

H. 13

No. 181

February 3, 1965.

CAPITAL MARKET DEVELOPMENTS ABROAD

- I. Japan
- II. Nine Charts on Financial Markets Abroad
- III. Latest Figures Plotted in H. 13 Chart Series

I. Japan: Money and Capital Markets in December-January

December and January were notable for a formal relaxation of Japan's tight money policy. On December 16 the reserve requirements against commercial bank deposit liabilities other than time deposits were reduced from 3.0 to 1.5 per cent for large banks. Exactly one year earlier the requirements had been increased from 1.5 to 3.0 per cent. On January 9 the Bank of Japan reduced its basic discount rate from 6.570 to 6.205 per cent, the first change since the rate was increased from 5.84 to 6.57 per cent on March 18, 1964. The authorities reportedly took these steps because of the general improvement in the balance of payments, the desire to provide some relief to financially-pressed concerns in view of the high number of bankruptcies, and the desire to stave off the onset of a depression mood.

Uncertainties regarding the British pound sterling had repercussions in Japan's foreign exchange and capital markets in December. Fear for the future of sterling led continental and other investors to shift their funds from sterling assets to the Euro-currency market. As a result, Japanese borrowing of Euro-currencies rose moderately in December. Normally Japan experiences a decline in its Euro-currency loans in December because European banks withdraw their loans temporarily over the year-end for window dressing purposes. In the foreign exchange market, three major Japanese banks in Tokyo ceased forward foreign exchange quotations on December 23 because of the heavy offers of forward sterling by commercial interests and shifted their quotations to a negotiated basis. Early the following week, however, the normal quotation of rates was resumed. This confused action was the result of a selling spree of pound futures just before Christmas as traders and businessmen became apprehensive of a sterling devaluation.

The recommended rates that Japanese foreign exchange banks may pay on Euro-dollars were raised by the Ministry of Finance in November and early December as a result of a change in the United Kingdom's Bank rate and other interest rate changes. During the last half of December, however, the rates were lowered to approximately the level prevailing at mid-year.

OFFICIAL USE ONLY
(Decontrolled after 6 months)

OFFICIAL USE ONLY

-2-

Table 1. Japan: Maximum Authorized Rates on Euro-dollar Deposits
(in per cent per annum)

| <u>Term</u> | <u>Effective:</u> | <u>11/30/64</u> | <u>12/10/64</u> | <u>12/15/64</u> | <u>12/30/64</u> | <u>12/31/64</u> |
|-------------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Less than 30 days | | 4.25 | 4.25 | 4.125 | 4.125 | 4.125 |
| 1 - 3 months | | 5.25 | 5.0 | 4.875 | 4.75 | 4.5 |
| 3 - 6 months | | 5.25 | 5.125 | 5.0 | 4.875 | 4.625 |
| 6 - 12 months | | 5.375 | 5.25 | 5.125 | 5.0 | 4.875 |
| 1 year and over | | 5.4375 | 5.4375 | 5.25 | 5.125 | 5.0 |

Japanese short-term borrowing in the U.S. rose \$17 million in November and long-term borrowing increased \$19 million. (See Table 2). For October and November combined, however, total borrowings rose only \$20 million.

Table 2. Japan: Short- and Long-term Borrowings in the U. S.
(in millions of U.S. dollars)

| | | | | | <u>I</u> | <u>II</u> | <u>III</u> | <u>Sept.</u> | <u>Oct.</u> | <u>Nov.</u> |
|---------------------------------|-----------|-----------|------------|------------|-----------|-----------|------------|--------------|------------------------|------------------------|
| Short-term claims ^{1/} | 482 | 722 | 212 | 431 | 229 | 69 | 24 | 21 | -14 ^{a/} | 17 ^{a/} |
| Long-term claims ^{1/} | <u>3</u> | <u>5</u> | <u>50</u> | <u>175</u> | <u>61</u> | <u>15</u> | <u>26</u> | <u>19</u> | <u>-2^{a/}</u> | <u>19^{a/}</u> |
| TOTAL | 485 | 727 | 262 | 606 | 290 | 84 | 50 | 40 | -16 ^{a/} | 36 ^{a/} |
| Securities ^{2/} | <u>30</u> | <u>58</u> | <u>141</u> | <u>200</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL | 515 | 785 | 403 | 806 | 290 | 84 | 50 | 40 | -16 ^{a/} | 36 ^{a/} |

^{1/} Bank-reported liabilities to the U.S.

^{2/} New security flotations.

^{a/} Preliminary.

NOTE: Data on short- and long-term claims since early 1962 have recently been revised substantially by the U.S. Treasury.

Japan placed two bond issues in Europe in December and January. A \$12 million Sumitomo Chemical issue was placed publicly in Luxembourg in early December, and in early January the Fuji Electric Company placed a DM 40 million (\$10 million) issue privately with the Deutsche Bank.

International reserves rose \$75 million in December and a further \$28 million (preliminary figure) in January to \$2,027 million. On a seasonally adjusted basis, however, the balance of trade deficit widened in December to \$92 million compared to \$76 million in November. Since July-August, both the trade and current account, on a seasonally adjusted basis, have registered a moderate deterioration.

On the domestic side, money market conditions eased in January both as a result of seasonal factors and also because of a relaxation in the tight money policy. Bank credit in November rose at about the same rate as a year earlier.

OFFICIAL USE ONLY

The average rate for bank loans and discounts remained steady at 7.99 per cent through October. Stock prices picked up moderately in January in response to the organization of a second stock buying agency, but eased slightly by February 1.

According to a recent study made by the Japan Development Bank, commercial banks were relatively less important in the supply of equipment funds in fiscal 1964. (See Table 3). Banks provided only 20 per cent of the funds as compared to 23 per cent a year earlier. Of moderately increased importance were stock issues, internal funds, and other (mainly governmental) sources.

