

company said it would continue its policy of dealer incentives rather than providing direct rebates.

May 10, Chrysler Corp. was rescued from bankruptcy with \$1.5 billion in US federal loan guarantees, \$200 million in Canadian government loan guarantees, and a \$10 million grant from the Ontario government.

May 12, The US prime lending rate fell to 16.5%; Wall Street analysts predicted the prime would continue to fall as demand for loans dropped further.

May 13, The Manitoba budget projected a small deficit as a result of spending of \$2.02 billion and revenues of \$1.88 billion; the only tax changes included higher cigarette taxes and a gasoline tax based on a fixed percentage of the federal tax.

May 14, The US prime rate fell to 16% as business loan demand plummeted by over \$2.0 billion.

May 15, The federal government announced the natural gas pipeline would be extended from Montreal to Quebec City to reduce oil consumption; the pipeline extension and new refineries in Quebec were projected to cost \$2.7 billion and create 30,500 new jobs.

May 16, The Bank of Canada lowered its bank rate to 13.34% from 14.17%, continuing the pattern of declining rates which began in early April.

May 20, In a provincial referendum, 59.56% of Quebec voters rejected the sovereignty association option of Premier René Lévesque and his Parti Québécois, while 40.44% voted oui. Morgan Guaranty Trust Co., a leader in cutting the prime rate throughout the period of declining rates, cut its prime lending rate to 16% from 16.5%; the prime rate continued to lag well behind the declines in other key rates such as federal funds and treasury bills.

May 22, Following the Quebec referendum vote, treasury bill yields fell over 1.5 percentage points, so the flexible bank rate was lowered to 11.83% from 13.34%. All chartered banks cut their prime rates to 13.75% effective May 26.

May 26, Led by Morgan Guaranty Trust Co., many US banks lowered their prime lending rates to 14%.

May 27, The Mexican government agreed to increase sales of crude oil to Canada to 50,000 barrels a day by December; Canada's net imports amounted to about 150,000 barrels a day.