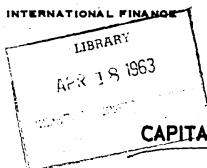


H. 13
No. 101

April 12, 1963.

CAPITAL MARKET DEVELOPMENTS ABROAD

- I. Canada
 II. Nine Charts on Financial Markets Abroad

I. Canada: Money and Capital Markets During March

Canadian financial markets were largely unaffected by the pre-election political campaign during March and the Canadian dollar strengthened after the indecisive Liberal election victory on April 8. Between March 1 and April 8, the spot dollar fluctuated narrowly between 92.7 and 92.8 U.S. cents; it rose to 92.89 cents on April 9 and to 92.92 cents on April 10. Official reserve figures showed a gain of \$6 million during March.

In late March, in the final stages of the election campaign, the Canadian authorities announced the elimination of the remaining temporary import surcharges put in effect as a part of the austerity program of June 1962. The stability of the currency in the exchange market and the material improvement in the Canadian balance of payments apparent in the fourth quarter (in both the trade and the capital account) following the devaluation of the currency facilitated the decision to end these import controls.

Table 1. Canada: Changes in Market Yields on Treasury Securities,
 Selected Dates, April 1962 to April 1963
 (in per cent per annum)

	Level Apr. 18, 1962	Change in Market Yields from April 18, 1962 to:					Level Apr. 3, 1963
		1962					
		July 18	Sept. 26	Nov. 14	Jan. 30	Apr. 3	
<u>Treasury Bills^{a/}</u>							
91-day	3.10	+2.41	+1.89	+0.52	+0.55	+0.50	3.60
182-day	3.30	+2.44	+1.90	+0.44	+0.47	+0.43	3.73
<u>Treasury Bonds</u>							
4 $\frac{1}{2}$ /64	3.55	+2.21	+1.71	+0.25	+0.43	+0.52	4.07
3-3/4/65	3.85	+1.73	+1.37	+0.13	+0.51	+0.66	4.51
2-3/4/67-68	4.06	+1.05	+1.02	+0.21	+0.23	+0.39	4.45
3-3/4/75-78	4.77	+0.65	+0.61	+0.20	+0.28	+0.30	5.07
3-1/4/79	4.73	+0.75	+0.63	+0.15	+0.26	+0.28	5.01
3-3/4/96-98	4.86	+0.29	+0.33	+0.17	+0.15	+0.15	5.01

^{a/} Thursday tender following Wednesday dates.

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DECONTROLLED AFTER SIX MONTHS

With the removal of import restrictions, the Canadian austerity program has now largely been unwound. By early April, yields of government securities in Canadian markets had dropped materially. In fact, on April 3 they were only 0.50 per cent above the pre-crisis level of April 18, 1962 in the shorter-term sectors (when first foreign-exchange difficulties and later the move to a 6 per cent Bank of Canada discount rate pushed market rates rapidly upward throughout the second quarter). The extent of the rise in Canadian rates during the crisis and the rapidity with which market yields have since declined are shown in Table 1.

Despite these rapid declines, however, Canadian yields remain substantially above those in U.S. markets. At the end of March, Canadian yields exceeded comparable U.S. yields (in per cent per annum) as follows:

	<u>1963:</u> <u>March 27</u>	<u>1962:</u> <u>April 18</u>
Treasury bills:		
3-month	0.70	0.37
6-month	0.76	0.48
Bonds:		
8-year	0.86	0.45
20-year	1.12	0.83
35-year	1.04	1.19

These spreads, which are substantially larger than in April 1962, have encouraged Canadian long-term borrowers to come into the U.S. market, as they in fact have come in record volume during the early months of 1963. In the short-term sector, funds have apparently been shifted from the U.S. to Canada only in modest amounts in recent months, in large part because the cost of forward exchange cover has wiped out the differential in favor of Canadian money-market assets during most of the period. (See Table 9 and Chart 1.)

Canadian security yields have changed little in recent months: the yield curve on the whole range of maturities in March was about at the level reached in late January. The slowing down of their recent substantial bond purchases by the chartered banks has undoubtedly contributed to this stabilization of market yields. The banks have become less interested in bonds as their general loans began in mid-February once again to expand. After a three-month decline, loans rose by \$23 million in February and by \$55 million in the first 20 days in March. In the first three weeks of March, the banks were net sellers of \$11 million of bonds.

Money market. Canadian short-term money rates were virtually unchanged during March. On March 28, the 3-month Canadian Treasury bill rate was 3.62 per cent, almost unchanged from the 3.65 per cent recorded during the last week of January. Similarly, the end-of-March yield on 6-month Treasury bills showed only a few basis points change during the preceding eight weeks. (See Tables 9 and 10 and Chart 1.)

Even though Canadian yields exceeded U.S. yields by more than 50 basis points, the covered spread between U.S. and Canadian Treasury bill yields changed very little during February or March. At the end of March, the uncovered spread between 3-month Treasury bill yields was 70 basis points, or about 20 basis points below the level of eight weeks earlier. On a fully covered basis, however, net incentives favoring U.S. or Canadian Treasury bills have been negligible since early February. (See Table 9 and Chart 1.)

An uncovered yield spread of about 90 basis points continued to favor Canadian over U.S. finance paper. The incentive in favor of Canadian finance paper of about 20 basis points fully hedged or about 90 basis points on an unhedged basis has attracted a modest flow of funds to Canada. (See Table 2.)