Table 3. Japan: Estimated Sources of Capital Funds
(in billions of yen)

| | <u>Fiscal 1963</u> ^{1/} | <u>Per Cent</u> | <u>Fiscal 1964</u> | <u>Per Cent</u> |
|-----------------------------------|----------------------------------|-----------------|--------------------|-----------------|
| <u>Equipment Investment (A+B)</u> | ¥2,021.3 | | ¥2,563.3 | |
| A. <u>External Funds</u> | | | | |
| Commercial Banks | 465.0 | 23 | 510.6 | 20 |
| Stock Issues | 262.3 | 13 | 387.0 | 15 |
| Bond Issues | 148.4 | 7 | 147.7 | 6 |
| Other sources | 199.3 | 10 | 286.8 | 11 |
| Sub-total | 1,075.0 | 53 | 1,332.1 | 52 |
| B. <u>Internal Funds</u> | 946.3 | 47 | 1,231.2 | 48 |

^{1/} Fiscal 1963 is from April 1, 1963 to March 31, 1964.

Money market. Money market conditions tightened in December as monetary developments exerted a net contractionary impact. Net Treasury payments of ¥380 billion exceeded the ¥13 billion reduction in Bank of Japan credit. However, the heavy demand for cash during December led to a currency expansion of ¥410 billion which had the effect of reducing bank liquidity.

Interest rates. Call loan rates were higher in the first half of December than in November, but with the mid-December reduction in commercial bank reserve requirements, they fell back to the November levels. (See Table 4). After the end of the year, call loan rates fell sharply as banks and other financial institutions experienced the usual seasonal increase in liquidity. The January 9 reduction in the Bank of Japan's basic discount rate triggered a further decline in call loan rates ranging from 0.365 to 0.730 percentage points.

Table 4. Japan: Average Call Loan Money Rates in Tokyo
(in per cent per annum)

| | <u>Overnight</u> ^{1/} | <u>Unconditional</u> ^{2/} | <u>Over-month-end</u> ^{3/} |
|------------|--------------------------------|------------------------------------|-------------------------------------|
| November 3 | 10.585 | 10.950 | 12.775 |
| 14 | 10.585 | 10.950 | 12.775 |
| 21 | 10.585 | 10.950 | 12.775 |
| 28 | 10.585 | 10.950 | 12.775 |
| December 5 | 10.950 | 11.315 | 13.140 |
| 12 | 10.950 | 11.315 | 13.140 |
| 19 | 10.585 | 10.950 | 12.775 |
| 26 | 10.585 | 10.950 | 12.775 |
| January 4 | 8.395 | 8.760 | 10.220 |
| 9 | 8.030 | 8.395 | 9.490 |
| 16 | 8.030 | 8.395 | 9.490 |
| 23 | 8.030 | 8.395 | 9.490 |

^{1/} For settlement on following day.

^{2/} Repayable at a day's notice.

^{3/} Repayable at a day's notice in the following month.

The average monthly interest rate on bank loans and discounts remained at 7.99 per cent during the July-October period. This leveling-off followed a gradual rise since February 1964 when the rate was 7.67 per cent.

Bank loans and discounts. Bank credit rose 2.2 per cent in November, about the same as the 2.3 per cent increase a year earlier. Loans and discounts were up 1.9 and 1.0 per cent as against 2.1 and 2.0 per cent a year earlier, respectively. Holdings of securities jumped 5.5 per cent in November compared to 3.6 per cent a year earlier.

The proportion of bank loans and discounts extended for purchases of equipment was 17.2 per cent in November, down slightly from the October level, but still well above the cyclical low of 16.3 per cent in March of 1963.

Bank of Japan loans decreased ¥222 billion in December, more than offsetting the expansionary impact from its purchases of ¥209 billion in securities.

Table 5. Japan: Changes in Bank of Japan Loans and Holdings of Securities
(in billions of yen)

| <u>Period</u> | (1) | (2) | (3) |
|---------------|--|---|--|
| | Net increase (+) <u>or decrease (-)</u> | Loans: increase (+) <u>or decrease (-)</u> | Net purchases (+) or <u>sales (-) of securities</u> |
| 1963 | | | |
| I Quarter | + 158.2 | + 59.1 | + 99.1 |
| II Quarter | - 109.2 | -198.7 | + 89.2 |
| III Quarter | + 202.4 | + 91.3 | +129.1 |
| IV Quarter | + 18.0 | - 81.2 | + 99.2 |

TABLE 5 (Cont.)

| Period | (1) | (2) | (3) |
|-------------|-------------------------------------|--|---|
| | Net increase (+) or decrease (-) | Loans: increase (+) or decrease (-) | Net purchases (+) or sales (-) of securities |
| 1964 | | | |
| I Quarter | +203.3 | + 36.7 | +166.6 |
| II Quarter | - 75.7 | +121.0 | -196.7 |
| III Quarter | +106.1 | + 97.5 | + 8.6 |
| IV Quarter | -329.6 | -300.5 | - 29.1 |
| September | - 83.8 | + 26.2 | -110.0 |
| October | - 60.2 | + 48.8 | -109.0 |
| November | -256.2 | -126.9 | -129.3 |
| December | - 13.2 | -222.4 | +209.2 |

Bond market. New bond issues in November totaled ¥148 billion, second only to the year's high of ¥175 billion in March and ¥12 billion higher than in October. New issues of bank debentures were ¥98 billion, up ¥11 billion from the October level. Public corporation bond issues were ¥27 billion, off ¥2 billion from October and industrial debenture issues were ¥23 billion, up ¥3 billion from the October level.

Average yields in November on local government securities, public corporation bonds and one-year bank debentures remained the same as earlier in the year at 7.354, 7.053 and 6.224 per cent, respectively. The yield on long-term bank debentures was 7.285 per cent in November, the same as in October. The yield on industrial bonds rose slightly to 7.488 per cent in November.

Stock market. Stock prices remained at low levels during December. Substantial stock price support operations by the Japan Joint Securities Company kept the Dow Jones average from falling below ¥1,200 during the month. Early in January stock prices rose in response to the organization of a new stock-buying agency partly financed by the Bank of Japan, and the reduction in the Bank of Japan's basic discount rate. From a low of ¥1,227 on January 4, the average rose 5 per cent to ¥1,290 on January 11. By February 1 the average had eased to ¥1,243.

