

H. 13

No. 154

July 1, 1964

## CAPITAL MARKET DEVELOPMENTS ABROAD

- I. United Kingdom  
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I. United Kingdom: Money and Capital Markets in May and June 1964

British financial markets were steady in May, but there was a general increase in interest rates in June, when sterling was under pressure. The spot pound, which was firm in May, fell continuously in June, and the 3-month forward discount narrowed. The arbitrage differential widened but, evidently because of uncertainties, no funds flowed. Government bond prices began to edge downward in this period, sending yields up by 5 to 18 points between May 29 and June 26. (See Table 1.) In the money market, the Treasury bill rate rose between mid-May and June 26. Funds withdrawn from the Treasury bill market and the Government bond market were placed in more highly liquid assets, such as 2-day local authority deposits. In contrast with these developments, stock prices declined in May and made a partial recovery in June.

Table 1. United Kingdom: Selected Financial Indicators, 1964  
 (In per cent per annum)

	May 1	May 29	June 26	Changes:	
				May 1- May 29	May 29- June 26
<u>MONEY MARKET (3-mo. yields)</u>					
Treasury bill tender	4.30	a/4.39	4.46	+0.09	+0.07
Local authorities deposits (covered)	4.24	a/4.26	4.51	+0.02	+0.25
Euro-dollar deposits	4.19	a/4.25	4.38	+0.06	+0.13
<u>COVERED ARBITRAGE</u> (favor U.K.)					
U.K./U.S. Treasury bills	-0.03	a/+0.06	+0.41	+0.09	+0.35
<u>SECURITIES PRICES b/</u> (April 10, 1962=100)					
Industrial stocks	116.92	111.42	113.32	-5.50	+1.90
Long-term Government bonds	105.02	105.05	104.52	+0.03	-0.53
<u>GOVERNMENT BOND YIELDS b/</u>					
5% 1967	4.95	4.90	5.08	-0.05	+0.18
5% 1971	5.39	5.36	5.48	-0.03	+0.12
5-1/2% 2008-12	6.10	6.10	6.18	---	+0.08
3-1/2% War Loan	6.17	6.17	6.22	---	+0.05
<u>EXCHANGE RATES</u>					
Spot (U.S. cents)	280.00	279.69	279.10	-0.31	-0.59
3-month forward discount	-0.76	-0.74	-0.49	+0.02	-0.25

a/ June 1 figures. New York market closed May 29.

b/ Previous Thursdays.

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The pressure against sterling developed in connection with the withdrawal of funds from London by foreign commercial banks to meet liquidity pressures in their markets. The related selling of spot exchange was matched by some forward purchases, and the 3-months forward discount moved down from 0.76 to 0.49 per cent per annum between June 1 and June 26. The spot pound fell to 279.10 cents from 279.95 cents in this period, and the covered differential in favor of the U.K. Treasury bill rose to 0.41 per cent per annum.

The sensitivity of the foreign exchange market is related to the persistent adverse trade deficit experienced in the first five months of 1964. Imports have levelled off; but exports, after rising sharply between November 1963 and February 1964, did not increase between February and May.

Credit expansion continues, although bank lending in the three months ending May 1964 increased by only one-third as much as in the previous three-month period. However, instalment credit, mainly to finance automobile purchases, increased through April.

In the first five months of 1964 new capital issues were 75 per cent above the comparable period of 1963. Dollar denominated bonds continued to be issued in London, and totalled \$50 million in May and June.

Money market. Conditions were relatively tight in May and June, and frequent Bank of England assistance was required. The Treasury bill tender rate inched up from 4.30 per cent to 4.47 per cent between May 15 and June 26, after remaining unchanged for 11 weeks following the February 27 Bank rate increase. The market rate likewise advanced, moving from 4.25 per cent to 4.35 per cent in this period. (see Table 10 and Charts 3 and 5.)

In the local authorities market, the yield on 3-months deposits remained close to 5 per cent throughout May and June. (See Table 10 and Chart 3.) However, yields on 2-day deposits fell from 4.75 per cent to 4.50 per cent between June 8 and 22, as domestic investors sought outlets for funds which they would otherwise have placed in Treasury bills or in government bonds.

Local authority mortgage business has been confined generally to short maturities. Loans repayable on one month's notice after a term of eleven months were in demand, and their yield was steady at 5-3/4 per cent in May and June. Mortgage business was little affected by the general 1/8 per cent increase in Public Works Loan Board lending charges effective on May 15. The FWLB mortgage charges now range from 5-1/4 per cent for loans maturing in less than 5 years to 6 per cent for loans maturing in 30 years or longer.

Euro-dollar rates have advanced from 4.19 per cent to 4.38 per cent for 3-month deposits between May 1 and June 12 and remained at that level for the rest of the month. (See Table 10 and Chart 5.) Reportedly, foreigners have been shifting funds out of sterling assets into Euro-dollars to take advantage of these higher yields.

The Bank of England has published figures on Euro-dollar deposits and loans in the June issue of its Quarterly Bulletin. At the end of March 1964 Euro-dollar deposits totalled £1,107 million and loans £1,005 million. Deposits

and loans in other currencies (mainly Swiss francs and German marks) were about £200 million each. Switzerland held about 20 per cent of the deposits; the United States and Canada about 10 per cent each. About one-third of the loans were to U.S. firms, with Italy and Japan ranking as the second and third largest borrowers.

Arbitrage yield spreads. In early June a covered differential developed in favor of the U.K. over the U.S. Treasury bill, mainly because the forward discount on 3-months sterling narrowed. The differential reached 0.25 per cent per annum on June 12 and rose to 0.41 per cent on June 26. (See Table 2 and Chart 1.) There were no reports of fundshifting into London, as the closing of the forward discount on sterling represented part of a speculative movement against the pound.

