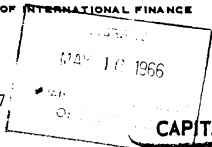


H. 13

No. 247



May 11, 1966.

CAPITAL MARKET DEVELOPMENTS ABROAD

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

I. Japan: Money and Capital Markets in March-April

The recent increases in U.S. interest rates have had an impact on Japanese policies during the period under review. While the specific levels of effective rates are difficult to determine because of compensating balance requirements and other factors, there are indications that for certain types of borrowing Japanese domestic sources are becoming increasingly more attractive than U.S. sources. In order to avoid too rapid a switch to domestic sources, the Japanese authorities on April 1 relaxed some of the restraints on foreign borrowing. Higher U.S. interest rates were also a major factor in causing the Japanese to postpone this spring the issue of a \$15 million Nippon Telegraph and Telephone bond issue in the U.S.

The Japanese authorities would not welcome a substantial or large reduction in Japanese borrowing abroad since this might require a drawing down of reserves in order to pay off foreign obligations. So far this has not occurred in any substantial degree, but some measures have been taken to reduce the possibility and others are being readied for use if necessary.

Preliminary data for January and February show a decline of \$80 million in Japanese borrowing in the U.S. during the period. Short-term borrowing declined \$68 million, while long-term borrowing declined \$12 million. (See Table 1.)

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

	<u>Change during year</u>				<u>Change during period</u>							
	1962	1963	1964	1965	1964				1966			
					IV	I	II	III	IV	Jan.	Feb.	
Short-term claims ^{1/}	212	431	632	-56	317	51	19	-125	-1	-69 ^{P/}	1 ^{P/}	
Long-term claims ^{1/}	<u>50</u>	<u>175</u>	<u>181</u>	<u>15</u>	<u>79</u>	<u>42</u>	<u>7</u>	<u>-8</u>	<u>-26</u>	<u>-8^{P/}</u>	<u>-4^{P/}</u>	
TOTAL	262	606	183	-41	396	113	26	-133	-27	-77	-3 ^{P/}	
Security flotations	<u>141</u>	<u>200</u>	<u>0</u>	<u>63</u>	<u>0</u>	<u>0</u>	<u>23</u>	<u>20</u>	<u>20</u>	<u>0</u>	<u>0</u>	
TOTAL	403	806	813	22	396	113	49	-113	-7	-77 ^{P/}	-3 ^{P/}	

^{1/} 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, \$150 million in 1964 and \$3 million in 1965 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 raised for deposits of over one month on March 22, and for all deposits on May 5. (See Table 2.) The rates are now the highest that have been prescribed since the Japanese Government began to regulate them.

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

Effective:	<u>12/30/65</u>	<u>12/31/65</u>	<u>1/5/66</u>	<u>2/7/66</u>	<u>3/22/66</u>	<u>5/5/66</u>
Less than 30 days	4.25	4.25	4.25	5.0	5.0	5.5
1 - 3 months	5.675	5.5	5.25	5.5	5.875	6.0
3 - 6 months	5.675	5.5	5.5	5.675	6.0	6.125
6 - 12 months	5.75	5.5	5.5	5.75	6.125	6.25
1 year and over	6.0	5.75	5.75	6.0	6.25	6.385

International reserves fell in April to \$2,098 million after having remained steady in March at the all-time high of \$2,109 recorded in February. The seasonally-adjusted trade balance registered a deficit of \$16 million in February, but it showed a surplus of \$17 million in March. In the foreign exchange markets, the spot rate for the yen weakened through mid-April. The forward rate

weakened through mid-March, but strengthened somewhat thereafter, and remained steady through mid-April.

Domestic money conditions remained easy in February and March because of heavy net purchases of securities by the Bank of Japan. Short-term bank interest rates declined further, but at a slower rate than during the previous year. Call loan rates remained stable. The stock market average reached a new high for the year on April 1 of ¥1,589, 56 per cent higher than last year's low. Stock prices eased during the rest of April.

Money market. Money market conditions remained easy in February and March due to heavy net purchases of securities by the Bank of Japan. Treasury net receipts of ¥149 billion in February, along with a ¥51 billion increase in the issue of bank notes, did not quite offset a ¥224 billion increase in net Bank of Japan credit, leaving a net expansionary impact of ¥24 billion. In March there was a net expansion of ¥28 billion from ¥54 billion of net Treasury payments and a ¥3 billion increase in net Bank of Japan credit, offset by a ¥29 billion increase in new issues of bank notes.

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> ^{1/}	<u>Unconditional</u> ^{2/}	<u>Over-month-end</u> ^{3/}
Throughout February	5.475	5.840	6.570
Throughout March	5.475	5.840	6.570
Throughout April	5.475	5.840	6.570

^{1/} For settlement on the following day.

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

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

The average interest rate on commercial bank loans and discounts declined further to 7.58 per cent in January and 7.57 per cent in February. The rate has declined steadily since its peak of 7.99 per cent at the end of 1964. The February rate of decline was low compared to a more rapid decline in 1965.

The Japanese are now finding that the recent upward trend in U.S. interest rates has increased the cost of long-term impact loans. Three-year term loans now carry rates of 5.75-6.00 per cent as against 5.5 per cent last year. The rate on five-year credits is now 6.00-6.25 per cent as against 5.75-6.00 per cent earlier.

Since early December Japanese foreign exchange banks have been increasing the interest rate charged on U.S. dollar import acceptance bills. Changes were made in December, January and February. On March 14, the rate on four-month bills was advanced further from 7.250 per cent to 7.375 per cent (the most preferential rate). Since last December the rate has been increased about 0.625 percentage points.

Bank loans and discounts. Bank credit contracted in January for the first time in years. A ¥103 billion increase in securities holdings, and a ¥5 billion rise in loans, was more than offset by a ¥132 billion decline in bills discounted. The same month a year earlier there was a ¥225 billion increase in bank credit. As a result, bank credit fell 0.1 per cent in January compared to a rise of 1.1 per cent a year earlier. The sharp drop in discounts may have been due in part to commercial bank mobilization of funds in preparation for purchases of national government bonds during the first quarter.

