DIVISION OF INTERNATIONAL FINANCE

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

H. 13

March 17, 1965.

No. 187

CAPITAL MARKET DEVELOPMENTS ABROAD

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

I. India: Money and Capital Markets--Fourth Quarter 1964 and First Quarter 1965

On February 17, 1965, the Indian authorities took new restrictive steps to deal with mounting price pressures and with balance of payments difficulties. They announced:

1. an increase from 5 to 6 per cent in the bank rate;
2. an increase from 28 to 30 per cent in the net liquidity ratio below which bank borrowings from the Reserve Bank become subject to penalty rates;
3. an increase from 9 to 10 per cent in the maximum lending rate for larger banks;
4. higher time and savings deposit rates and a widening of the spread between rates on time deposits of more and of less than 90 days;
5. higher interest rates paid or charged by the government and other official institutions;
6. a 10 per cent ad valorem duty on most imports;
7. a reduction of government import commitments requiring the use of free foreign exchange; and
8. a reduction in future import quotas.

According to the Finance Minister, these measures were prompted by an acute contra-seasonal shortage of foreign exchange, holdings of which have declined 30 per cent since the beginning of the current fiscal year last April 1. Although gold and foreign exchange reserves were $427 million on February 19, 1965, 8 per cent lower than a year earlier, they would have fallen below the legal minimum of $420 million, if, in January and February, the government had not transferred to the Reserve Bank $34 million of hitherto unreported gold.

These steps reinforce a series of restrictive monetary and credit measures taken by the Indian authorities during the past year. A series of measures were taken on September 25, 1964, at a time when the bank rate was raised from 4.5 to 5 per cent; the authorities (a) introduced a system of penalty discount rates tied to the banks' liquidity ratio; (b) abolished most special quotas permitting borrowing at the bank rate; (c) imposed a maximum lending rate for large banks; and (d) increased the maximum rates on time deposits of more than 90 days, while lowering those on time deposits of less than 90 days.

In spite of this, wholesale prices failed to decline seasonally in the fourth quarter and began to move up again in early February, when they were 14 per cent higher than a year ago. In the four months from October to January, bank loans increased almost as much as during the same period a year ago.

OFFICIAL USE ONLY
(Decontrolled after 6 months)

Beginning in November, the banks sold large amounts of government securities and in December and January they borrowed heavily from the Reserve Bank which stood ready to lend to them freely at the bank rate so long as this did not reduce their net liquidity ratio below 28 per cent. By February 12, the aggregate net liquidity ratio, which was about 40 per cent in October, had declined to 32 per cent. Since this figure is still above the level to which the legal liquidity ratio has just been raised, bank borrowings from the Reserve Bank will continue for some time to be available at the bank rate. Moreover, the banks appear to have about twice as much money out on call or at short notice as at this time last year; in addition, the call money rate has been below bank rate throughout January and most of the first half of February. These two facts suggest that there is still a considerable amount of excess liquidity in the system.

Balance of payments pressures have increased to pay for the import of additional foodgrains to meet a food shortage, for rising defense requirements, and for a larger external debt service. Exports seem to have been increasing more slowly than imports. In addition, recent increases in exports have not been reflected fully in foreign exchange receipts. An increasing proportion of exports has been to countries with which India has large bilateral agreement debts and which therefore settle with India in rupees. There also seems to have been a slowdown in the conversion of export earnings into rupees because of rising interest rates abroad. In October, the authorities tightened exchange allocations, but the pressures have continued.

Newspaper reports indicate that the authorities have asked three western petroleum distributing companies to purchase a part of their requirements from the Soviet Union which accepts payment in rupees, and that they are attempting to persuade foreign companies to postpone repatriation of profits.

In announcing the new measures, the Finance Minister said that India must maintain the "utmost fiscal and monetary discipline for a number of years." He added that export promotion policies would now take precedence over domestic consumption and investment. He also stated that members of the Indian Consortium would be requested at the mid-March Paris meeting to increase the proportion of non-project (i.e., balance of payments) aid to finance imports of raw materials and semi-finished goods for industry and to provide "immediate relief" from the current foreign exchange shortage, apparently hinting that India may seek postponement of external debt payments.

Since the full effect of all these measures would not be felt for some time, the Finance Minister announced that India will request the "maximum possible" standby credit from the IMF to meet immediate foreign exchange requirements.

Initial reaction of Indian bankers was that the higher bank rate and related steps were partially window dressing in support of the request for an IMF standby and for increased Consortium aid. The bankers expect to raise their prime rate from 7 to 8 per cent, but demand for funds comes from industry where earnings are rising. The Bombay stock market fell following the announcement of the measures.

Money market. The day-to-day inter-bank money rate in Bombay eased in October and early November but then turned up sharply as seasonal demand for funds increased. (See Table 1). In December, it exceeded the level of bank rate, but fell back to an average of 4.64 per cent in January. Following the new restrictions, it rose to 5.75 per cent on February 22.

Table 1. India: Inter-Bank Call Money Rate in Bombay a/
(in per cent per annum)

Quarterly averages:	1963	1964	Monthly averages:	1963-64	1964-65
I	5.64	5.67	July	1.35	1.60
II	4.46	5.01	August	2.10	2.37
III	2.01	2.31	September	2.58	2.95
IV	2.93	2.90 b/	October	2.35	1.53 b/
			November	2.01	2.03 b/
			December	4.43	5.13 b/
			January	4.[illegible]6	4.64 b/

a/ Average of Fridays, weighted by deposits.
b/ Provisional.

The average rate of discount for auction sales of Treasury bills, declined throughout the third quarter but firmed up somewhat in the fourth quarter. (See Table 2). The reduction in the interest rate on deposits of 46 to 90 days from 3.5 to 2.5 per cent on October 1 may have helped to keep the Treasury bill rate from rising more in the fourth quarter.

The total amount of Treasury bills outstanding at the end of December was 9 per cent higher than at the end of 1963. Gross sales of Treasury bills to the public in the second half of 1964 totalled Rs. 2.167 billion about 45 per cent more than in the second half of 1963. The usual decline in such sales in the fourth quarter was not as pronounced as in previous years. This enabled the Reserve Bank to make a modest reduction in its holdings in the second half of 1964. Net Reserve Bank claims on government at the end of December were Rs. 1.75 billion or 6.6 per cent higher than a year earlier.