Table 2. U.S. and Canadian Finance
Paper Rates and Arbitrage Calculation
(in per cent per annum)

	<u>Oct. 5</u>	<u>Jan. 4</u>	<u>Feb. 20</u>	<u>Mar. 8</u>	<u>Mar. 15</u>	<u>Mar. 29</u>
Canada	5.00	4.00	4.00	4.00	4.00	4.00
United States	2.50-3.00	3.00-3.13	3.00-3.13	3.00-3.13	3.00-3.13	3.13
Spread	2.25	0.94	0.94	0.94	0.94	0.87
90-day forward exchange	-1.68	-0.61	-0.74	-0.74	-0.81	-0.67
Net incentive	+0.57	+0.33	+0.20	+0.20	+0.13	+0.20

Bond market. Yields on Canadian Treasury and non-government bonds have remained almost unchanged since mid-January. (See Table 10.)

After several months of heavy bond purchases, the chartered banks began to sell modest amounts of government bonds as general loans began to pick up in mid-February. (See Table 3.)

Table 3. Canada: Net Purchases (+) or Sales (-) of Government Securities
(\$ millions, par value)

	1 9 6 3					
	Dec. 26-Jan. 31		Jan. 31-Feb. 27		Feb. 27-Mar. 27	
	Treasury Bills	Other	Treasury Bills	Other	Treasury Bills	Other
Bank of Canada	- 45	-51	-41	- 34	- 4	+63
Chartered Banks	+172	+13	-12	+119	- 4	-11
Government Accounts	- 11	-16	+66	- 27	-62	-30
General Public	-125	a/ +56	-13	b/ - 11	+70	c/ -75
Change in Total Outstanding d/		-9		+66		-53

a/ Includes a decrease in holdings of Canada Savings Bonds of \$11 million.

b/ Includes a decrease of \$1 million in holdings of Canada Savings Bonds.

c/ Includes a decrease of \$21 million in holdings of Canada Savings Bonds.

d/ Components may not add to total due to rounding.

On March 15 Finance Minister Nowlan announced the details of a new \$300 million issue of non-callable Government of Canada securities. The new issues include:

\$240 million of 3-1/4 per cent bonds due February 1, 1964, priced at 99.20 per cent to yield about 4.23 per cent to maturity; and

\$60 million of 4-1/4 per cent bonds due April 1, 1965, priced at 99.50 per cent to yield about 4.51 per cent to maturity.

Proceeds of this new issue will be used to retire \$300 million of 2-3/4 Government of Canada due April 1, 1963.

Borrowing in the United States. Between February 25 and March 18, two Canadian issues were sold in the U.S. market: Manitoba Hydro Electric Board (\$25 million, guaranteed by the Province of Manitoba), and the City of Vancouver, B.C. (\$4.65 million). These issues bring the total Canadian U.S.-dollar issues during 1963 reported by Ames & Co. to a record \$496.6 million, as compared with only \$3.0 million and \$11.0 million during comparable periods of 1962 and 1961. (See Table 4.)

Table 4. Sales of New Canadian Securities Payable in U.S. Funds
(Can. \$ millions)

	Total	Provincial	Provincial Guaranteed	Municipal	Corpora- tion
1963 to Mar. 18	496.6	25.0	345.0	29.6	97.0
1962 to Mar. 19	3.0	--	--	--	--
1961 to Mar. 20	11.0	--	--	--	--

Source: A. E. Ames & Co., "Weekly Bond Sales Summary."

Bank loans and bank liquidity. In mid-February, seasonally adjusted general loans by chartered banks began to rise after declining since early October. Prior to October 1962, loans had advanced for the preceding three years. In February, seasonally-adjusted loans increased by \$13 million; without seasonal correction, general loans rose \$23 million during February and \$55 million during the first three weeks of March. (See Table 5.)

As general loans resumed their advance in mid-February, the chartered banks slowed their purchases of Treasury bonds and, through March 20, sold \$11 million of these securities. These rather modest net sales compare with chartered bank purchases of government securities amounting to some \$479 million during the preceding five months. (See Table 5.)

Should loan demand again become vigorous, the chartered banks are in a position to support substantial increases in general loans, inasmuch as present liquid asset ratios are over 18 per cent, well above the 15 per cent agreed minimum. (See Table 5.)

Table 5. Canadian Chartered Banks: Changes in Cash Reserves and Other
(Can. \$ million or per cent)

	Change during Quarter			Change during month			Level on Mar. 27
	II	III	IV	Jan.	Feb.	Mar.	
1. Reserves							
Cash Reserves	+ 65	- 53	+ 17	+ 3	+ 2	--	1,139
Liquid Assets	-165	- 81	+298	+131	- 12	-36	2,536
2. Ratios a/							
Cash Ratio	8.13	8.16	8.16	8.14	8.08	8.10	8.16
Liquid Asset Ratio	16.77	15.87	17.96	18.20	18.45	18.32	18.17
3. General Loans	+644	+198	-299	-105	+ 23	d/+55	d/6,420
4. Other Assets b/							
Treas. Bills	-162	- 71	+196	c/+ 48	c/- 12	c/- 4	1,268
Govt. Bonds	-253	-560	+337	c/+ 13	c/+129	c/-11	2,325
Total, Govt. Securities	-415	-631	+533	c/+ 61	c/+117	c/-15	3,593
5. Total Canadian dollar deposits	+439	-642	+1016	-897	+251	d/+11	d/14,064

a/ Ratios given are averages for the periods shown.
b/ Amortized value.
c/ Par value.
d/ To March 20.

Canadian banks operations in U.S. dollars. Canadian chartered banks reported substantial increases in their non-Canadian dollar assets and liabilities in both January and February (see Table 6). However, these increases were only modestly larger than the declines reported in December when European banks in particular reduced Euro-dollar deposits for year-end window dressing.