In February bank credit expanded by 0.6 per cent, twice the rate of a year earlier. A 1.1 per cent increase in loans more than offset a 0.4 per cent decline in bills discounted. There was no change in securities holdings.

Deposits declined by 3.7 per cent in January and increased by 0.4 per cent in February. The January decline was slightly greater, and the February increase slightly less, than the corresponding months a year earlier.

From a high of 17.6 per cent in November 1965, the proportion of bank credit extended for purchases of capital equipment fell to 17.5 per cent in January and to 17.4 per cent in February.

Bank of Japan credit in February was highly expansionary, chiefly because of heavy net purchases of securities. (See Table 4.) The purchases were undoubtedly related to the national government bond flotations which began in January. In March, net purchases of securities were almost entirely offset by a decrease in lending. For the first quarter of 1965, the record volume of net purchases of securities was only slightly offset by a small decline in lending.

Table 4. Japan: Changes in Bank of Japan Loans and Holdings of Securities

Period	(1)	(2)	(3)
	(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

Table 4 (continued)

<u>Period</u>	(1)	(2)	(3)
	<u>Net increase (+) or decrease (-)</u>	<u>Loans: Increase (+) -or decrease (-)</u>	<u>Net purchases (+) or sales (-) of securities</u>
<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
<u>1966</u>			
I Quarter	+276.0	- 3.2	+279.2
January	+ 48.9	+ 34.1	+ 14.8
February	+223.7	+ 18.8	+204.9
March	+ 3.4	- 56.1	+ 59.5

Bond market. Japanese securities dealers in the first quarter of 1966 sold more than their target of 10 per cent of the total issue of national bonds. During the three months they placed nearly ¥14 billion of securities, or \$39 million. In the next two quarters the industry is committed to digest an additional ¥6 billion monthly or \$17 million. However, the securities companies reportedly had difficulty selling all of their ¥6.7 billion April allotment. Firms are now repurchasing securities at a price of about ¥98.25, compared to the original price of ¥98.60.

The level of new bond issues rose ¥10 billion in December to a record ¥254 billion. The increase resulted from a ¥24 billion rise in new issues of bank debentures to ¥147 billion. The volume of public corporation bonds issued in this month fell by ¥12 billion to ¥69 billion, and that of industrial debentures by ¥2 billion to ¥38 billion.

In January, the volume of new issues fell ¥35 billion to ¥219 billion. The January decline resulted from a ¥19 billion decrease in bank debentures to ¥128 billion, and a ¥16 billion decrease in public corporation bonds to ¥53 billion. New issues of industrial debentures were unchanged at ¥38 billion. Complete data for February are not yet available, but new issues of bank debentures were down ¥1 billion to ¥127 billion, and new issues of industrial debentures were again unchanged at ¥38 billion.

Bond yields were mostly unchanged. A notable exception, however, was the average yield on government securities, which rose from 6.43 per cent at the end of 1965 to 6.795 per cent in January and February of 1966. In January and February yields on local government securities, public corporation bonds and one-year bank debentures remained at the 1964-65 levels of 7.354, 7.053 and 6.244 per cent, respectively. The yield on long-term bank debentures changed very

slightly from 7.283 per cent in December to 7.281, and 7.282 per cent in January and February, respectively. The yield on industrial bonds rose from 7.491 per cent in December to 7.498 per cent in January, then fell back to 7.492 per cent in February.

Stock market. Stock prices continued to rise in March, reaching a new high for the year of ¥1,589 on April 1. This new high was 56 per cent above last year's July low. The average fell to lower levels during the rest of April. The easing in stock prices was attributed in part to a statement by Governor Usami of the Bank of Japan that if stock market prices rose further, the stock-holding organizations under government control would step up the sales of their stocks. The Japan Stock Holding Association reportedly sold about ¥20 billion in stocks in mid-April, thus reducing its holdings of "frozen" stocks to about ¥9 billion. Last year J.S.H.A. reportedly purchased and held ¥50 billion in stocks in market-support actions.

Table 5. Japan: Dow-Jones Average of 225 Stocks, First Section of Tokyo Exchange

February	28	¥1,507	April	4	¥1,574	1965	High	¥1,409
				11	1,537		Low	¥1,020
March	7	1,534		18	1,532			
	14	1,535		25	1,530	1966	High	¥1,589
	22	1,568					Low	¥1,410
	29	1,567	May	2	1,566			
				9	1,573			

Foreign trade. In February, seasonally adjusted exports fell back to \$745 million from the January peak, while imports rose to \$761 million. (See Table 6.) The trade performance was therefore relatively poor, with a negative balance of \$16 million.

In March, however, imports declined slightly while exports increased sharply, resulting in a trade surplus of \$17 million. The trade balance for the first quarter of 1966 was a \$46 million surplus, which is about the same as the large surplus achieved during the third quarter of last year. However, the large first quarter surplus was entirely due to the extraordinary export surge in January. Comparing the first quarter of 1966 with the same period last year, exports show a gain of 14 per cent, compared to a 12 per cent rise in imports. However, the export expansion faltered in the fourth quarter of 1965, while the rise in imports has been quite steady. Compared with the third quarter of 1965, exports in March of this year were up only 6 per cent, while imports showed an 11 per cent increase.

Table 6. Japan: Seasonally-Adjusted Foreign Trade, Monthly or Monthly Averages ^{a/}
(in millions of dollars)

	1965							1966			
	I	II	III	IV	Oct.	Nov.	Dec.	I	Jan.	Feb.	Mar.
Imports	659	687	685	693	676	714	688	740 ^{b/}	701	761	758 ^{b/}
Exports	677	712	732	703	694	712	675	786 ^{b/}	838	745	775 ^{b/}
Balance	+ 18	+ 25	+ 47	+ 10	+ 18	- 2	- 13 ^{b/}	+ 46	+137	- 16	+ 17 ^{b/}

^{a/} All figures on a customs basis.

^{b/} Preliminary.

