

DEC 2 1968
FEDERAL RESERVE BANK
OF CHICAGO

November 27, 1968.

CAPITAL MARKET DEVELOPMENTS ABROAD

- I. Ten Charts on Financial Markets Abroad
II. Latest Figures Plotted in H.13 Chart Series, 1968

Capital Market

I. Ten Charts on Financial Markets Abroad

- Chart 1 - New York, London: Yields on U.S. Dollar Funds
Chart 2 - London: Yields for U.S. Dollar Investors on
3-Month Funds
Chart 3 - Interest Arbitrage: Frankfurt/London,
Zurich/London
Chart 4 - Interest Arbitrage: New York/Canada
Chart 5 - Interest Arbitrage: New York/London
Chart 6 - Short-Term Interest Rates
Chart 7 - Long-Term Bond Yields
Chart 8 - Spot Exchange Rates--Major Currencies
Against U.S. Dollar
Chart 9 - 3-Month Forward Exchange Rates
Chart 10 - Industrial Stock Indices

Europe and British Commonwealth Section.

NOT FOR PUBLICATION

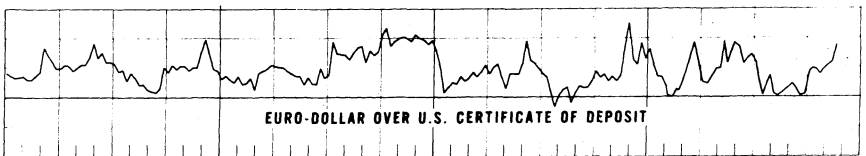
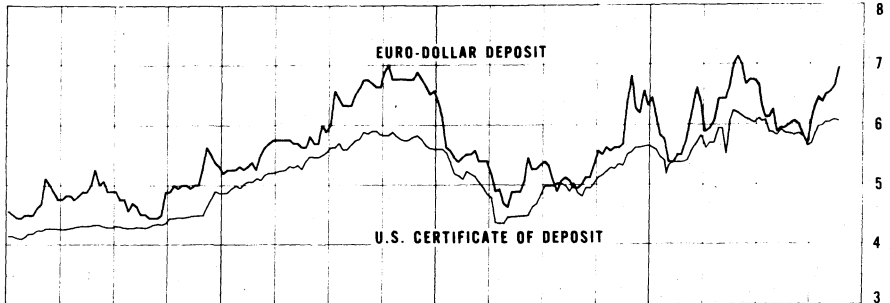
DECONTROLLED AFTER SIX MONTHS

Chart 1

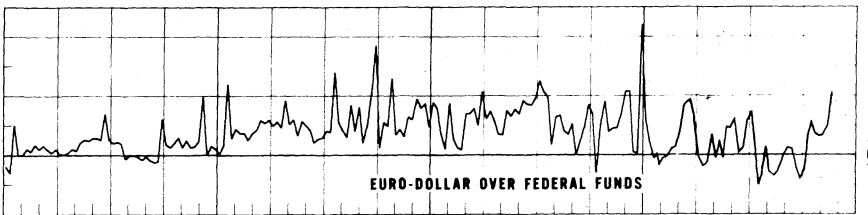
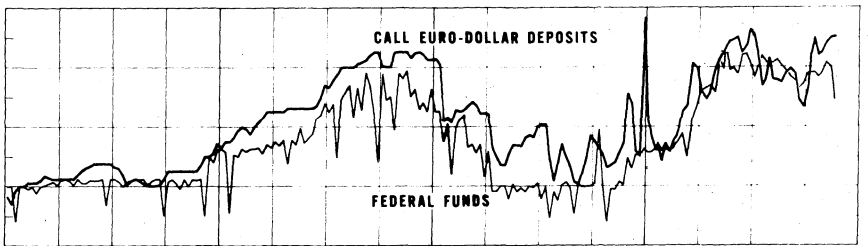
NEW YORK-LONDON: YIELDS ON U.S. DOLLAR FUNDS 3-MONTH DOLLAR DEPOSIT RATES

Wednesday figures

Per cent per annum



CALL EURO-DOLLAR DEPOSIT RATE VS. U.S. FEDERAL FUNDS RATE



Mar. Jun. Sept. Dec. 1965 Mar. Jun. Sept. Dec. 1966 Mar. Jun. Sept. Dec. 1967 Mar. Jun. Sept. Dec. 1968

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Chart 2A

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

Friday figures

Per cent per annum

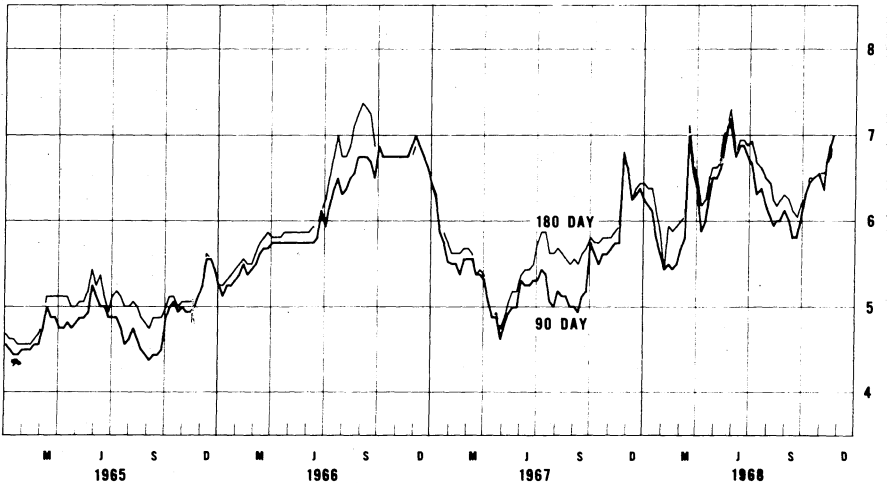
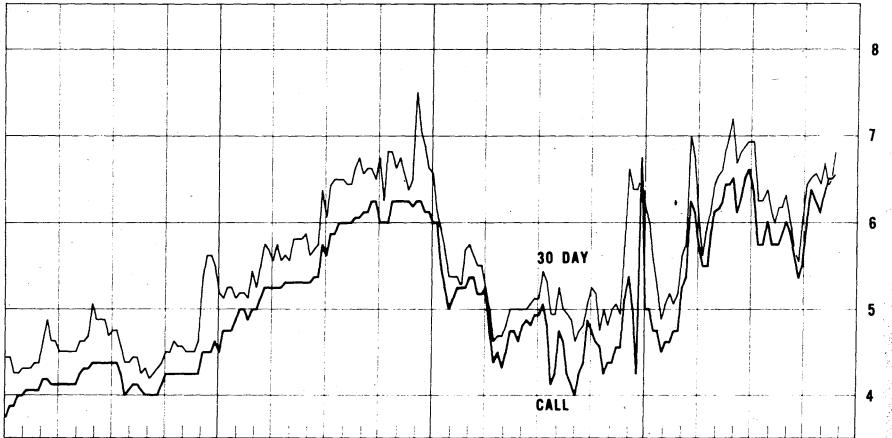


