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## COMMERCIAL NEWS

### Economic Prospects.

At a recent meeting of shareholders of the Union Bank of Switzerland, the Chairman of the Board of Directors, M. F. Richner, surveyed the situation with reasonable optimism. The prospects of the American economy, which play an important part in the world outlook, are still good although a certain slowing-down has become noticeable in the United States. As to Switzerland, there is no reason to consider her future in too dark a light. On the whole, her industry is better equipped than ever to face international competition, and the financial foundations of her enterprises are far more solid than in the notorious thirties. Apart from normal needs for short-term capitals, the industry operates to-day with its own financial means. Far more than in the past, heads of enterprises now seek guidance in the study of conditions and markets. More and more, experiences are exchanged in and among the various fields. Endeavours are made to avoid too great an accumulation of stocks and no undesirable speculations are reported on the commodity and security markets. Mr. Richner mentioned moreover, the plan which has been drawn up to combat the recession should it come. The banks, he stated, are prepared to do all they can to maintain favourable conditions. Initiatives, however, must come from industry and trade. The banks will then support these efforts.

### Swiss Loans to foreign countries and institutions.

a) It is reported that Sweden has approached the Swiss capital market. A Bank Syndicate under the leadership of the Swiss Bank Corporation and Credit suisse, and comprising in addition the Association of Geneva private bankers, The Bankhaus Sarasin & Co. Basel, as well as the Privatbank & Verwaltungsgesellschaft in Zürich has negotiated a loan of 50 million Swiss francs to Sweden with a rate of interest of  $3\frac{3}{4}\%$ . The term of this loan is to be 15 years with a debtor's option to repay fully or partially after a period of 10 years. The federal Stamp duty will be settled by Sweden and the interests are exempt from federal Anticipatory tax. The loan is to be issued and serviced in free Swiss francs outside the E.P.U. or any other clearing system. It is proposed that the subscription list and quotation of these bonds will be dealt with on the Swiss Stock Exchange. The issue is to be made very shortly on the Swiss market. The proceeds of the loan will be utilised by Sweden for strengthening her foreign exchange position.

b) A group of three of the more important Swiss banks has granted a loan amounting to 100 million Swiss francs to the Italian Central Institute for Medium-Term Credit to medium and small Industries (Mediocredito). Such at least is the news announced in Rome by the Bank of Italy, who indicate that this loan results from negotiations which took place recently in Basle between the Governor of the Bank of Italy and the representatives of the Swiss Bank Corporation, the Credit suisse and the Union de banques suisses.

### Reduction of the Interest Rate.

Switzerland is the only country where income from State securities has decreased between 1946 and 1953. Whereas in other countries, such income has grown by anything between 7 and 75%, in Switzerland it has fallen 15%. Since 1925, that is to say in 30 years, the rate of interest in Switzerland has been halved.

This decrease hits in the first place those with savings, who suffer moreover from the effects of increased fiscal charges. Yet these repercussions reach further than one would have thought at first, for they affect insurance companies, the numerous friendly societies, pension schemes, old-age insurance, etc., and finally it is the whole population who bear the effects of the reduced interest rate.

### The Swiss Paper Market.

The price increase of 5% on fine paper and 3% on wrapping papers, which came into force at the beginning of February, has revived the paper market. Many consumers, who showed some reserve until then, decided to complete their stocks and the Swiss paper industry is again working to full capacity.



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