

H. 13

March 2, 1966

No. 237

CAPITAL MARKET DEVELOPMENTS ABROAD

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

I. Japan: Money and Capital Markets in January-February 1966

During the period under review, the Japanese authorities took steps to carry out the shift in fiscal policy decided upon last fall and to encourage borrowing abroad to conserve Japanese exchange reserves. On the fiscal side, the government made the first offering of bonds since the late 1940's, selling some ¥70 billion (\$194 million) in seven-year bonds in the first stage of a ¥263 billion offering to be made during the first quarter. For the coming fiscal year, commencing on April 1, the authorities may offer as much as ¥1,900 billion in national and other bonds.

Partly in response to the new national Government bond issues, the two major Japanese stock exchanges in Tokyo and Osaka reopened trading in bonds on February 7 after a lapse of four years. In recent years the 4,500 different bond issues in Japan have been traded over-the-counter.

To conserve foreign exchange, the Japanese authorities also acted in January to prevent a shift in trade financing from U.S. markets to domestic markets. They suspended the low-interest preferential arrangements previously provided for domestic import financing, this action being prompted by the desire to prevent downward pressures on Japanese international reserves in view of the increasing attractiveness of borrowing in Japan rather than in New York.

Preliminary data for November and December show an overall increase in Japanese borrowing in the United States of \$95 million in the two months, including the November bond flotation. Short-term borrowing rose \$94 million and long-term borrowings declined a total of \$19 million. (See Table 1.) For the entire fourth quarter, however, there was a net decline of \$10 million because of a sharp decline in October. For the year as a whole, Japan borrowed \$21 million (net) in the United States compared with \$813 million in 1964.

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(Decontrolled after 6 months)

Table 1. Japan Short- and Long-term Borrowing in the U.S.

	Charge during year				Change during period							
	1962	1963	1964	1965	1964	1965						
					IV	I	II	III	IV	Oct.	Nov.	Dec.
Short-term claims <sup>1/</sup>	212	431	632	-57P/	310	53	15	-121	-4P/	-98	27P/	67P/
Long-term claims <sup>1/</sup>	50	175	181	15P/	79	42	7	-8	-26P/	-7	-2P/	-17P/
TOTAL	262	606	813	-42P/	389	115	22	-129	-30P/	-105	25P/	50P/
Security Flotations	141	200	0	63	0	0	23	20	20	0	20	0
TOTAL	403	806	813	21P/	389	115	45	-109	-10P/	-105	45P/	50P/

<sup>1/</sup> U.S. claims on Japan as reported by U.S. banks.

p/ Preliminary.

NOTE: The above data on bank-reported claims include substantial upward revisions made by the U.S. Treasury for the period since 1961. The short-term claims include \$52 million in December 1961 and \$150 million in 1964 of previously held, but unreported, claims. Newly reported long-term claims include \$1 million for May 1963, \$46 million for December 1963, and \$45 million for December 1964. In the absence of more complete information these newly reported claims have been arbitrarily "assigned" to the months indicated and incorporated in the data on changes indicated above.

Authorized rates on Euro-dollar deposits were lowered around the turn of the year, but on February 7 were increased again. The rate on 1-to-29-day funds was increased sharply from 4.25 to 5.0 per cent. (See Table 2.)

Table 2. Japan: Maximum Authorized Rates on Euro-dollar Deposits

Effective.	12/7/65	12/8/65	12/30/65	12/31/65	1/5/66	2/7/66
Less than 30 days	4.25	4.75	4.25	4.25	4.25	5.0
1 - 3 months	5.675	5.75	5.675	5.5	5.25	5.5
3 - 6 months	5.675	5.75	5.675	5.5	5.5	5.675
6 - 12 months	5.675	5.75	5.75	5.5	5.5	5.75
1 year and over	5.75	6.0	6.0	5.75	5.75	6.0

International reserves continued their 1965 uptrend in December, rising \$21 million to a record level of \$2.107 billion. However, the net increase in January-February was only \$2 million. The seasonally adjusted trade balance was negative in December, but showed a strong surplus in January. In the foreign exchange markets, the yen strengthened in both the spot and forward markets until January 10, weakened through February 8, but recovered the following week.

Domestic money market conditions eased further in December and tightened only moderately in January. Short-term bank interest rates continued to decline, but call loan rates were unchanged. Bank credit in December expanded at a faster rate than a year earlier and a record volume of new bond issues were marketed. The stock market average climbed further in January and February to ¥1,507, nearly 50 per cent higher than last year's low in July.

Money market. In December-January as a whole there was a net easing of money market conditions, although a slight contraction of tightening occurred in January. Throughout the period the Bank of Japan expanded credits by lending and by purchasing securities. In December the net expansionary impact on the banking system was ¥6 billion: a ¥200 billion increase in central bank credit and ¥262 billion of net Treasury payments were not quite offset by a ¥454 billion increase in currency in circulation. In January, however, net central bank credit (¥49 billion) and decreased note circulation (¥363 billion) were slightly offset by the Treasury's net receipts (¥413 billion).

Interest rates. Call loan rates have remained unchanged since October 1, 1965. (See Table 3.) This contrasts with the May-October period last year when they were reduced four times.

Table 3. Japan: Average Call Loan Money Rates in Tokyo  
(per cent)

	<u>Overnight</u> <sup>1/</sup>	<u>Unconditional</u> <sup>2/</sup>	<u>Over-month-end</u> <sup>3/</sup>
Throughout December	5.475	5.840	6.570
Throughout January	5.475	5.840	6.570
February	5	5.840	6.570
	12	5.840	6.570
	19	5.840	6.570

<sup>1/</sup> For settlement on the following day.

<sup>2/</sup> Repayable at a day's notice.

<sup>3/</sup> Repayable at a day's notice in the following month.

The average interest rate on commercial bank loans and discounts continued to decline through December, falling to 7.61 per cent. The rate has declined steadily since its peak of 7.99 per cent in December of 1964.

The average interest rate for long-term bank credits has also declined, from 9.0 per cent in late 1964 to 8.8 per cent in December of 1965. Early this year, rates were cut by the Ministry of Finance an additional 0.3 percentage points, bringing the average down to 8.5 per cent.