Chart 28

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

HIRE PURCHASE AND LOCAL AUTHORITY DEPOSIT RATES (covered)

Friday figures

Per cent per annum

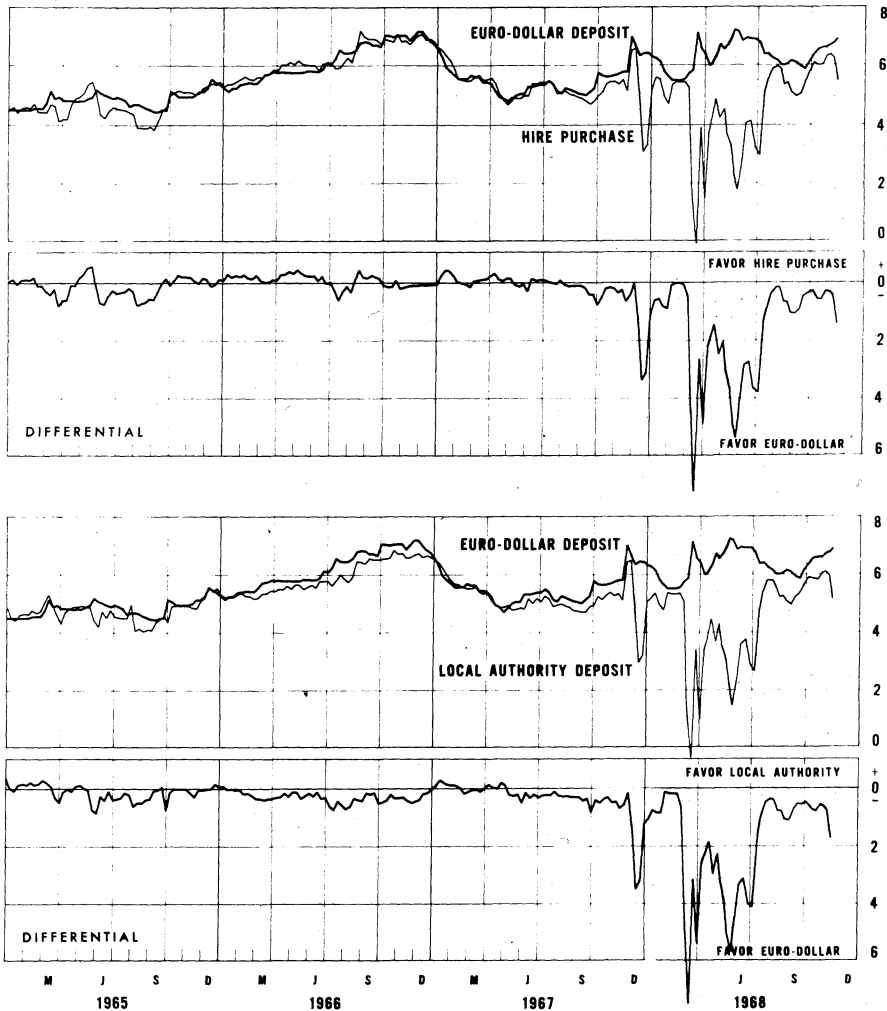
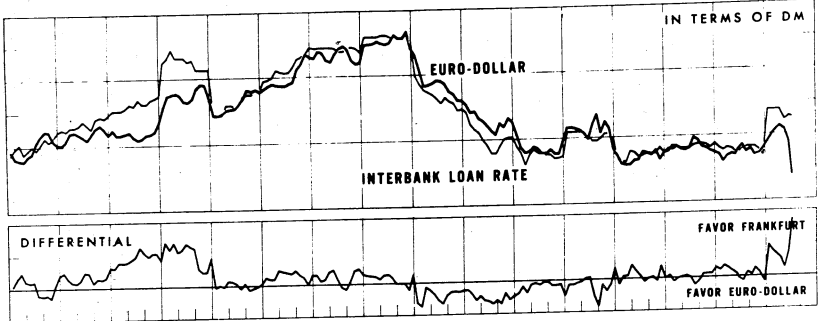


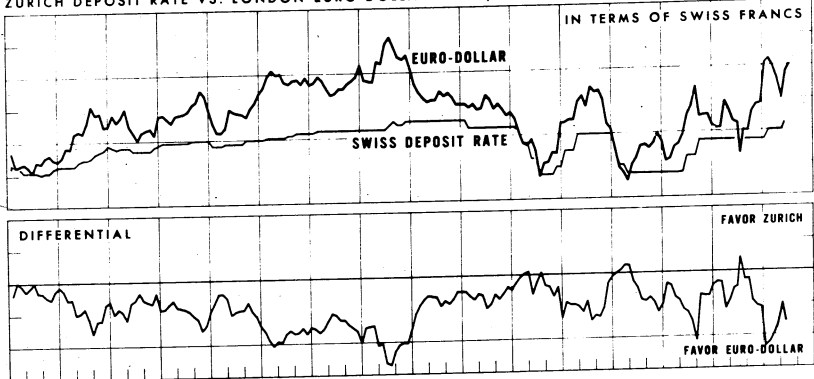
Chart 3

I INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON
FRANKFURT INTERBANK LOAN RATE VS. LONDON EURO-DOLLAR RATE (COVERED)