Foreign exchange and capital flows. International reserves fell by \$11 million in April to \$2,098 million. This contrasts with a general rise in reserves since last July. Reserves at the end of March were \$2,109 million, unchanged from a month earlier. The April figure is \$148 million higher than the level in July 1965.

In the year ending March 1966, international reserves expanded by the equivalent of ¥20 billion, while the Bank of Japan's note issue rose by ¥258 billion. This brought the ratio of reserves to note issue down to 33.3 per cent, compared to 36.5 per cent a year earlier. (See Table 7.)

Table 7. Japan: Ratio of Reserves to Bank Notes

<u>End of Period</u>	<u>International Reserves</u>	<u>Bank Notes Issued</u>	<u>Reserves/ Bank Notes</u>
	(billions of yen)	(billions of yen)	(per cent)
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	719.6	2,298.8	31.3
1965			
March	739.1	2,022.3	36.5
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
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

Table 7 (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> (per cent)
1966	January	¥749.5	¥2,200.5	34.1
	February	759.2	2,251.1	33.7
	March	759.2	2,280.4	33.3

The overall Japanese balance of payments registered a surplus of \$27 million in February and was evenly balanced in March. The current account had a surplus of \$66 million in February and \$70 million in March. (See Table 8.) There was a heavy net outflow of long-term capital in March, which more than offset the current account surplus. This was due among other things to the repayment of the GARIOA debt, quota payments to the IMF and IBRD, and a refinancing of the Argentine debt to Japan. During the first quarter of 1966, the current account surplus was approximately offset by the capital account deficit.

Table 8. Japan: Balance of Payments on an Exchange Transactions Basis
(in millions of dollars)

	1964	1965					1966			
	IV	I	II	III	IV	Dec.	I	Jan.	Feb.	Mar.
Trade account balance	94	51	85	173	151	148	80	1	109	131
Services balance	-42	-44	-58	-56	-54	-59	-52	-51	-43	-61
Current account	51	7	27	117	97	89	28	-50	66	70
Net long-term capital receipts	33	5	-10	-24	-23	-22	-45	-43	-16	-79
Net short-term capital receipts	-55	11	-44	-88	-18	-47	13	51	-8	-3
Net balance on capital account	-22	16	-54	-103	-41	-69	-32	8	-24	-76
Errors and omissions	-16	-6	-11	-8	-10	1	4	17	-15	9
Overall balance of payments	13	17	-37	6	46	21	1	-25	27	0

NOTE: Quarterly data are monthly averages. Data may not add exactly because of rounding. These data also differ from those in the earlier table on foreign trade as these are on an exchange transactions, rather than customs, basis, and are not seasonally adjusted.

According to preliminary data, Japanese short-term liabilities to the U.S., as reported by U.S. banks, fell \$69 million in January and rose \$1 million in February. (See Table 9.) The decline in January was slightly steeper than a year earlier. The February increase in Japan's liabilities to the U.S. was smaller than in any year since 1959 except 1963, when there was a decline. Since June of last year the liabilities have fallen by \$194 million.

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	326	372	420	456	488	497	586	628	660	693	711	806 ^{b/}
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	2,810 ^{b/}
1965	2,742	2,746	2,861	2,833	2,834	2,880	2,831	2,830	2,755	2,656	2,683	2,754 ^{b/}
1966	2,685 ^{a/}	2,686 ^{a/}										

^{a/} Preliminary.

^{b/} Includes newly reported data totaling \$52 million in December 1961, \$157 million in December 1964, and \$3 million in December 1965.

Long-term Japanese liabilities to the U.S. fell further by \$8 million in January, but rose \$4 million in February. (See Table 10.) Since the peak last May, Japan has reduced its liabilities by \$42 million.

Table 10. Long-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	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 ^{b/}	111	119	136	143	146	170	249 ^{b/}
1964	280	295	311	319	323	325	329	332	351	352	269	430 ^{b/}
1965	455	454	472	479	483	479	482	475	471	464	462	445
1966	437 ^{a/}	441 ^{a/}										

^{a/} Preliminary.

^{b/} Includes newly reported claims totaling \$1 million in May 1963, \$46 million in December 1963, and \$45 million in December 1964.

During the first half of March the Japanese Finance Ministry decided to postpone the sale in the U.S. of the \$15 million Nippon Telegraph and Telephone Public Corporation bonds. The issue had already been registered with the U.S. Securities and Exchange Commission. Because of a rise in U.S. interest rates and a heavy volume of new bond flotations recently, the Ministry reportedly decided that it would be difficult to achieve the proposed yield of 6.741 per cent to subscribers.

According to recent data reported in Table 11 below, Japan received substantially less foreign capital in fiscal 1965 than in fiscal 1964. Investment in stocks was approximately unchanged, but there were sharp declines in the volume of new loans extended to Japan and in Japanese overseas bond flotations.

Table 11. Foreign Capital Induction Data ^{1/}
(in millions of U.S. dollars)

	<u>Apr. '64 - Mar. '65</u>	<u>Apr. '65 - Mar. '66</u>
1. Investment in Stocks	\$ 85	\$ 83
2. Foreign Loans	\$651	\$380
3. Bond Flotations	<u>\$175</u>	<u>\$ 63</u>
TOTAL	\$911	\$526

^{1/} Data may not total due to rounding.

Effective April 1 the Japanese authorities liberalized the restraints on the foreign operations of the Class A foreign exchange banks. The foreign exchange reserve requirement was reduced from 25 to 15 per cent, and the maximum limit on the excess of exchange purchases over sales was reduced by about 10 per cent. In addition, the authorities have liberalized the previous quantitative restraint on short-term foreign funds. Under this system, a certain ratio (not specified publicly by the authorities) had to be maintained between certain short-term foreign currency of the exchange banks and the total amount of foreign currency assets.

Foreign exchange. The middle-rate for yen in the spot market weakened through March and mid-April, rising from a low of ¥361.70 to the dollar on March 1 to a high of ¥362.45 to the dollar on April 13 and 14. In the forward market, the 3-month middle-rate rose in mid-March to ¥361.85 to the dollar, the highest rate since February 8. It fell moderately thereafter and at mid-April was at 361.75. With the spot rate weakening, the premium on forward yen rose from zero on February 14 to a high of .94 per cent per annum on April 13.