Table 2. India: Treasury Bills and Reserve Bank Claims on Government
(in billions of rupees)

	Average Rate of Discount for Auction Sales in Per Cent Per Annum	Gross Sales a/		Total Outstanding at end of Period	Total Reserve Bank Claims on Gov't. (net) at end of period b/ c/
		To Public	To Reserve Bk.		
1963					
III	2.32	.853	12.25	13.00	24.82
IV	2.31	.646	13.19	13.81	26.33
1964					
I	2.38	.315	13.54	13.82	26.97
II	3.00	.581	14.89	15.71	28.63
III	2.45	1.120	14.12	14.86	26.86
IV	2.45 d/	1.047 d/	14.00 d/	15.05 d/	28.08
July	2.57	.507	8.13	15.63	27.89
August	2.40	.330	3.15	15.46	27.30
September	2.39	.283	2.84	14.86	26.87
October	2.45	.544	8.15	15.27	27.10
November	2.44	.368	3.21	15.36	27.17
December	2.47 d/	.138 d/	2.63 d/	15.05 d/	28.08

a/ Includes intermediate Treasury Bills.
b/ Includes Central and State Government claims.
c/ Claims on government net of deposits.
d/ Provisional or partial.

Banking developments. The highly liquid condition of the banks following a less than seasonal decline in bank credit played a large part in the decision of the Reserve Bank to adopt restrictive measures in late September. However, the subsequent seasonal expansion in bank credit has so far almost equalled that of the current harvest season. (See Table 3).

In the slack season, from May to October, deposits rose Rs. 2,146 million largely reflecting a reflow of currency (Rs. 1,1390 million) to the banks. At the same time bank credit contracted by Rs. 1,372 million. The banks used part of the additional liquidity to repay Rs. 434 million of their borrowings from the Reserve Bank and to acquire Rs. 2,588 million of government securities. Their cash balances and reserves rose by Rs. 110 million.

In November, as seasonal credit demand began to appear, the banks began to reduce their holdings of government securities. In December, bank credit increased sharply, rising as much as in December 1963, and deposits decreased. To meet these demands, the banks sold more government securities, drew down cash balances, and borrowed a record amount from the Reserve Bank. These trends continued in January.

The system of penalty discount rates introduced in September appears to have paved the way for the December-January credit expansion. Up to September, banks could count on borrowing 50 per cent of legal reserves at the bank rate of 4.5 per cent, an additional 50 per cent at 6 per cent and further funds at 6 per cent at the discretion of the Reserve Bank. Under the new system, banks can borrow at the bank rate if the borrowing does not reduce their liquidity ratio below a prescribed level. For each percentage point that their liquidity ratio falls below this level, they must pay an additional 0.50 per cent on their total indebtedness to the Reserve Bank. Since, in October, the aggregate net liquidity ratio of banks, at 40 per cent, was well above the 28 per cent level below which the penalty discount rates would become applicable, the new policy left ample room for credit expansion. The aggregate net liquidity ratio of banks had fallen to 32 per cent by February 12. With the legal ratio now at 30 per cent, Reserve Bank credit will continue to be available at the bank rate for some time.

Table 3. India: Scheduled Banks - Changes in Deposits, Borrowings from Reserve Bank and Principal Assets
(in millions of rupees)

	Deposits	Per Cent Change	Bank Credit	Per Cent Change	Holdings of Gov't. Securities	Per Cent Change	Borrowings from Reserve Bk.	Cash & Balances with Reserve Bk.
1963								
III	+ 725	3.4	- 773	- 5.0	+1,272	19.5	+ 7	- 266
IV	+ 402	1.8	+1,284	8.8	- 708	- 9.1	+ 62	+ 90
1964								
I	+ 291	1.3	+2,342	14.8	- 698	- 9.8	+ 745	+ 62
II	+1,000	4.4	- 418	- 2.7	+ 153	2.4	- 814	+ 158
III	+1,375	5.8	- 699	- 3.9	+1,599	24.4	- 3	- 25
IV	+ 29	0.1	+1,069	+ 6.3	- 500	- 6.1	+ 348	- 8
Month - 1964								
July	+ 565	2.4	- 448	- 2.5	+1,063	16.2	+ 8	- 60
August	+ 500	2.1	- 76	0.4	+ 423	5.6	- 1	- 47
September	+ 310	1.2	- 176	- 1.0	+ 112	1.4	- 10	+ 82
October	+ 125	0.5	+ 26	0.2	+ 588	7.2	+ 3	- 78
November	+ 33	0.1	+ 66	0.4	- 344	- 3.9	+ 1	+ 208
December	- 129	- 0.5	+ 977	5.7	- 744	- 8.9	+ 344	- 137
1965								
January	+ 361	1.4	+ 781	4.3	- 211	- 2.8	+ 196	+ 23

Deposit rates. To attract more deposits to the banks, and thereby help to hold down bank borrowing from the Reserve Bank, the rates on time deposits of more than 90 days were raised on October 1, while the rates on deposits of 90 days and less were sharply reduced to discourage short-term deposits. The deposit rates which had ranged from 3 to 6 per cent, thereafter ranged from no interest on deposits up to 14 days to 6.50 per cent on those of more than 9 years. On February 17, the rates for deposits of more than 90 days were raised 1 percentage point each. Since rates on deposits of less than 90 days were increased 0.25 and 0.50 percentage points, the spread between rates on deposits of more and of less than 90 days was increased further. The rate on savings deposits was increased from 3 to 4 per cent.