Table 2. U.K./U.S. Short-term Money Market Yields and Yield Spreads  
(in per cent per annum)

	1 9 6 4							
	May				June			
	1	8	15	22	1	5	12	19
<u>TIME DEPOSITS (3-month)</u>								
U.S. dollar:								
N.Y. - Certf. deposit <u>a/b/</u>	3.80	3.80	3.81	3.85	3.85	3.85	3.85	3.85
London - Euro-\$	4.19	4.25	4.25	4.19	4.25	4.31	4.38	4.38
Sterling (covered)								
Local authorities	4.24	4.24	4.23	4.21	4.26	4.37	4.40	4.43
Finance Houses	4.20	4.20	4.20	4.20	4.20	4.10	4.25	4.25
<u>YIELD SPREADS (Favor U.K.)</u>								
<u>Treasury bills (3-month) c/</u>								
Uncovered	.73	.69	.80	.80	.80	.87	.86	.86
Covered	-.03	-.07	.03	.01	.06	.21	.25	.28
Euro-\$ - N.Y. C/D <u>a/</u>	.39	.39	.44	.40	.34	.46	.53	.53
Euro-\$ - Local Authority (covered)	.05	.01	-.02	.02	.01	.06	.02	.05

a/ Previous Wednesdays.

b/ Secondary market offering rates for negotiable certificates of time deposits.

c/ U.S. and U.K. bill rates are shown in Table 11. See also Charts 1 and 3.

Virtually no covered differential between Euro-dollar deposits and local authority deposits has existed from the end of April through mid-June. However, the differential between Euro-dollar deposits and prime negotiable time certificates of deposits in New York widened from 0.40 per cent per annum on May 22 to 0.53 per cent per annum by June 12 as the C/D rate remained at 3.85 per cent while the Euro-dollar rate was increasing.

Bond market. The market for government bonds weakened from April 15 through the first week of May following the presentation of the 1964-65 budget, reportedly because of investor reaction to the projected increase in the Government's borrowing requirements. Between mid-April and early May long-term rates

moved up from around 6.00 per cent to a range of 6.10 to 6.20 per cent--the level prevailing just before the February 27 Bank rate increase. (See Table 11 and Chart 6.) Bond prices became firm for a week, but they began to fall continuously following the announcement in mid-May of the large April trade deficit. Bond prices were depressed further in June when sterling weakened. The yield on the 3-1/2 per cent War Loan reached 6.29 per cent on June 18. However, the market recovered toward the end of the month, bringing long-term yields down several points. War Loan yield fell to 6.22 per cent on June 26.

The Liverpool Corporation floated a £10 million 5-3/4 per cent bond issue in mid-May at 97. It was fully subscribed and was traded at only a slight discount. The Government of Jamaica £3.2 million 6-3/4 per cent 1974-76 loan, which was offered at 96-1/2 was also successful.

Dollar denominated loans. Three large dollar bond issues, totalling \$50 million, were floated in London in May and the first half of June. On May 4, the Jutland Telephone Co. of Denmark offered \$10.0 million of 5-3/4 per cent 20-year bonds. On May 11, the Kingdom of Norway put out a \$25 million 5-1/2 per cent 20-year issue. Then, in the first week of June, Toyo Rayon (Japan) placed privately \$15 million of 6-1/4 per cent convertible bonds. Their effective gross redemption yield, taking into account the current investment dollar premium, was estimated at 5-1/2 per cent.

A £4 million external account sterling loan is being planned by the City of Turin. Subscriptions will be sought in external account sterling, but bondholders will have the option of receiving interest and principal payments in German marks. Also in the planning stage is a \$25 million bond issue by an Italian holding company, the Istituto per la Ricostruzione Industriale. Purchasers will have a 10-year option to buy stock in a subsidiary holding company, Finsider, at a price close to that prevailing at the time of the bond issue.

Stock market. Stock prices, which had advanced sharply following the budget message, weakened at the end of April and declined through early June. The price index fell from 116.9 in the last week of April to 110.5 on June 4. (See Table 11 and Chart 7.) While political uncertainties continued to have perhaps the major adverse effect on investors, the market was also depressed by the poor April trade returns and by evidence of inflationary developments during May. It was felt that this combination of events would require government action to slow down the growth of domestic demand. News of favorable corporate profits did little to stimulate the market, as it is widely believed that they had already been anticipated by the rise in stock prices in 1963.

In the two weeks ending June 19, stock prices recovered some of the losses sustained in May. However, they levelled off in the following week and on June 25 the index stood at 113.3, some three points below the end-April figure.

Bank lending. Bank financing of both the public and the private sectors of the British economy expanded less in the second quarter of 1964 than in the comparable period of last year. London clearing bank financing of the government's cash deficit (Exchequer finance) amounted to only £50 million in this period as contrasted with £91 million in the year before. (See Table 3.)

However, as the budget deficit for the fiscal year which began April 1 is expected to increase to £791 million from £478 million, it is possible that this pattern may be reversed in future months.

Table 3. London Clearing Banks: Liabilities to and Claims on the Public and Private Sectors April 1961 through June 1964 a/  
(In millions of pounds)

	C h a n g e s :					Outstanding April 15 1964
	1961- 1962	1962- 1963	1963- 1964	April-June 1963 1964		
<u>Claims on Public Sector</u>						
Bonds	-90	+137	-42	-32	+18	1,092
Treasury bills and loans to the discount market	+44	-131	+12	+123	+32	1,235
Exchequer finance	-46	+ 6	-30	+91	+50	2,327
Loans to nationalized industries	+ 3	+ 11	- 8	-28	-27	48
Total claims on public sector	-43	+ 17	-38	+63	+23	2,375
<u>Claims on Private Sector</u>						
Advances (net)	+58	+453	+385	+90	+76	4,193
Other	+59	+ 38	+52	+ 7	+ 7	713
Total claims on private sector	+117	+491	+437	+97	+83	4,906

a/ Years are fiscal years beginning April 1.