Table 12. Japan: Customer's T.T. Exchange Rate of Bank of Tokyo in Tokyo

		<u>Yen-dollar spot-middle rate</u>	<u>Three-month forward middle rate</u>	<u>Forward Premium in per cent per annum</u>
February	14	361.70	361.70	.00
	21	362.00	361.70	.33
	28	361.70	361.65	.06
March	7	361.80	361.65	.17
	14	362.15	361.85	.33
	21	362.10	361.62	.53
	28	362.05	361.62	.47
April	4	362.20	361.70	.55
	11	362.40	361.70	.77
	15	362.40	361.75	.72

Asia, Africa and Latin American Section.

Chart 1
NEW YORK, LONDON, MONTREAL:
YIELDS FOR U.S. DOLLAR INVESTORS ON 3-MONTH FUNDS
DOLLAR DEPOSIT RATES: NEW YORK-LONDON

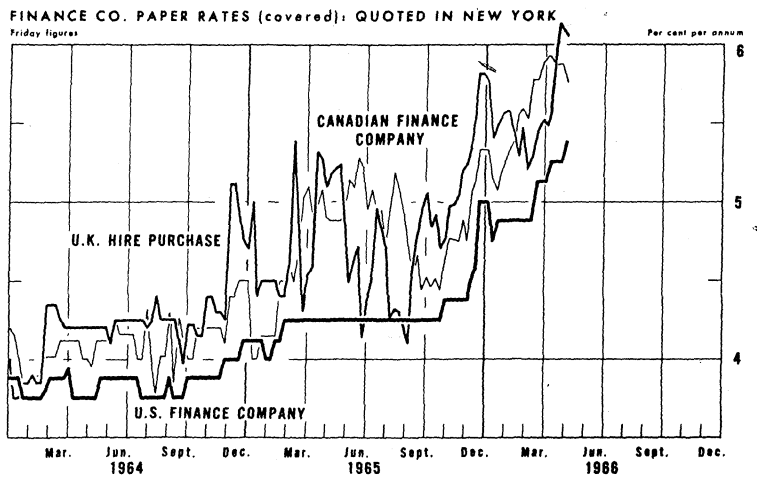
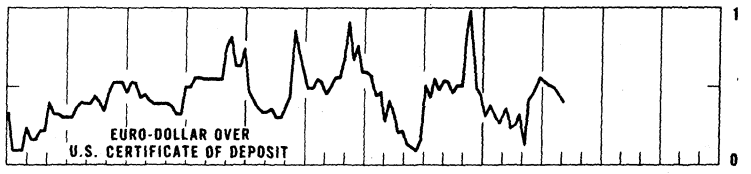
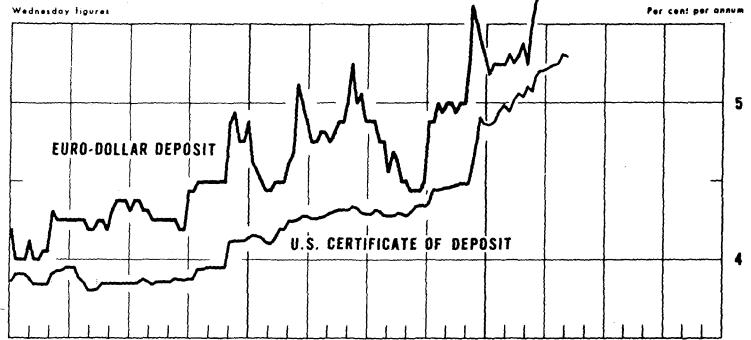
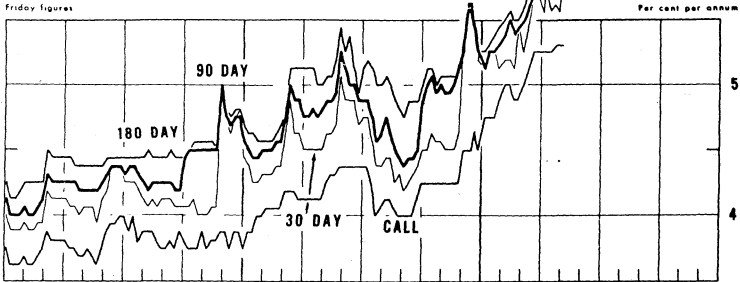


Chart 2

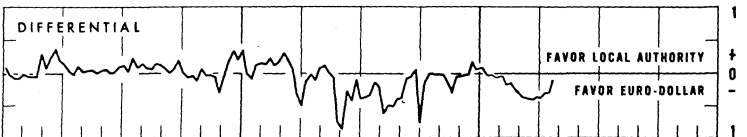
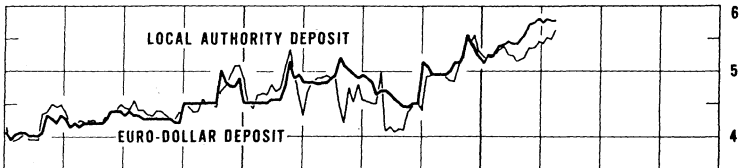
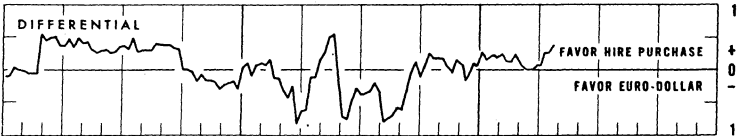
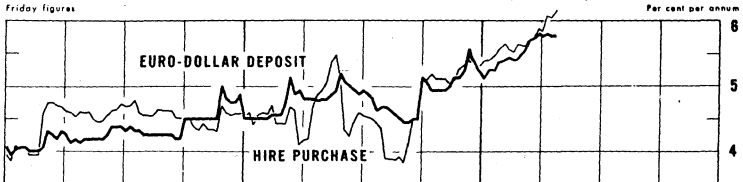
**LONDON: YIELDS FOR U.S. DOLLAR INVESTORS ON 3-MONTH FUNDS
EURO-DOLLAR DEPOSIT RATES**

