DIVISION OF INTERNATIONAL FINANCE

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

H. 13

February 23, 1967.

No. 287

CAPITAL MARKET DEVELOPMENTS ABROAD

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

I. India: Money and Capital Markets--Fourth Quarter 1966

1. Introduction
2. Wholesale prices and production
3. Money supply
4. Banking developments
5. Money market
6. Government bonds
7. Stock market
8. Gold market
9. Exchange rate
10. International reserves and foreign trade

1. Introduction. In the fourth quarter, the Indian economy began to experience sharp inflationary pressures. Prices increased sharply because of expectations of a poor harvest, seasonal bank credit expanded by an amount more than double that of last year, net claims of the Reserve Bank on the Government increased by a record amount, and international reserves continued to decrease. Estimates of agricultural production, particularly food grains, were sharply reduced to a level about equal to those of last year's abnormally low crop.

Prices increased by 4.2 per cent in the fourth quarter, compared with a rise of less than one per cent in the preceding three-month period. Although there was a general increase in prices, food prices increased most, reflecting mainly the 16 per cent decrease in estimates of food grain production, from 90 million tons to 76 million tons, for the current harvest season beginning November 1. Lower agricultural production will have the effect of reducing the supply of agricultural raw materials to the industrial sector, and thus the anticipated large increases in industrial production may not be realized.

Late in October, just prior to the sharp reductions in the estimates of agricultural production, the Reserve Bank Governor, assuming a "normal" harvest season, eased credit restrictions and encouraged banks to seek accomodation from the Reserve Bank. The Governor expected to double the expansion of seasonal bank credit to stimulate the stagnating economy. The expansion of bank credit from November to January (i.e., during the first half of the current harvest season) was Rs. 2.6 billion, more than double the expansion a year earlier. To finance this extraordinary credit expansion the banks sold a record Rs. 2 billion

OFFICIAL USE ONLY
(Decontrolled after 6 months)

of their holdings of government securities to the Reserve Bank which they had purchased just prior to the harvest season. As a result, Reserve Bank net claims on the Government increased by a record Rs. 3.35 billion in the quarter.

The decline of $51 million in international reserves during the fourth quarter, although large in comparison with changes in previous years, was less than half the decrease in the third quarter. This slower rate of decline could be due in part to the reduction in the trade deficit for the six-month period from June to November, when exports were 17 per cent lower and imports were 23 per cent below the corresponding period a year earlier. Despite the decline in reserves in the fourth quarter, the level of reserves at the end of December 1966--at $606 million--was higher than at any time since 1963.

2. Wholesale prices and production. Wholesale prices increased sharply in the fourth quarter of 1966, rising by 4.2 per cent in contrast to a 0.4 per cent increase in the third quarter. (See Table 1). The wholesale index, which increased by only 1.4 per cent in October and November, rose by 2.7 per cent in December alone. On a December-to-December basis, wholesale prices rose 15 per cent in 1966 as against 6 per cent in 1965. Prices increased further in January by 1.9 per cent. The sharp price rise during the early months of the harvest season (November to April) was due in part to the impact of an unexpected decrease in crop estimates as a result of adverse climatic conditions, and in part to the news that food grain imports from the U. S. might be sharply reduced because U. S. surplus stocks have been exhausted.

In early October the Indian authorities thought that food grain production this crop year (November to October) would amount to 90 million tons, and that imports of 10 million tons of food grains from the U. S. for the 14-month period beginning in November 1966 would permit the rebuilding of depleted stocks during 1967. By November food grain crop estimates were reduced to a range of 80 to 85 million tons, and the food deficit was estimated at 15 to 20 million tons. At the same time, 2 million tons of imports expected under the U. S. PL 480 program during November and December were held in abeyance by the U. S. In late December, President Johnson released emergency shipments of only 900,000 tons of the anticipated 2 million tons. Negotiations with the U. S. for the remaining 8 million tons in 1967 were delayed pending a review of the food crisis.

In early January the food grain crop estimate was reduced to 80 million tons because of continued adverse weather conditions, and in early February the estimate was reduced to 76 to 77 million tons. This latest estimate is about the same as the estimate made a year earlier for the 1965-66 crop. In relation to the originally estimated needs of 100 million tons, this would mean a food deficit of 23 to 24 million tons. But the authorities began to realize that imports of this magnitude were unlikely, so the figure on estimated needs for 1966-67 was changed to 88 million tons, the same as the amount of food grain availabilities last year. This consisted of food grain production of 72 million tons (originally estimated at 96 million tons), imports of 11 million tons (of which 8.3 million tons were from the U. S.), and carryover stocks of 5 million tons from the 1964-65 bumper crop. Since carryover stocks are negligible this year, and production is estimated at 76 to 77 million tons, the food grain deficit is now estimated at 12 to 13 million tons.

On February 2, 1967, President Johnson announced an immediate allocation of 2 million tons of food grains for India plus another 3 million tons contingent on matching contributions by other countries. So far other contributions have totaled about 1 million tons. Assuming that all of the 3 million is eventually matched, the total amount of food grain aid would still be 4 to 5 million tons short of India's estimated needs.

Industrial production was generally stagnant during April-October, the first 7 months of the Indian fiscal year. This was mainly due to two factors. For some industries, e.g., iron and steel, there was a decrease in demand which led to idle capacity. In other industries, e.g., fertilizer, demand has been maintained, but shortages of raw materials, electric power, and spare parts--together with labor unrest--have slowed production.

Table 1. India: Wholesale Price Trends 1964-67
(1952-53 = 100)

	Index Numbers[a/]	Percentage Change: Annual	Percentage Change: Between Periods
1964 - III	159.8	17.2	8.1
IV	159.1	17.5	- 0.4
1965 - III	164.9	3.2	4.4
IV	169.0	6.2	2.4
1966 - III	187.3	13.6	0.4
IV	195.1	15.4	4.2
1967 - January	198.8	18.1	1.9

a/ Weekly index of wholesale prices, end of period.

3. Money supply. During the quarter, money supply increased by 4.4 per cent, or Rs. 1.9 billion, due to the onset of the harvest season. (See Table 2). The increase was smaller than the rise in the same months of 1964 and 1965. At the end of 1966 money supply was 8.1 per cent higher than a year earlier. This is substantially lower than the annual increases of over 10 per cent in the two previous years, but considerably higher than the estimated growth of production.