Table 4. India: Change in Structure of Interest Rates on Time Deposits
(in per cent per annum)

Period of Deposit	Rates before Aug. 17, 1964 [1/]	Rate Change on on Aug. 17, 1964 [1/]	Rate Change on Oct. 1, 1964 [1/]		Rate Change on Feb. 17, 1965 [1/]
3 to 30 days	3.00	3.00	1 to 14 days	0.00	0.00
31 to 60 days	3.25	3.25	15 to 45 days	1.25	1.50
61 to 90 days	3.50	3.50	46 to 90 days	2.50	3.00
91 to 210 days	3.75	3.75	91 to 180 days	4.00	5.00
7 to 12 months	3.75	4.00	6 to 12 months	4.50	5.50
1 to 2 years	4.00	4.25	1 to 2 years	5.00	6.00
2 to 3 years	4.25	4.50	2 to 3 years	5.25	6.25
3 to 4 years	4.25	4.75	3 to 5 years	5.50	6.50
4 to 5 years	4.50	5.00	5 to 7 years	6.00	7.00
5 to 6 years	5.00	5.50	7 to 9 years	6.25	7.25
6 to 7 years	5.00	5.75	9 yrs & over	6.50	7.50
7 yrs. & over	5.00	6.00			

1/ Rates apply to banks with deposits of Rs. 500 million or more or category I. Category II banks with deposits of Rs. 250 to 500 million may pay 0.125 per cent more than each of the above rates, and category III banks, with deposits from Rs. 100 million to 250 million, may pay 0.25 per cent more than each of the rates.

Central Government Bonds. The gross yield of long-term central government securities, which moved narrowly around 4.72 per cent in the third quarter, rose to 4.84 per cent in the fourth quarter reflecting the October increase in interest rates. (See Table 5).

Table 5. India: Yield on Long-Term Government Securities
3 per cent 1986 or later
(in per cent per annum - period averages)

	1961	1962	1963	1964
I	4.04	4.23	4.75	4.68
II	4.10	4.23	4.73	4.73
III	4.13	4.34	4.66	4.72
IV	4.18	4.65	4.57	4.84 [a/]

TABLE 5. (Cont.)

1964				1965	
July	4.70	October a/	4.77		
August	4.73	November a/	4.84	January	4.84
September	4.72	December a/	4.84	February 12	4.84

a/ Provisional.

State bonds. In the fourth quarter, bond issues were made only by state institutions and by entities offering state guaranteed bonds. Most issues were for 12 years at 5 per cent.

Since December 4, banks have been allowed to count certain bonds and debentures of local government authorities as liquid assets for purposes of calculating their liquidity ratio. This action was taken so that changes in bank holdings of these issues would not affect the discount rate applicable to individual banks under the new system of borrowings tied to liquidity. Banks had been reluctant to subscribe to the new issues of this type offered in November for fear of becoming subject to higher rates, and were inclined to reduce their earlier holdings of similar securities to improve their liquidity position.

Stock market. The price index of variable dividend industrial securities increased 3.5 per cent in the third quarter due to favorable corporate profit reports but lost virtually all of this gain in the fourth quarter. The index averaged 5.8 per cent less in December than in the same month a year earlier. (See Table 6).

On December 23, 1964, the Finance Minister introduced a limited tax credit scheme and two minor tax exemptions to stimulate investment activity. Market experts were disappointed not only because the measures would only affect investment decisions of small investors in a small sector of the capital market but also because they had expected a general tax concession for investments which they now felt would not be forthcoming.

The sales of Unit Trust shares declined sharply after an encouraging start between July 1 and August 15, as their price was fixed above the level corresponding to the expected 6 per cent annual dividend rate. Unless more of its funds are invested than on January 1, 1965, the Unit Trust may not be able to earn 6 per cent of its total resources. On February 18, the sale price of shares were slightly reduced for the first time.

Table 6. India: Price Index of Variable Dividend Industrial Securities
(1952-53 = 100)

Quarter averages:	1962	1963	1964
I	190.0	167.4	170.4
II	192.6	162.9	163.7
III	185.0	162.5	166.0
IV	173.6	172.7	163.7 a/
Month averages:			
July	162.2	174.7	164.7
August	187.0	160.6	165.7
September	184.0	164.8	167.6
October	178.9	171.0	165.0
November	170.5	174.5	163.5
December	171.4	172.6	162.6 a/

a/ Provisional.

Money supply. Money supply rose 10.1 per cent in 1964 compared to 13.7 per cent in the previous year. (See Table 7). Following the initial tightening of monetary policy in early 1964, money supply decreased 3.2 per cent in the slack season from May to September compared to 1.2 per cent in the same months of the previous year. Following the September measures and the beginning of the harvest season, money supply increased 4.8 per cent in the fourth quarter, less than in the same quarter of the previous year.

The monthly annual rate of change in money supply decreased almost steadily from a high of 14.9 per cent in January 1964 to 9.2 per cent in January 1965.

Table 7. India: Revised Money Supply with the Public
(on last Friday of the period in billions of rupees)

	Quarterly Annual Rates of Change			
	1960-61	1961-62	1962-63	1963-64
I	5.5	6.2	8.7	13.4
II	3.9	7.6	10.4	13.5
III	3.4	9.4	12.0	10.7
IV	4.8	9.9	13.7	10.1

TABLE 7 (Cont.)

Month	1963-64	1964-65	Monthly Annual Rate of Change (%)
July	33.51	37.67[a]	12.4
August	33.50	37.65[a]	12.4
September	33.60	37.19[a]	10.7
October	34.30	38.10[a]	11.1
November	34.53	38.42[a]	11.3
December	35.41	38.97[a]	10.1
January	35.45	39.80[a]	9.2

a/ Provisional.

Wholesale prices. During the first three quarters of 1964, the official wholesale price index rose a record 17.9 per cent compared to increases of 8.8, 5.8 and 0.3 per cent for similar periods of 1963, 1962 and 1961, respectively. Nearly half of the rise occurred in the third quarter. While all major price groups of the index increased, food prices increased 25.5 per cent and industrial raw materials 22.2 per cent. Manufactured goods increased only 4.7 per cent.

At the beginning of the fourth quarter, the index began to decrease due to marketings of the new crops, but it turned up in November and by January exceeded the September peak. While the Indian press commented that the November-December rise was contra-seasonal the data for the past three years indicate that the amount of the decline has been decreasing.

Local price controls and urban rationing have been established in certain cities and regions. In addition, the Food Corporation of India has been created to administer comprehensive foodgrain price controls and to stock foodgrains for the coming year. These measures have been adopted to counter price increases resulting from the widening gap between stagnant agricultural production of foodgrains in the past three years and the growing demand associated with an accelerating population growth and increased incomes.