Table 6. Japan: Dow Jones Average of 225 Stocks, First Section of Tokyo Exchange

| | | | | | |
|-------------|--------|------------|--------|-----------|--------|
| November 30 | ¥1,209 | January 4 | ¥1,227 | 1964 High | ¥1,369 |
| | | 11 | 1,290 | Low | ¥1,203 |
| December 7 | 1,207 | 18 | 1,272 | | |
| 14 | 1,219 | 25 | 1,250 | 1965 High | ¥1,290 |
| 21 | 1,218 | | | Low | ¥1,227 |
| 28 | 1,217 | February 1 | 1,243 | | |

Although the Japan Joint Securities Company succeeded in keeping the Dow Jones average above ¥1,200 in 1964 by purchasing ¥160 billion in stock, its operations were confined to the 225 stocks included in the average with the result that

the prices of other stocks continued to decline during the year. In order to bolster the prices of these other stocks, the Japan Securities Holding Association (J.S.H.A.) was set up on January 1st by the member securities companies of the stock exchange. Aided by a ¥100 billion loan from the Bank of Japan, the J.S.H.A. began operations on January 21 and reportedly purchased ¥80 billion in stock from various investment trusts. Further purchases of ¥50 billion are projected for February.

Foreign trade. The seasonally adjusted trade gap tended to widen during the fourth quarter as exports declined faster than imports. In December, imports were off one per cent, but exports were down 4 per cent. This had the effect of increasing the seasonally adjusted trade deficit from \$76 million in November to \$92 million in December. This contrasts with an average monthly deficit of \$50 million in July-August. The trade figures in Table 7 are monthly, or monthly averages, on a customs basis, seasonally adjusted.

Table 7. Japan: Seasonally Adjusted Foreign Trade
(in millions of dollars)

| | 1963 | | | | 1964 | | | | | | | |
|---------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | I | II | III | IV | I | II | III | IV | Sept | Oct. | Nov. | Dec. |
| Imports | 492 | 540 | 573 | 644 | 665 | 657 | 628 | 702 | 650 | 707 | 704 | 694 |
| Exports | <u>417</u> | <u>414</u> | <u>463</u> | <u>486</u> | <u>482</u> | <u>583</u> | <u>564</u> | <u>624</u> | <u>558</u> | <u>642</u> | <u>628</u> | <u>602</u> |
| Balance | - 75 | - 99 | -110 | -158 | -183 | -119 | - 64 | - 78 | - 92 | - 65 | - 76 | - 92 |

Foreign reserves and capital flows. International reserves rose \$75 million in December and a further \$28 million (preliminary figure) in January to a level of \$2,027 million. Since the 1964 low in October, reserves have risen \$121 million.

The ratio of Japan's gold and foreign exchange holdings to note issues by the Bank of Japan continued to decline in December, dropping to 31.3 per cent compared to 36.0 per cent a year earlier. The ratio is seasonally low in December because of the large expansion in note issue at that time of the year. As indicated in Table 8 below, the general trend in the ratio has been down in recent years.

Table 8. Japan: Rates of Reserve to Bank Notes

| <u>End of Period</u> | <u>International Reserves</u> | <u>Bank Notes Issued</u> | <u>Reserves/ Bank Notes</u> |
|----------------------|-------------------------------|--------------------------|-----------------------------|
| 1959 | ¥520.9 billion | ¥1,029.4 billion | 50.6 per cent |
| 1960 | 701.6 billion | 1,234.1 billion | 56.9 per cent |
| 1961 | 599.8 billion | 1,480.1 billion | 40.5 per cent |
| 1962 | 727.9 billion | 1,745.9 billion | 41.7 per cent |
| 1963 | 740.9 billion | 2,057.4 billion | 36.0 per cent |

TABLE 8 (Cont.)

| | | <u>International Reserves</u> | <u>Bank Notes Issued</u> | <u>Reserves/ Bank Notes</u> |
|------|-----------|-----------------------------------|------------------------------|---------------------------------|
| 1964 | March | 718.6 billion | 1,774.8 billion | 40.5 per cent |
| | June | 697.3 billion | 1,860.6 billion | 37.5 per cent |
| | September | 698.0 billion | 1,836.1 billion | 38.0 per cent |
| | October | 686.2 billion | 1,847.6 billion | 37.1 per cent |
| | November | 692.6 billion | 1,889.3 billion | 36.7 per cent |
| | December | 719.6 billion | 2,298.8 billion | 31.3 per cent. |

Official reserves increased \$75 million in December reflecting the following changes in the balance of payments as measured on an exchange transactions basis.

| | |
|---------------------------------|---------------------|
| Trade account | \$131 million |
| Services | <u>- 47 million</u> |
| Current account | \$ 84 million |
| Net long-term capital receipts | \$32 million |
| Net short-term capital payments | <u>-54 million</u> |
| Net balance on capital account | - \$22 million |
| Errors and omissions | <u>- 7 million</u> |
| Over-all balance of payments | \$ 55 million |

As a result of the recent U.K. drawing on the IMF, Japan's gold tranche with the IMF rose \$20 million in December, bringing the total gain in official reserves to \$75 million, or \$20 million more than the over-all exchange transactions indicated above.

Preliminary data indicate that Japanese short-term liabilities to the U.S. (as reported by U.S. banks) increased \$17 million in November to \$2,496 million. (See Table 9). This represents a new high for the year and is \$479 million above the level a year earlier.