Table 6. Canadian Chartered Banks: Non-Canadian-Currency Assets and Liabilities (millions of Canadian dollars)

	ASSETS					LIABILITIES		
	Deposits w/other Banks	Call Loans	Secu- rities	Other Loans	Total	Deposits by other Banks	Other Deposits	Total
<u>Total Outstanding:</u>								
Dec. 1960	531.5	814.5	556.8	813.7	2,716.5	46.9	2,007.4	2,654.3
Dec. 1961	1,007.3	843.8	672.7	1,068.7	3,592.5	702.5	2,785.9	3,488.4
Dec. 1962	1,204.0	683.7	705.2	1,365.9	3,958.8	693.8	3,264.1	3,957.9
<u>Changes During:</u>								
1961: I	+ 82.5	-113.9	+221.1	- 59.1	+130.6	- 71.2	+251.9	+180.7
II	+189.2	+261.7	- 68.2	+ 88.6	+471.3	- 16.9	+526.2	+509.3
III	+ 93.9	-137.5	+149.5	+ 32.5	+138.4	+ 31.9	+171.3	+203.2
IV	+110.2	+ 19.0	-186.5	+193.0	+135.7	+111.8	-170.9	- 59.1
1962: I	-106.2	- 20.1	+214.4	+ 14.5	+162.6	+ 78.6	+210.6	+289.2
II	+236.2	-231.6	+135.8	+ 45.5	+185.9	-129.1	+327.2	+198.1
III	-200.1	+170.1	-166.5	+147.2	- 49.3	+ 77.5	- 78.7	- 1.2
IV	+266.8	- 78.5	-151.2	+ 90.0	+127.1	- 35.7	+ 19.1	- 16.6
Dec.	+ 55.1	- 77.2	-250.2	+ 46.6	-225.7	- 62.3	-178.0	-240.3
1963: Jan.	+ 3.9	- 11.2	+187.9	+ 3.2	+183.8	+ 52.1	+107.2	+159.3
Feb.	+ 84.6	+ 93.8	- 75.4	+ 8.6	+111.6	+ 17.5	+115.6	+133.1

During February, Canadian agencies increased their call loans in New York by nearly \$100 million but preliminary data for March suggest an even larger reduction in these loans in March. (See Table 7.)

Table 7. Call Loans in the New York Market, end of Month
(\$ millions)

Date	U.S. ^{a/} Banks	Foreign Agencies		
		Total a/	Canadian b/	Other c/
1960-December	1,496	849	829	20
1961-December	1,963	859	809	50
1962: June	1,361	610	541	69
July	1,042	487	473	14
August	1,141	778	734	44
September	r/ 2,020	r/ 750	708	r/ 42
October	2,086	846	782	64
November	1,417	775	706	69
December	2,618	709	634	75
1963: January	1,692	713	625	88
February	2,157	788	712	76
March	2,278	614	n.a.	n.a.

a/ Estimates by New York State Banking Department.

b/ Call Loans, as reported by Canadian banks, converted into U.S. dollars at end-of-month exchange rates.

c/ Residual.

r/ Revised.

Foreign exchange. Pre-election political uncertainty failed to cause any turbulence in the demand for Canadian dollars during March. The market continued to be quiet during the month and the price of the Canadian dollar holding at around 92.75 - 92.85 U.S. cents. Bank-of-Canada intervention on either side of the market, if any, was apparently slight since official reserve figures rose only U.S. \$6 million in March. (See Table 8.) In February, there were reserve losses of \$69 million, most of which apparently occurred just after the Diefenbaker government fell early in the month.

Surcharge removal. Prime Minister Diefenbaker announced the removal of all remaining tariff surcharges effective midnight, March 31.

The surcharges, ranging from 5 to 15 per cent on over \$3 billion in imports, were part of the emergency austerity program adopted to cope with last summer's run on the Canadian dollar. This system of temporary duties had already been dismantled in three recent stages: on October 16 and November 16, 1962, and February 19, 1963. The final removal of surcharges will effect Canadian imports, primarily consumer articles, amounting to about \$1.7 billion annually.

In addition to the imposition of import surcharges, the emergency program included a drawing on the International Monetary Fund, currency swaps with the Federal Reserve Bank of New York and the Bank of England, and a line

Table 8. Canada: Changes in Official Reserves March 1962-March 1963

<u>End of Period</u>	<u>Official Holdings of Gold & U.S. dollars (millions of \$ U.S.)</u>	<u>Unadjusted change during period</u>	<u>Special Non-Market Receipts (-) (net)</u>	<u>Adjusted change</u>
<u>1962:</u>				
March	1,709.4	- 37.3	--	- 37.3
April	1,594.8	-114.6	--	-114.6
May	1,492.8	-102.0	--	-102.0
June 1-24	1,100.0	-392.8	--	-392.8
June 24-30	1,808.7	+708.7	a/-650.0	+ 58.7
July	2,114.4	+305.7	b/- 61.0	+244.7
August	2,330.6	+216.2	--	+216.2
September	2,444.6	+114.0	--	+114.0
October	2,613.9	+169.3	c/+ 20.0	+189.3
November	2,607.5	- 6.4	d/+ 75.0	+ 68.6
December	2,539.4	- 68.1	e/+100.0	+ 31.9
<u>1963:</u>				
January	2,662.5	+123.1	f/-125.0	- 1.9
February	2,593.9	- 68.6	--	- 68.6
March	2,600.1	+ 6.2	--	+ 6.2

a/ External assistance received, as follows: \$300 million from I.M.F.; \$250 million from Federal Reserve; \$100 million from Bank of England.

b/ Advance debt repayment by France.

c/ Special receipts included a \$30 million debt prepayment by the Netherlands and Receipt of \$125 million proceeds of Government of Canada loan in the U.S.; payments included termination on October 31 of half the Swaps with the Federal Reserve Bank of New York and the Bank of England (\$175 million).

d/ On November 30, Canada terminated an additional \$75 million of the Swaps with the Federal Reserve Bank of New York and the Bank of England.

e/ On December 26, Canada reversed the remainder of the swaps with the Federal Reserve System and the Bank of England in the amounts of \$75 million and \$25 million. The reciprocal currency swap in the amount of \$250 million with the Federal Reserve Bank of New York was placed on a standby basis.

f/ Receipt of the remaining \$125 in proceeds of the Government of Canada loan in the U.S.

of credit with the Export-Import Bank, totalling over U.S. \$1 billion. At the same time, duty-free exemptions for Canadian tourists were reduced and programs to reduce the estimated fiscal deficit and raise interest rates were instituted.