Consumer prices. The index of consumer prices increased a record 18.1 per cent for the year ending October 1964. This is in sharp contrast to increases recorded in the comparable periods of the last three years which were 2.3 per cent in 1963, 3.9 per cent in 1962 and 1.6 per cent in 1961. Since the beginning of the third plan in April 1961, the index has increased 31.5 per cent. Money supply has increased 31.1 per cent in the same period while national income and population have increased 10 per cent.

Table 8. India: Index Numbers of Wholesale Prices (1952-53 = 100)

Monthly Average - 1964:

July	152.3	October	157.9 a/
August	156.8	November	158.7 a/
September	158.8	December	158.0 a/

Selected Dates:

October 3	159.7	December 5	156.9
10	160.2	12	157.6
17	158.1	19	158.3
24	155.8	26	159.1
31	155.7	January 2	160.7
November 7	155.4	9	161.0
14	156.9	16	160.1
21	157.3	23	158.5
28	157.4		

a/ Provisional.

Gold market. Gold prices reached their seasonal peak of $81.24 per ounce in August, declined to a low of $74.27 by October and recovered to $77.32 at the end of December, 16 per cent above a year earlier. This is almost the same percentage increase as that of the wholesale price index.

On December 21, 1964, the Finance Minister announced that he intended to accept certain minor amendments to the Gold Control Bill. Even with these amendments, the bill continued to be criticized on the ground that it would not reduce gold prices, gold smuggling or the desire to hold gold. The Minister replied that gold prices have not risen above the $82.82 per ounce attained in August 1962, just prior to the Chinese communist invasion, that anti-smuggling measures have narrowed the bullion market, and that the restrictions on holding bullion and the attraction of income earning securities such as the Unit Trust shares could in time reduce the desire to hold gold.

Table 9. India: Price of Gold Bullion in Bombay a/
(U.S. dollars per fine ounce)

Quarterly Averages:	1961	1962	1963	1964
I	78.62	79.38	66.98	72.24
II	78.54	80.60	72.10	75.99
III	80.01	82.06	69.98	78.60
IV	80.05	71.41	66.42	75.38 a/

Monthly Averages - 1964:

July	78.06	October	75.59 b/
August	80.88	November	74.91 b/
September	76.86	December	75.64 b/

a/ Average of Friday spot rupee quotations in 14 carat gold per 10 grams from August 28, 1963. Converted to U.S. dollars per fine ounce.
b/ Provisional.

Exchange rate. The free market selling rates of Indian rupee notes in Hong Kong and Bangkok depreciated by 15 and 11 per cent, respectively, in 1964. The rupee was at its seasonal low in the summer months. In October and November, following the introduction of restrictive monetary policies in India and the beginning of the harvest season, it strengthened somewhat, but weakened again in December. Compared with the official rate of Rs. 4.7619 to one U.S. dollar, the December rates represented a rupee depreciation of 41 per cent in Hong Kong and 35 per cent in Bangkok.

Table 10. India: Hong Kong and Bangkok Free Market Selling Rates of Indian Rupee Banknotes per U.S. dollar

Quarterly Averages:

	Hong Kong a/				Bangkok b/			
	1961	1962	1963	1964	1961	1962	1963	1964
I	6.13	6.23	5.83	6.99	6.10	6.12	5.42	6.43
II	6.26	6.88	6.18	7.52	6.38	6.42	5.70	7.01
III	6.61	6.99	7.05	7.96	6.60	6.97	6.57	7.44
IV	6.53	6.68	6.94	7.93	6.68	6.63	6.19	7.06

Monthly Averages:

	Hong Kong a/	Bangkok b/
July	7.91	7.45
August	7.99	7.41
September	7.98	7.45
October	n.a. c/	6.90
November	7.81	6.97
December	8.05	7.31

a/ Average of month.
b/ End of month.
c/ Not available.

International reserves. As of February 12, 1965, the foreign exchange reserves were $157 million, 30 per cent lower than on April 1, 1964, the beginning of the fiscal year. This decline brought total reserves dangerously close to the legal minimum currency reserve requirements of $420 million in gold and eligible foreign exchange. Indeed, if the government had not transferred to the Reserve Bank $22 million of hitherto unreported gold in January, and $11 million in February, the legal minimum for currency reserves would have been violated. At the end of January legal reserves were $427 million of which $270 million was in gold and $157 million in eligible foreign assets. In addition, the Reserve Bank held $11 million of ineligible foreign exchange.

The law requires the Reserve Bank to hold $241.5 million in gold and $178.5 million in gold or eligible foreign exchange. Legislative action would be needed to suspend the first part of the requirement but the Reserve Bank may suspend the second part with the approval of the government. Press reports indicate that the government has another $32 million of unreported gold. If eligible foreign exchange or assets decrease at the January rate, this amount will have to be transferred to the Reserve Bank by the end of March 1965.

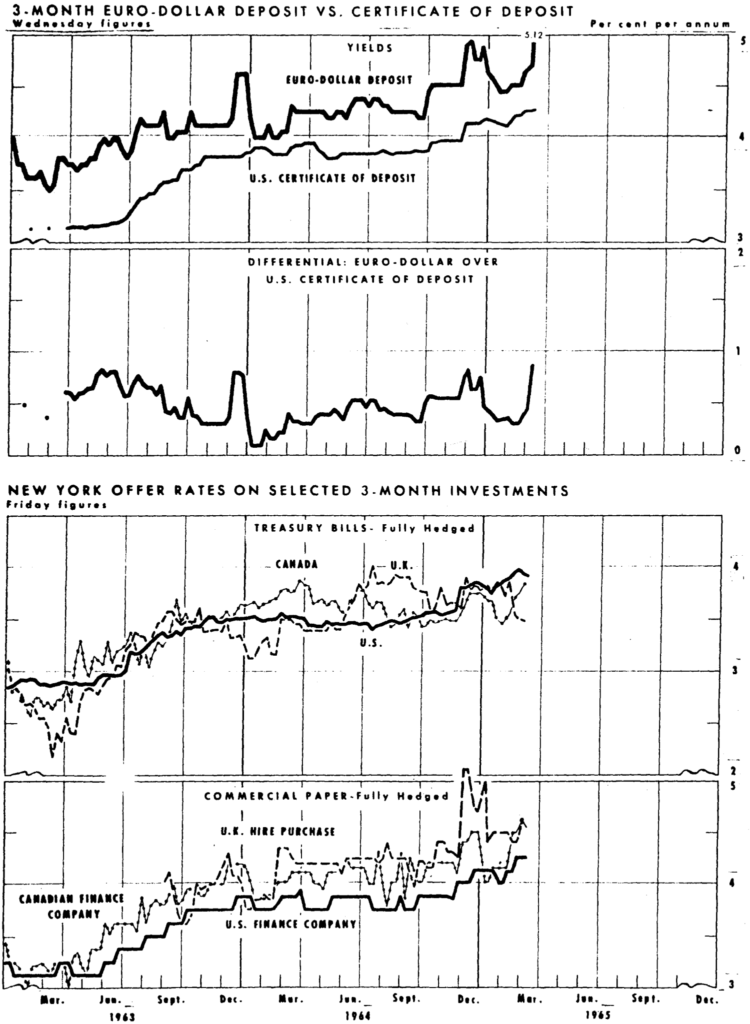
Table 11. India: Gold and Foreign Exchange Holdings of the Reserve Bank and Foreign Exchange Holdings of the Government
(in millions of U.S. dollars at the end of the period)

