September 30, 1964.

H. 13
No. 165

CAPITAL MARKET DEVELOPMENTS ABROAD

I. Nine Charts on Financial Markets Abroad
II. Latest Figures Plotted in H.13 Chart Series, 1964

I. Nine Charts on Financial Markets Abroad

Chart 1 - International Money Market Yields for U.S. Dollar Investors
Chart 2 - Interest Arbitrage, United States/Canada
Chart 3 - Interest Arbitrage, New York/London
Chart 4 - Interest Arbitrage for German Commercial Banks
Chart 5 - Short-term Interest Rates
Chart 6 - Long-term Bond Yields
Chart 7 - Industrial Stock Indices
Chart 8 - Spot Exchange Rates - Major Currencies Against U.S. Dollar
Chart 9 - 3-month Forward Exchange Rates

OFFICIAL USE ONLY
DECONTROLLED AFTER SIX MONTHS
Chart 1
INTERNATIONAL MONEY MARKET YIELDS FOR U.S. DOLLAR INVESTORS:
3-MONTH EURO-DOLLAR DEPOSIT VS. CERTIFICATE OF DEPOSIT

Wednesday figures

YIELDS

EURO-DOLLAR DEPOSIT

U.S. CERTIFICATE OF DEPOSIT

DIFFERENTIAL: EURO-DOLLAR OVER U.S. CERTIFICATE OF DEPOSIT

NEW YORK OFFER RATES ON SELECTED 3-MONTH INVESTMENTS

Friday figures

TREASURY BILLS - Fully Hedged

COMMERCIAL PAPER - Fully Hedged

U.K. HIRE PURCHASE

CANADIAN FINANCE COMPANY

U.S. FINANCE COMPANY
Chart 2

INTEREST ARBITRAGE, UNITED STATES / CANADA

3-MONTH TREASURY BILL RATES

RATE DIFFERENTIAL AND FORWARD CANADIAN DOLLAR

RANGE DIFFERENTIAL WITH FORWARD EXCHANGE COVER

Per cent per annum

1961 1962 1963 1964
Chart 3
INTEREST ARBITRAGE, NEW YORK/LONDON
Friday figures

3-MONTH TREASURY BILL RATES

U.K. LOCAL AUTHORITY DEPOSITS

LONDON

NEW YORK

RATE DIFFERENTIAL AND 3-MONTH FORWARD STERLING

SPREAD IN FAVOR OF LONDON

FORWARD RATE
Discount

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER

IN FAVOR OF LONDON

IN FAVOR OF NEW YORK
Chart 4
INTEREST ARBITRAGE FOR GERMAN COMMERCIAL BANKS

Friday figures.

3-MONTH TREASURY BILLS, INTERBANK LENDING RATE AND
EURO-DOLLAR DEPOSIT RATES

GERMAN INTERBANK
LOAN RATE

EURO-DOLLAR LONDON

GERMAN TREASURY BILLS

RATE DIFFERENTIAL AND FORWARD DEUTSCHE MARK
SPREAD IN FAVOR OF FRANKFURT:
FORWARD RATE DISCOUNT (-)

INTERBANK LOAN RATE
TREASURY BILLS

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER
NET INCENTIVE: IN FAVOR OF FRANKFURT (+)

INTERBANK LOAN RATE
TREASURY BILLS

1962 1963 1964
Chart 5
SHORT-TERM INTEREST RATES *

* 3-month treasury bill rates for all countries except Japan (Average rate on bank loans and discounts)
and Switzerland (3-month deposit rate).
† 3-month rate for U.S. dollar deposits in London.
Chart 6
LONG-TERM BOND YIELDS

Per cent


U.S.

GERMANY

U.K.

CANADA

SWITZERLAND
INDUSTRIAL STOCK INDICES

- New series: Swiss Bank Corporation industrial stock index
- Japan: Index of 225 industrial and other stocks traded on the Tokyo exchange.

1958 = 100
Ratio scale:
450
400
350
300
250
200
150
100
50

Chart 8
SPOT EXCHANGE RATES - MAJOR CURRENCIES AGAINST U.S. DOLLAR

Per cent
Above par
2.0
1.6
1.2
0.8
0.4
Par with U.S. dollar
0.4
0.8
Below par

GERMAN MARK
U.K. STERLING
SWISS FRANC

Above par
1.2
0.8
0.4
Par with U.S. dollar
0.4
0.8
Below par

FRENCH FRANC
DUTCH Guilder
BELGIAN FRANC

Above par
0.8
0.4
Par with U.S. dollar
0.4
0.8
Below par

ITALIAN LIRA
CANADIAN DOLLAR
JAPANESE YEN

M 1962
J
S
D
M
J
S
D
M
J
S
D
1963
1964
Chart 1

Upper panel

(Wednesday, Sept. 23)

Euro-$ deposit  4.19
U.S. certif. of deposit  3.87

Lower panels

(Friday, Sept. 25)

Treasury bills: U.S.  3.53
U.K.  3.78
Canada  3.53
Finance Co. paper: U.S.  3.75
Canada  4.12
Hire-purchase paper, U.K.  3.97

Chart 2

(Friday, Sept. 25)

Treasury bills: Canada  3.66
U.S.  3.52
Spread favor Canada  +0.14
Forward Canadian dollar  -0.20
Net incentive (Canada +)  -0.06

Chart 3

(Friday, Sept. 25)

Treasury bills: U.K.  4.50
U.S.  3.52
Spread favor U.K.  +0.98
Forward pound  -0.75
Net incentive (U.K. +)  +0.23

Chart 5

(Friday, Sept. 25, except as noted)

Treasury bills:
U.S.  3.52
U.K.  4.50
Germany  3.63
Canada  3.66
Swiss 3-month deposits (Date: Sept. 15)  3.19
Euro-$ deposit (London)  4.19
Japan: composite rate (Date: May 29)  7.935

Chart 6

Bonds:
U.S. govt: (Wed., Sept. 23)  4.19
U.K. war loan (Thurs., Sept. 17, 24)  6.21
German Fed. Railway (Fri., Sept. 25)  6.35
Swiss Confederation (Fri., Sept. 18)  4.06
Canadian govt: (Wed., Sept. 16, 23)  5.23

*Other previously unreported figures:
Aug. 15 -- 3.07
Aug. 23 -- 3.19
Aug. 31 -- 3.25
Sept. 7 -- 3.19

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