Table 9. Short-term Claims on Japan Reported by U.S. Banks
(in millions of U.S. dollars)

| | <u>Jan.</u> | <u>Feb.</u> | <u>Mar.</u> | <u>Apr.</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>Aug.</u> | <u>Sept.</u> | <u>Oct.</u> | <u>Nov.</u> | <u>Dec.</u> |
|------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|--------------|---------------------|---------------------|-------------|
| 1959 | 168 | 175 | 204 | 224 | 242 | 260 | 256 | 269 | 262 | 262 | 275 | 324 |
| 1960 | 362 | 372 | 420 | 456 | 488 | 497 | 586 | 628 | 660 | 693 | 711 | 806 |
| 1961 | 875 | 952 | 1,069 | 1,159 | 1,196 | 1,272 | 1,341 | 1,335 | 1,288 | 1,281 | 1,292 | 1,528 |
| 1962 | 1,601 | 1,685 | 1,778 | 1,775 | 1,762 | 1,758 | 1,765 | 1,767 | 1,711 | 1,710 | 1,662 | 1,740 |
| 1963 | 1,697 | 1,691 | 1,751 | 1,876 | 1,898 | 1,872 | 1,877 | 1,798 | 1,890 | 1,904 | 2,017 | 2,171 |
| 1964 | 2,247 | 2,340 | 2,400 | 2,394 | 2,421 | 2,469 | 2,416 | 2,472 | 2,493 | 2,479 ^{a/} | 2,496 ^{a/} | |

NOTE: Data for 1962, 1963 and 1964 have been revised and include \$52 million reported by banks initially as of December 31, 1964.

a/ Preliminary.

Japan placed two bond issues in Europe in December and January. Early in December a \$12 million, 15-year, 6-3/4 per cent bond issue was placed in Luxembourg by the Sumitomo Chemical Company. This issue has also been listed on the American Stock Exchange for publicity and other reasons, but it will not be sold in the United States. The issue price was \$96 per share for a yield to investors of 7.119 per cent or 6.49 per cent after the 10 per cent withholding tax in Japan. Early in January the Fuji Electric Company placed a \$10 million (DM 40 million), 6-1/4 per cent, 15-year convertible debenture issue privately with the Deutsche Bank in Germany. At this time there is no intention to offer the issue to the public.

Foreign exchange. The yen strengthened in the spot market during the first half of December, then weakened slightly, but remained at relatively appreciated levels through mid-January. In the three-month forward market the rate strengthened after December 21, but depreciated sharply on December 31. Around mid-January the rate strengthened again slightly. These changes caused a widening in the forward discount during the first half of December and then a narrowing through December 30. From December 31 through mid-January the discount decreased moderately.

Table 9. Japan: Customers T.T. Exchange Rate of Bank of Tokyo in Tokyo

| | Yen-dollar spot middle rate | Three-month forward middle rate | Forward discount in per cent per annum |
|-------------|-----------------------------------|---------------------------------------|--|
| November 30 | 360.30 | 362.00 | 1.89 |
| December 7 | 360.00 | 361.70 | 1.89 |
| 14 | 358.65 | 361.45 | 3.12 |
| 21 | 359.30 | 361.45 | 2.39 |
| 28 | 359.20 | 359.85 | .72 |
| 31 | 359.10 | 361.20 | 2.34 |
| January 4 | 359.10 | 361.20 | 2.34 |
| 11 | 359.70 | 361.20 | 1.66 |
| 14 | 359.85 | 360.90 | 1.16 |

Japanese foreign exchange markets in late December reflected some of the recent concern regarding the future of the pound sterling. On December 25, three major foreign exchange banks refused to quote rates for forward sterling because of uncertainties regarding the pound sterling and heavy sales of sterling. During the following week, however, normal rate quotations were resumed.

Asia, Africa and Latin America Section.

