January 13, 1965

CAPITAL MARKET DEVELOPMENTS ABROAD

I. Nine Charts on Financial Markets Abroad

II. Latest Figures Plotted in H.13 Chart Series, 1965

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 2

INTEREST ARBITRAGE, UNITED STATES/CANADA

Friday figures*  Per cent per annum

<table>
<thead>
<tr>
<th>3 - MONTH TREASURY BILL RATES</th>
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* Thursday figures 1962, Friday thereafter.
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
PREMIUM
DISCOUNT
FORWARD RATE

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)

IN FAVOR OF LONDON
IN FAVOR OF NEW YORK
INTEREST ARBITRAGE FOR GERMAN COMMERCIAL BANKS

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

RATE DIFFERENTIAL AND FORWARD DEUTSCHE MARK

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)
Chart 5
SHORT-TERM INTEREST RATES*

EURON-DOUAR - LONDON †

U. S.

GERMANY

JAPAN

CANADA

SWITZERLAND


* 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 US dollar deposits in London.
Chart 7
INDUSTRIAL STOCK INDICES

1958 - 100
Ratio scale
350

300

250

200

150

100

400

350

300

250

200

150

100

1962 1963 1964 1965

* New series: Swiss Bank Corporation industrial stock
** Japan: index of 225 industrial and other stocks traded on the Tokyo exchange
Chart 9
3-MONTH FORWARD EXCHANGE RATES
Friday figures
AGAINST U.S. DOLLARS

AGAINST POUND STERLING - LONDON

AGAINST POUND STERLING - LONDON
II. Latest Figures Plotted In H.13 Chart Series, 1965

Chart 1

Upper panel

(Wednesday, Jan. 6)
- Euro-$ deposit: 4.56
- U.S. certif. of deposit: 4.15

Lower panels

(Friday, Jan. 8)
- Treasury bills: U.S.: 3.79, U.K.: 3.80, Canada: 3.67
- Finance Co. paper: U.S.: 4.12, Canada: 4.00
- Hire-purchase paper, U.K.: 5.00

Chart 2

(Friday, Jan. 8)
- Treasury bills: Canada: 3.71, U.S.: 3.77
- Spread favor Canada: -0.06
- Forward Canadian dollar: -0.14
- Net incentive (Canada +): -0.20

Chart 3

(Friday, Jan. 8)
- Spread favor U.K.: +2.67
- Forward pound: -2.61
- Net incentive (U.K. +): +0.06

Chart 5

(Friday, Jan. 8, except as noted)

Treasury bills:
- U.S.: 3.77
- U.K.: 6.44
- Germany: 2.63
- Canada: 3.71

Swiss 3-month deposits *
(Date: Dec. 15) 3.75

Euro-$ deposit (London) 4.50

Japan: composite rate
(Date: Sept. 25) 7.986

Chart 6

Bonds:
- U.S. govt.
  (Wed., Jan. 6) 4.20
- U.K. war loan
  (Thurs., Jan. 7) 6.42
- German Fed. Railway
  (Fri., Jan. 8) 6.36
- Swiss Confederation
  (Fri., Dec. 11) 4.04
- Canadian govt.
  (Wed., Jan. 6) 4.97
- Netherlands Government
  Perpetual
  (Thurs., Dec. 24) 5.00

* Additional rates:
- (Mon., Nov. 23) 3.75
- (Mon., Nov. 30) 3.68
- (Mon., Dec. 7) 3.75

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