Much of the emergency program has been relaxed during the nine months since the height of the currency crisis. In addition to removal of the surcharges completed at the end of March, the currency swaps have been reversed and the Export-Import Bank line of credit cancelled, and short-term interest rates have been permitted to decline. Part of the short-term external assistance, now reversed, was replaced by proceeds of a long-term \$250 million loan from U.S. insurance companies. At the moment, the \$300 million drawing from the International Monetary Fund and the reduced tourist exemptions are the only remaining parts of the emergency program still in effect, other than those measures which affect Canadian financial markets.

Stock market. The DBS Industrials and the New York Standard and Poor Industrials indexes both strengthened during March, and by the end of the month had regained most of the drop experienced at the end of February (see Table 9).

Table 9. Canadian and U.S. Stock Prices

	February 1963				March 1963			
	7	14	21	28	7	14	21	28
DBS Industrials ^{a/}	130.0	130.0	129.1	126.8	128.4	128.2	129.0	n.a.
N.Y. Standard and Poor Industrials ^{b/}	69.26	69.07	69.10	67.77	67.90	68.77	68.87	

^{a/} This series is the recently-published DBS index of 76 industrials (1956 = 100), and replaces the older DBS index of 66 industrials (1935-1939 = 100) previously reported in Capital Markets Developments Abroad series for Canada.

^{b/} Average for the week ended on Friday.

Europe and British Commonwealth Section.

II. Nine Charts on Financial Markets Abroad

- Chart 1 - Interest Arbitrage, United States/Canada
- Chart 2 - Interest Arbitrage, New York/London
- Chart 3 - Interest Arbitrage for German Commercial Banks
- Chart 4 - Interest Arbitrage, Frankfurt/London
- Chart 5 - Short-term Bond Yields
- Chart 6 - Long-term Bond Yields
- Chart 7 - Industrial Stock Indices
- Chart 8 - Spot Exchange Rates -- Major Currencies
Against U.S. Dollar
- Chart 9 - 3-month Forward Exchange Rates

Table 10. Canada: Treasury Bill Yields and Exchange Rates

		3-mo. Treas. bill arbitrage calculation						Spot		Finance paper	
		Canada	U.S.	Differ-	3-mo.	In	Spot	Finance paper			
		a/	a/	ence	Can.\$	favor	Can.\$	(U.S.	30-89 days	90-179	
					b/	Can.	(U.S.	cents)		days	
						bill	c/			days	
1962-High		5.51	2.98	2.59	0.13	0.84	95.75	--	--		
Low		3.01	2.64	0.22	-2.13	-0.11	91.73	--	--		
1962-July	19	5.51	2.93	2.58	-2.02	+0.56	92.72	--	--		
1963-Jan.	31	3.65	2.93	0.72	-0.94	-0.22	92.80	3-3/4 - 4	4 - 4-1/4		
Feb.	7	3.72	2.95	0.77	-1.01	-0.24	92.81	3-3/4 - 4	4 - 4-1/4		
	14	3.66	2.92	0.74	-0.74	0.00	92.75	3-3/4 - 4	4 - 4-1/4		
	21	3.65	2.87	0.78	-0.74	+0.04	92.80	4	4-1/8 - 1/4		
	28	3.68	2.90	0.78	-0.81	-0.03	92.84	4	4-1/8 - 1/4		
March	7	3.63	2.88	0.75	-0.67	+0.08	92.70	4	4-1/8 - 1/4		
	14	3.64	2.88	0.76	-0.81	-0.05	92.73	3-7/8 - 4	4-1/8 - 1/4		
	21	3.62	2.90	0.72	-0.67	+0.05	92.75	--	--		
	28	3.62	2.92	0.70	-0.67	+0.03	92.78	3-3/4 - 4	3-7/8 - 4-1/8		

a/ Thursday quotations. b/ Spread between spot and 3-month forward rate in per cent. per annum. Discount equals (-). c/ Net of difference in bill yield less discount on 3-month Canadian dollar.

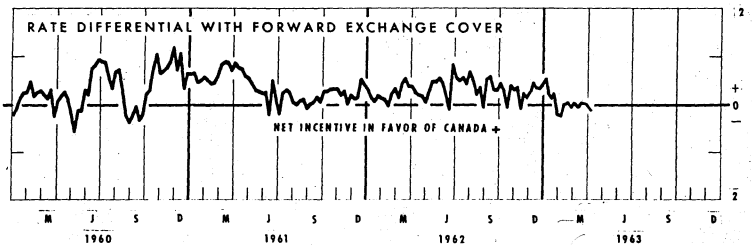
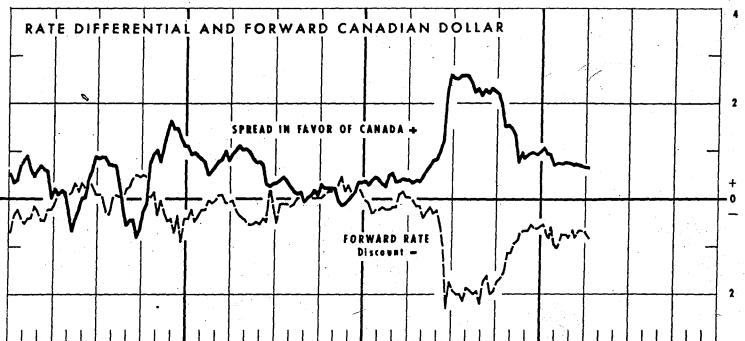
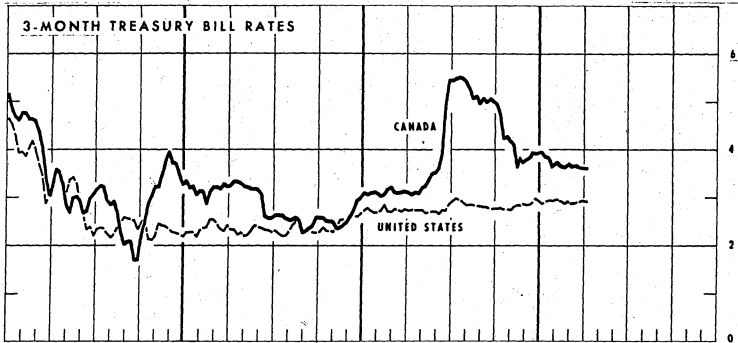
Table 11. Selected Government of Canada Security Yields