Table 2. India: Money Supply with the Public
(last Friday of period)

	Money Supply (billions of Rs.)	Percentage Changes Annual	Percentage Changes Between Periods
1964 - III	37.19	10.7	- 2.5
IV	39.01	10.1	4.9
1965 - III	40.93	10.6	- 3.0
IV	43.00	10.2	5.1
1966 - III	44.55	8.8	- 3.3
IV	46.49	8.1	4.4

4. Banking developments. On October 28, the Reserve Bank Governor announced an easing of credit policies for the harvest season beginning November 1, and ending in April of this year. Credit expansion was expected to be Rs. 6 billion, almost double that of last year. The Reserve Bank estimated that the banks would be able to obtain funds for these credits by selling Rs. 3.1 billion in Treasury bills to the Reserve Bank, by receiving Rs. 1.2 billion in deposits, and by borrowing Rs. 1.7 billion from the Reserve Bank. The Governor believed that the credit expansion was necessary in order to stimulate the economy.

In the first half of the harvest season, November to January, commercial bank credit increased by Rs. 2.6 billion, more than double the expansion during the same period a year earlier. (See Table 3). To finance the credit expansion, the Reserve Bank purchased Rs. 2 billion of bank holdings of government securities since deposit resources increased only Rs. 496 million, and borrowings from the Reserve Bank rose Rs. 188 million.

On December 22, the Government announced that the Reserve Bank Governor, P. C. Bhattacharyya, would retire from government service as of February 28, 1967, but would remain in office until the end of June because the new Governor, L. K. Jha, now secretary to the Prime Minister, will be unable to take office until July 1, partly because of the general elections in February. At the same time, the Government announced the appointment of B. K. Madan, Deputy Governor, to be India's executive director at the IMF, and the appointment of J. J. Anjaria, India's executive director at the IMF, to be Deputy Governor of the Reserve Bank.

On January 12, Governor Bhattacharyya publicly recommended an incomes and price policy to the Government based upon the recently completed "Report on a Framework for Incomes and Prices Policy." This report is the product of a Steering Group on Wages, Prices and Income Policies, the group consisting of experts appointed by the Governor and chaired by B. K. Madan, Deputy Governor of the Reserve Bank. The main recommendation is that the rate of growth in incomes should be less than increases in productivity. This would reportedly increase savings and capital formation, reduce the growth of consumption and eliminate government deficit financing, which has been the major source of inflationary pressures. If incomes do rise more slowly than productivity, part of the increase in productivity could lead to lower prices, or at least to a stable price level.

Table 3. India: Scheduled Banks, Selected Data, 1964-66
(in millions of rupees)

Period	Total Deposits	Per Cent Change	Total Credit	Per Cent Change	Government Securities	Per Cent Change	Borrowings from Res.Bk.	Reserves 1/
1964 - 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
1965 - III	831	3.1	- 712	- 3.4	1,154	15.9	- 573	18
IV	745	2.7	1,023	5.1	- 141	- 1.7	101	196
1966 - III 2/	1,907	6.1	289	1.3	2,031	22.4	1,535	- 64
IV	1,004	3.0	1,593	6.9	-1,232	-11.1	234	347
Comparison of Slack Season 1965 and 1966 3/								
May to October								
1965	1,718	6.5	-1,006	- 4.7	1,381	19.2	-1,208	206
1966	2,605	8.6	- 845	- 3.6	3,021	36.5	- 280	90
Comparison of Busy Season 1965 and 1966 3/								
November to January								
1965-66	767	2.7	1,264	6.3	- 266	3.1	159	25
1966-67	486	1.5	2,577	11.5	-1,983	17.6	188	23

1/ Cash and balances with the Reserve Bank.
2/ Scheduled State Cooperative bank accounts were added from August 12, 1966. Hence, changes after August 1966 are not strictly comparable with those of previous periods.
3/ Scheduled State Cooperative bank accounts were excluded from the 1966 data to permit comparisons with 1965.

5. Money market. During the quarter, the average day-to-day inter-bank rate in Bombay increased from 3.98 per cent in October to 4.12 per cent in November and to 5.23 per cent in December. (See Table 4). Despite the sharp increase during the quarter, the rate remained below the bank rate of 6 per cent. Although the 1966 fourth quarter average of 4.44 per cent is substantially below last year's fourth quarter average of 5.67 per cent, it is still much higher than the 3 per cent level of the fourth quarter in 1963 and 1964.

The total amount of Treasury bills outstanding decreased Rs. 1.16 billion (6 per cent) between the end of September and the end of December last year. (See Table 5). Gross sales to the Reserve Bank in the fourth quarter decreased Rs. 1.84 billion (11 per cent), to state governments and approved bodies Rs. 1.35 billion (30 per cent), and to the public Rs. 0.94 billion (37 per cent). Despite these sharp decreases, net Reserve Bank claims on Government increased Rs. 3.35 billion (11 per cent) during the quarter. This increase amounted to 173 per cent of the Rs. 1.94 billion expansion in money supply in the same period. The very large accumulation by the Reserve Bank of claims on the Government reflects the impact of the liberalization of credit availabilities to the commercial banks announced by the Reserve Bank on October 28.

Table 4. India: Inter-bank Call Money Rates in Bombay
(in per cent per annum)

Year	Quarterly Average[a/] I	II	III	IV
1963	5.64	4.46	2.01	2.93
1964	5.67	5.01	2.22	3.04
1965	5.92	7.88	5.51	5.67
1966	4.69	4.48	3.84	4.44

a/ Average of months derived from weekly averages.

Table 5. India: Treasury Bills and Reserve Bank Claims on Government
(in billions of rupees)

Period	Gross Sales to:[a/] Public	Official Entities	Reserve Bank	Out-standing[b/]	Net Reserve Bank Claims on Gov't.[b/c]
1964 - III	1.16	--	13.81	14.81	26.86
IV	1.02		15.26	14.85	28.13
1965 - III	1.66	2.49	10.81	15.72	29.28
IV	1.17	3.44	12.18	15.19	31.10

Table 5 (cont.)

Period	Gross Sales to:[a] Public	Official Entities	Reserve Bank	Out-standing[b]	Net Reserve Bank Claims on Gov't.[b/c]
1966 - III	2.56	4.55	16.58	19.58	30.88
IV	1.62	3.20	14.74	18.42	34.23
Oct.	.84	1.04	6.42	19.43	32.68
Nov.	.50	1.30	5.67	19.45	33.16
Dec.	.28	.86	2.65	18.42	34.23

a/ Includes intermediate Treasury bills. From July 12, 1965, auction sales were suspended and Treasury bills were offered at a fixed discount of 3.5 per cent per annum.
b/ End of period.
c/ Claims on government net of deposits. Includes central and state government claims.

6. Government bonds. The yield on a representative, short-term government security increased from 4.23 per cent to 4.31 per cent between the end of September and the end of December. (See Table 6). The yield on the medium-term security decreased from 4.84 per cent to 4.81 per cent over the same period, after dipping to 4.79 per cent in October. The yield on the long-term security remained steady at 5.58 per cent during the fourth quarter. Compared with a year earlier, the short-term yield at the end of December was 0.21 percentage points higher and the long-term yield was up 0.06 percentage points. However, the medium-term rate was down 0.48 percentage points.