Friday figures



HIRE PURCHASE AND LOCAL AUTHORITY DEPOSIT RATES (covered)

Friday figures



1964

1965

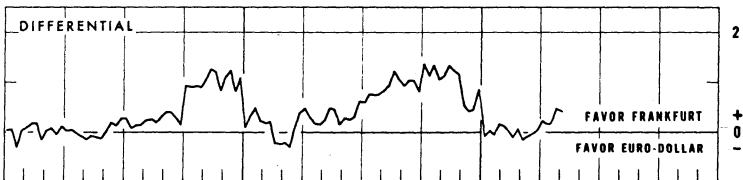
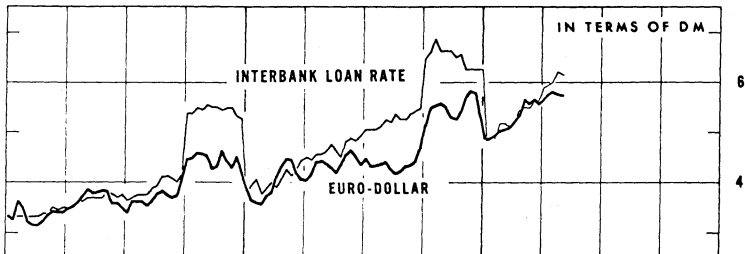
1966

Chart 3

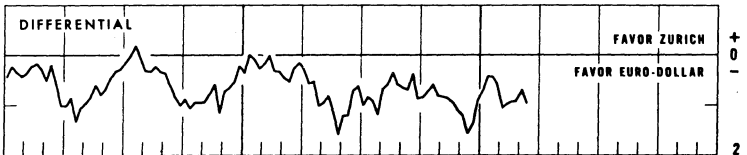
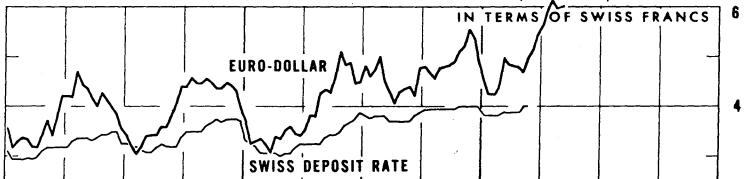
INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON

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

Per cent per annum



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



II PRICE OF GOLD IN LONDON

U.S. dollar equivalent per fine ounce

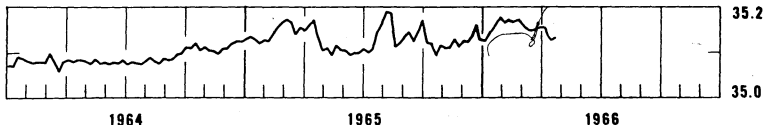


Chart 4

INTEREST ARBITRAGE, UNITED STATES/CANADA

Friday figures

Per cent per annum

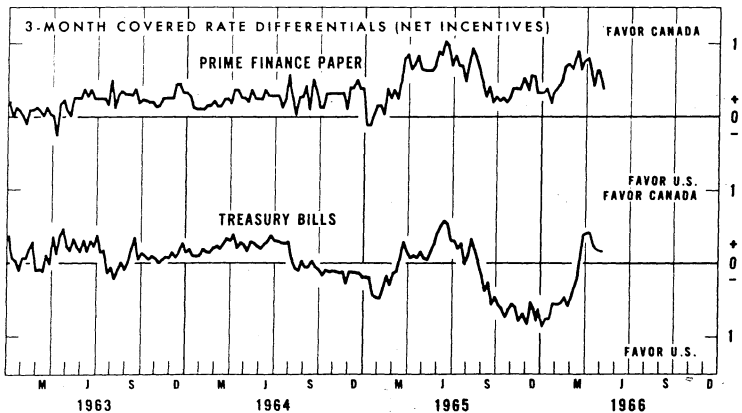
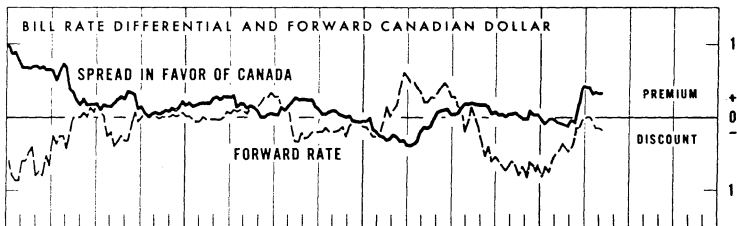
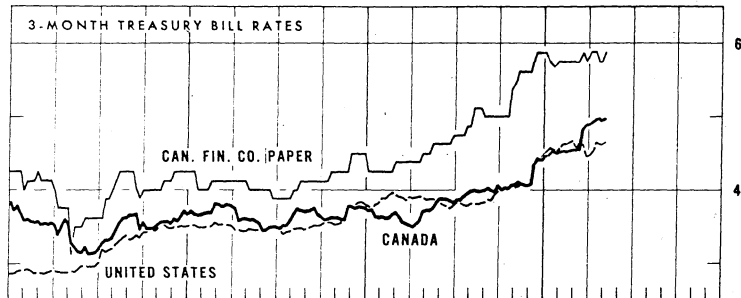