Quarter	Reserve Bank	Change	Government	Change	Total	Change
1963						
III	451	- 20	110	- 26	561	- 46
IV	469	+ 18	138	+ 28	607	+ 46
		+ 18		+ 77		+ 95
1964						
I	513	+ 44	130	- 8	643	+ 36
II	450	- 63	135	+ 5	585	- 58
III	452	+ 2	74	- 61	526	- 59
IV	447	- 5				
Month - 1964						
July	445	- 5	72	- 63	517	- 68
August	448	+ 3	67	- 5	515	- 2
September	452	+ 4	74	+ 7	526	+ 11
October	444	- 8	77	+ 3	521	- 5
November	444	0	58	- 19	502	- 19
December	447	+ 3				
1965						
January	438	- 9				

Asia, Africa and Latin America Section

Chart 1

INTERNATIONAL MONEY MARKET YIELDS FOR U.S. DOLLAR INVESTORS

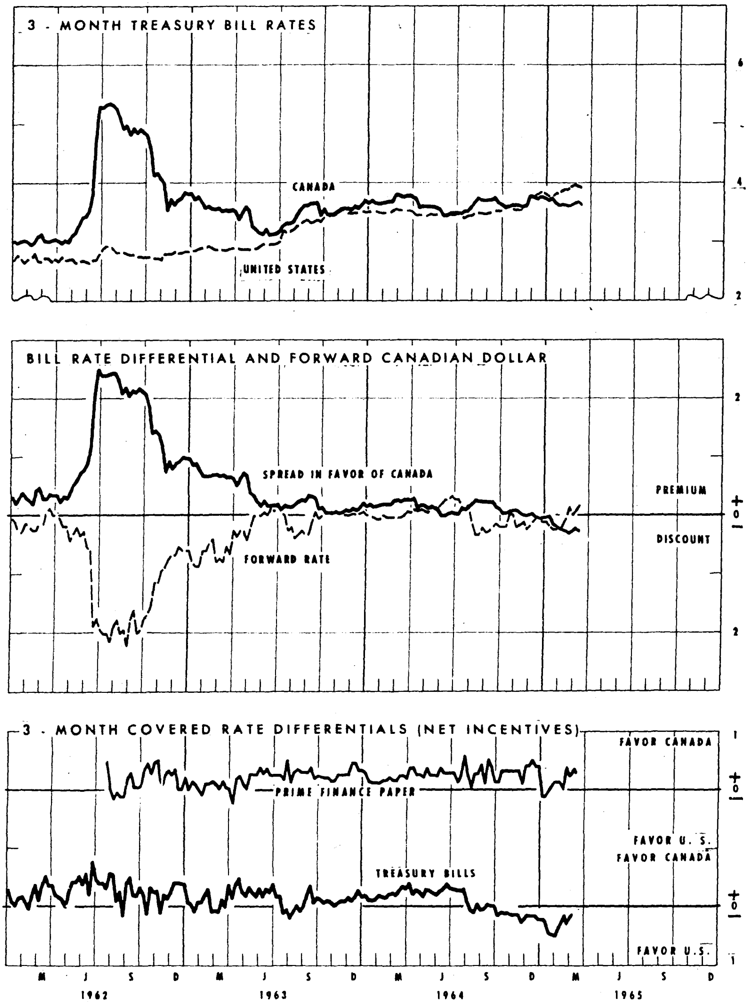


14

Chart 2

INTEREST ARBITRAGE, UNITED STATES / CANADA

Friday figures* — Per cent per annum



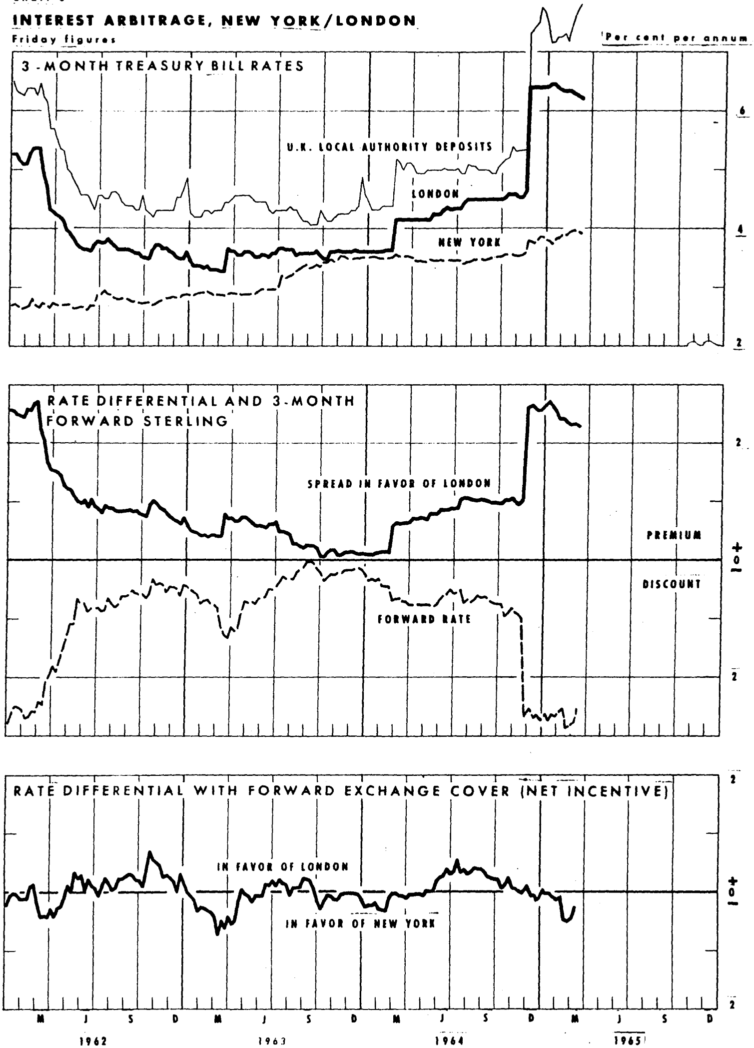
* Thursday figures 1962, Friday thereafter.