Because of the rise in U.S. short-term interest rates since last December, domestic Japanese sources of import financing became more competitive with U.S.

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sources. Concerned that an increased volume of domestic import financing would put downward pressures on international reserves, the Japanese authorities temporarily suspended in January the preferential arrangement for import financing known as the "import bill system." Under this arrangement import credit had been made available to Japanese foreign exchange banks by the Bank of Japan at 5.84 per cent with a maximum two-month maturity. Earlier, on December 9, Japanese foreign exchange banks had raised the principal rate on U.S. dollar import acceptance bills from 7.00 to 7.25 per cent. The rate was increased again by 0.125 percentage points both on January 6 and February 7, respectively, bringing the new level to 7.50 per cent for ordinary bills with letters-of-credit.

Bank loans and discounts. Bank credit in December expanded 3.0 per cent considerably faster than in December 1964 when it grew 1.3 per cent. Commercial banks' securities holdings rose 1.7 per cent in December, whereas a year earlier they declined 5.1 per cent. Loans and discounted bills both rose faster than a year earlier. Deposits, however, increased 5.4 per cent, about the same rate as in December 1964.

In the fourth quarter of 1965, the 5.3 per cent increase in bank credit was only slightly higher than in the fourth quarter of 1964. Loans and discounted bills rose at about the same rate as a year earlier, but holdings of securities were up 8.3 per cent compared to 6.4 per cent a year earlier. The rate of increase in bank deposits was 5.3 per cent, slightly higher than in the final quarter of 1964. (See Table 4.)

Table 4. Japan: Quarterly Changes in Deposits and Principal Assets of Comm. Banks  
(in billions of yen)

	DEPOSITS		PRINCIPAL ASSETS							
	Total	Per Cent Change	Total	Per Cent Change	Loans	Per Cent Change	Bills Dis-Counted	Per Cent Change	Securities	Per Cent Change
<u>1963</u>										
I	+1,158	8.8	+929	6.8	+717	9.3	+185	4.9	+ 27	1.2
II	+ 405	3.1	+588	4.0	+365	4.3	+150	3.8	+ 73	3.3
III	+1,019	7.4	+783	5.1	+524	5.9	+245	6.0	+ 14	0.6
IV	+ 947	6.4	+923	5.8	+589	6.3	+293	6.8	+ 41	1.8
<u>1964</u>										
I	+ 459	2.9	+429	2.5	+344	3.5	+111	2.4	- 26	-1.1
II	- 65	-0.4	+754	4.3	+278	2.7	+218	2.7	+348	14.9
III	+ 944	5.9	+774	4.3	+335	3.2	+291	6.0	+148	5.5
IV	+ 860	5.1	+960	5.1	+574	5.3	+206	4.0	+180	6.4
<u>1965</u>										
I	+ 620	3.5	+570	2.9	+404	3.5	+ 48	0.9	+118	3.9
II	- 158	-0.8	+665	3.3	+292	2.5	+ 63	1.2	+310	9.9
III	+1,311	7.2	+937	4.4	+496	4.1	+217	4.0	+224	6.5
IV	+1,034	5.3	+1,170	5.3	+642	5.1	+225	4.0	+303	8.3

From the cyclical low at the end of 1964, the proportion of bank credit extended for purchases of capital equipment increased to a high of 17.6 per cent in November. A December decline to 17.3 per cent, however, reflected primarily a sharper increase in bank credit for operating funds than for equipment purchases.

In spite of the December expansionary impact, Bank of Japan credit in the fourth quarter of 1965 on balance had a contractionary effect, the increase in lending being more than offset by the intake of funds from sales of securities. However, the expansionary influence of high net Treasury payments during the quarter more than offset the contractionary impact from the Bank of Japan operations. (See Table 5.)

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

Period	(1)	(2)	(3)
	Net increase (+) or decrease (-)	Loans: Increase (+) - or decrease (-)	Net purchases (+) or sales (-) of securities
<u>1963</u>			
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
<u>1965</u>			
I Quarter	+ 217.5	+ 216.5	+ 1.0
II Quarter	- 124.0	- 14.4	- 109.6
III Quarter	+ 89.8	+ 133.1	- 43.3
IV Quarter	- 129.8	+ 182.0	- 311.8
October	- 124.9	+ 65.3	- 190.2
November	- 205.3	+ 21.0	- 226.3
December	+ 200.4	+ 95.7	+ 104.7
<u>1966</u>			
January	+ 48.9	+ 34.1	+ 14.8

Bond market. For the first time since the early postwar years the Government of Japan recently issued long-term bonds. Bonds totaling ¥70 billion were successfully offered during January 19-25 with city and long-term credit banks underwriting 51.5 per cent of the total. Provincial banks subscribed to 20.5 per cent, securities companies to 10.0 per cent, and other financial institutions to the remaining 18 per cent. Only the ¥7 billion subscribed by the securities companies will be offered to the general public, however. The maturities of the offering were seven years, the coupon rate 6.5 per cent, and they were priced to yield 6.795 per cent to maturity.

This offering represented the first installment of a proposed ¥262.7 billion bond issue to be made during January-March this year. Additional installments of ¥30 billion each will be offered in February and March. The remaining ¥130 billion is scheduled to be taken up by the Government's Trust Fund Bureau.

On February 7 the bond and debenture markets on the Tokyo and Osaka stock exchanges were formally reopened. Since 1962 bond trading has been handled in the over-the-counter market. The decision to reopen the formal bond market was reportedly prompted by a growing business demand for bonds in view of their currently attractive yields, plus the resumption of long-term national bond issues.

The level of new bond issues in November was a record ¥244 billion, up ¥23 billion from the October level, and up ¥2 billion from September, the previous high. The increase resulted chiefly from a ¥13 billion rise in new issues of bank debentures to ¥123 billion. Public corporation bonds also rose ¥8 billion to ¥81 billion in November. Complete data for December are not yet available, but new issues of bank debentures were up ¥24 billion to total ¥147 billion. New issues of industrial debentures were virtually unchanged at ¥38 billion.