		6-mo. Treas. bills		Intermediate bonds (8 yr.)		Long-term bonds			
		Canada	Spread over U.S. b/	Canada	Spread over U.S. d/	Canada	Spread over U.S. f/	Canada	Spread over U.S. h/
		a/		c/		e/		g/	
1962-High		5.74	2.84	5.20	1.33	5.48	1.47	5.20	1.29
Low		3.18	0.19	4.04	0.00	4.73	0.73	4.81	0.86
1962-July	19	5.74	2.59	5.11	1.16	5.48	1.44	5.15	1.03
1963-Jan.	2	4.06	1.12	4.48	0.97	5.08	1.21	5.10	1.17
Feb.	6	3.85	0.85	4.35	0.82	5.02	1.13	5.01	1.02
	13	3.77	0.78	4.37	0.83	5.07	1.19	5.02	1.05
	20	3.76	0.83	4.36	0.84	5.06	1.18	5.04	1.06
	27	3.79	0.85	4.36	0.84	5.05	1.15	5.04	1.05
March	6	3.73	0.79	4.36	0.85	5.05	1.18	5.04	1.14
	13	3.75	0.82	4.41	0.88	5.08	1.20	5.04	1.06
	20	3.73	0.77	4.41	0.87	5.09	1.21	5.04	1.06
	27	3.74	0.76	4.45	0.86	5.01	1.12	5.04	1.04

a/ Average yield at weekly tender on Thursday.
 b/ Spread between Canadian auction rate and composite market yield of U.S. bill on close of business Thursday.
 c/ Government of Canada 2-3/4 per cent of June 1967-68.
 d/ Spread over U.S. Government 2-1/2 per cent of 1963-68.
 e/ Government of Canada 3-1/4 per cent of October 1979.
 f/ Spread over U.S. Government 3-1/4 per cent of 1978-83.
 g/ Government of Canada 3-3/4 per cent of September 1996 - March 1998.
 h/ Spread over U.S. Government of 1995.

INTEREST ARBITRAGE, UNITED STATES / CANADA

Thursday figures Per cent per annum



12

Chart 2
INTEREST ARBITRAGE, NEW YORK/LONDON

Friday figures

Per cent per annum

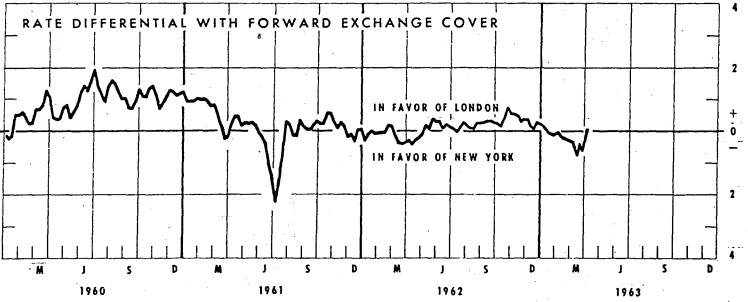
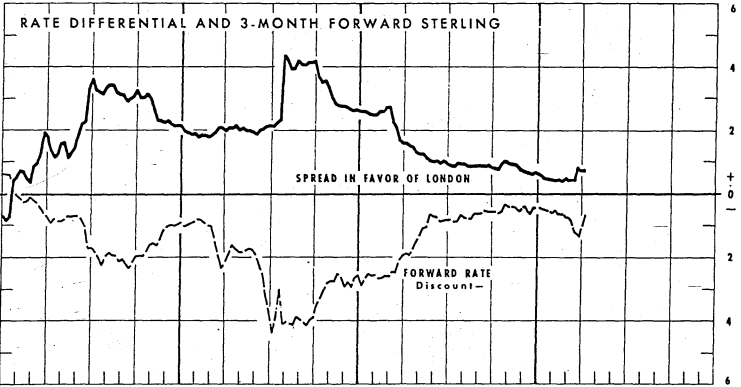
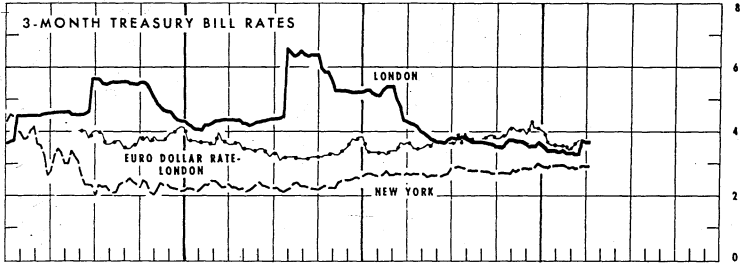
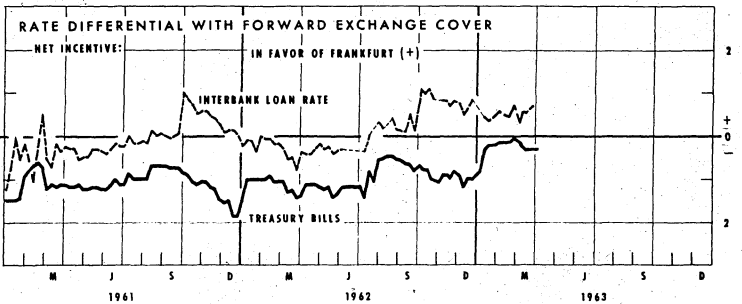
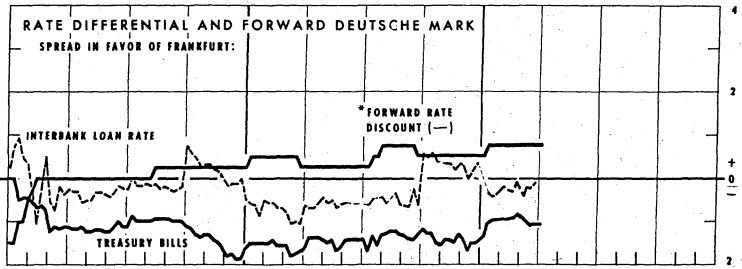
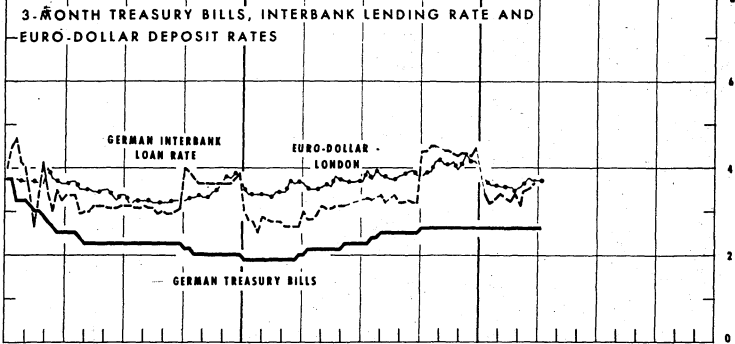