15

Chart 3

INTEREST ARBITRAGE, NEW YORK/LONDON

Friday figures



16

Chart 4

INTEREST ARBITRAGE FOR GERMAN COMMERCIAL BANKS

Friday figures

Per cent per annum

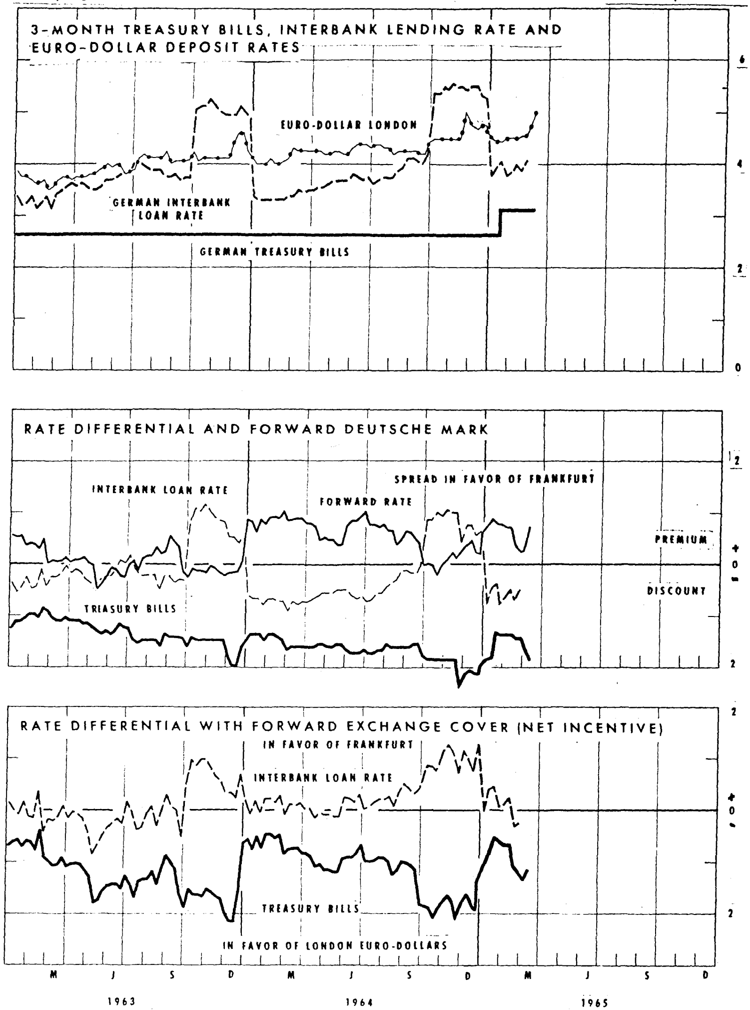
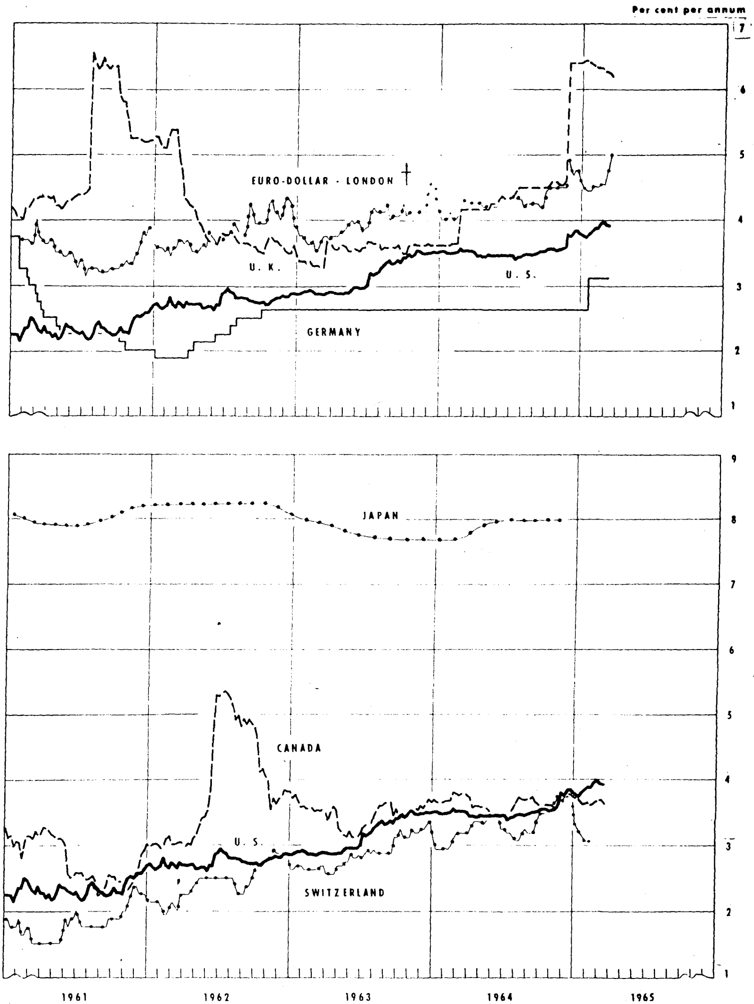