Table 6. India: Yields on Selected Government Securities
(end of period, in per cent per annum)

Period	Short[a]	Medium[b]	Long[c]
1965 - III	4.07	5.25	5.53
IV	4.10	5.29	5.53
1966 - III	4.23	4.84	5.58
Oct.	4.25	4.79	5.58
Nov.	4.28	4.80	5.58
Dec.	4.31	4.81	5.58

a/ 3.75 per cent, 1968.
b/ 3.75 per cent, 1974.
c/ 3.00 per cent, 1986 or later.

7. Stock market. The index of variable dividend industrial securities increased 2.8 per cent from the end of September to the end of December. At the end of 1966 the index was 10.9 per cent higher than a year earlier. (See Table 7).

The increase in the fourth quarter mainly reflects the impact of the governmental actions to stimulate the economy. Bank credit was liberalized. Restrictions on imports were eased as foreign aid became available. Emergency food shipments, and promises of future food aid, eased the crisis over food shortages. In response to these measures, stock prices increased 3.1 per cent in January alone. Even at this higher level, stock prices were still 13 per cent below the level attained in December 1961.

As stock prices began to rise in the fourth quarter, there were other signs of improvement in the capital market. The average value of new shares, which was 10.5 per cent below paid-up value at the end of September, was 6.7 per cent below paid-up value by the end of December. New capital issues, which amounted to Rs. 28 million in the third quarter, increased to Rs. 101 million in the fourth quarter. In calendar 1966, however, new issues totaled only Rs. 483 million, compared with Rs. 790 million in 1965, and Rs. 900 million in 1964. The underwriting of new issues as a per cent of the total increased sharply from 75 per cent in 1962 to 99 per cent in 1965 and then decreased to 94 per cent in 1966. Underwriters, both owned and financed by the Government, accounted for more than 80 per cent of the total amount underwritten in 1966.

Table 7. India: Price Index of Variable Dividend Industrial Securities
(1952-53 = 100)

Period	Index Number[a]	Percentage Change From: Previous Year	Previous Period
1961 - IV	184.3	10.4	3.9
1962 - IV	171.4	- 7.0	-6.8
1963 - IV	172.6	0.7	4.7
1964 - IV	162.6	- 5.8	-3.0
1965 - III	149.5	-11.0	-4.0
IV	140.0	-13.9	-6.4
1966 - III	151.0	1.0	-3.9
IV	155.2	10.9	2.8
1967 - Jan.	160.0	11.8	3.1

a/ End of period.

8. Gold market. Gold prices increased 5.8 per cent in the fourth quarter compared with an increase of 3.6 per cent in the same quarter last year. (See Table 8).

During September-November the Government took various measures affecting the gold market. On September 2, 1966, the Prime Minister announced that the restrictions on making gold ornaments with a purity above 14 carats would be withdrawn and that possession of non-ornamental gold would be prohibited except for certain licensed dealers and goldsmiths. On October 7, the Gold Control Administrator announced that gold could be purchased during October-December for approved industrial uses at a fixed price of Rs. 143 per 10 grams, or $59.31 per fine ounce. On November 2, the Government announced that individuals declare any ownership of gold ornaments in excess of 2,000 grams. This amounts to about $225 at $35 per ounce, or $376 at the free market rupee prices converted to dollars at the official exchange rate. For families, the limit is 4,000 grams, i.e., double the amount for an individual. According to government estimates, these limits will exempt from registration the vast majority of persons holding gold ornaments.

Since non-ornament gold can be held only by licensed dealers and goldsmiths, who must purchase their needs from the government at fixed prices, the official bullion market official gold price quotations were stopped on November 10.

Under the new measures, the remaining 102 private gold refineries not previously taken over by the Government will be nationalized to prevent diversion of gold to the public. To prevent gold smuggling, now estimated at $13 million a year, the Government plans to prohibit holding of the pure gold except in the form of ornaments. However, the existence of 256,000 goldsmiths, who will be able to make gold ornaments of a purity higher than 14 carats, could mean that the demand for gold ornaments may increase. This is suggested in part by a 12 per cent increase in the unofficial gold price from the second week of November to the end of January.

Table 8. India: Price of Gold Bullion in Bombay[a]
(U. S. dollars per fine ounce at official exchange rate)

Period	U. S. Dollars per Fine Ounce[a]	Percentage Change From: Previous Year	Previous Period
1962 - IV	$69.28	-11.5	-14.5
1963 - IV	66.46	- 4.1	- 3.0
1964 - IV	75.69	13.8	- 2.1
1965 - III	83.89	8.6	- 4.5
IV	86.91	14.9	3.6
1966 - III[b]	57.84	-30.6	- 5.1
IV[c]	61.17	-29.6	5.8
1967 - Jan.	62.21	-30.0	1.7

a/ End of period.
b/ Rupee devalution of 36.5 per cent on June 6, 1966, increased rupee exchange rate with U. S. dollar from 4.7619 rupees to 7.5 rupees.
c/ Free market prices after November 10, 1966, when official bullion price quotations were terminated.

9. Exchange rate. The free market selling rate of Indian rupee notes in Hong Kong and Bangkok strengthened sharply between the end of the third and the end of the fourth quarter. (See Table 9). As a result, the discount on the rupee per U. S. dollar decreased from 32 per cent to 28 per cent in Hong Kong, and from 27 per cent to 16 per cent in Bangkok. At the end of 1966 the discount in Hong Kong was about the same as in 1962-63, and in Bangkok it was substantially less than at the end of 1962. The decrease in the discount is due in part to seasonal factors and in part to the slow down in the rate of price increase during October-November.

Table 9. Free Market Rates for U. S. Dollar Currency

	Hong Kong a/		Bangkok b/	
Period	Rupees per U. S. Dollar	Per cent c/ Discount	Rupees per U. S. Dollar	Per Cent c/ Discount
1962 - IV	6.17	23	6.20	23
1963 - IV	6.90	31	6.28	24
1964 - III	7.98	40	7.45	36
IV	8.05	41	7.31	35
1965 - III	8.38	43	8.28	42
IV	8.93	47	7.98	40
1966 - III	11.11	32	10.30	27
IV d/	10.43	28	8.96	16

a/ Average of month.
b/ End of month.
c/ From official exchange rate: 4.7619 rupees per U. S. dollar up to June 5, 1966, 7.5 ruppes per U. S. dollar thereafter.
d/ Average of three weekly averages.