Bond yields in December were mostly unchanged in the government sector and slightly higher in the private sector. Yields on local government securities, public corporation bonds, and one-year bank debentures remained at their 1964 levels of 7.354, 7.053 and 6.244 per cent, respectively. The yield on long-term bank debentures rose from 7.282 per cent in November to 7.283 per cent in December, while the yield on industrial bonds rose from 7.487 per cent in November to 7.491 per cent in December.

Stock market. After a moderate dip in early January, the Dow-Jones stock average rose from ¥1,410 on January 11 to a high for the year of ¥1,507 on February 28. This is 48 per cent above the five-year low reached last July. (See Table 6.)

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

December	20	¥1,367	24	¥1,452	1965	High	¥1,409	
	27	1,413	31	1,470		Low	¥1,020	
January	4	1,430	February	7	1,499	1966	High	¥1,507
	10	1,422		14	1,464		Low	¥1,410
	17	1,421	21	1,470				
			28	1,507				

Foreign trade. In January seasonally adjusted Japanese exports rose sharply to \$841 million while imports--at \$704 million--remained close to earlier levels. This reversed, at least temporarily, the deteriorating trend in the Japanese trade balance evident in the August-December period. (See Table 7.)

Table 7. Japan: Seasonally-Adjusted Foreign Trade, Monthly or Monthly Averages <sup>a/</sup>  
(in millions of dollars)

	1964		1965								1966
	III	IV	I	II	III	IV	Sept.	Oct.	Nov.	Dec.	Jan.
Imports	632	697	659	690	676	701 <sup>b/</sup>	705	677	736	689 <sup>b/</sup>	704 <sup>b/</sup>
Exports	571	618	679	711	739	689 <sup>b/</sup>	700	698	714	655 <sup>b/</sup>	841 <sup>b/</sup>
Balance	- 61	- 79	+ 20	+ 23	+ 63	- 12 <sup>b/</sup>	- 5	+ 21	- 22	- 34 <sup>b/</sup>	+137 <sup>b/</sup>

<sup>a/</sup> All figures on a customs basis.

<sup>b/</sup> Preliminary.

In terms of customs data, Japan had a trade surplus of \$292 million last year, the first such surplus in 23 years, in comparison with a deficit of \$1,265 million in 1964.

Foreign reserves and capital flows. International reserves rose \$2 million January-February, bringing total holdings to \$2,109 million. Compared with holdings at the end of July 1965, this is a \$129 million increase.

The ratio of international reserves to the note issue of the Bank of Japan rose in January 34.1 per cent after having fallen in December to 29.6 per cent. (See Table 8.) The December ratio was the lowest in at least a decade. The sharp decline reflected a 12 per cent rise in note issue in December, substantially more than the increase in international reserves.

Table 8. Japan: Ratio of Reserves to Bank Notes

End of Period	International	Bank Notes	Reserves/
	Reserves	Issued	Bank Notes
	(billions of yen)	(billions of yen)	
1959	¥520.9	¥1,029.4	50.6
1960	701.6	1,234.1	56.9
1961	599.8	1,480.1	40.5
1962	727.9	1,745.9	41.7
1963	740.9	2,057.4	36.0
1964			
June	697.3	1,860.6	37.5
September	698.0	1,836.1	38.0
December	719.6	2,298.8	31.3
1965			
April	726.8	2,032.8	35.8
May	724.7	1,975.4	36.7
June	712.8	2,078.3	34.3
July	702.0	2,083.1	33.7

Table 8 (continued)

<u>End of Period</u>	<u>International Reserves</u> (billions of yen)	<u>Bank Notes Issued</u> (billions of yen)	<u>Reserves/ Bank Notes</u>
1965 August	¥707.0	¥2,038.2	34.7
September	708.8	2,033.2	34.8
October	719.3	2,053.2	35.0
November	751.0	2,107.4	35.6
December	758.5	2,563.8	29.6
1966 January	749.5	2,200.5	34.1

The overall Japanese balance of payments was in deficit \$25 million in January. The current account balance was minus \$50 million. (See Table 9.) This deficit, which is largely seasonal contrasts with the deficit of \$110 million a year earlier. As usual, there was a net outflow of long-term capital in January, but this year it was more than offset by the net inflow of short-term capital.

Table 9. Japan: Balance of Payments on an Exchange Transactions Basis  
(in millions of dollars)

	1964		1965							1966
	III	IV	I	II	III	IV	Oct.	Nov.	Dec.	Jan.
Trade account balance	71	94	51	85	173	151	186	119	148	1
Services balance	-39	-42	-44	-58	-56	-54	-57	-46	-59	-51
Current account	33	51	7	27	117	97	129	73	89	-50
Net long-term capital receipts	28	33	5	-10	-24	-23	-13	-34	-22	-43
Net short-term capital receipts	-54	-55	11	-44	-80	-18	-96	88	-47	51
Net balance on capital account	26	-22	16	-54	-103	-41	-109	54	-69	8
Errors and omissions	-5	-16	-6	-11	-8	-10	9	-39	1	17
Over-all balance of Payments	1	13	17	-37	6	46	29	88	21	-25

NOTE: Quarterly data are monthly averages. Data may not add exactly because of rounding.



According to preliminary data, Japanese short-term liabilities to the U.S., as reported by U.S. banks, rose \$67 million in December. (See Table 10.) Part of this rise was probably seasonal. Liabilities have generally been declining since June and at the end of December were down \$125 million.

Table 10. Short-term Claims on Japan Reported by U.S. Banks  
(in millions of U.S. dollars)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1959	168	175	204	224	242	260	256	269	262	262	275	324
1960	326	372	420	456	488	497	586	628	660	693	711	806 <sup>b/</sup>
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	2,488	2,496	2,803 <sup>b/</sup>
1965	2,738	2,741	2,856	2,827	2,826	2,871	2,822	2,822	2,750	2,652	2,679	2,746 <sup>a/</sup>

<sup>a/</sup> Preliminary.

<sup>b/</sup> Includes newly reported data totaling \$52 million in December 1961 and \$150 million in December 1964.

Long-term Japanese liabilities to the United States continued to decline in December and, according to preliminary data, were down \$17 million. (See Table 11.) Since the peak level in May of last year, Japan has reduced its liabilities \$38 million.