Bank lending to the private sector has also slowed down. In the three-month period March through May, bank advances (seasonally adjusted) increased by only £35 million, as contrasted with increases of £150 million and £130 million in the two previous three-month periods. (See Table 4.) The bulk of the increase in bank lending has been used to finance personal consumption either directly through "personal and professional loans" or indirectly through loans to hire purchase finance houses. In the year ending May 1964, loans to these groups of borrowers together with loans to other financial institutions expanded by 14 per cent and accounted for about two-thirds of the total growth in lending. Bank loans to manufacturing industry, on the other hand, increased by only 3 per cent and accounted for little more than one-tenth of the increase in total bank lending.

New issues. Manufacturing industry, along with other corporate borrowers, raised £283.5 million through new securities issues in the first five months of 1964, about 70 per cent more than in the comparable period of 1963. (See Table 5.) The flow of new corporate issues, however, has declined between March and May.

Table 4. United Kingdom: Bank Loans Classified by Borrower, 1963-64  
(In millions of pounds; seasonally adjusted)

	Change in quarter ending:					Outstanding May 1964
	1963			1964		
	May	Aug.	Nov.	Feb.	May	
Manufacturing industry	+16	+17	+8	+3	+10	1,278
Hire purchase finance companies and other financial institutions	+34	+18	+11	+48	+18	651
Retail trade	+8	+7	+30	+9	+5	519
Personal and professional	+43	+40	+34	+35	+23	976
Other	<u>+16</u>	<u>+12</u>	<u>+67</u>	<u>+35</u>	<u>-21</u>	<u>1,488</u>
<b>Total</b>	<b>+117</b>	<b>+94</b>	<b>+150</b>	<b>+130</b>	<b>+35</b>	<b>4,912</b>

Source: British Bankers Association

Table 5. United Kingdom: Capital Issues and Redemptions  
(In millions of pounds)

	1963	Jan-May		March	April	May
		1963	1964			
U.K. borrowers <sup>1/</sup>						
Public companies	429.4	166.2	283.5	67.2	53.9	48.9
Local authorities	92.5	21.6	32.3	7.9	11.7	4.5
Overseas borrowers						
Commonwealth	15.8	} 13.0	41.8	-3.6	4.4	} 2.3
Other countries	0.7					
* Total	538.4	200.8	357.6	79.2	77.2	55.7
of which						
Gross issues	(646.9)	(226.9)	(398.3)	(92.1)	(79.3)	(65.6)
Gross redemptions	(108.5)	(26.1)	(40.7)	(12.9)	(2.1)	(9.9)

<sup>1/</sup> Excluding government securities.

Source: Bank of England.

Instalment credit. New credit extended by finance houses rose rapidly in March and April, mainly to finance automobile purchases. (See Table 6.) The fluctuations in new department store credit were almost entirely seasonal, according to the Board of Trade. However, the gradual decline in 1964 of department store credit outstanding reflects the sluggishness of retail sales.

Table 6. United Kingdom: Instalment Credit  
(end of period)

	1962	1963	1964				Outstanding
			Jan.	Feb.	March	April	April 30, 1964
<u>New Credit Extended, Index</u> of value (1957=100)							
Department stores	139	145	110	107	105	110	--
Finance houses	94	129	174	184	209	236	--
<u>Credit Outstanding (£ millions)</u>							
Department stores	+ 9	+22	- 1	- 1	- 1	- 2	335
Finance houses	-49	+45	+ 4	+13	+17	+20	668
Total	-40	+67	+ 3	+12	+16	+18	1,003

Foreign exchange market. Sterling was under pressure in June as continental commercial banks withdrew funds from London in order to counter pressures on their domestic liquidity position and, reportedly, for mid-year window dressing purposes. The spot pound fell from 279.95 U.S. cents on May 22 to 279.10 cents on June 26. (See Table 10 and Chart 8.) Some sterling was repurchased forward, reducing the forward discount from 0.79 per cent per annum to 0.49 per cent per annum between these two dates. (See Table 10 and Chart 9.)

The investment dollar premium increased as the spot rate fell, advancing from 12.25 per cent on May 28 to 13.50 per cent on June 12. Institutional investors are reported to have made substantial purchases of U.S. securities because of the favorable prospects of the U.S. economy political uncertainties in the United Kingdom and doubts about continental markets.

Foreign trade. Britain's persistent trade deficit continued through April and May. Owing to a 10 per cent fall in exports, the trade gap widened from £67 million for February-March to £107 million in April. In May exports failed to recover to more than the February level, and the trade deficit for this month remained 70 per cent above the March-May 1963 monthly average. (See Table 7.) Imports have remained relatively stable from February through May. While basic materials imports declined, there were increased imports of semi-manufactures and finished products.

Table 7. United Kingdom: Foreign Trade  
(millions of pounds; seasonally adjusted; monthly averages)

	1963			1964				
	March	Sept.	Dec.	March	Feb.	March	April	May
	May	Nov.	Feb.	May	Feb.	March	April	May
Imports, c.i.f.	389	415	450	453	450	451	457	450
Exports, f.o.b.	337	344	a/352	360	369	373	337	370
Re-exports, f.o.b.	13	13	12	13	12	13	13	13
Trade balance, customs returns	-39	-58	-86	-80	-69	-65	-107	-67

a/ The January export figure is not comparable to those for other months owing to a change in compilation procedures.

Source: U.K., Board of Trade.

Gold and foreign exchange reserves. In spite of the large adverse trade deficit in April and May, reserves rose by about \$50 million in each of these two months. (See Table 8.) However, some intervention in the foreign exchange market has been reported in June to counter speculative pressure on sterling.