10. International reserves and foreign trade. India's gold and foreign exchange reserves are estimated at $606 million at the end of December, $51 million lower than at the end of September but $7 million higher than a year earlier. Reserves of the Reserve Bank increased $8 million during the fourth quarter to $515 million, but those held by the Government decreased $57 million. (See Table 10). At this level, India's reserves were higher than in any year since 1963. Since legal reserve requirements to back the currency are $420 million, free reserves at the end of December 1966 amounted to $186 million, equivalent to aboue one month's imports at the current rate.

The decline in reserves in the fourth quarter was less than half the decrease in the third quarter. This may be due in part to the sharp decrease in the trade deficit since the devaluation of the rupee on June 6, 1966, and in part to the sharp slowdown in economic activity throughout the second half of 1966.

During the six-month period, June to November 1966, the trade deficit was $204 million (30 per cent) lower at $474 million compared with the same period in 1965. Exports were $143 million (17 per cent) less but imports were $347 million (23 per cent) lower in the 1966 period than in 1965. (See Table 11).

The effect of the devaluation on exports has been mixed. Between June and October exports rose from $81 to $149 million, or by 84 per cent. In October exports were $9 million higher than in the same month a year earlier. However, exports fell to $120 million in November, or $37 million less than in November of 1965. While these data reflect foreign exchange availabilities, it should be remembered that the export subsidy system in the pre-devaluation period included uncompetitive exports that even after devaluation would require export subsidies. Recent newspaper reports indicate that exports of India's traditional commodities, viz., tea and jute, have decreased because export duties and increased production costs have priced these exports out of world market. As a result, exporters have asked the Government to reduce or to eliminate these export duties. Also, cotton textile exporters have claimed that export subsidies should be reinstated for certain cotton textile products.

The outlook for these three exports in the harvest season does not seem bright, mainly because of the anticipated decrease in agricultural production. About 60 per cent of India's exports are directly or indirectly dependent on agricultural products.

The devaluation and accompanying measures have sharply reduced the level of imports. In addition, the availability of $900 million in non-project consortium aid for the year ending March 1967, should ease the pressure on India's foreign exchange reserves.

Table 10. India: Gold and Foreign Exchange Holdings, 1962-66
(In millions of U. S. dollars
at the end of the period)

Period	Reserve Bank	Government	Total	Change from previous: Year	Period
1962 - IV	450	62	512	-153	- 4
1963 - IV	469	138	607	- 95	46
1964 - IV	447	51	498	-109	- 27
1965 - III	456	48	506	20	- 13
IV	460	139	599	101	93
1966 - III	507	149	657	151	-118
IV	515	91 a/	606 a/	7 a/	- 51 a/

a/ Estimate.

Table 11. India: Commodity Trade Data
(in millions of U. S. dollars)

Year	Month	Imports	Exports	Balance
1965	June	306	141	-165
	July	251	129	-122
	August	242	141	-101
	September	257	149	-108
	October	198	140	- 58
	November	281	157	-124
	TOTAL	1,535	857	-678
1966	June	161	81	- 80
	July	190	101	- 89
	August	188	133	- 55
	September	254	130	-124
	October	204	149	- 55
	November	191	120	- 71
	TOTAL	1,188	714	-474
Percentage Change		- 23%	- 17%	- 30%

Prepared by:
Henry F. Lee,
Asia, Africa and Latin America Section,
Division of International Finance.