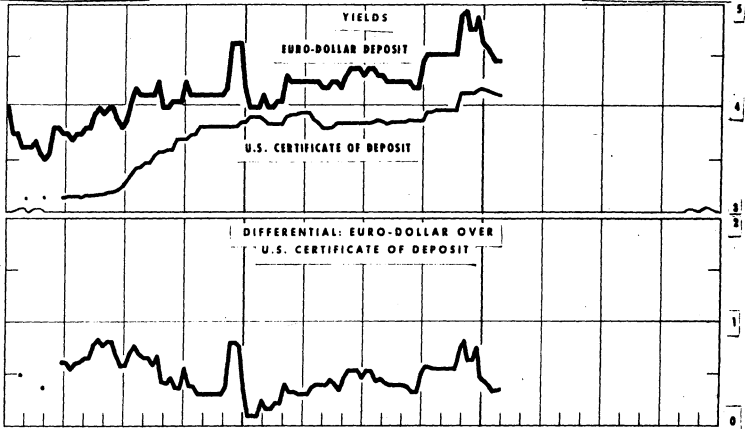
Chart 1

INTERNATIONAL MONEY MARKET YIELDS FOR U.S. DOLLAR INVESTORS

3-MONTH EURO-DOLLAR DEPOSIT VS. CERTIFICATE OF DEPOSIT

Wednesday figures

Per cent per annum



NEW YORK OFFER RATES ON SELECTED 3-MONTH INVESTMENTS

Friday figures

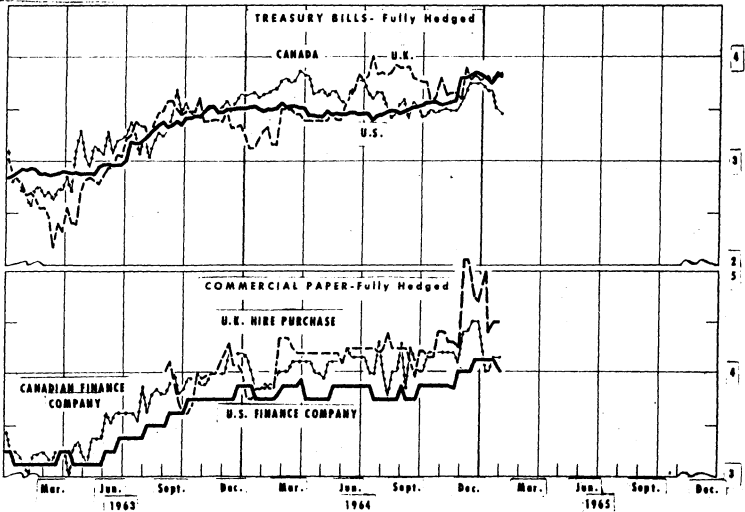
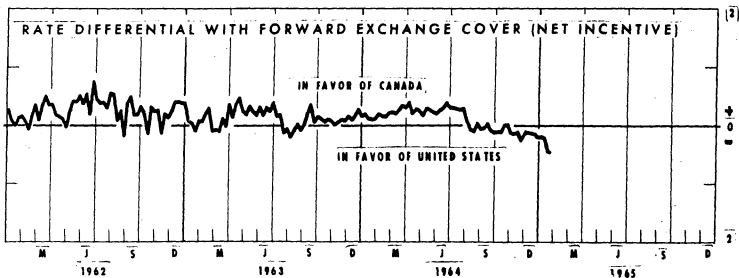
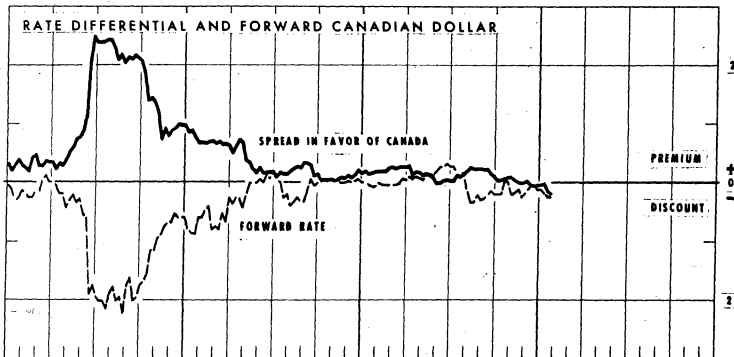
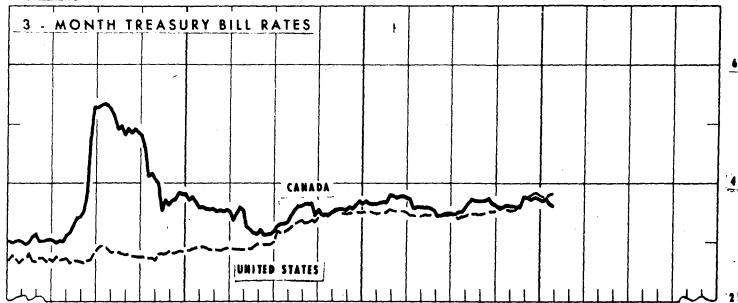


Chart 2

INTEREST ARBITRAGE, UNITED STATES / CANADA

Friday figures*

Per cent per annum



* Thursday figures 1962, Friday thereafter.

Chart 3

INTEREST ARBITRAGE, NEW YORK/LONDON

Friday figures

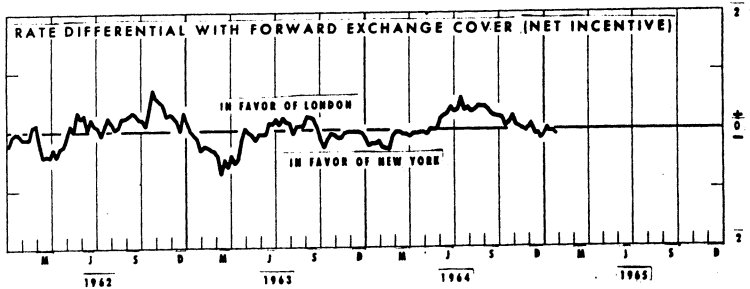
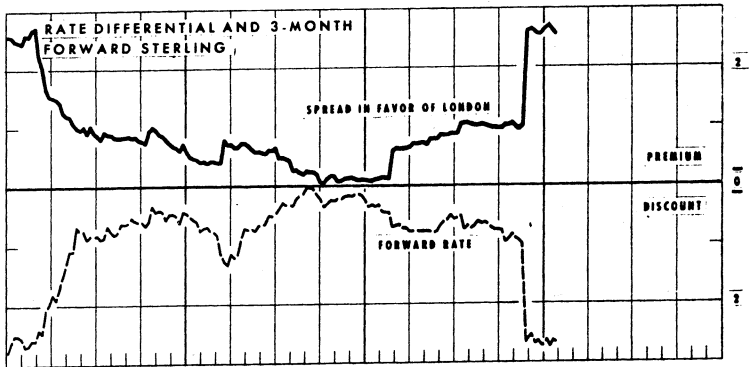
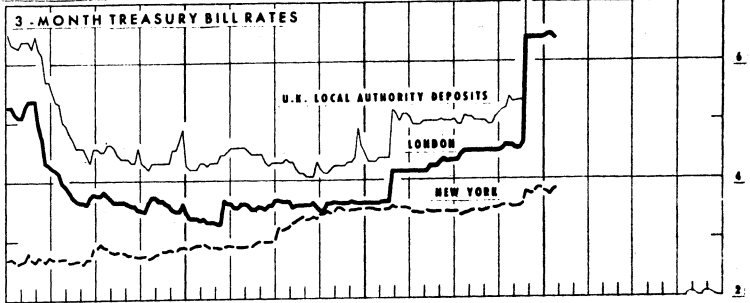