Table 8. United Kingdom: Reserve Position  
(In millions of U.S. dollars)

	C h a n g e s :						May 31, 1964
	1963	Jan.	Feb.	Mar.	Apr.	May	
A. Gold and convertible currencies	-149	+17	-48	+34	+53	+48	2,700
B. Drawing rights on IMF	-13	--	+3	-2	--	n.a.	2,100
Total	b/ -195	+17	-45	+32	+53	n.a.	

a/ April 30.

b/ Total is reduced by \$33 million to take into account the increase in Reserves resulting from U.S. operations in sterling. See: Federal Reserve Bulletin, September 1963 and March 1964.

Source: Bank of England and International Monetary Fund.

Bullion market. The London gold market was quiet in May and June, with only occasional strong demands for gold. The fixing price remained between \$35.080 and \$35.085 per fine ounce between May 8 and 29, but it fell to \$35.071 on June 5. During the remainder of June, the fixing price rose gradually reaching \$35.085 on June 26. (See Table 9.)



According to the Financial Times (May 30, 1964, p.3) the bulk of the \$218 million of gold acquired by the United States Exchange Stabilization Fund in March and April consisted of gold distributed by the London gold pool. The Financial Times reports that ". . . the U.S. is believed to acquired about half of all the gold distributed by the London Gold Pool. . . . An unusually large porportion of the world's gold supply is being channeled into the official reserves, with a corresponding decline in hoarding and speculation."

Table 9. London Fixing Price for Gold  
(in U.S. dollars per fine ounce)

April	3	35.082	May	8	35.083	June	5	35.071
	10	35.071		15	35.082		12	35.075
	17	35.081		22	35.081		19	35.076
	24	35.085		29	35.082		26	35.085
May	1	35.071						

Source: Bank of England.

Europe and British Commonwealth Section.

II. Nine Charts on Financial Markets Abroad

- Chart 1 - International Money Market Yields for U.S. Dollar Investors
- Chart 2 - Interest Arbitrage, United States/Canada
- Chart 3 - Interest Arbitrage, New York/London
- Chart 4 - Interest Arbitrage for German Commercial Banks
- Chart 5 - Short-term Interest Rates
- 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. United Kingdom: Treasury Bill Yields and Exchange Rates

	3-mo. Treasury bill arbitrage calculation					Spot pound	London deposit rates		
	U.K.	U.S.	Differ- ence	3-mo. pound <sup>a/</sup>	In favor U.K. bill	U.S. cents <sup>a/</sup>	U.S. dollar (3-mo.)	Local authority	
1963									
High	3.58	3.32	.26	-.03	+.23	280.59	4.62	4.88	
Low	3.31	2.85	.46	-1.08	-.62	279.59	3.56	4.06	
1964									
March	20	4.16	3.52	.64	-.71	-.07	279.82	4.25	5.12
	26	4.16	3.52	.64	-.71	-.07	279.81	4.25	5.12
April	3	4.16	3.50	.66	-.77	-.11	279.88	4.25	5.06
	10	4.16	3.44	.72	-.76	-.04	279.85	4.25	4.94
	17	4.16	3.45	.71	-.76	-.05	279.87	4.25	4.94
	24	4.16	3.43	.73	-.76	+.03	279.97	4.19	4.94
May	1	4.16	3.43	.73	-.76	-.03	280.00	4.19	5.00
	8	4.16	3.47	.69	-.76	-.07	279.96	4.25	5.00
	15	4.25	3.45	.80	-.77	+.03	279.92	4.25	5.00
	22	4.25	3.45	.80	-.77	+.01	279.95	4.19	5.00
June	1	4.25	3.45	.80	-.74	+.06	279.69	b/4.25	b/5.00
	5	4.32	3.45	.87	-.66	+.21	279.53	4.31	5.03
	12	4.32	3.46	.86	-.60	+.25	279.44	4.38	5.00
	19	4.32	3.46	.86	-.57	+.28	279.42	4.38	5.00
	26	4.35	3.45	.90	-.49	+.41	279.10	4.36	5.00

<sup>a/</sup> Certified N. Y. noon buying rate. <sup>b/</sup> May 29

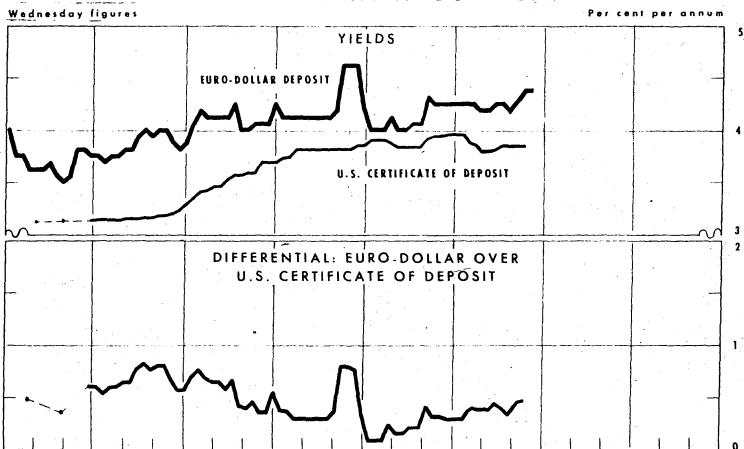
Table 11. United Kingdom: Selected Capital Market Yields