Table 11. Long-term Claims on Japan Reported by U.S. Banks  
(in millions of U.S. dollars)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1959	13	14	15	15	17	17	16	15	16	15	16	16
1960	16	16	14	14	14	14	18	18	21	21	19	19
1961	19	19	18	19	18	19	20	19	25	23	25	24
1962	24	25	31	28	29	49	50	54	54	62	69	74
1963	74	74	76	83	104 <sup>b/</sup>	111	119	136	143	146	170	249 <sup>b/</sup>
1964	280	295	311	319	323	325	329	332	351	352	269	430 <sup>b/</sup>
1965	455	454	472	479	483	479	482	475	471	464	462 <sup>a/</sup>	445 <sup>a/</sup>

<sup>a/</sup> Preliminary.

<sup>b/</sup> Include newly reported claims totaling \$1 million in May 1963, \$46 million in December 1963, and \$45 million in December 1964.

In the spring, a \$15 million, 15-year, 6.5 per cent government-guaranteed issue by the Nippon Telegraph and Telephone Public Corporation is expected to be made in New York. It will be the first issue since November 1965 when the Japan

Development Bank successfully floated a \$20 million, 15-year issue. For the next fiscal year beginning April 1, Japan has scheduled \$130 million in foreign bond flotations, but in view of current market conditions there is some doubt that this much will actually be issued.

Foreign exchange. The yen strengthened in both the spot and the forward markets during the first 10 days of January, and then weakened rapidly through the first week in February. By mid-February the rate had appreciated moderately. From a low of ¥360.50 to the dollar on January 10, the middle-rate for the yen in the spot market weakened to ¥362.05 on February 8, and then strengthened to ¥361.80 at mid-month. In the forward market the yen fluctuated within narrower limits. After strengthening to ¥360.80 on January 7, it then weakened to ¥361.90 on February 7 and 8. By mid-February the rate had strengthened moderately to ¥361.70 to the dollar. During January the discount in the forward market declined and turned to a premium on February 3. The yen generally remained at a premium in the forward market during the first half of February.

Table 11. Japan: Customer's 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
December	27	360.90	360.95	.06
January	4	360.90	361.40	.55
	10	360.50	360.80	.33
	17	360.65	360.95	.33
	24	361.15	361.30	.17
	31	361.30	361.40	.11
February	7	361.95	361.90	.06*
	15	361.80	361.70	.11*

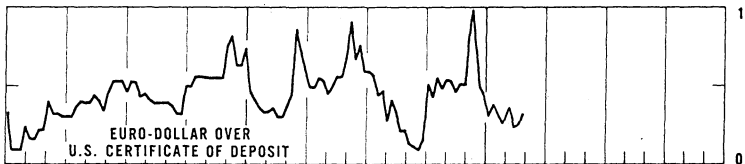
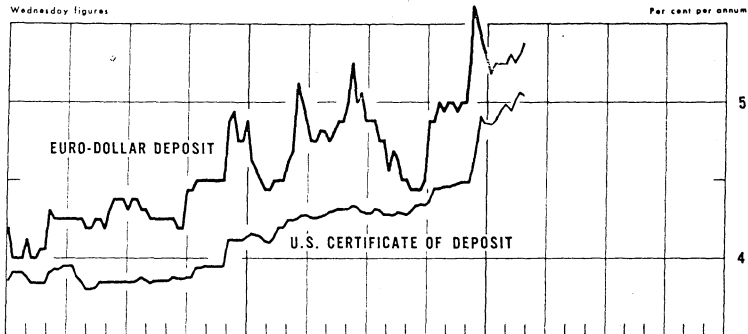
\* Premium.

Asia, Africa and Latin American Section.

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Chart 1

**NEW YORK, LONDON, MONTREAL:  
YIELDS FOR U.S. DOLLAR INVESTORS ON 3-MONTH FUNDS  
DOLLAR DEPOSIT RATES: NEW YORK-LONDON**



**FINANCE CO. PAPER RATES (covered): QUOTED IN NEW YORK**

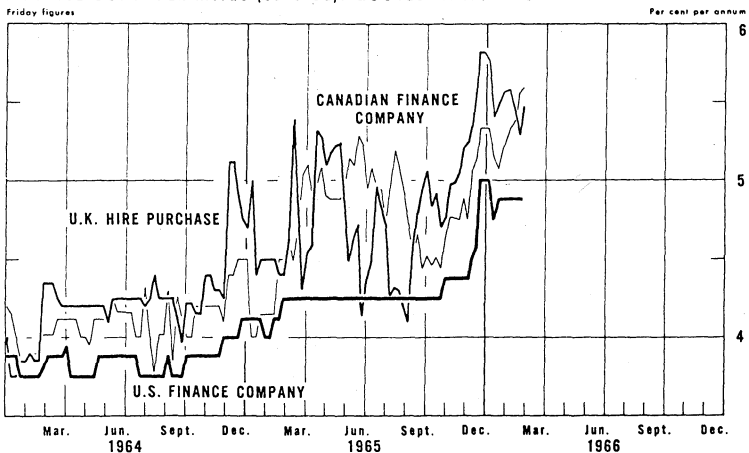
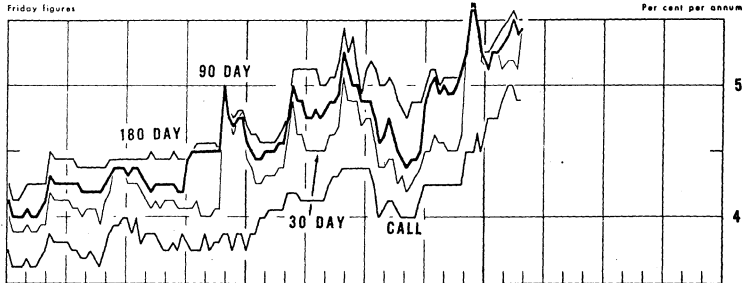