Chart 4

INTEREST ARBITRAGE FOR GERMAN COMMERCIAL BANKS

Friday figures

Per cent per annum

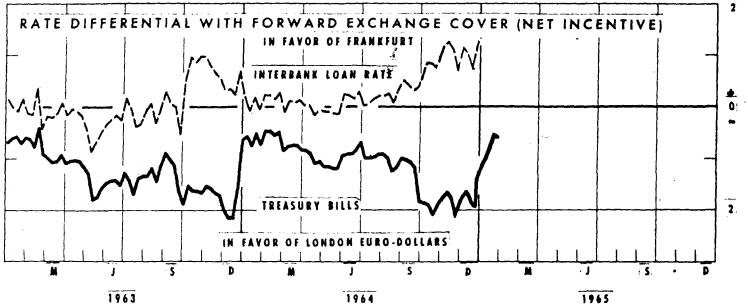
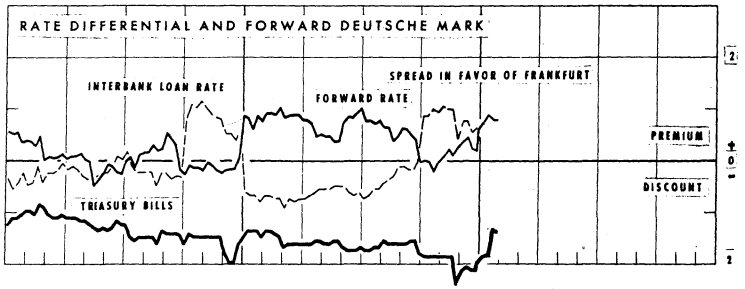
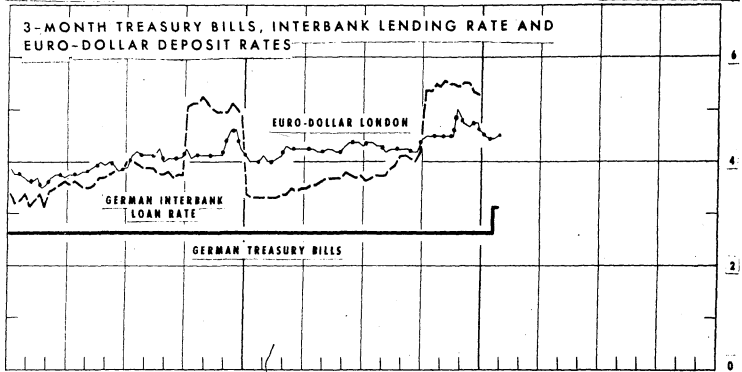
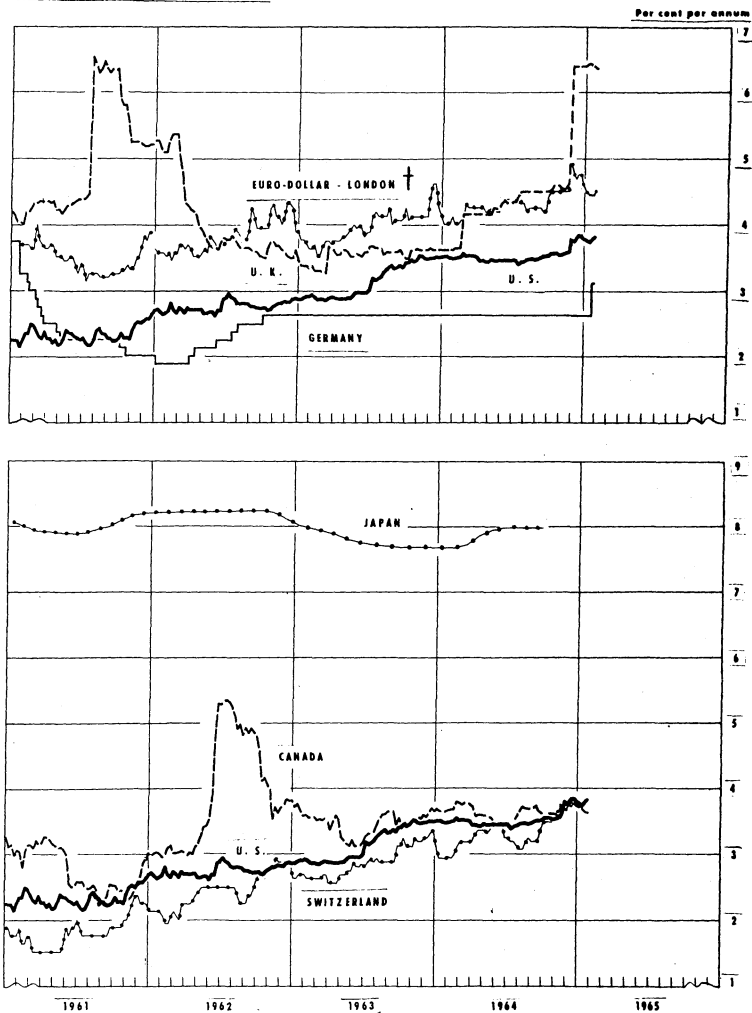