Chart 1

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

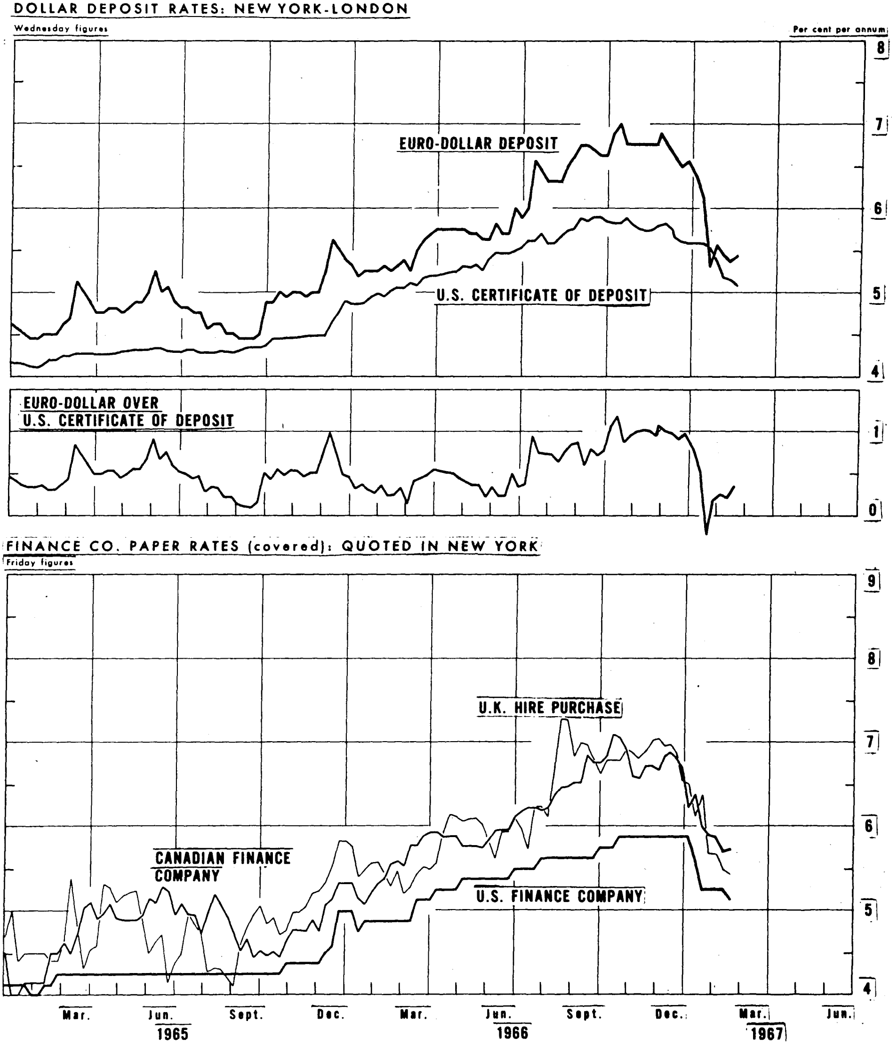


Chart 2

LONDON: YIELDS FOR U.S. DOLLAR INVESTORS ON 3-MONTH FUNDS

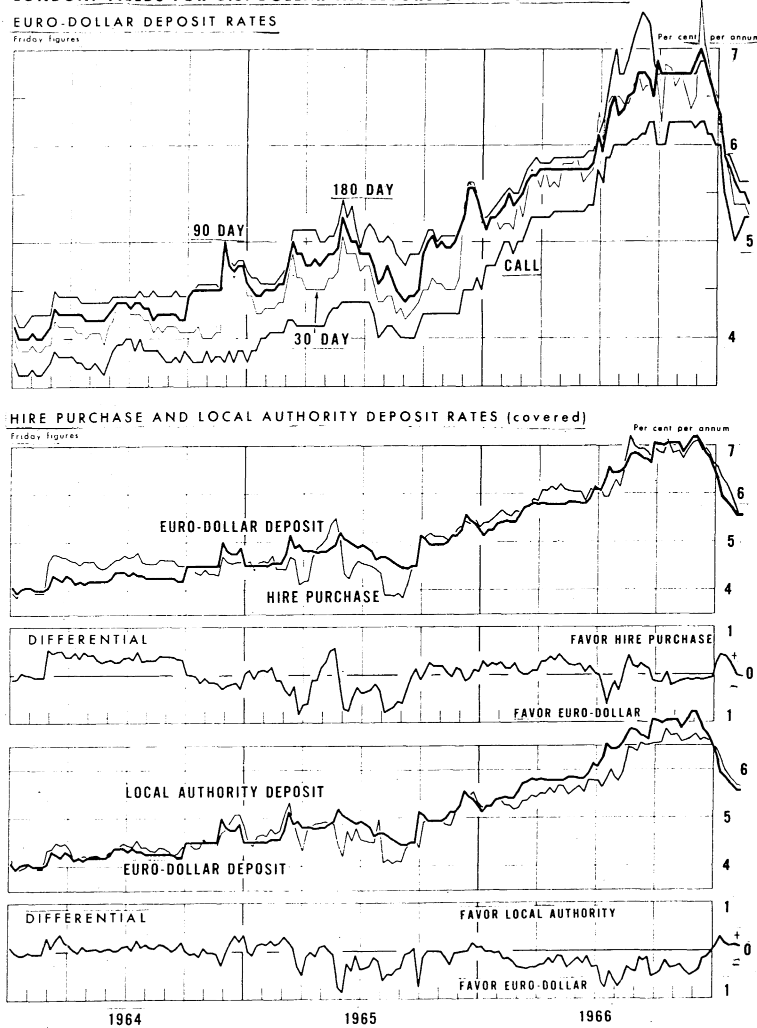
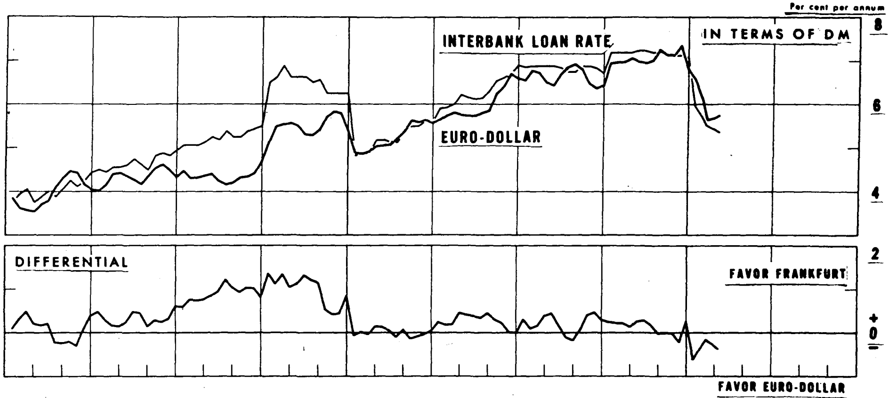