	U.K. Government bond yields					Share	Yield	Share	
	5%	3%	5-1/2%	3-1/2%	2-1/2%	yield	gap	prices	
	1967	1965-75	2008-12	War Loan	Consols	a/	b/	a/	
1963									
High	5.02	5.44	6.00	6.12	5.98	5.06	--	117.2	
Low	4.38	4.76	5.45	5.68	5.39	4.13	--	95.6	
1964									
March	19	5.00	5.47	5.98	6.06	5.92	4.37	1.55	113.7
	25	4.97	5.43	5.95	6.05	5.96	4.38	1.52	113.3
April	2	4.95	5.43	5.88	5.95	5.83	4.29	1.54	113.6
	9	4.95	5.49	5.95	6.02	5.89	4.41	1.48	113.4
	16	5.00	5.55	6.00	6.12	6.00	4.29	1.71	116.2
	23	4.97	5.57	6.10	6.19	6.04	4.31	1.73	116.8
	30	4.95	5.57	6.10	6.17	6.05	4.31	1.74	116.9
May	7	4.95	5.60	6.12	6.20	6.08	4.39	1.69	115.6
	14	4.92	5.58	6.10	6.16	6.03	4.48	1.55	113.8
	21	4.92	5.47	5.12	6.19	6.08	4.61	1.47	113.2
	28	4.90	5.61	6.10	6.19	6.08	4.69	1.39	111.8
June	4	4.92	5.65	6.15	6.25	6.12	4.73	1.39	110.4
	11	4.95	5.65	6.20	6.27	6.12	4.68	1.44	111.5
	18	5.08	5.69	6.20	6.29	6.13	4.64	1.49	113.0
	25	5.08	5.70	6.18	6.22	6.07	4.65	1.42	113.3

<sup>a/</sup> Financial Times. Actuaries 500 Share Index (April 10, 1962=100). Share prices are weekly average.

<sup>b/</sup> Difference between yield on 2-1/2 per cent Consols and share yield.

Chart 1  
**INTERNATIONAL MONEY MARKET YIELDS FOR U.S. DOLLAR INVESTORS**  
**3-MONTH EURO-DOLLAR DEPOSIT VS. CERTIFICATE OF DEPOSIT**  
 Wednesday figures



**NEW YORK OFFER RATES ON SELECTED 3-MONTH INVESTMENTS**  
 Friday figures

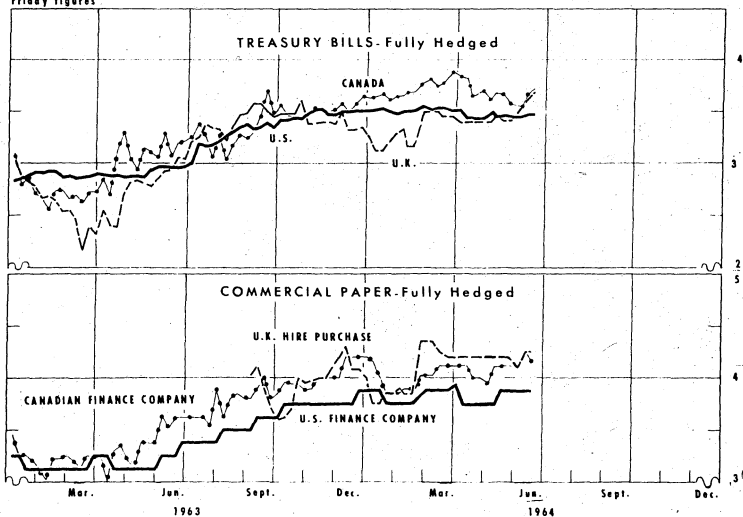


Chart 2

### INTEREST ARBITRAGE, UNITED STATES / CANADA

Thursday figures

Per cent per annum

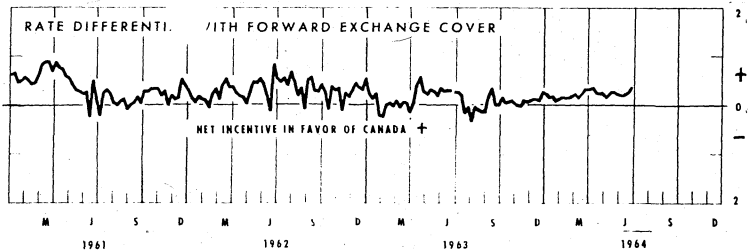
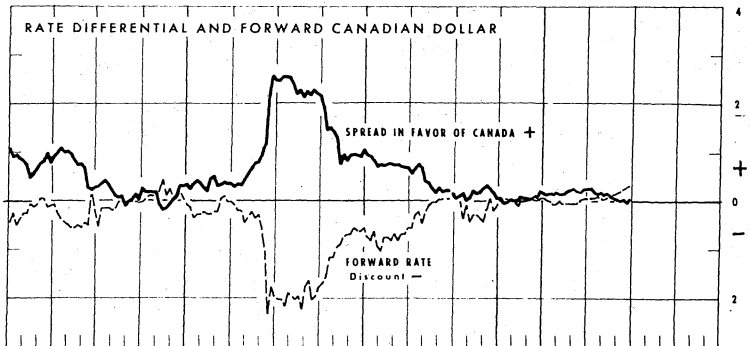
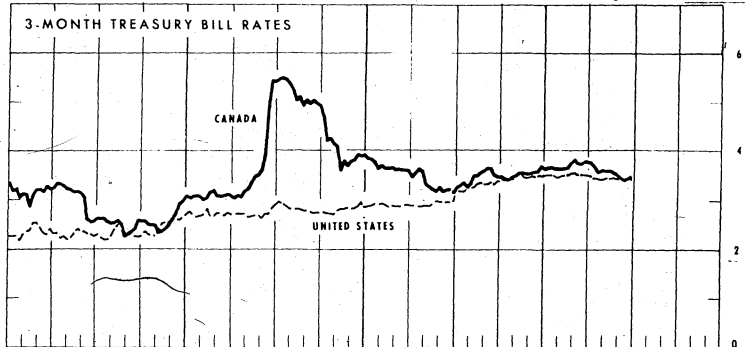
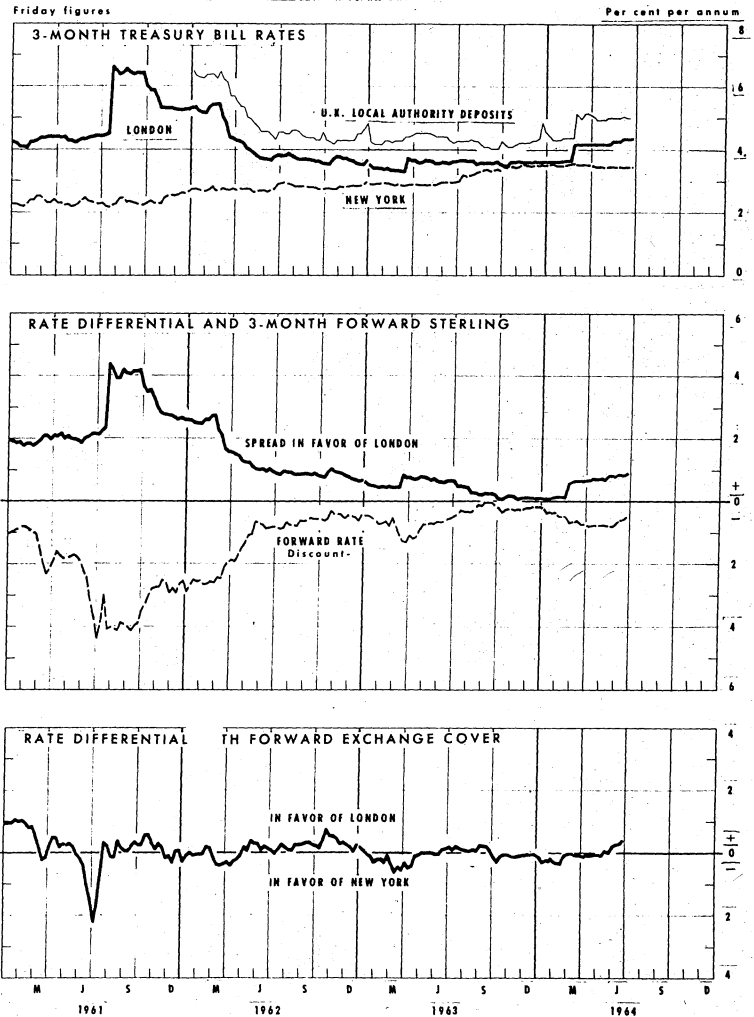