Chart 3

INTEREST ARBITRAGE FOR GERMAN COMMERCIAL BANKS

Friday figures

Per cent per annum



*Note: Special forward rate available to German commercial banks

14

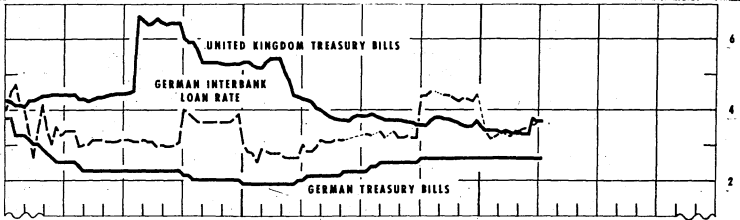
Chart 4

INTEREST ARBITRAGE, FRANKFURT / LONDON

Friday figures

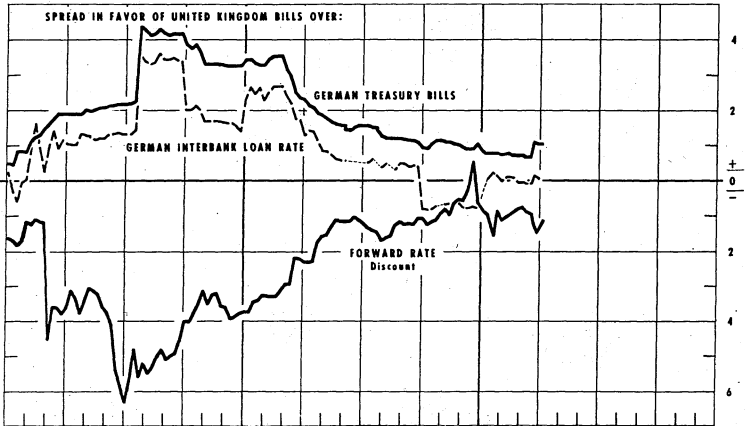
3—MONTH TREASURY BILLS AND INTERBANK LENDING RATES

Per cent per annum



RATE DIFFERENTIAL AND 3—MONTH FORWARD STERLING

SPREAD IN FAVOR OF UNITED KINGDOM BILLS OVER:



RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER

NET INCENTIVE OF UNITED KINGDOM OVER:

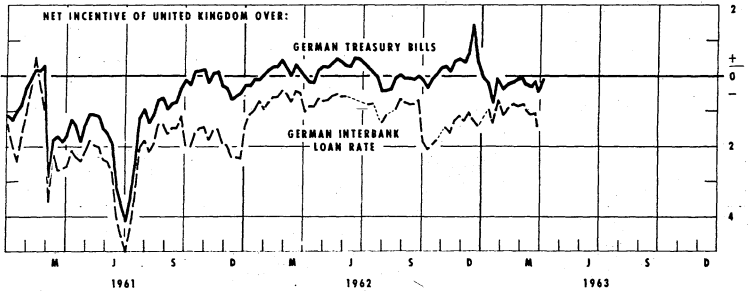
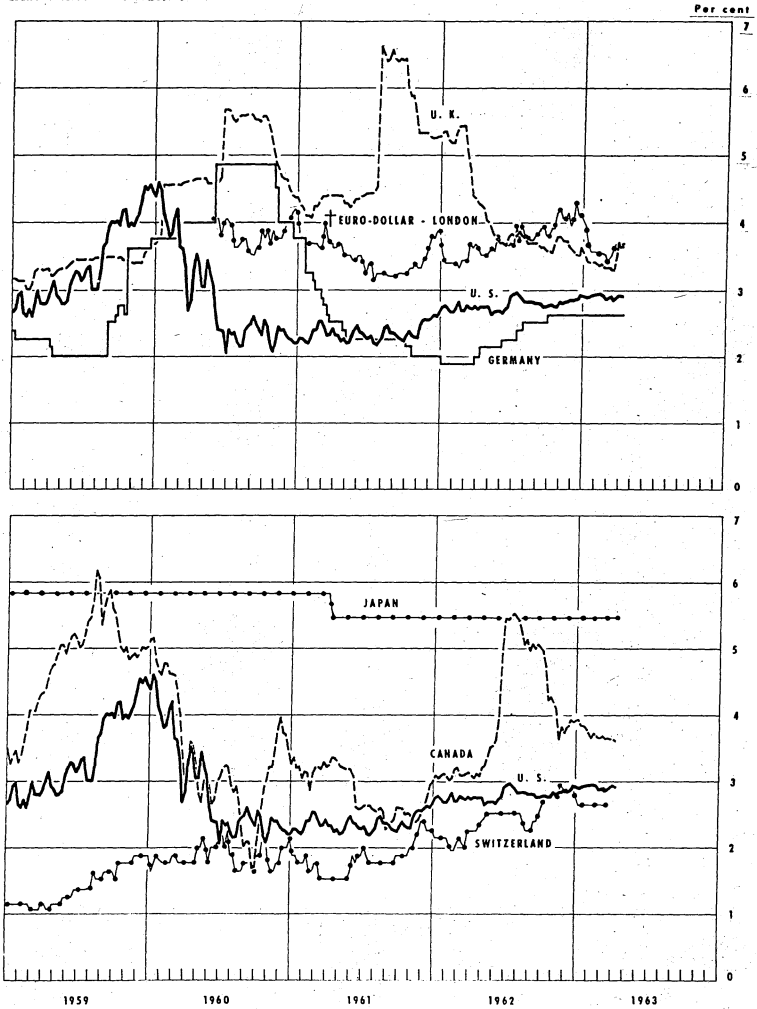


Chart 5
SHORT-TERM INTEREST RATES *



* 3-month treasury bill rates for all countries except Japan (3-month interbank deposit rate) and Switzerland (3-month deposit rate)
 † 3-month rate for U.S. dollar deposits in London

Chart 6

LONG-TERM BOND YIELDS

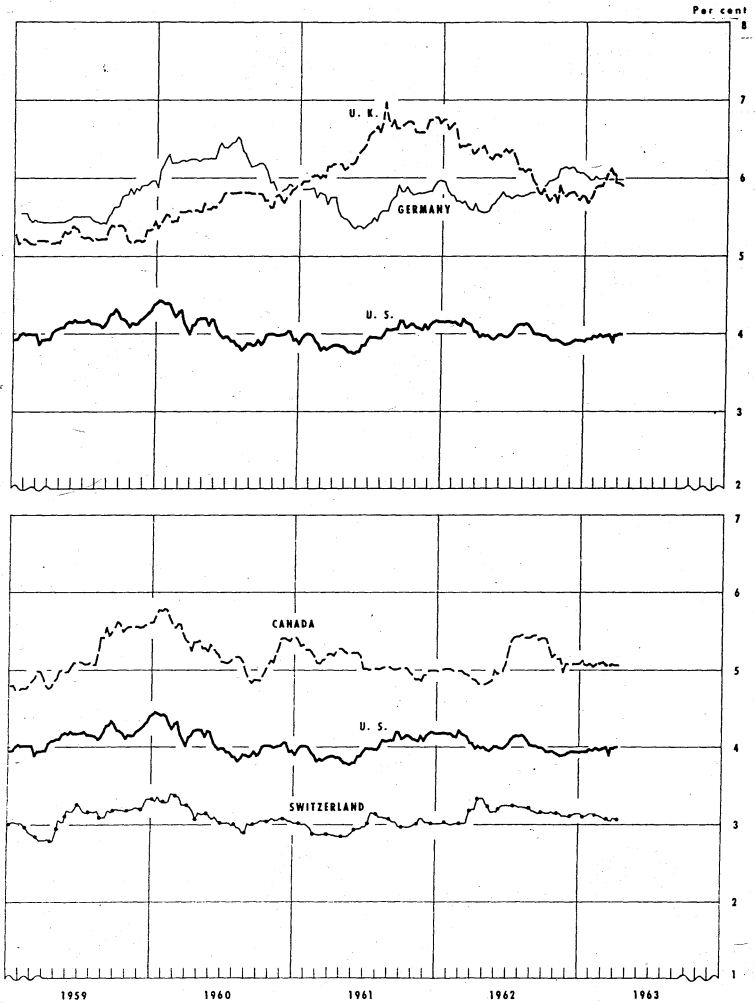
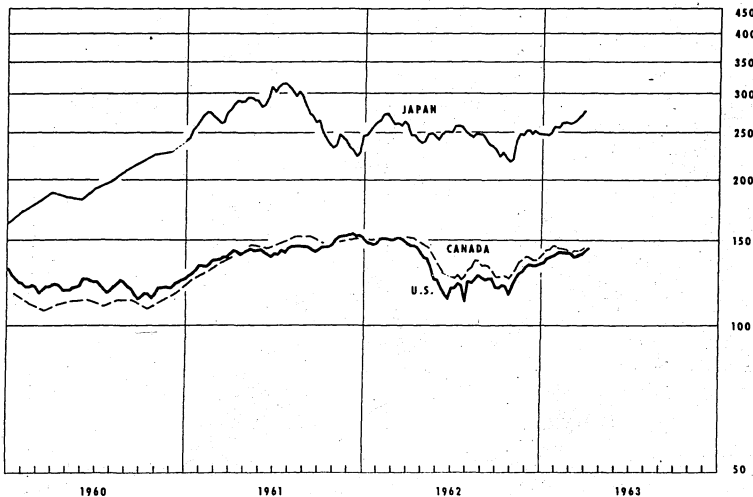
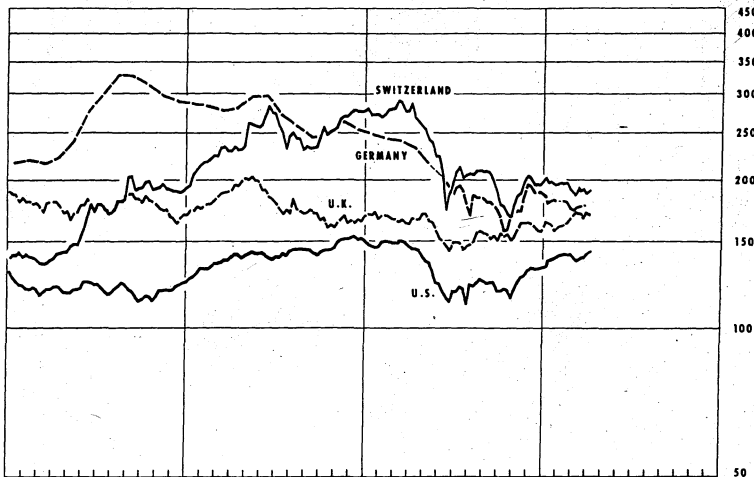