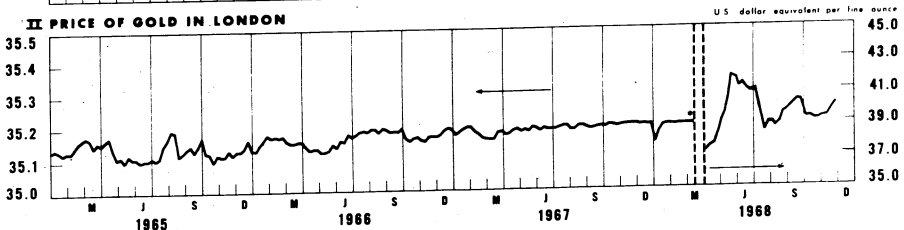
Per cent per annum



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



II PRICE OF GOLD IN LONDON



• Market closed March 15-April 1, 1968

Chart 4

INTEREST ARBITRAGE, UNITED STATES / CANADA

Friday figures

Per cent per annum

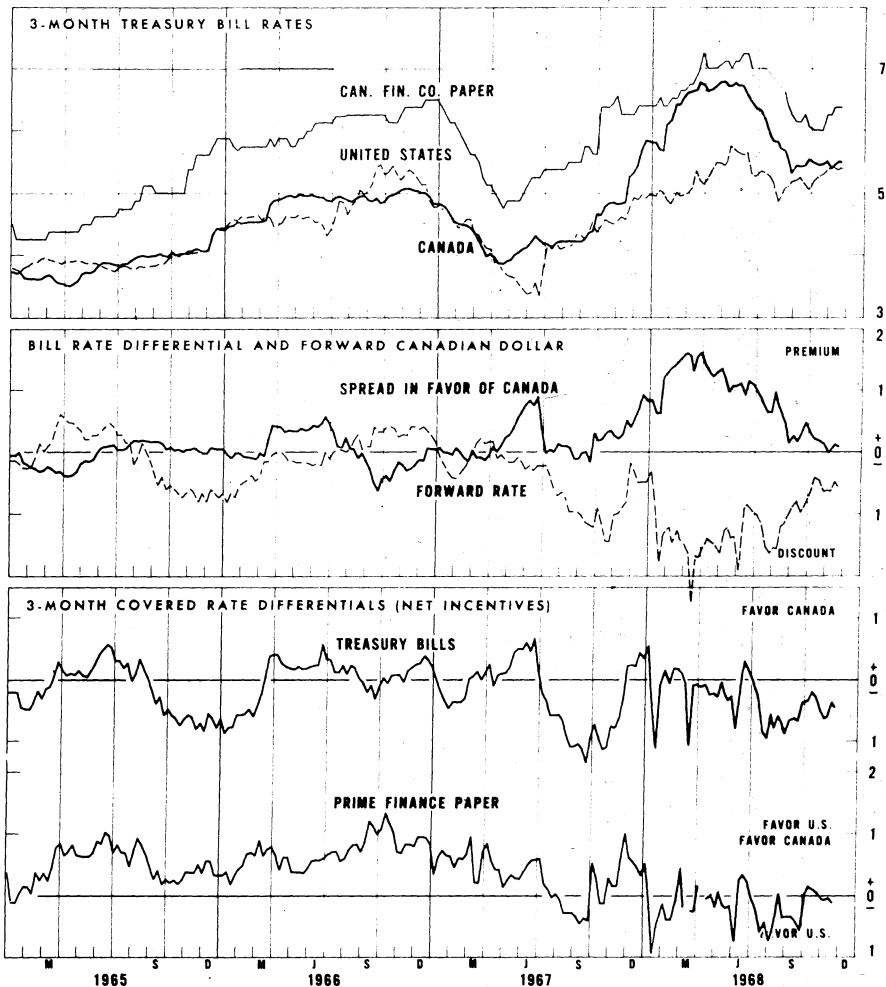