Chart 5

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

18

Chart 6

LONG-TERM BOND YIELDS

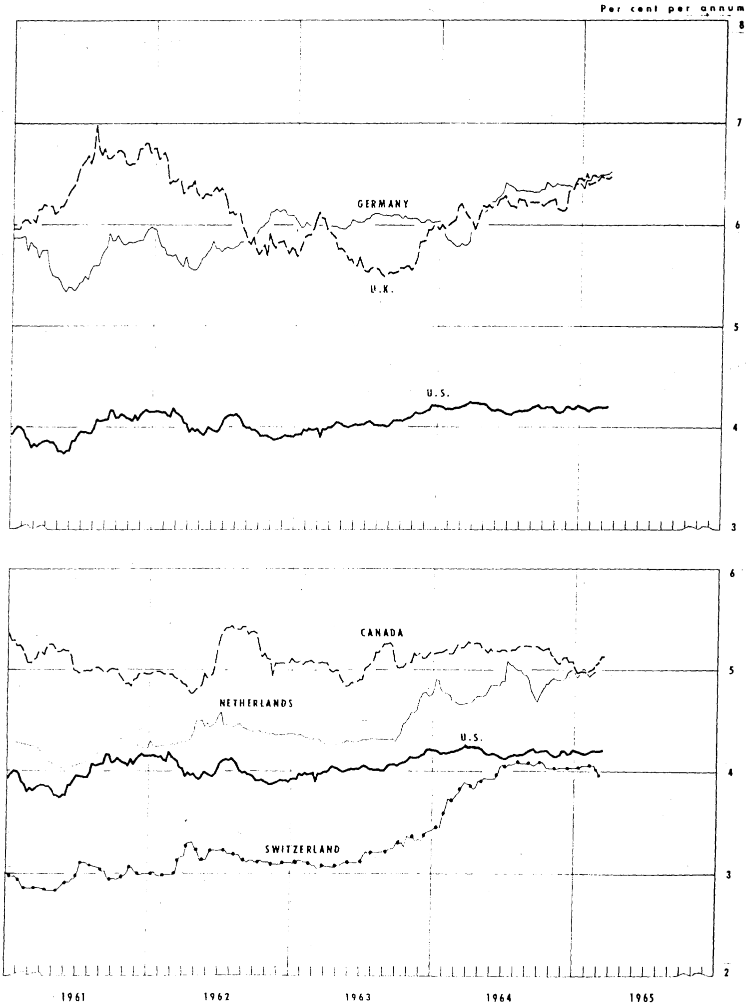
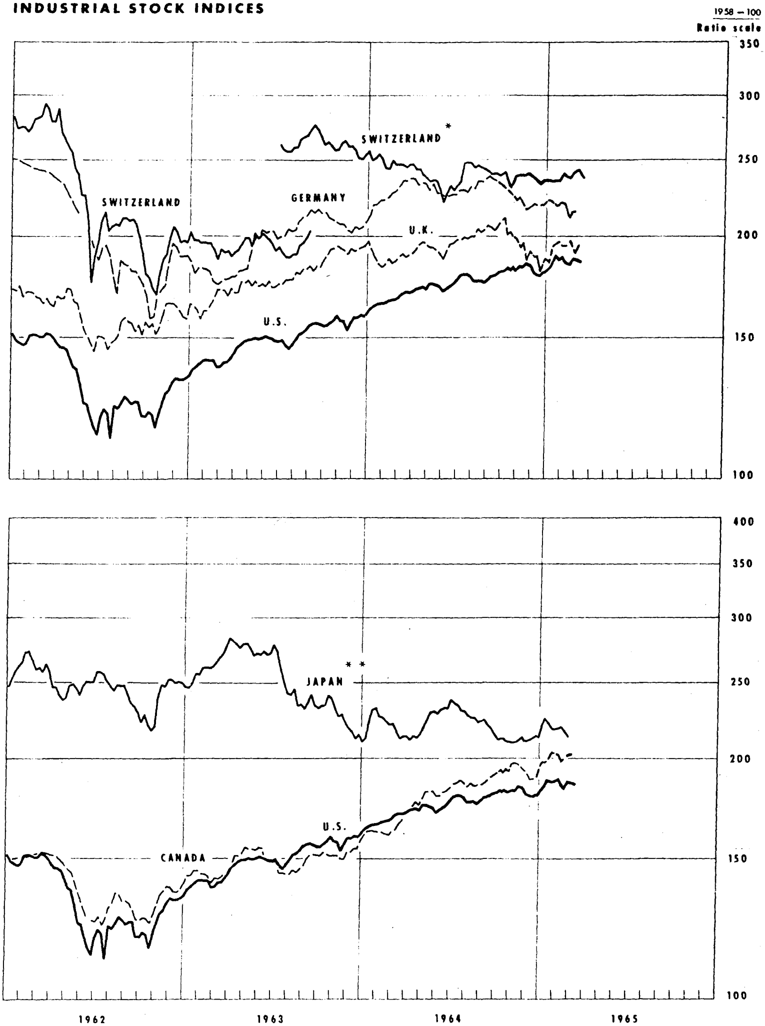