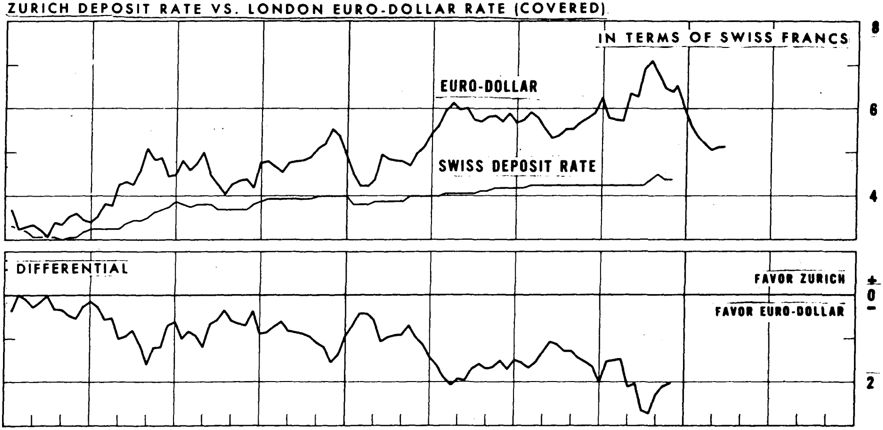
Chart 3

I 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

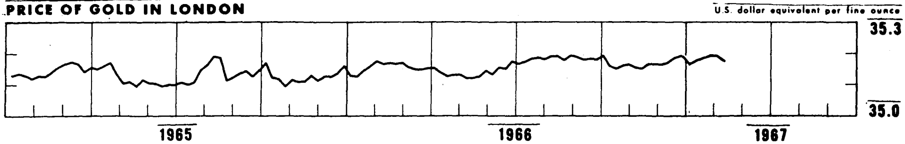


Chart 4

INTEREST ARBITRAGE, UNITED STATES/CANADA

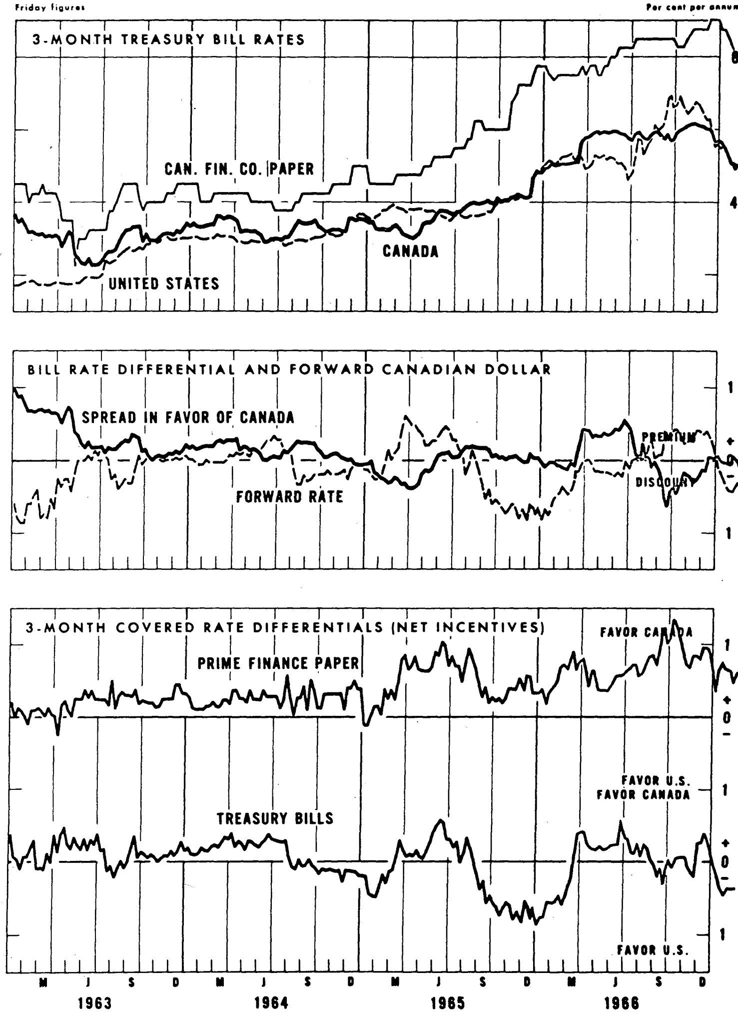


Chart 5
INTEREST ARBITRAGE, NEW YORK/LONDON

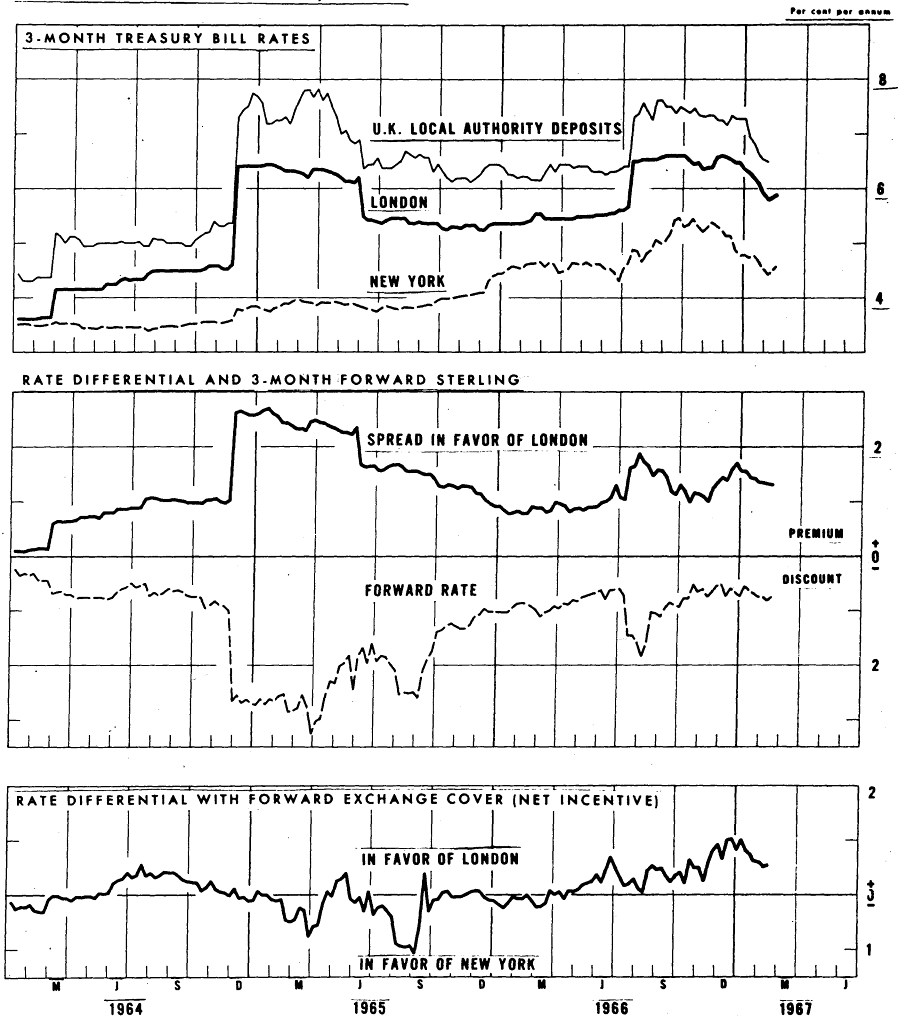
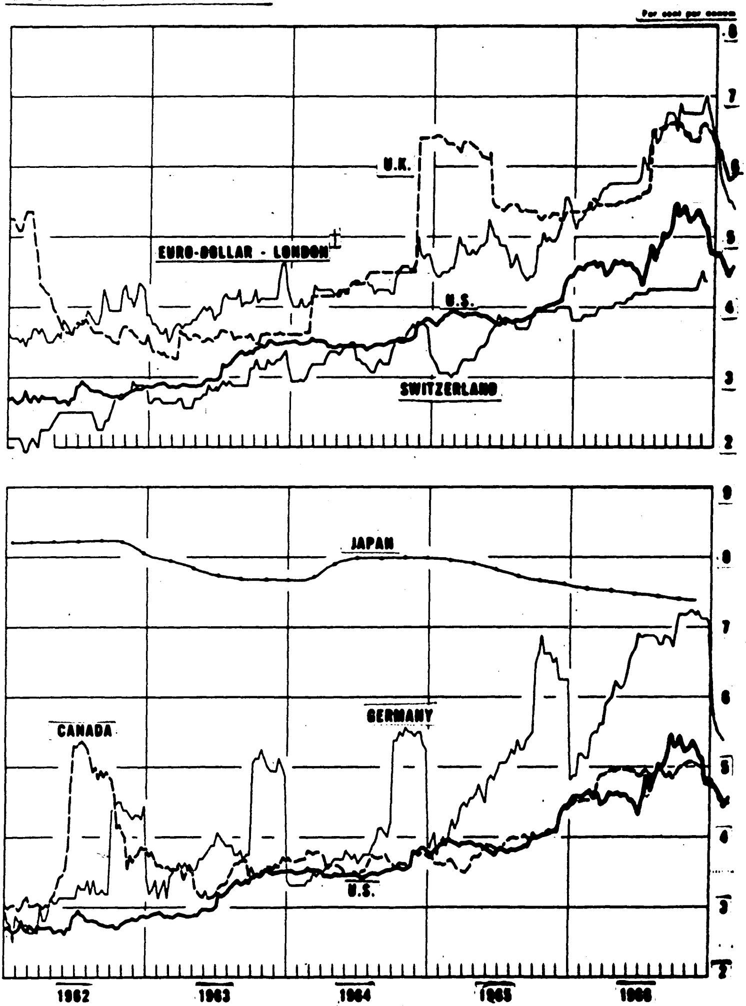