Chart 3  
**INTEREST ARBITRAGE, NEW YORK/LONDON**  
Friday figures



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Chart 4  
**INTEREST ARBITRAGE FOR GERMAN COMMERCIAL BANKS**

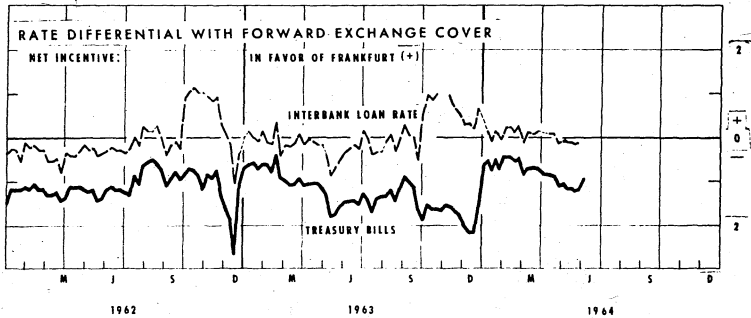
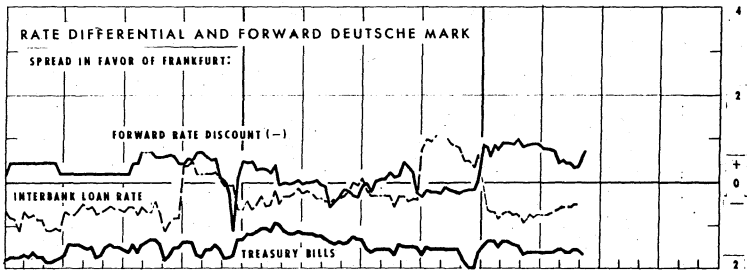
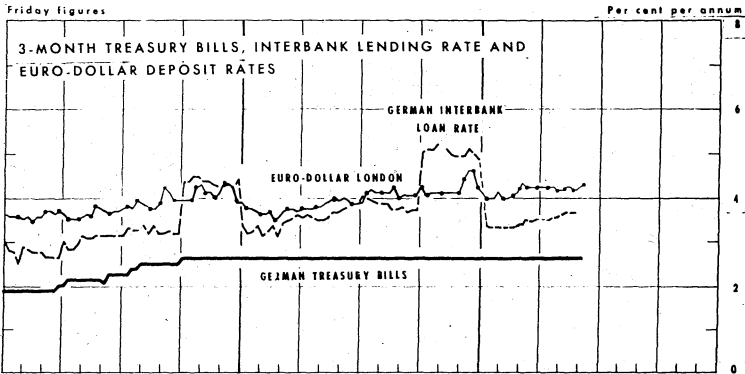
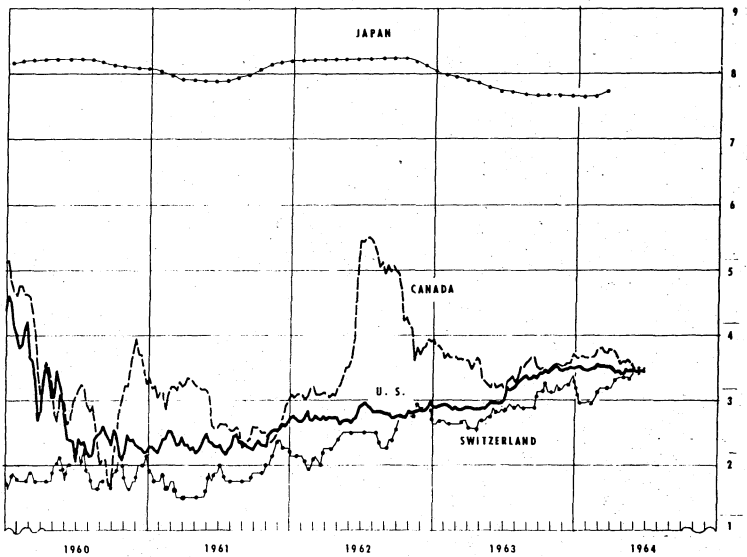
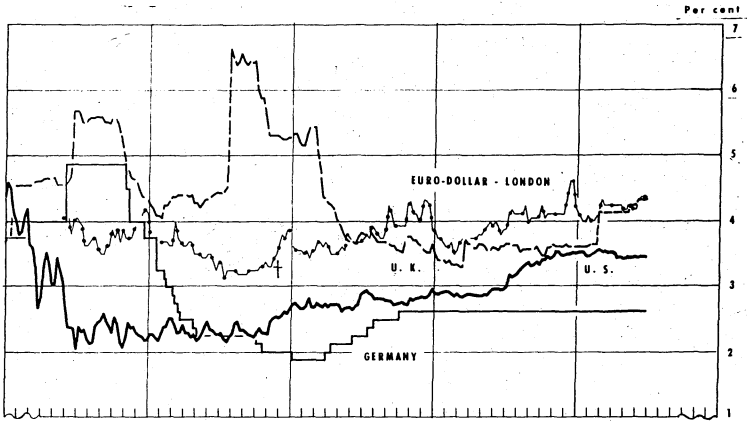