Chart 5

INTEREST ARBITRAGE, NEW YORK/LONDON

Friday figures

Per cent per annum

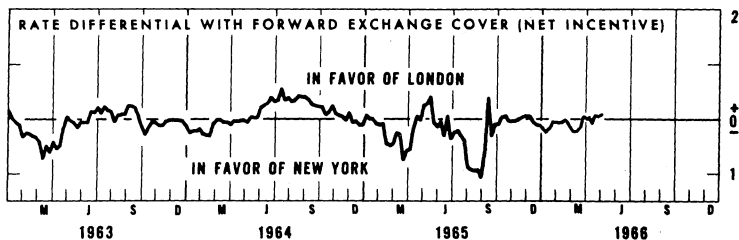
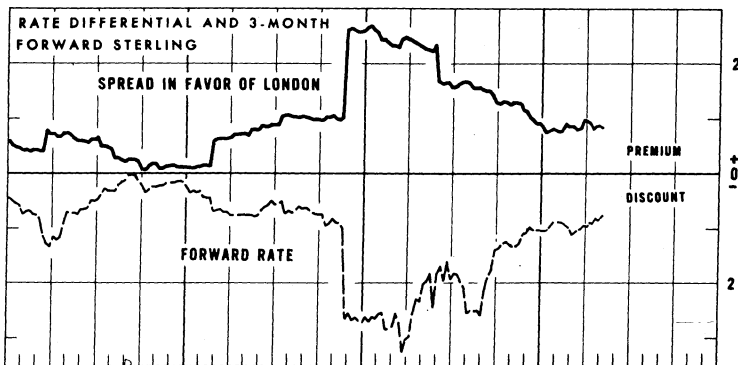
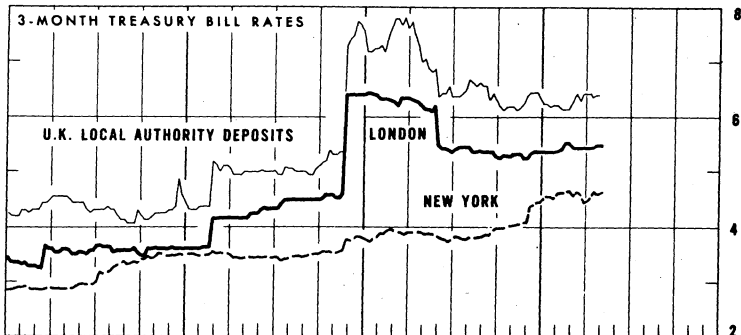
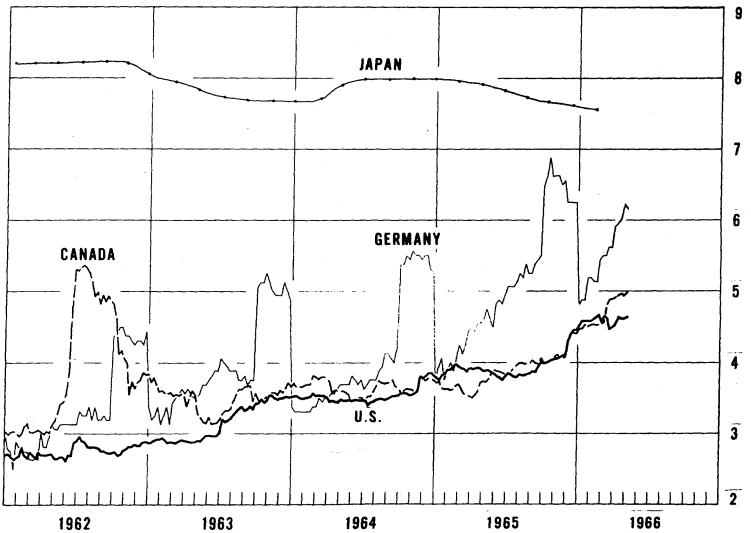
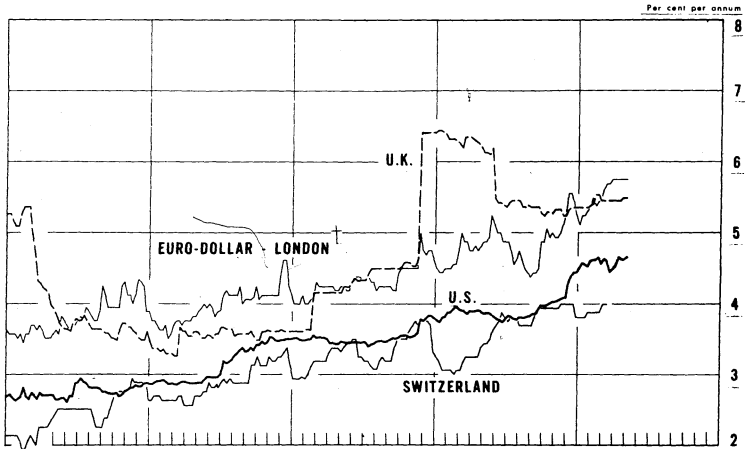


Chart 6
SHORT-TERM INTEREST RATES *

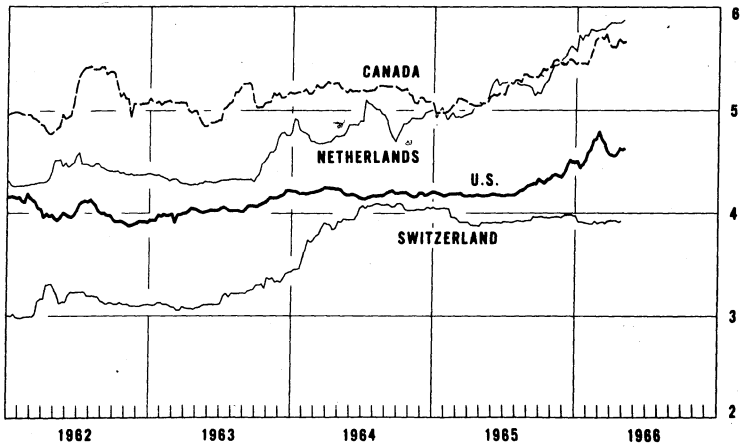
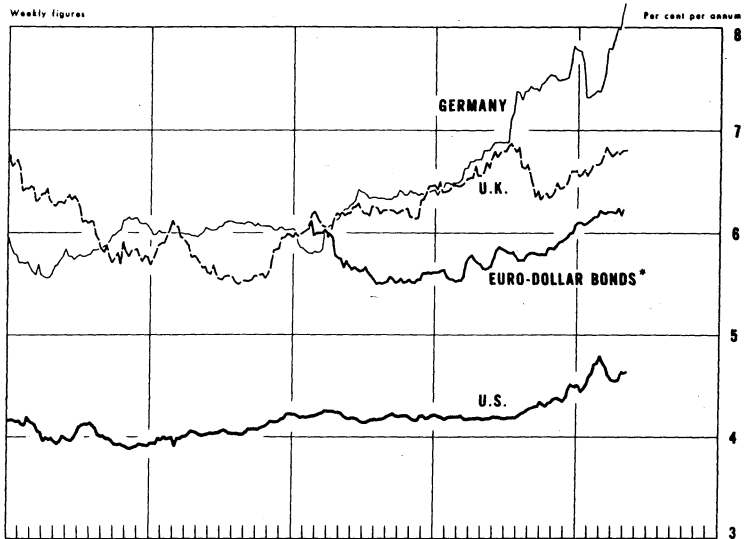