Chart 5
SHORT-TERM INTEREST RATES*



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

Chart 6
LONG-TERM BOND YIELDS

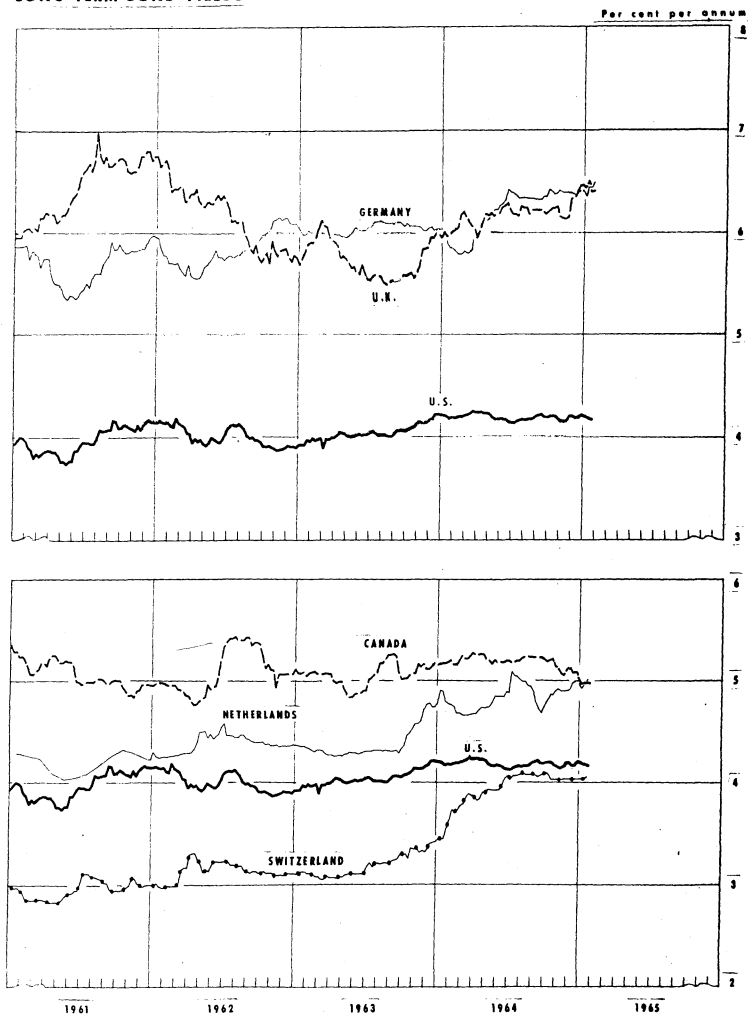
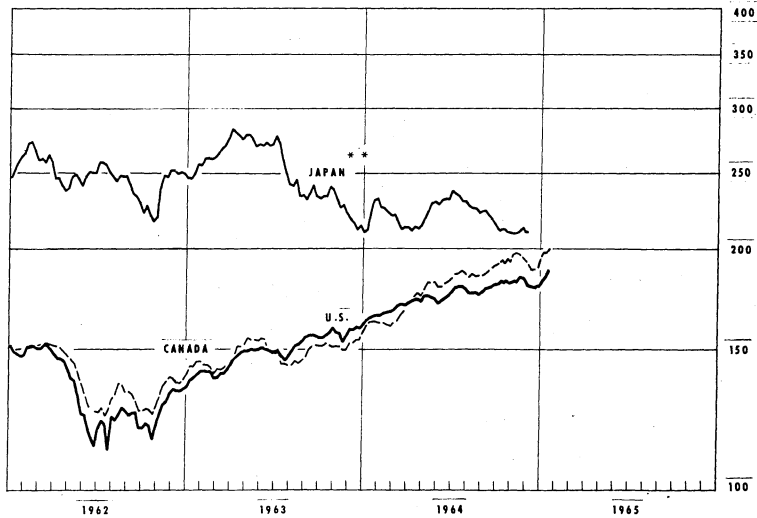
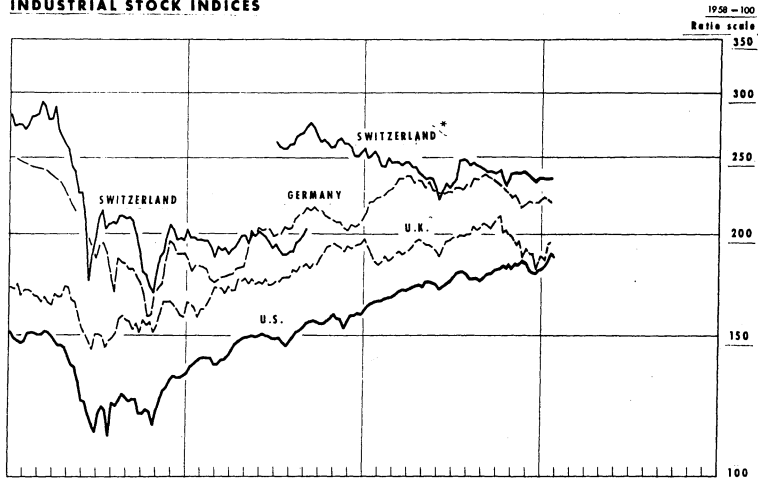


Chart 7
INDUSTRIAL STOCK INDICES

15



* New series: Swiss Bank Corporation industrial stock

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

Chart 8

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

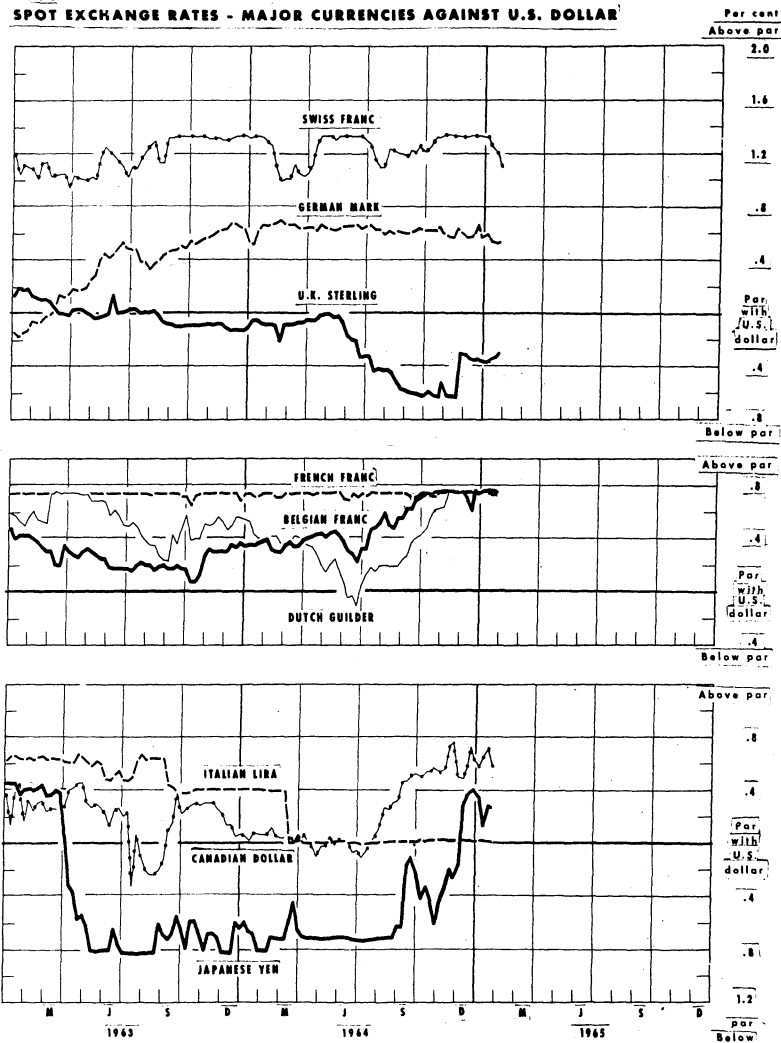
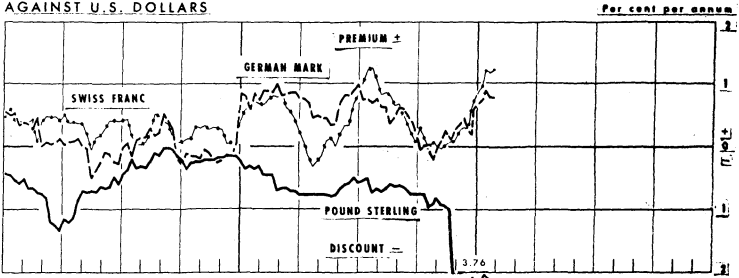