Chart 5  
SHORT-TERM INTEREST RATES \*



\* 3 month treasury bill rates for all countries except Japan. (Average rate on bank loans and discounts)  
 † Lead Switzerland 13 month deposit rate  
 ‡ 3 month rate for U. S. dollar deposits in London.

Chart 6

### LONG-TERM BOND YIELDS

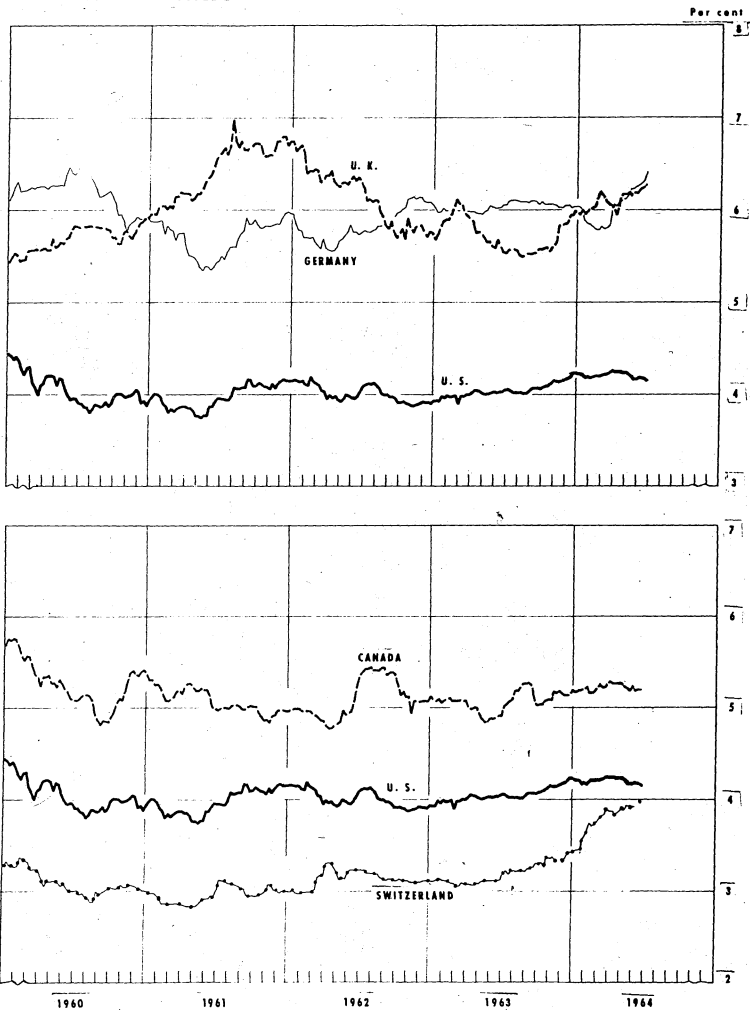
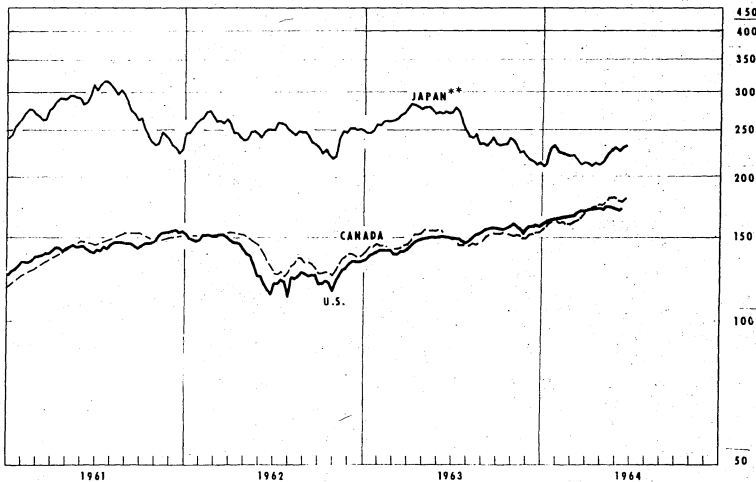
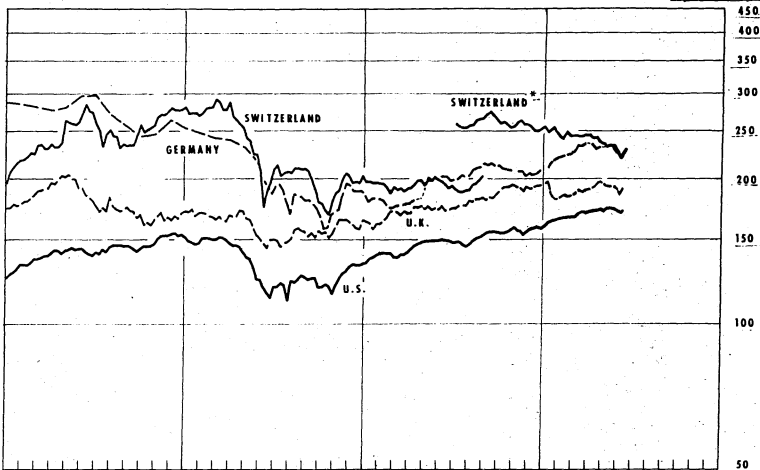