* 3 month treasury bill rates for all countries except Japan (Average rate on bank loans and discounts)
 Switzerland (3 month deposit rate) and Germany (Interbank Loan Rate)

† 3 month rate for U.S. dollar deposits in London

Chart 7
LONG-TERM BOND YIELDS

Weekly figures



*Average of yields for four foreign government dollar bonds quoted in London

Chart 8

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

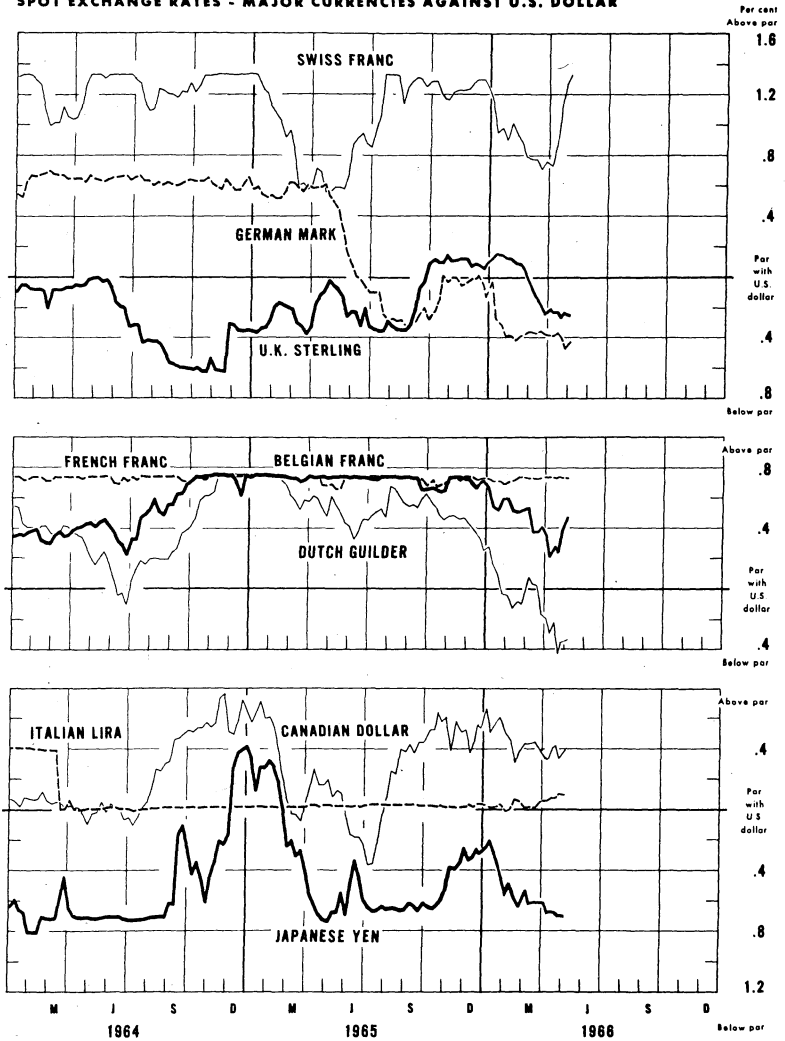
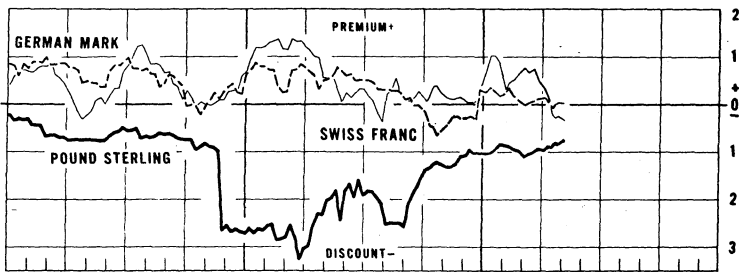
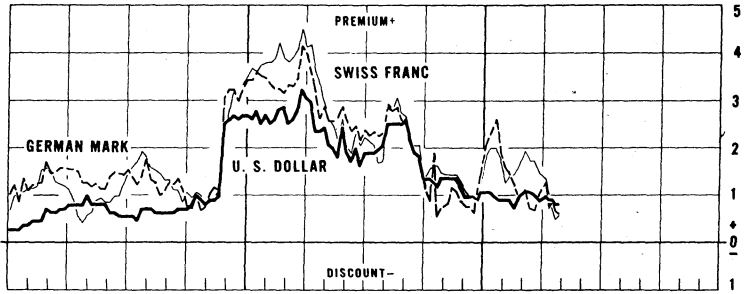