Chart 5A

INTEREST ARBITRAGE, NEW YORK/LONDON

Per cent per annum

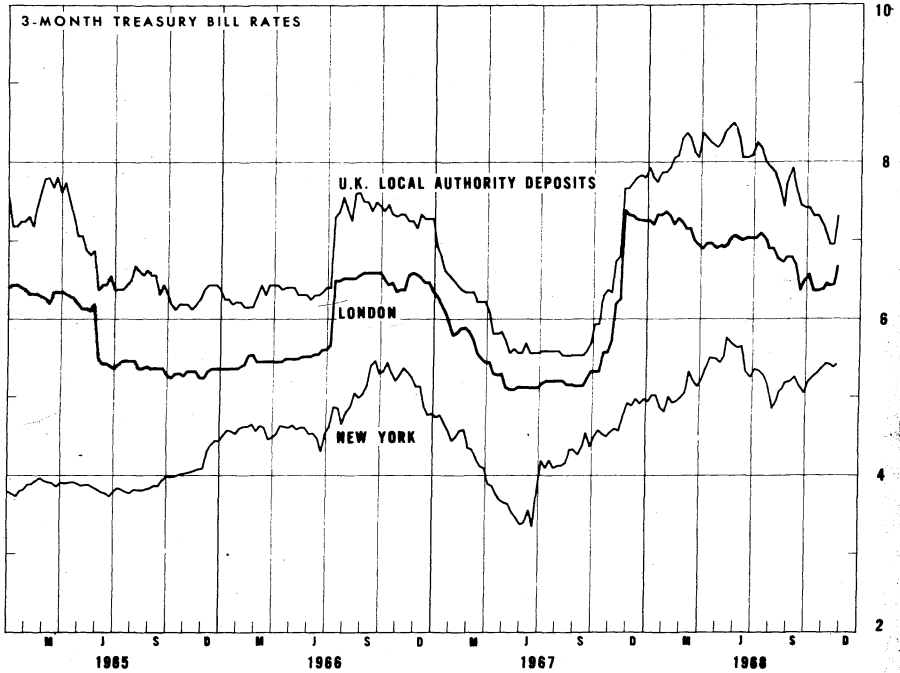
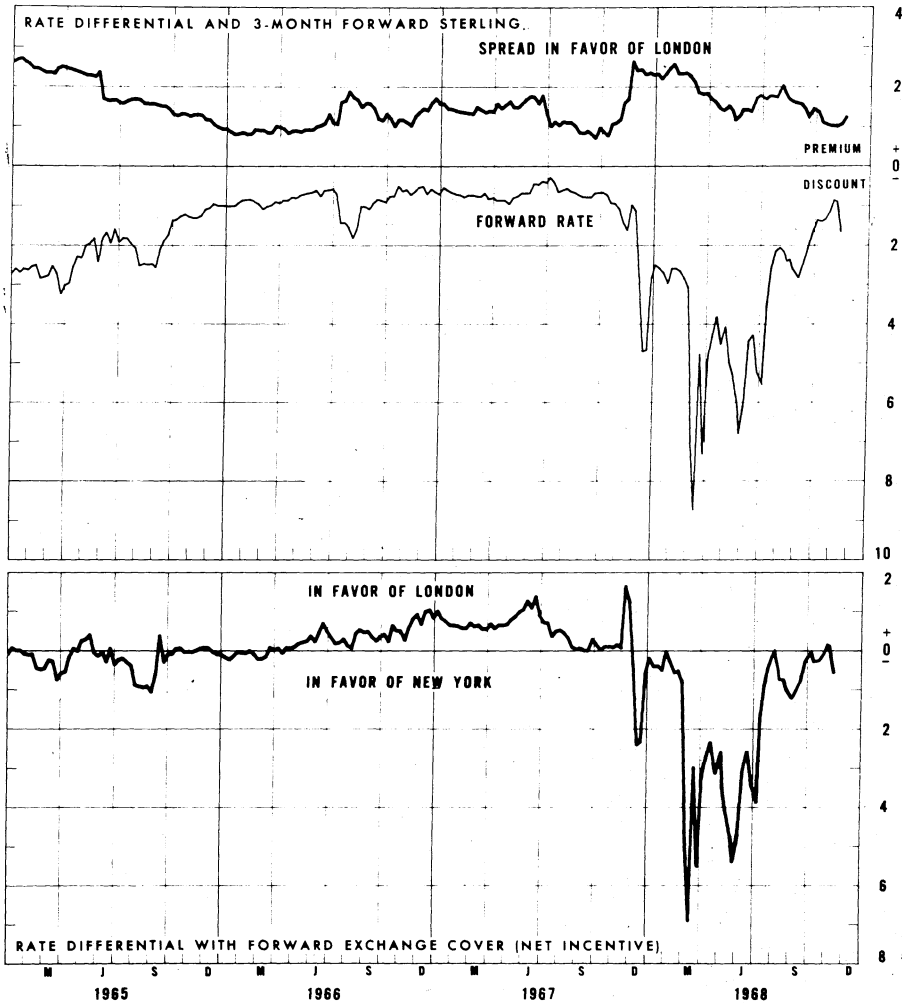


Chart 58

INTEREST ARBITRAGE, NEW YORK/LONDON

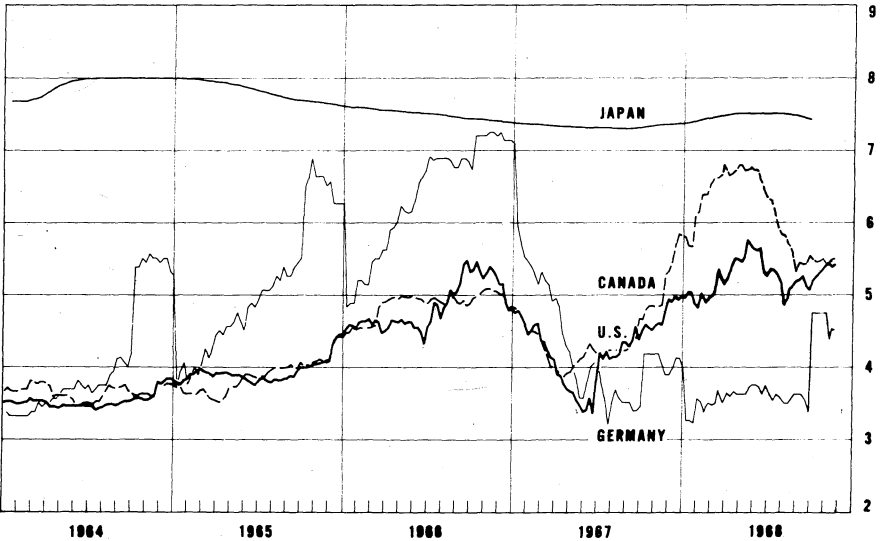
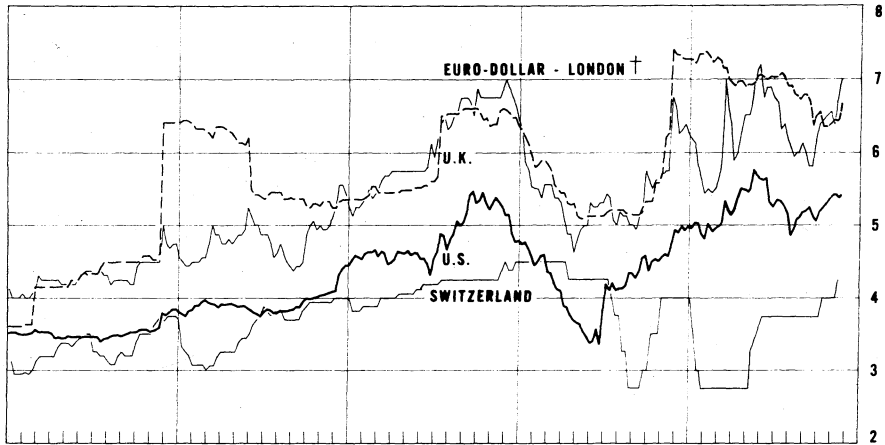
Per cent per annum