Chart 2

# LONDON: YIELDS FOR U.S. DOLLAR INVESTORS ON 3-MONTH FUNDS EURO-DOLLAR DEPOSIT RATES



## HIRE PURCHASE AND LOCAL AUTHORITY DEPOSIT RATES (covered)

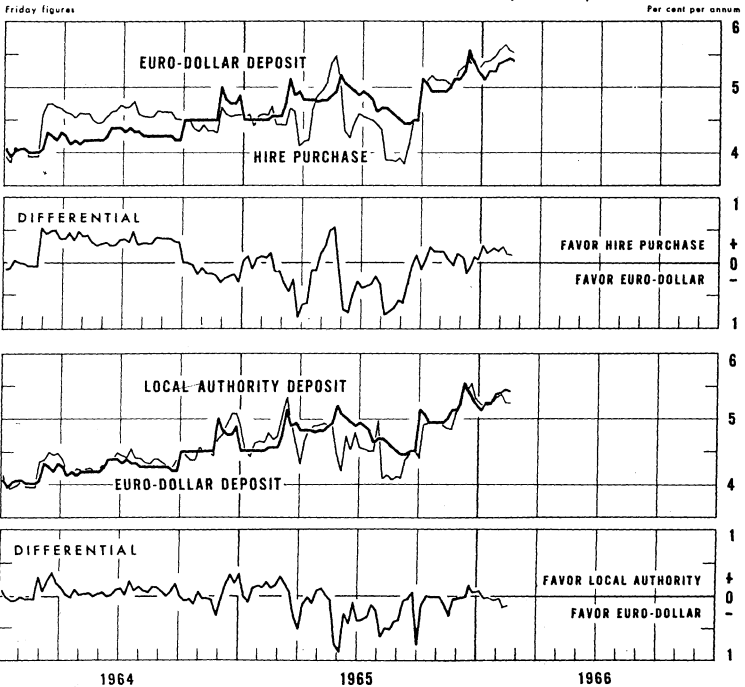
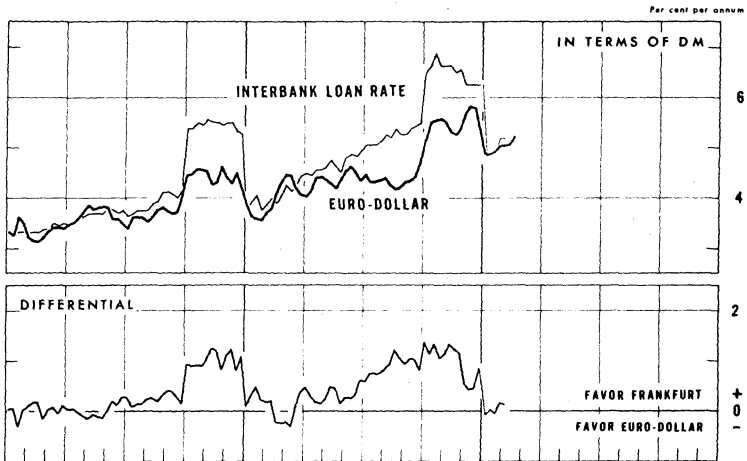


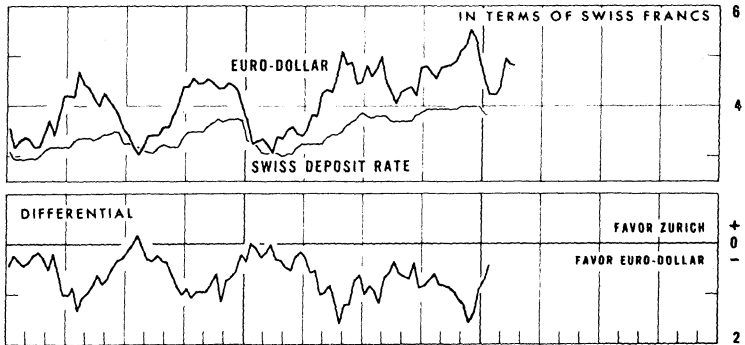
Chart 3

**INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON**

**FRANKFURT INTERBANK LOAN RATE VS. LONDON EURO-DOLLAR RATE (COVERED)**



**ZURICH DEPOSIT RATE VS. LONDON EURO-DOLLAR RATE (COVERED)**



**II PRICE OF GOLD IN LONDON**

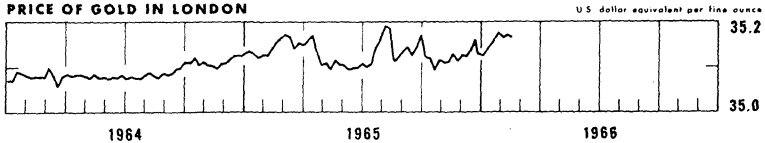


Chart 4

# INTEREST ARBITRAGE, UNITED STATES/CANADA

Per cent per annum

Friday figures

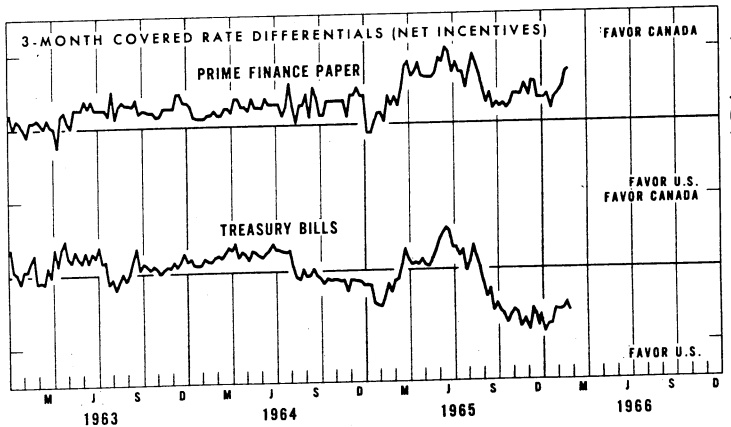
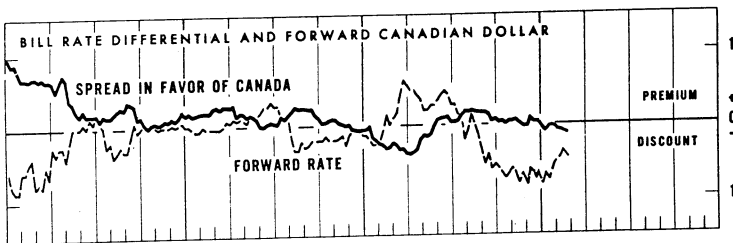
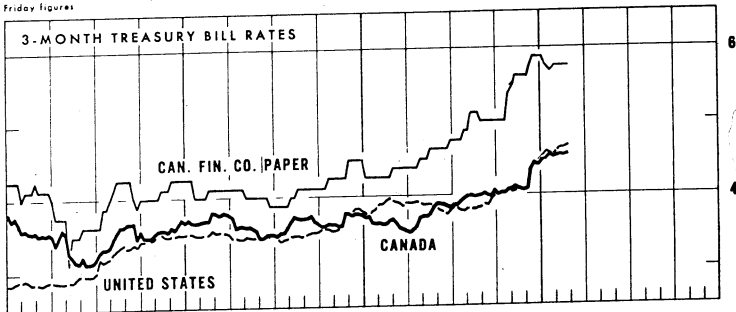