Chart 7

INDUSTRIAL STOCK INDICES

1958=100  
Ratio scale



\* New series, Swiss Bank Corporation industrial stock index.

\*\* Japan index of 725 industrial and other stocks traded on the Tokyo exchange.

Chart 8

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

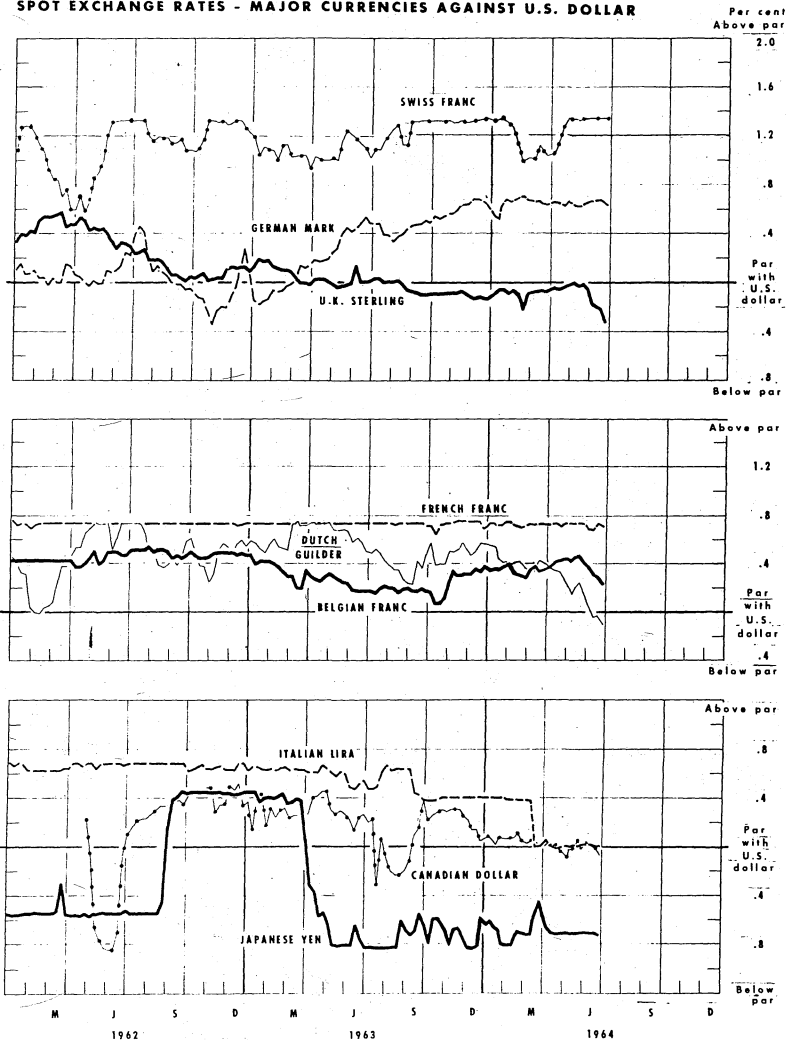
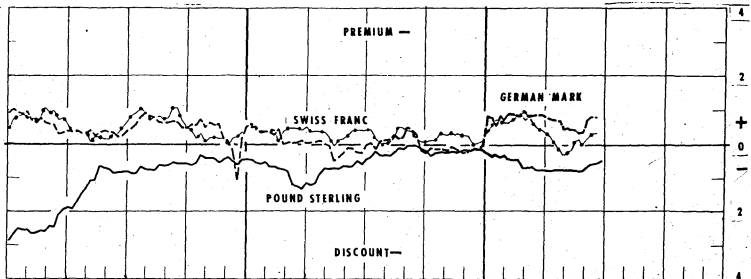


Chart 9  
3-MONTH FORWARD EXCHANGE RATE

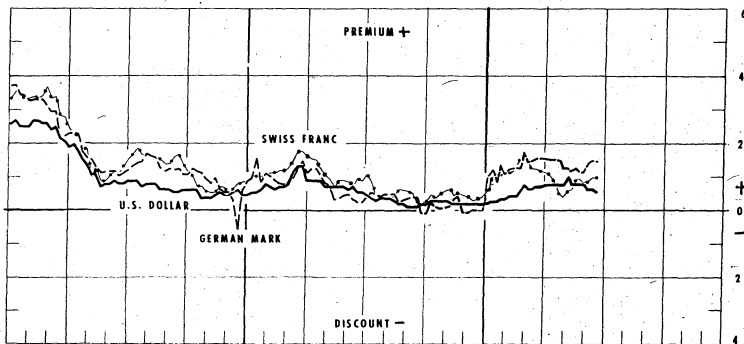
Friday figures

AGAINST U.S. DOLLARS

Per cent per annum



AGAINST POUND STERLING - LONDON



AGAINST POUND STERLING - LONDON

