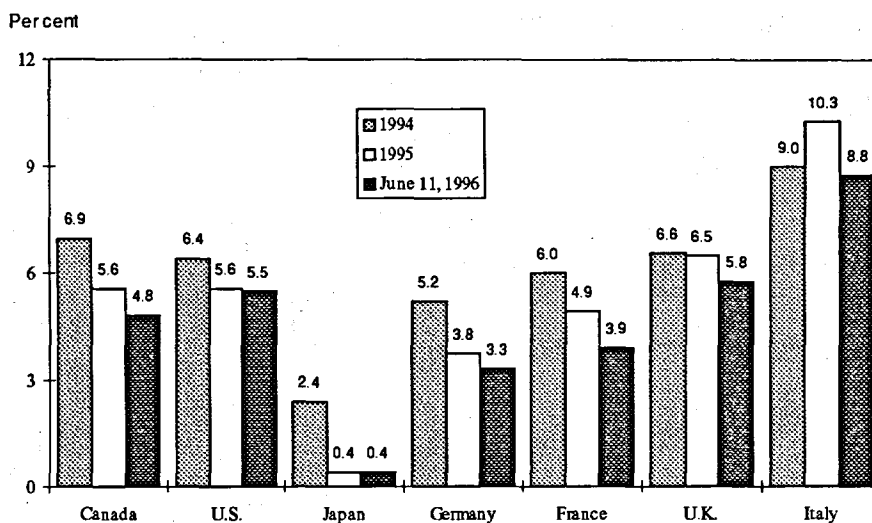


CHART 7

SHORT-TERM INTEREST RATES 1994 TO JUNE 1996

In 1995, short-term interest rates fell in all G-7 countries except Italy, where some tightening of monetary conditions was necessary to help contain inflationary pressures. Japan experienced the largest decline, reflecting the authorities' decision to ease conditions to help promote economic recovery. In Canada, it is significant that interest rates fell sharply in 1995, bringing short-term rates in line with U.S. rates. In early 1996, Canada's short-term rates slipped below those in the U.S. The current Canada-U.S. differential is also negative for interest rates up to three years.

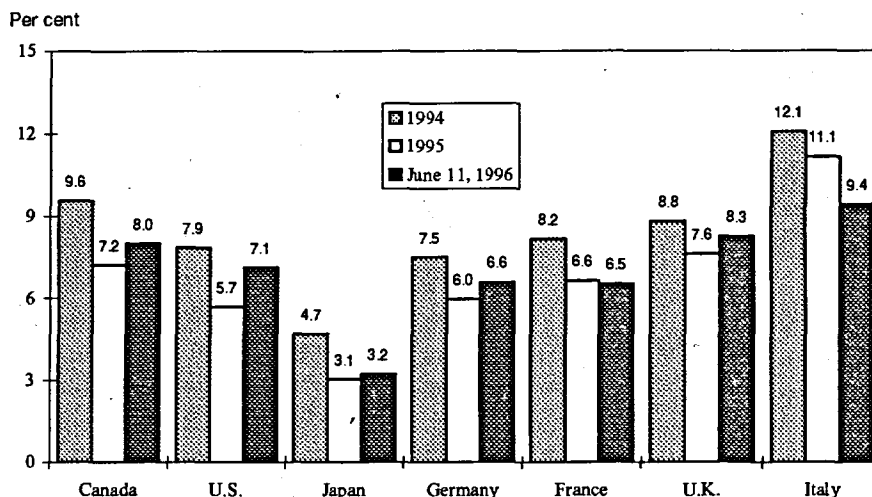


Note: End-of-period levels. Ninety-day Euro-rates.
Source: The WEFA Group.

CHART 8

LONG-TERM INTEREST RATES 1994 TO JUNE 1996

In 1995, long-term interest rates came down from the highs reached in 1994, when fears of growing inflation had taken hold. A vigorous effort to reduce government deficits and debt, and a credible commitment to price stability, have been important in bringing down interest rates throughout the G-7. Canada, in particular, has made tremendous progress in this regard, thus permitting a decline in long-term rates of nearly 240 basis points in 1995. Although long-term rates rose in early 1996, the spread with the United States continued to narrow.



Note: End-of-period levels for 10-year government bond yields.
Source: The WEFA Group.