Chart 5

### INTEREST ARBITRAGE, NEW YORK/LONDON

Friday figures

Per cent per annum

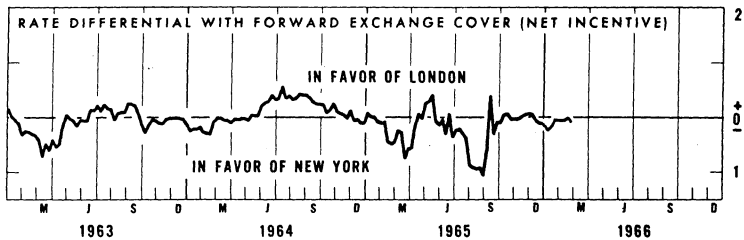
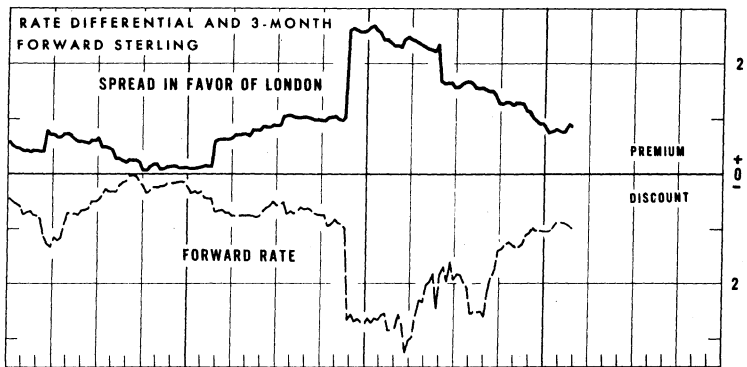
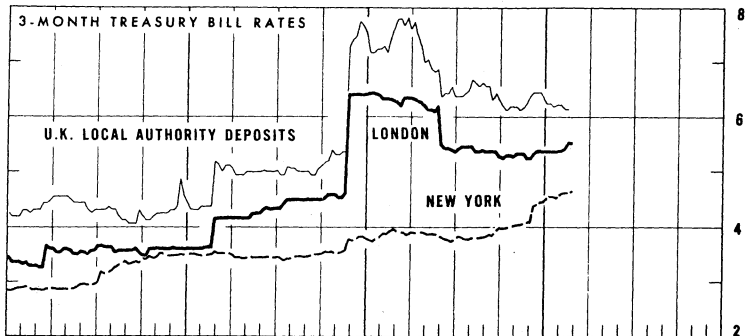
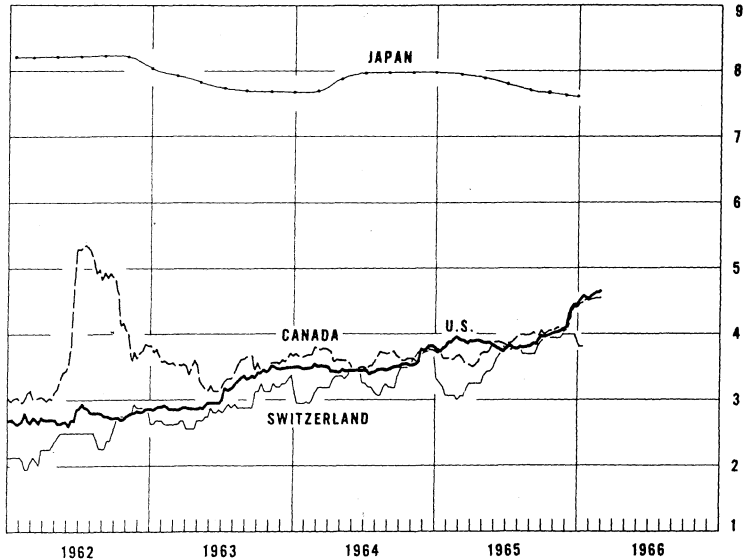
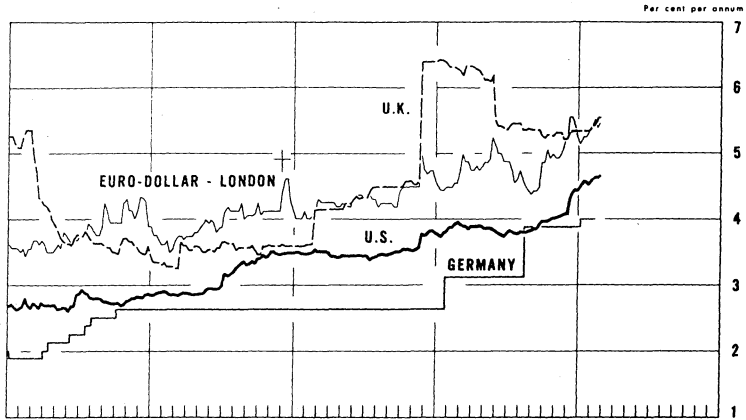