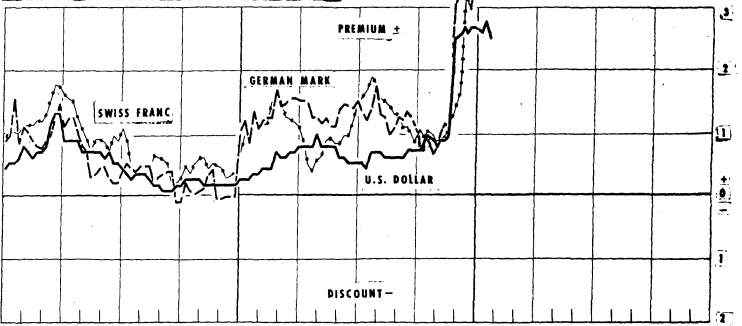
Chart 9
3-MONTH FORWARD EXCHANGE RATES

Friday figures

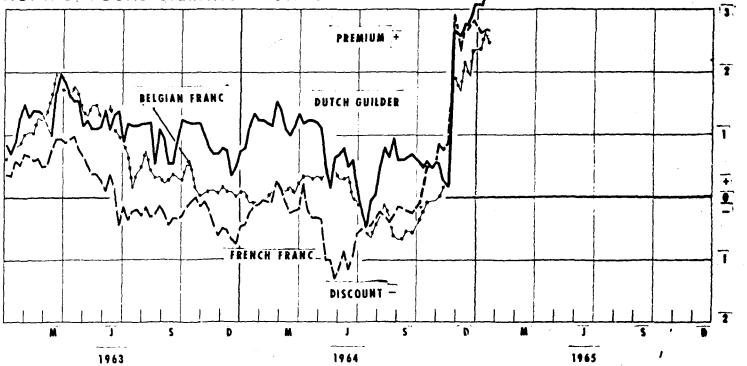
AGAINST U.S. DOLLARS



AGAINST POUND STERLING - LONDON



AGAINST POUND STERLING - LONDON



III, Latest Figures Plotted In H.13 Chart Series, 1965

| <u>Chart 1</u> | <u>Per cent per annum</u> | <u>Chart 5</u> | <u>Per cent per annum</u> |
|------------------------------|-------------------------------|--|-------------------------------|
| <u>Upper panel</u> | | <u>(Friday, Jan. 29, except as noted)</u> | |
| <u>(Wednesday, Jan. 27)</u> | | <u>Treasury bills:</u> | |
| Euro-\$ deposit | <u>4.44</u> | U.S. | <u>3.83</u> |
| U.S. certif. of deposit | <u>4.10</u> | U.K. | <u>6.38</u> |
| <u>Lower panels</u> | | Germany | <u>3.12 1/</u> |
| <u>(Friday, Jan. 29)</u> | | Canada | <u>3.62</u> |
| Treasury bills: U.S. | <u>3.83</u> | Swiss 3-month deposits (Date: <u>Jan. 15</u>) | <u>3.25 2/</u> |
| U.K. | <u>3.79</u> | Euro-\$ deposit (London) | <u>4.50</u> |
| Canada | <u>3.45</u> | Japan: composite rate (Date: <u>Sept. 25</u>) | <u>7.986</u> |
| Finance Co. paper: U.S. | <u>4.00</u> | <u>Chart 6</u> | |
| Canada | <u>4.15</u> | <u>Bonds:</u> | |
| Hire-purchase paper, U.K. | <u>4.50</u> | U.S. govt. (Wed., <u>Jan. 27</u>) | <u>4.16</u> |
| <u>Chart 2</u> | | U.K. war loan (Thurs., <u>Jan. 28</u>) | <u>6.40 3/</u> |
| <u>(Friday, Jan. 29)</u> | | German Fed. Railway (Fri., <u>Jan. 29</u>) | <u>6.49</u> |
| Treasury bills: Canada | <u>3.62</u> | Swiss Confederation (Fri., <u>Jan. 22</u>) | <u>4.05</u> |
| U.S. | <u>3.83</u> | Canadian govt. (Wed., <u>Jan. 27</u>) | <u>4.97</u> |
| Spread favor Canada | <u>-0.21</u> | Netherlands government perpetual (Fri., <u>Jan. 22</u>) | <u>5.03</u> |
| Forward Canadian dollar | <u>-0.27</u> | <hr/> | |
| Net incentive (Canada +) | <u>-0.48</u> | 1/ (Fri., <u>Jan. 22</u>) | <u>3.12</u> |
| <u>Chart 3</u> | | 2/ (Wed., <u>Dec. 23</u>) | <u>3.75</u> |
| <u>(Friday, Jan. 29)</u> | | (Thurs., <u>Dec. 31</u>) | <u>3.70</u> |
| Treasury bills: U.K. | <u>6.38</u> | (Thurs., <u>Jan. 7</u>) | <u>3.31</u> |
| U.S. | <u>3.83</u> | 3/ (Thurs., <u>Jan. 21</u>) | <u>6.39</u> |
| Spread favor U.K. | <u>+2.55</u> | | |
| Forward pound | <u>-2.65</u> | | |
| Net incentive (U.K. +) | <u>-0.10</u> | | |