Chart 7

INDUSTRIAL STOCK INDICES



* 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

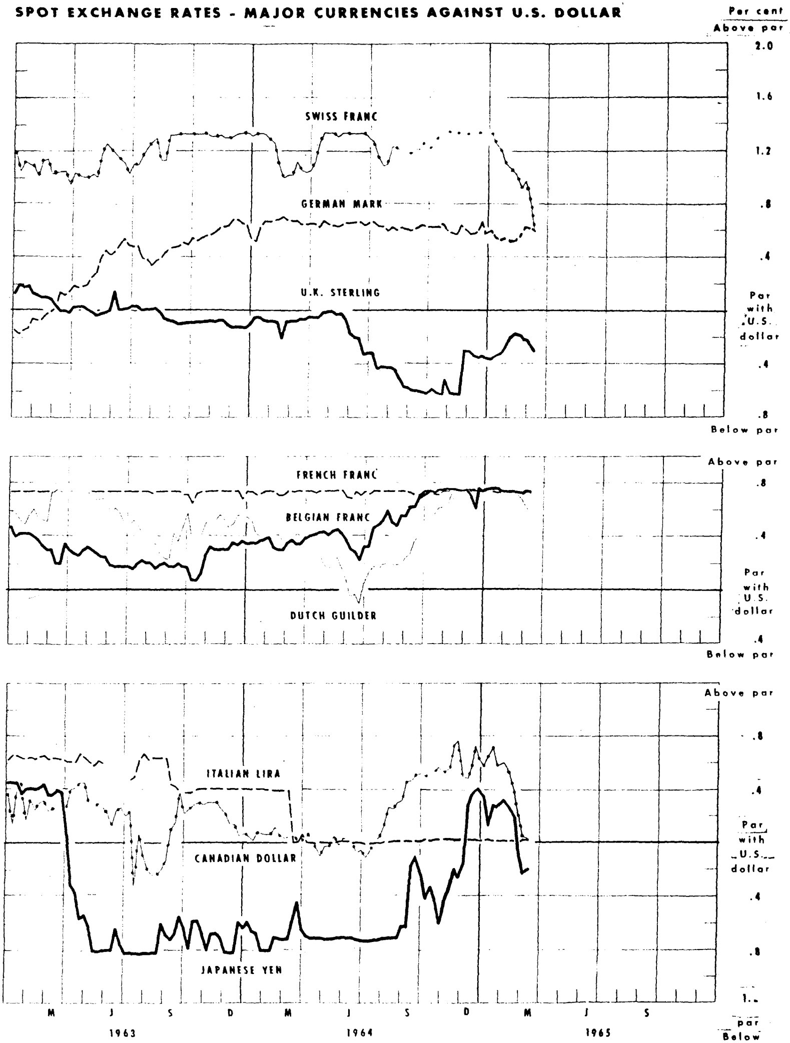
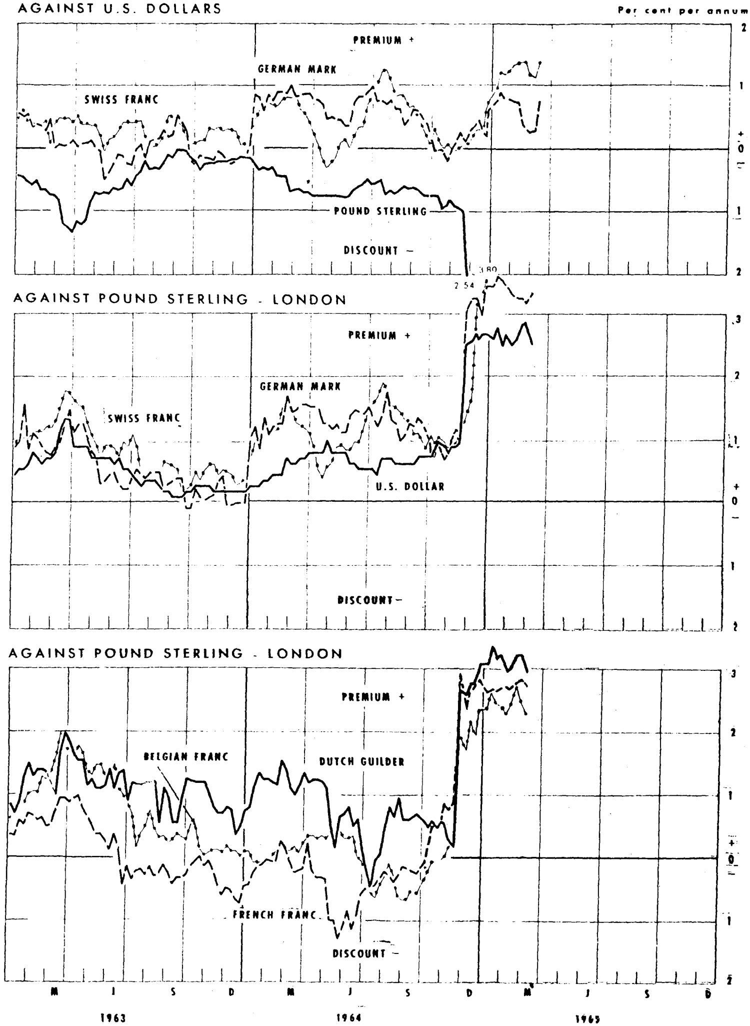


Chart 9

3-MONTH FORWARD EXCHANGE RATES

Friday figures



H.13
No. 187

March 17, 1965

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

Chart 1	Per cent per annum
Upper panel	
(Wednesday, March 10)	
Euro-$ deposit	5.12
U.S. certif. of deposit	4.26
Lower panels	
(Friday, March 12)	
Treasury bills: U.S.	1/ --
U.K.	1/ --
Canada	1/ --
Finance Co. paper: U.S.	4.25
Canada	4.55
Hire-purchase paper, U.K. (March 5)	4.62

Chart 2	
(Friday, March 12)	
Treasury bills: Canada	3.63
U.S.	3.91
Spread favor Canada	-0.28
Forward Canadian dollar	0.17
Net incentive (Canada +)	-0.11

Chart 3	
(Friday, March 12)	
Treasury bills: U.K.	6.20
U.S.	3.91
Spread favor U.K.	2.29
Forward pound	-2.54
Net incentive (U.K. +)	-0.25

Chart 5	Per cent per annum
(Friday, March 12, except as noted)	
Treasury bills:	
U.S.	3.91
U.K.	6.20
Germany	3.12
Canada	3.63
Swiss 3-month deposits (Date: Feb. 15)	3.06
Euro-$ deposit (London)	5.00
Japan: composite rate (Date: Nov. 27)	7.990

Chart 6	
Bonds:	
U.S. govt. (Wed., March 10)	4.20
U.K. war loan (Thurs., March 11)	6.47
German Fed. Railway* (Fri., March 12)	6.53
Swiss Confederation (Fri., March 5)	3.94
Canadian govt. (Wed., March 10)	5.12
Netherlands government perpetual (Fri., Feb. 19)	4.98

1/ Series ended.
* Additional rate: March 5 6.50

For description and sources of data see special annex to H. 13 Number 164, September 23, 1964.