Chart 6

**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 7

# LONG-TERM BOND YIELDS

Weekly figures

Per cent per annum

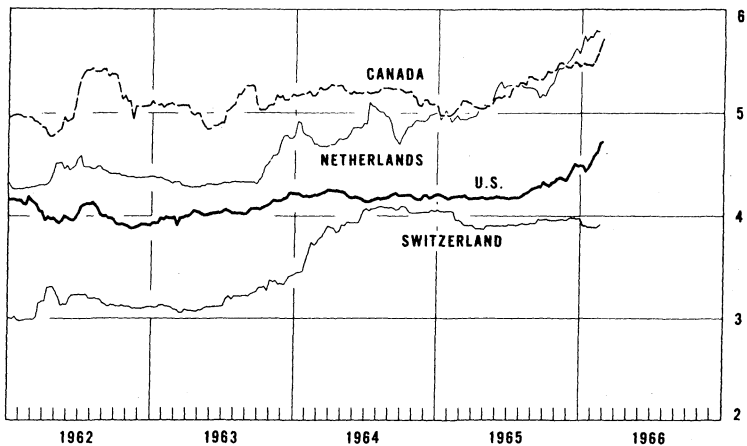
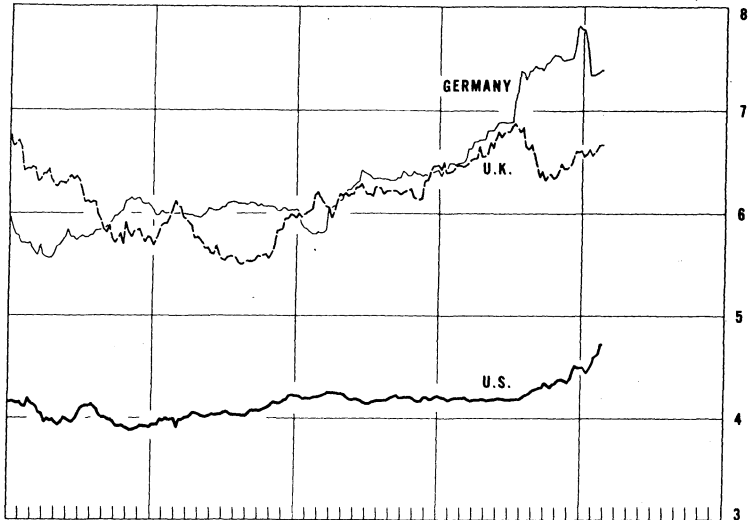