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Chart 6
SHORT-TERM INTEREST RATES*

Per cent per annum



*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)

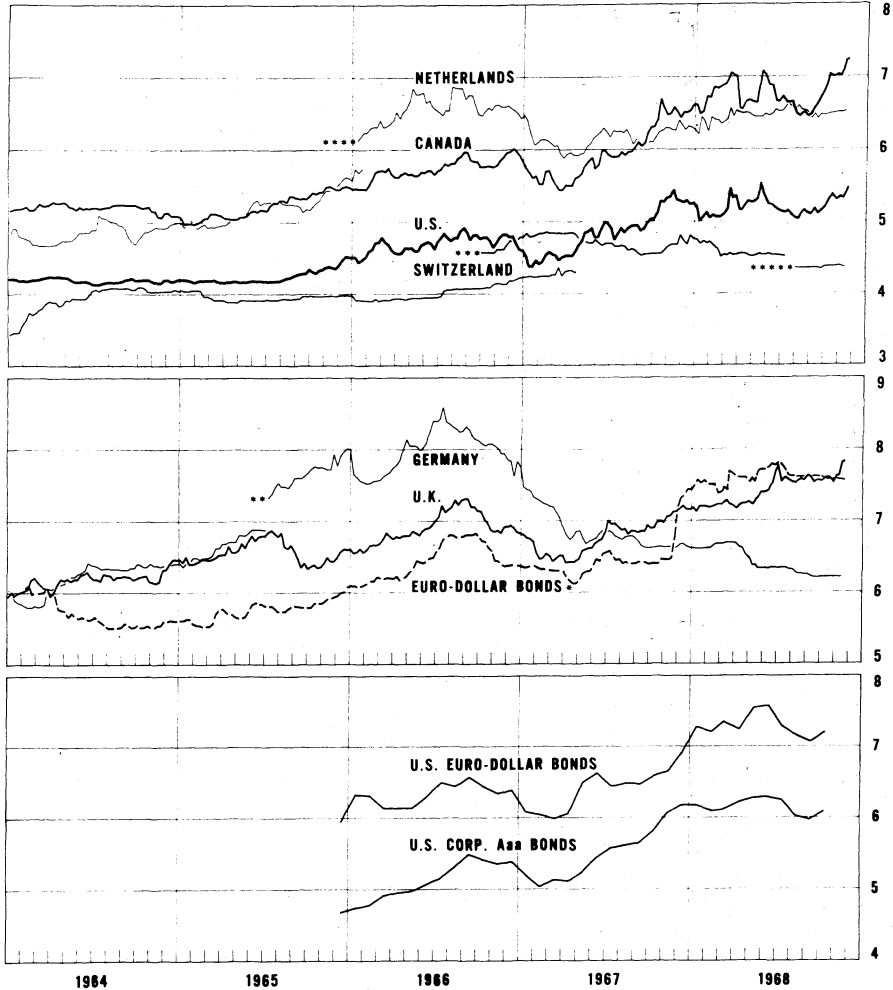
† 3-month rate for U.S. dollar deposits in London