Chart 6

SHORT-TERM INTEREST RATES a

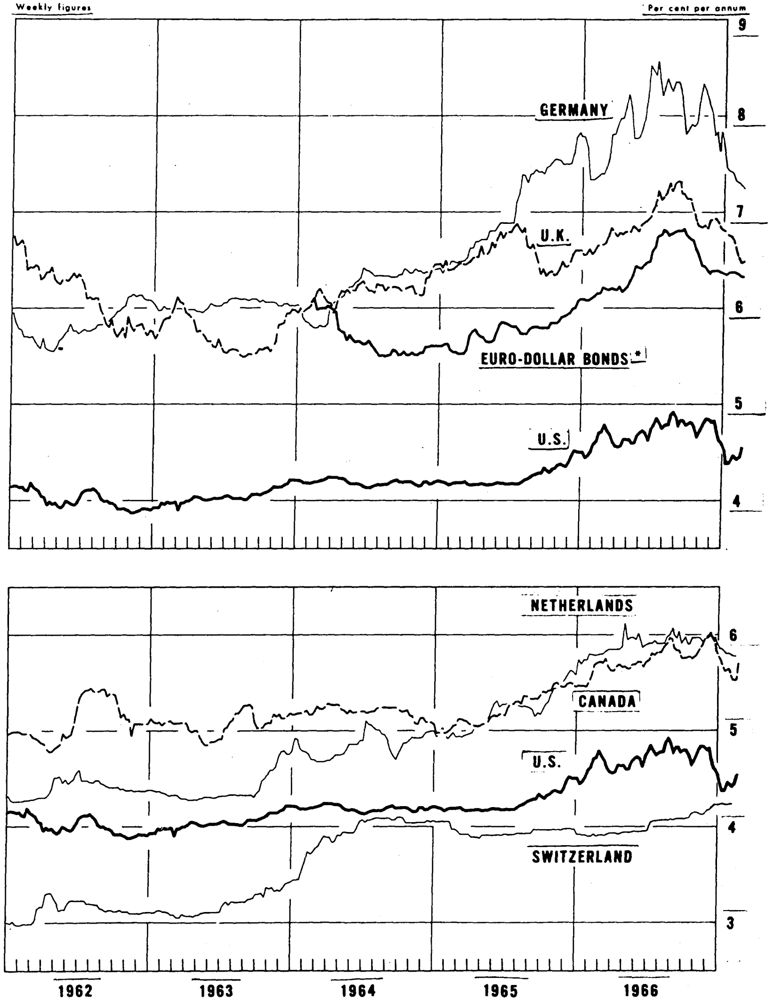


a 3-month treasury bill rates for all countries except Japan (Average rate on bank loans and discounts), Switzerland (3-month deposit rate) and Germany (Interbank Loan Rate).

† 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

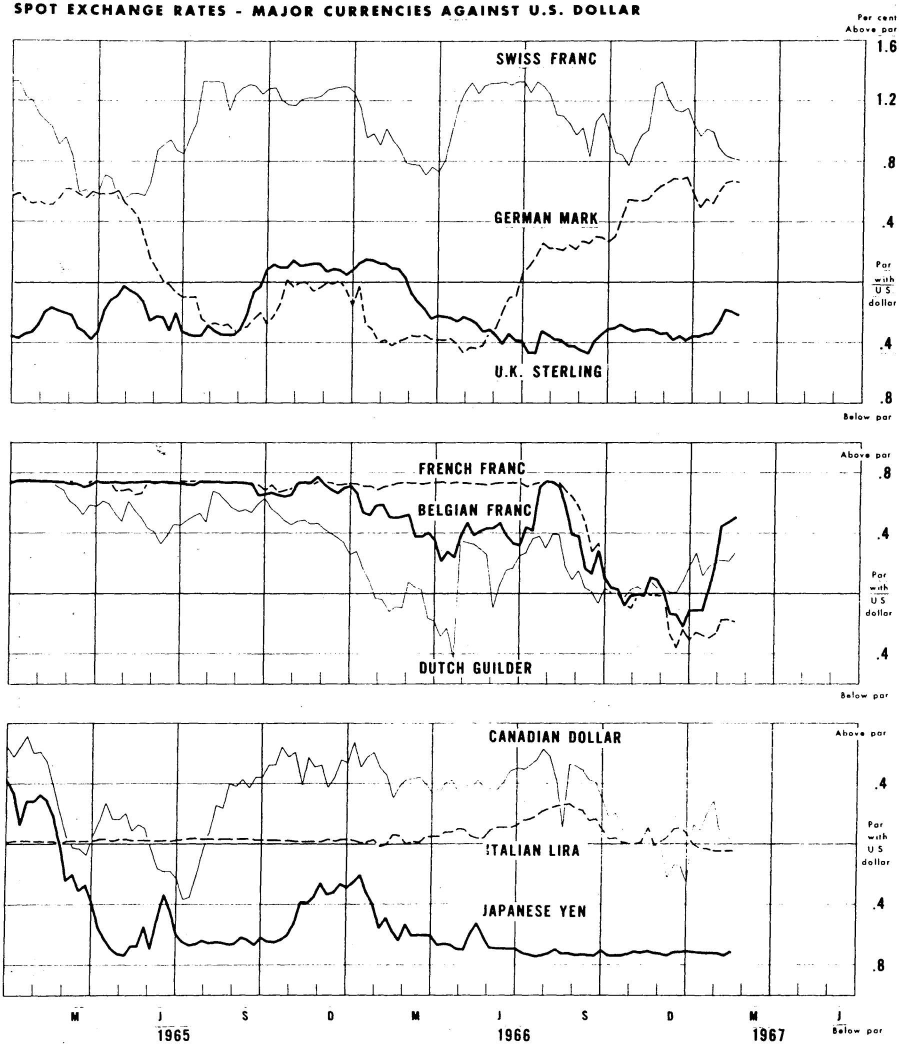
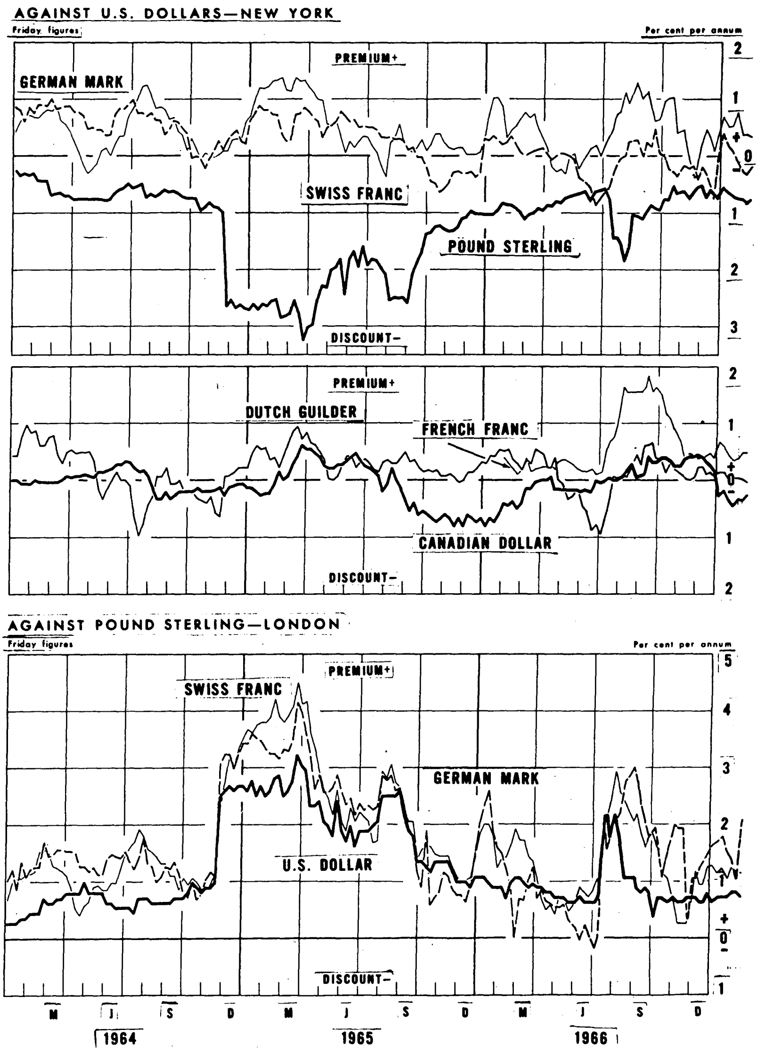