Chart 6

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

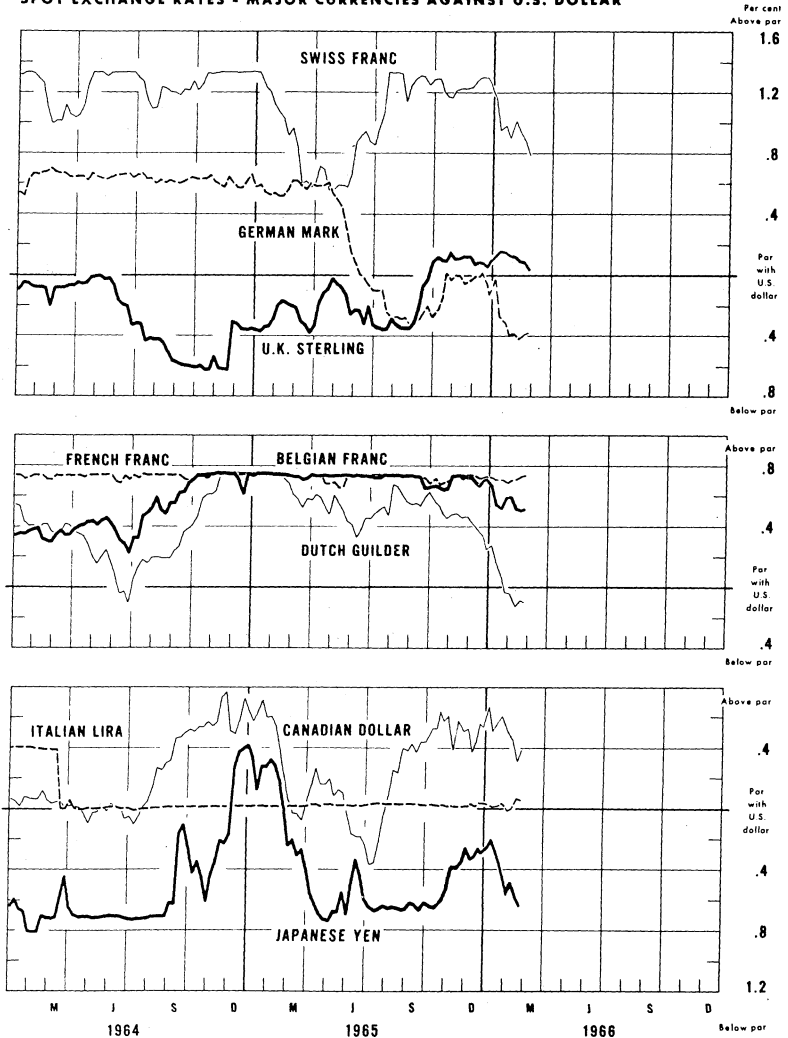


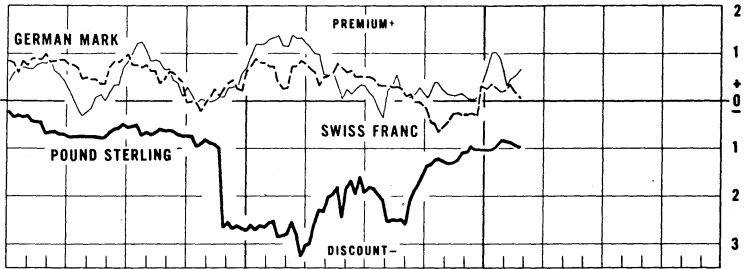
Chart 9

3-MONTH FORWARD EXCHANGE RATES

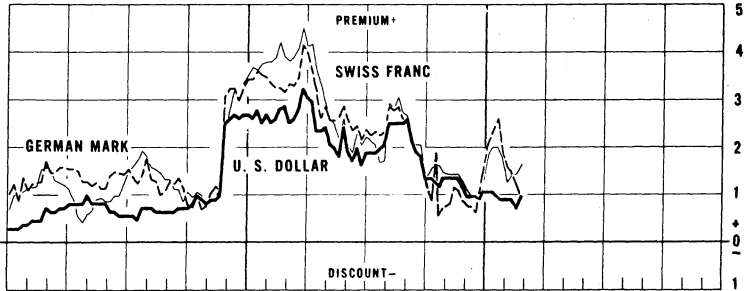
Friday figures

AGAINST U. S. DOLLARS

Per cent per annum



AGAINST POUND STERLING - LONDON



AGAINST POUND STERLING - LONDON

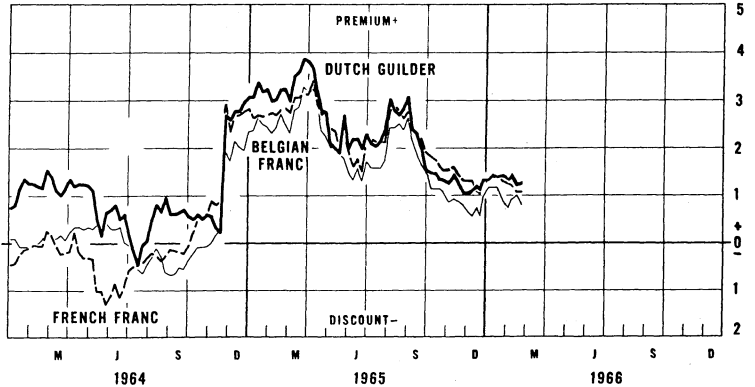
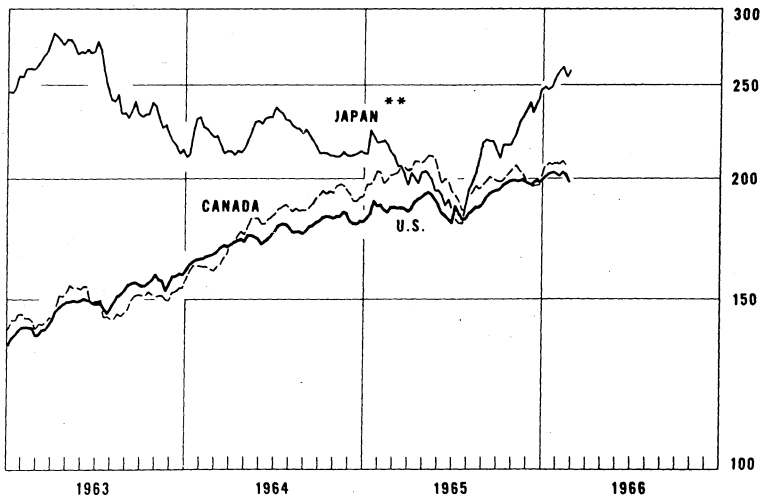
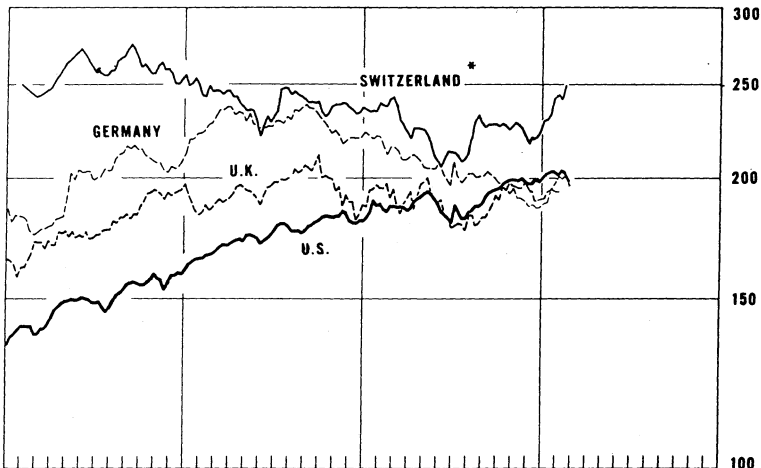


Chart 10

### INDUSTRIAL STOCK INDICES

1958:100  
Ratio scale



\* Swiss Bank Corporation industrial stock index  
\*\* Japan: index of 225 industrial and other stocks traded on the Tokyo exchange

H. 13  
No. 237

III. Latest Figures Plotted in H. 13 Chart Series, 1966  
(all figures per cent per annum)

March 2, 1966.

Chart 1

Upper panel  
(Wednesday, February 23)

Euro-\$ deposit 5.38  
U.S. certif. of deposit 5.05

Lower panel  
(Friday, February 25)

Finance co. paper: U.S. 4.88  
Canada 5.59  
Hire-purchase paper, U.K. 5.47

Chart 2

(Friday, February 25)

Euro-\$ deposits:

Call 5.00 90-day 5.44  
7-day 5.12 180-day 5.50  
30-day 5.44

Hire-purchase paper 5.53  
(February 18)

Local-authority deposit 5.25  
(February 18)

Chart 3

Upper panel  
(Period: February 1-7)

Interbank loan (mid point) 5.19

Euro-\$ deposit (average) 5.06

Lower panel

(Date: January 15)

Zurich 3-mo. deposit 3.81

Price of gold 35.166  
(Friday, February 18)

For description and sources  
of data see special annex  
to H. 13, Number 164,  
September 3, 1964.

Chart 4

(Friday, February 25)

Treasury bills: Canada 4.54  
U.S. 4.66

Spread favor Canada -0.12

Forward Canadian \$ -0.47

Net incentive (Canada +) -0.59

Canadian finance paper 5.75

Chart 5

(Friday, February 25)

Treasury bills: U.K. 5.54  
U.S. 4.66

Spread favor U.K. +0.88

Forward pound -0.99

Net incentive (U.K. +) -0.11

Chart 6

(Friday, February 25)

Treasury bills:  
U.S. 4.66 Germany 4.00 (Feb. 11)  
U.K. 5.54 Canada 4.54

Euro-\$ deposit (London) 5.44

Zurich 3-mo. deposit 3.81

(Date: January 15)  
Japan composite rate  
(Date: December 31) 7.607

Chart 7

U.S. Gov't. (Wed., Feb. 23) 4.72

U.K. War Loan (Thurs., Feb. 24) 6.67

German Fed. (Fri., Feb. 18) 7.40

Swiss Confed. (Fri., Feb. 18) 3.92

Canadian Gov't. (Wed., Feb. 23) 5.71

Netherlands Gov't. perpetual 3%  
(Fri., February 11) 5.79