Chart 7
INDUSTRIAL STOCK INDICES*

1958 = 100
Ratio scale



*Note: Japan: index of 225 industrial and other stocks traded on the Tokyo exchange.

Chart 8

SPOT EXCHANGE RATES - MAJOR CURRENCIES AGAINST U.S. DOLLAR

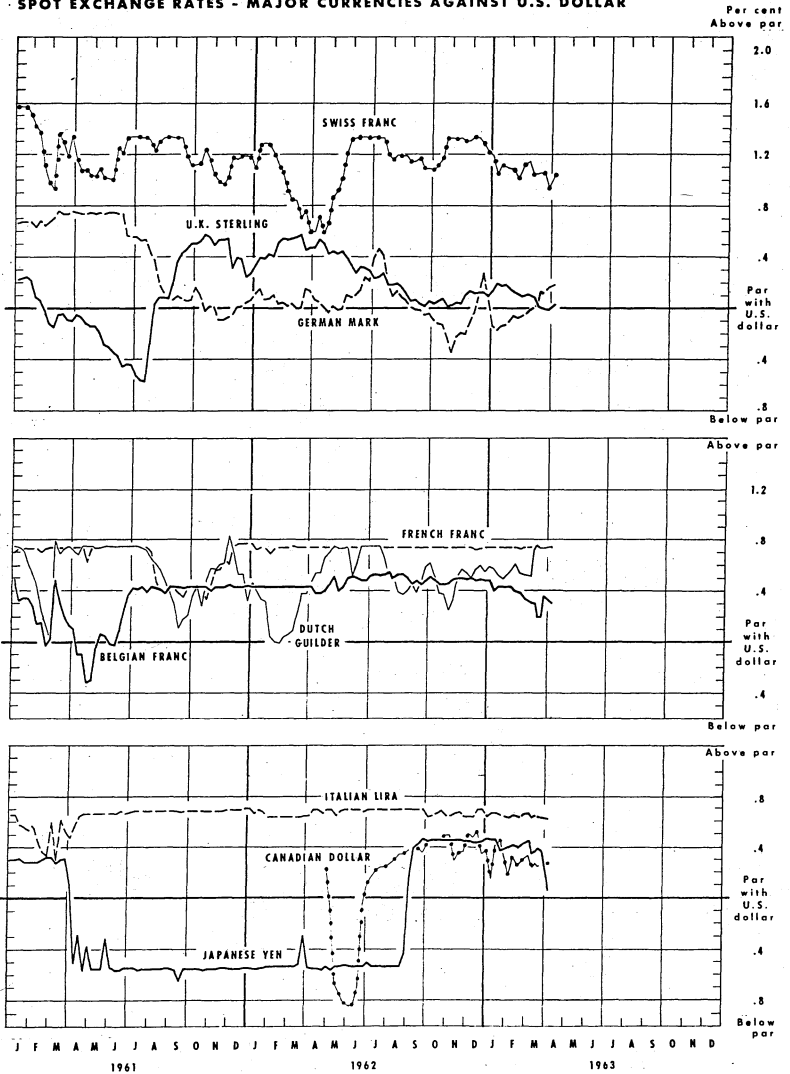


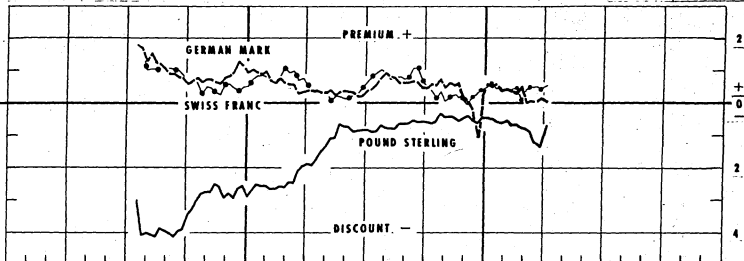
Chart 9

3-MONTH FORWARD EXCHANGE RATE

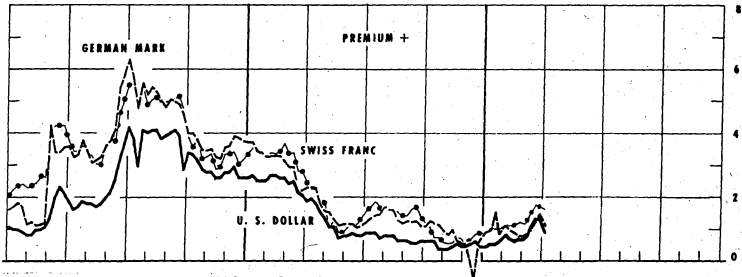
Friday figures

AGAINST U. S. DOLLARS

Per cent per annum



AGAINST POUND STERLING - LONDON



AGAINST POUND STERLING - LONDON