Chart 9.
3-MONTH FORWARD EXCHANGE RATES
 Friday figures
 AGAINST U. S. DOLLARS



AGAINST POUND STERLING - LONDON



AGAINST POUND STERLING - LONDON

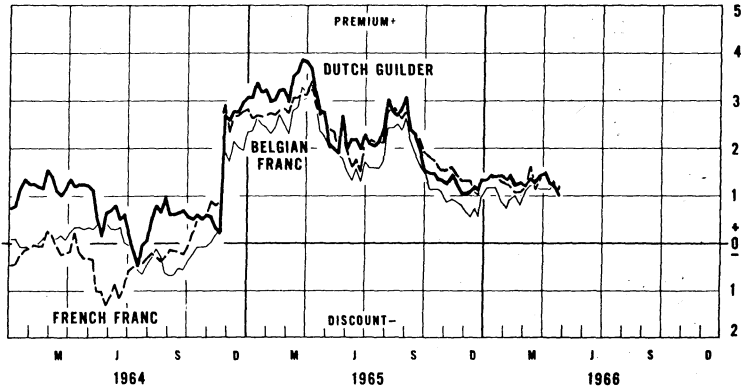
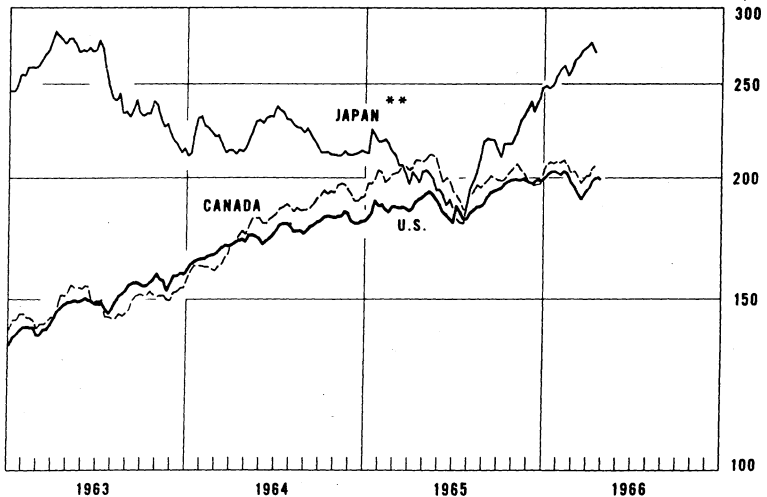
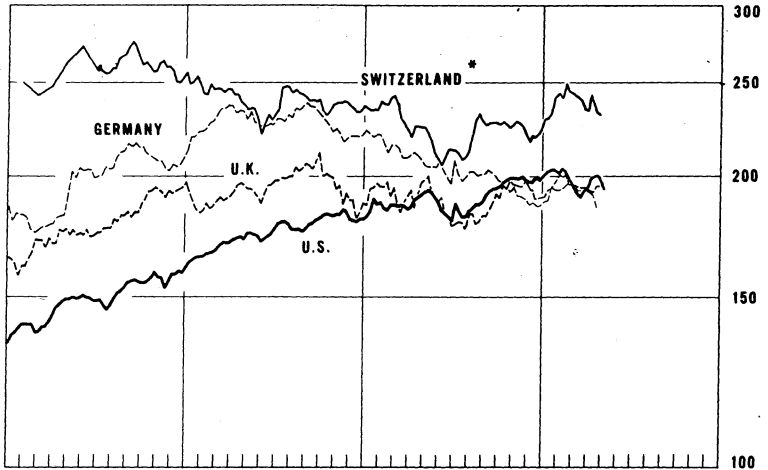


Chart 10

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

May 11, 1966. *22'*

H. 13

No. 247 III. Latest Figures Plotted in H. 13 Chart Series, 1966
(all figures per cent per annum)

Chart 1

Upper Panel (Wednesday, May 4)

Euro-\$ Deposit	<u>5.69</u>
U.S. certif. of deposit	<u>5.29</u>

Lower Panel (Friday, May 6)

Finance co. paper: U.S.	<u>5.38</u>
Canada	<u>5.76</u>
Hire-purchase paper, U.K.	<u>6.06</u>

Chart 2

(Friday, May 6)

Euro-\$ deposits:

Call	<u>5.31</u>	90-day	<u>5.75</u>
7-day	<u>5.50</u>	180-day	<u>5.88</u>
30-day	<u>5.81</u>		

Hire-purchase paper (April 22)	<u>6.15</u>
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Local-authority deposit (April 22)	<u>5.62</u>
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Chart 3

Upper Panel (Period: May 1-7)

Interbank loan (mid-point)	<u>6.15</u>
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Euro-\$ deposit (average)	<u>5.74</u>
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Lower Panel (Date: March 15)

Zurich 3-mo. deposit	<u>4.00</u>
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Price of gold (Friday, April 22)	<u>35.131</u>
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Chart 4

(Friday, May 6)

Treasury bills: Canada	<u>4.98</u>
U.S.	<u>4.65</u>

Spread favor Canada	<u>+0.33</u>
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Forward Canadian \$	<u>-0.17</u>
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Net incentive (Canada +)	<u>+0.16</u>
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Canadian finance paper	<u>5.88</u>
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Chart 5

(Friday, May 6)

Treasury bills: U.K.	<u>5.49</u>
U.S.	<u>4.65</u>

Spread favor U.K.	<u>+0.84</u>
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Forward pound	<u>-0.75</u>
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Net incentive (U.K. +)	<u>+0.09</u>
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Chart 6

(Friday, May 6)

Treasury bills: U.S.	<u>4.65</u>
U.K.	<u>5.49</u>
Canada	<u>4.98</u>

Interbank loan rate (German) (May 1-7)	<u>6.15</u>
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Euro-\$ deposit (London)	<u>5.75</u>
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Zurich 3-mo. deposit (Date: March 15)	<u>4.00</u>
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Japan composit rate (Date: February 28)	<u>7.570</u>
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Chart 7

U.S. Gov't. (Wed., May 4)	<u>4.64</u>
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U.K. War Loan (Thurs. May 5)	<u>6.80</u>
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German Fed. (Fri., Apr. 29)	<u>8.22</u>
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Swiss Confed. (Fri., Apr. 29)	<u>3.93</u>
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Canadian Gov't. (Wed., May 4)	<u>5.67</u>
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Netherlands Gov't perpetual 3% (Friday, April 29)	<u>5.88</u>
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Euro-\$ bonds (Fri., Apr. 29)	<u>6.23</u>
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For descriptions and sources of data,
see special supplement to H. 13,
Number 239, March 16, 1966.