Chart 7

LONG-TERM BOND YIELDS

Weekly figures

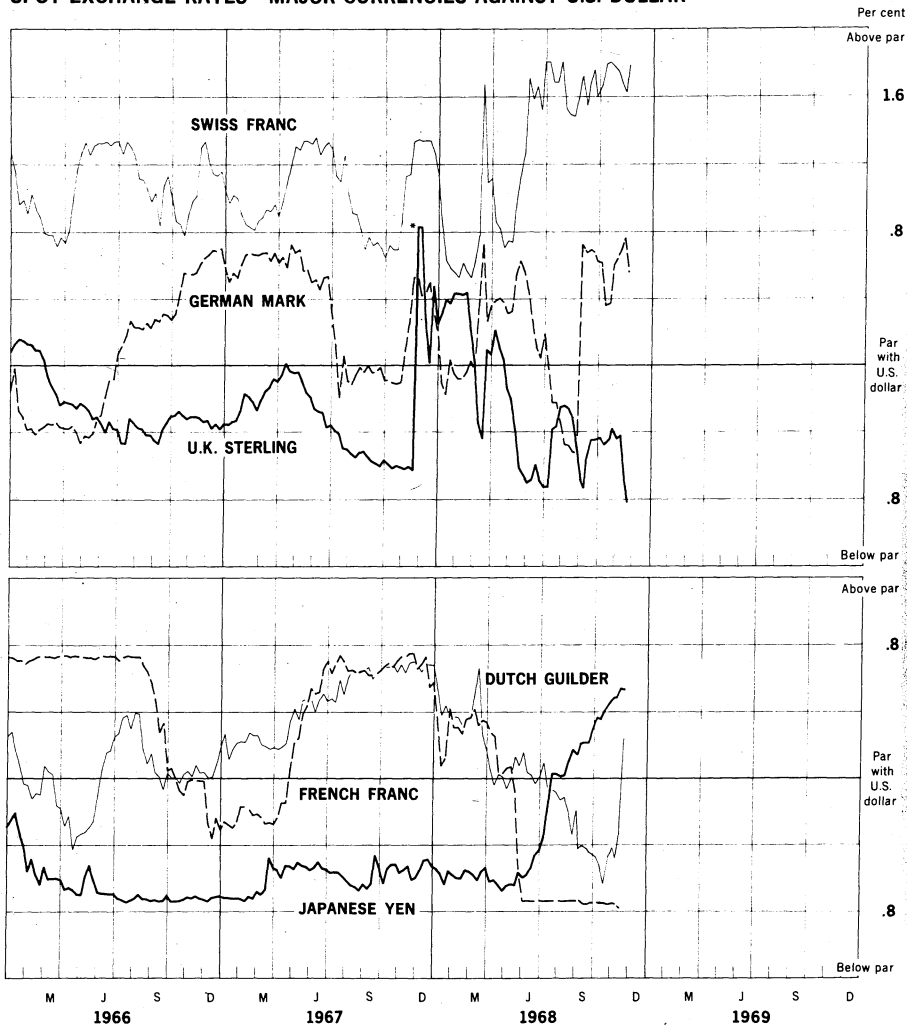
Per cent per annum



- Average of yields for four foreign government dollar bonds quoted in London
- New series for Germany starts 7-9-65
- New series for Switzerland starts 4-3-67
- New series for Netherlands starts 1-7-67
- New series for Switzerland starts 8-2-68

Chart 8A

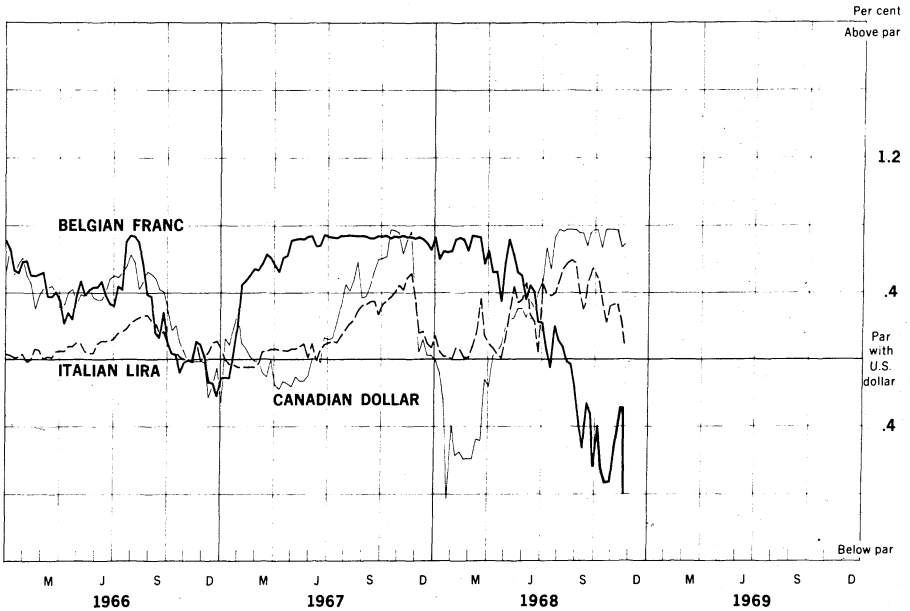
SPOT EXCHANGE RATES - MAJOR CURRENCIES AGAINST U.S. DOLLAR



*Devaluation of the pound sterling from \$2.80 to \$2.40.