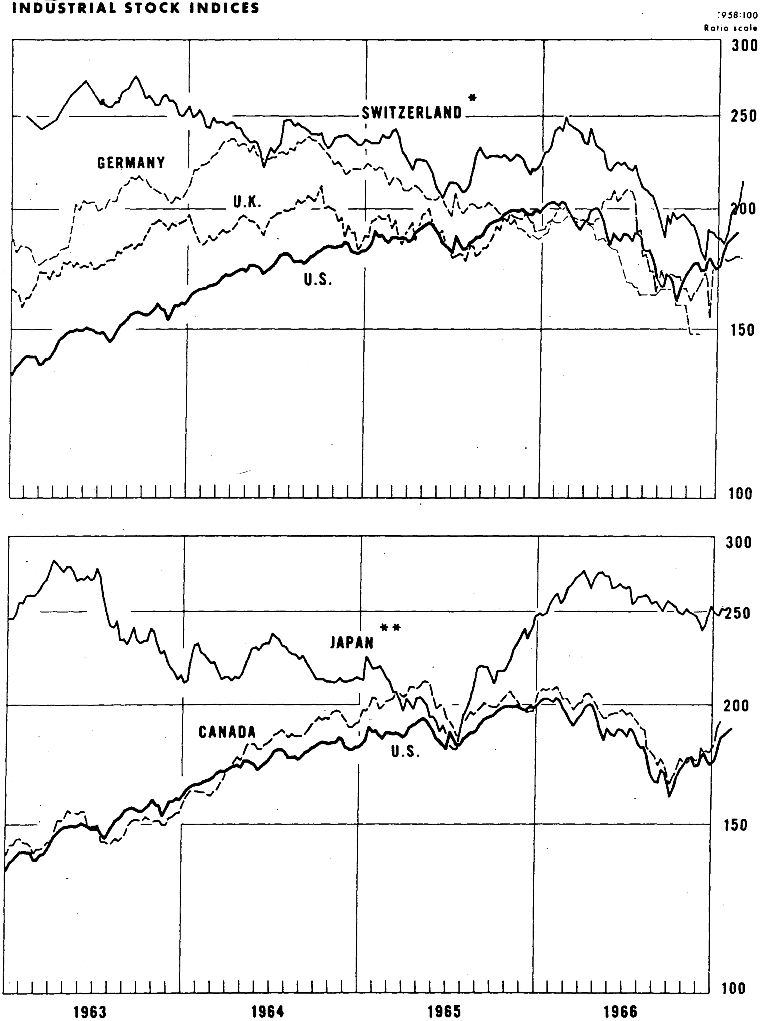
Chart 9
3-MONTH FORWARD EXCHANGE RATES



22

Chart 10

INDUSTRIAL STOCK INDICES



* Swiss Bank Corporation industrial stock index.

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

H.13
No. 287

February 23, 1967

III. Latest Figures Plotted in H.13 Chart Series, 1967
(all figures per cent per annum)

Chart 1

Upper Panel (Wednesday, February 15)

Euro-$ deposit	5.44
U.S. certif. of deposit	5.08

Lower Panel (Friday, February 17)

Finance co. paper: U.S.	5.13
Canada	5.74
Hire-purchase paper, U.K.	5.44

Chart 2
(Friday, Feb. 17)

Euro-$ deposits:

Call	5.25	90-day	5.38
30-day	5.25	180-day	5.62

Hire-purchase paper (Feb. 10)	5.52
Local-authority deposit (Feb. 10)	5.65

Chart 3

Upper Panel (Period: February 1-7)

Interbank loan (mid-point)	5.38
Euro-$ deposit (average)	5.75

Lower Panel (Date: December 15)

Zurich 3-month deposit	4.38
Price of gold (Friday, Feb. 10)	35.179

Chart 4
(Friday, Feb. 17)

Treasury bills: Canada	4.48
U.S.	4.58
Spread favor Canada	-0.10
Forward Canadian $	-0.26
Net incentive (Canada +)	-0.36
Canadian finance paper	5.75

Chart 5
(Friday, Feb. 17)

Treasury bills: U.K.	5.89
U.S.	4.58
Spread favor U.K.	+1.31
Forward pound	-0.75
Net incentive (U.K. +)	+0.56

Chart 6
(Friday, Feb. 17)

Treasury bills: U.S.	4.58
U.K.	5.89
Canada	4.48
Interbank loan rate (German) (Feb. 1-7)	5.38
Euro-$ deposit (London)	5.38
Zurich 3-month deposit (Date: December 15)	4.38
Japan composit rate (Date: November 30)	7.39

Chart 7

U.S. Gov't. (Wed., Feb. 15)	4.54
U.K. War Loan (Thurs., Feb. 16)	6.48
German Fed. (Fri., Feb. 17)	7.24
Swiss Confed. (Fri., Feb. 17)	4.24
Canadian Gov't. (Wed., Feb. 15)	5.70
Netherlands Gov't. perpetual 3% (Friday, Feb. 10)	5.77
Euro-$ bonds (Fri., Feb. 17)	6.32

For descriptions and sources of data, see special supplement to H.13, Number 239, March 16, 1966.