Chart 8B

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



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Chart 9A

3-MONTH FORWARD EXCHANGE RATES

AGAINST U.S. DOLLARS—NEW YORK

Friday figures

Per cent per annum

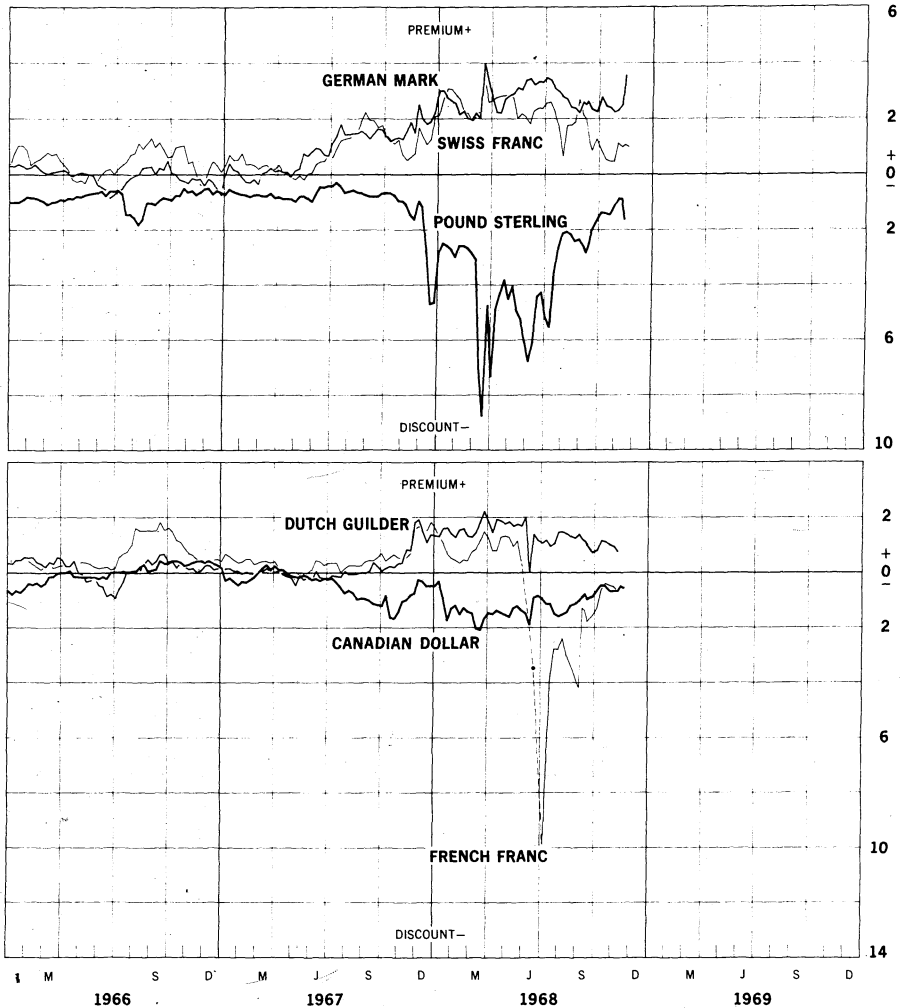


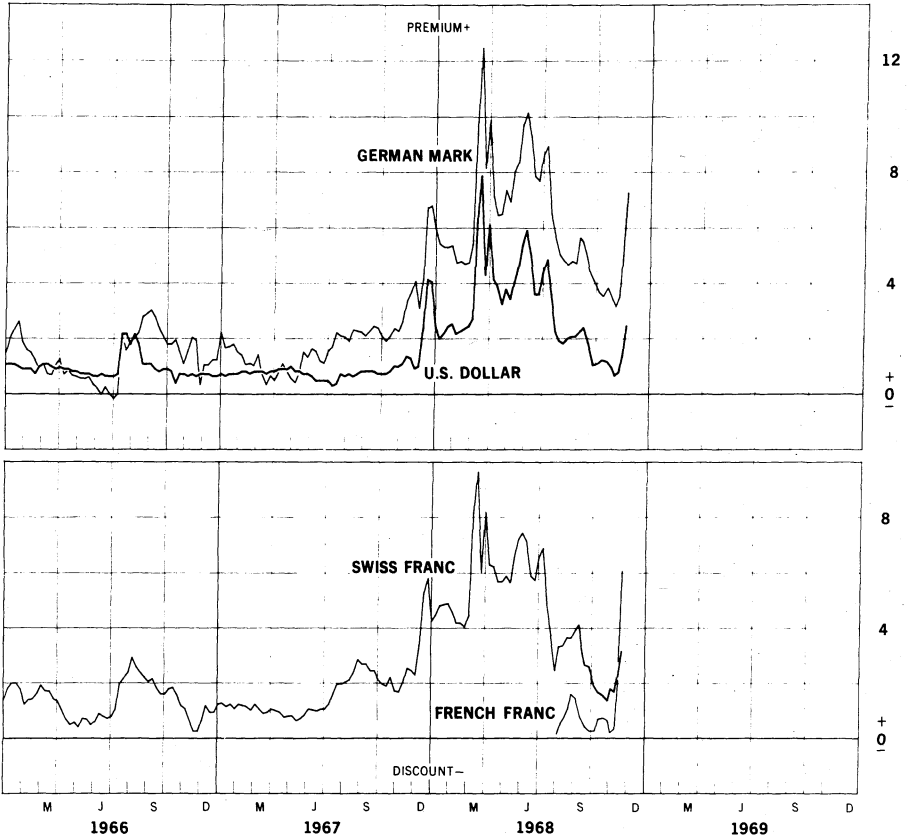
Chart 9B

3-MONTH FORWARD EXCHANGE RATE

AGAINST POUND STERLING—LONDON

Friday figures

Per cent per annum

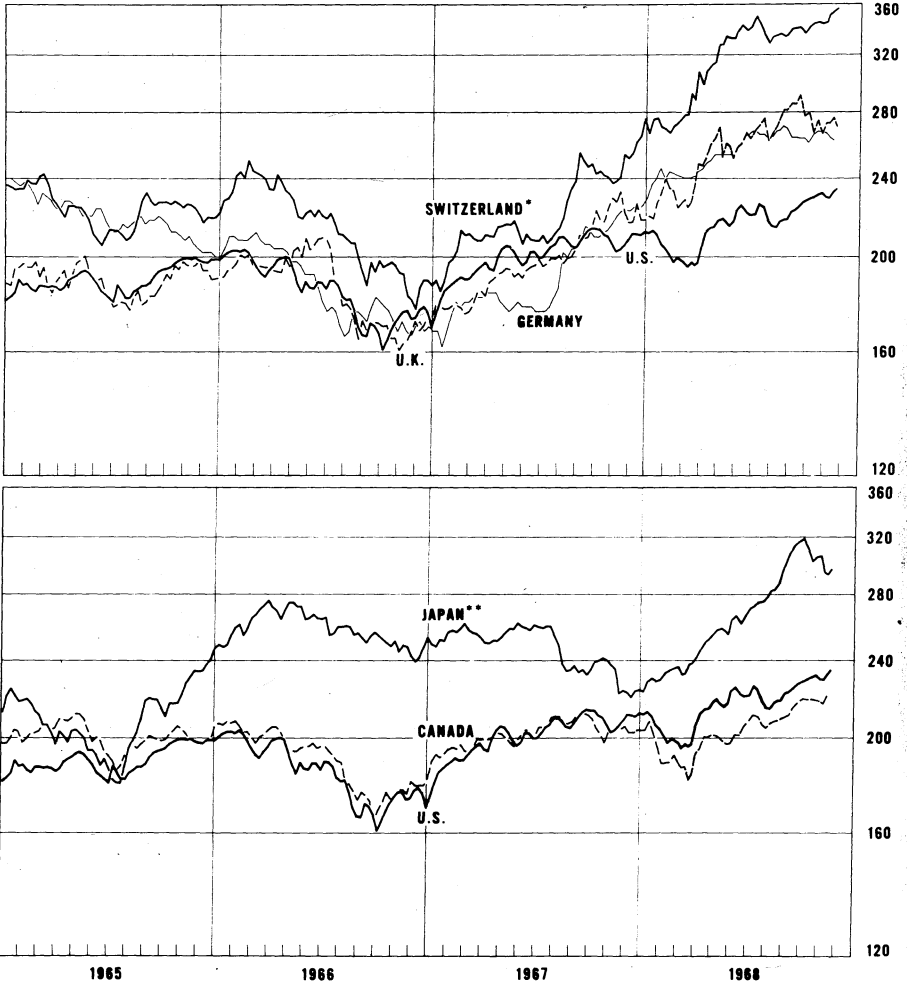


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Chart 10

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

II. a. Latest Figures Plotted in H. 13 Series
(all figures in per cent per annum)

Chart 1

<u>Upper Panels</u> (Wednesday, <u>Nov. 20</u>)	
Euro-\$ deposit	<u>6.94</u>
U.S. certif. of deposit	<u>6.06</u>
<u>Lower Panels</u> (Wednesday, <u>Nov. 20</u>)	
Call Euro-\$ deposit	<u>6.51</u>
Federal Funds	<u>5.45</u>

Chart 2A

<u>Euro-\$ deposits</u> (Friday, <u>Nov. 22</u>)	
<u>Upper Panel</u> Call	<u>6.56</u>
30-day	<u>6.81</u>
<u>Lower Panel</u> 90-day	<u>7.00</u>
180-day	<u>7.00</u>

Chart 2B

Hire-Purchase (<u>Nov. 15</u>)	<u>5.46</u>
Local Authority (<u>Nov. 15</u>)	<u>5.15</u>
Euro-\$ deposit (<u>Nov. 15</u>)	<u>6.88</u>

Chart 3

<u>I. Upper Panel</u> (Period: <u>Nov. 16-23</u>)	
Interbank Loan (mid-point)	<u>4.50</u>
Euro-\$ deposits (average)	<u>2.76</u>
<u>Lower Panel</u> (date: <u>Nov. 8-15</u>)	
Zurich 3-mo. deposit	<u>4.25</u>
Euro-\$ rate (covered) (<u>Nov. 23</u>)	<u>6.02</u>
<u>II. Price of Gold</u> (London) <u>40.19</u>	
(average-week ended <u>Nov. 22</u>)	

Chart 4

(Friday, <u>Nov. 22</u>)	
Treasury bills: Canada	<u>5.50</u>
U.S.	<u>5.41</u>
Spread (favor Canada +)	<u>+0.09</u>
Forward Canadian dollar	<u>-0.54</u>
Net incentive (Canada +)	<u>-0.45</u>
Canadian Finance paper	<u>6.38</u>

Chart 5A
(Friday, Nov. 22)

U.K. Local Authority deposit	<u>7.31</u>
Treasury bills: U.K.	<u>6.66</u>
U.S.	<u>5.41</u>

Chart 5B

Spread (favor U.K. +)	<u>+1.25</u>
Forward rate	<u>n.a.</u>
Net incentive (U.K. +)	<u>n.a.</u>

Chart 6

<u>Upper Panel</u> (Friday, <u>Nov. 22</u>)	
Treasury Bills U.S.	<u>5.41</u>
U.K.	<u>6.66</u>
Canada	<u>5.50</u>
Euro-\$ deposit (London)	<u>7.00</u>
<u>Lower Panel</u>	
German Interbank loan rate (<u>Nov. 23</u>)	<u>4.50</u>
Zurich 3-month deposit (<u>Nov. 15</u>)	<u>4.25</u>
Japan Composite Rate (<u>Sept. 30</u>)	<u>7.43</u>
U.S. Treasury bills (<u>Nov. 22</u>)	<u>5.41</u>

Chart 7

Upper Panel

U.S. Gov't. (Wed., Nov. 20)	<u>5.46</u>
Netherlands Govt. (Fri., Nov. 15)	<u>6.53</u>
Canadian Gov't. (Wed., Nov. 20)	<u>7.23</u>
Swiss Gov't. Composite (Fri., Nov. 15)	<u>4.37</u>

Middle Panel

German Fed., (Fri., Nov. 15)	<u>6.21</u>
U.K. War Loan (Thus., Nov. 21)	<u>7.82</u>
Euro-\$ bonds (Fri., Nov. 22)	<u>7.55</u>

Lower Panel

U.S. Euro-bonds (Oct. 31)	<u>7.20</u>
U.S. Corporate Aaa (Oct. 31)	<u>6.09</u>

Chart 8A
(Friday, Nov. 22)

Upper Panel

Swiss francs	<u>+1.79</u>
German marks	<u>+0.56</u>
U.K. £ sterling	<u>-0.82</u>

Lower Panel

French francs	<u>n. a.</u>
Dutch guilders	<u>+0.24</u>
Japanese yens	<u>+0.53</u>

Chart 8B
(Friday, Nov. 22)

Belgian francs	<u>-0.80</u>
Canadian dollars	<u>+0.69</u>
Italian lira	<u>+0.09</u>

Chart 9A

(Friday, Nov. 22)

Against U.S. dollars

Upper Panel

Swiss francs	<u>+0.98</u>
German marks	<u>n. a.</u>
£ sterling	<u>n. a.</u>

Lower Panel

French franc	<u>n. a.</u>
Dutch guilder	<u>n. a.</u>
Canadian dollar	<u>-0.54</u>

Chart 9B
(Friday, Nov. 22)

Against pound sterling

Upper Panel

German mark	<u>+7.29</u>
U.S. dollar	<u>+2.50</u>

Lower panel

Swiss franc	<u>+3.19</u>
French franc	<u>+6.09</u>

Chart 10
(Index; 1958 = 100)

Upper Panel

U.K. (Nov. 15)	<u>271.4</u>
Germany (Nov. 11)	<u>262.8</u>
Switzerland (Nov. 22)	<u>356.8</u>

Lower Panel

U.S. (Nov. 22)	<u>234.4</u>
Canada (Nov. 14)	<u>221.0</u>
Japan (Nov. 22)	<u>297.8</u>

For descriptions and sources of data, see Special Supplement No. 343-S dated March 27, 1968.