DIVISION OF INTERNATIONAL FINANCE

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

H. 13

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No. 208

CAPITAL MARKET DEVELOPMENTS ABROAD

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

I. India: Money and Capital Markets--Second Quarter 1965

During the quarter, India experienced an increasingly acute shortage of foreign exchange. At the end of June, foreign exchange reserves of the Reserve Bank were $162 million, 10 per cent lower than in March, and the reserves in excess of the minimum required for currency backing were equal to less than one week's imports. The foreign exchange crisis has been intensified by increases in debt payments falling due in June and July, and was only temporarily alleviated by a $200 million IMF credit granted in March.

To reduce the immediate demand for foreign exchange, an additional series of import restrictions were announced. In May and June, issuance of new import licenses was suspended. The new import policy, effective in July, made drastic reductions in import allocations and widened the list of prohibited items. Importers were urged to shift their orders to rupee payment areas. In addition, a 25 per cent advance import deposit was imposed.

To increase foreign exchange earnings, export tax credits ranging from 2 to 15 per cent were announced. However, most of the items are exported by the government-owned State Trading Corporation. Moreover, the profitable advance import entitlements for exports were cancelled because of alleged losses in foreign exchange due to fraudulent practices. As a result, export prospects for 1965 are not bright. In fact, exports in April and May are 18 per cent less than in the same months last year.

The measures to restrict credit expansion adopted in September 1964 and February 1965 proved ineffective and there was a record increase in bank credit during the busy season (November-April). The expansion of bank credit which took place after the imposition of restrictive measures in mid-February was especially large. From mid-February to the end of April, it totalled Rs. 2,056 million, 79 per cent more than in the same period a year earlier.

Price pressures, which had abated in the first quarter, were renewed. The index of wholesale prices began to rise more than seasonally in late March. By the third week in June, it had moved up 5.5 per cent, slightly more than in the corresponding period last year, and stood 8 per cent higher than a year earlier.

These conditions and press reports that the recent IMF and World Bank missions had suggested consideration of devaluation, led to a rash of newspaper editorials urging devaluation and a debt moratorium. On July 17 the government found it necessary to announce that it had no intention of devaluing the rupee or declaring a debt moratorium. Indeed, continuation of complex and variable selective controls was reaffirmed.

Although some additional but minor selective credit controls were adopted, the Reserve Bank is relying mainly upon moral suasion to tighten credit conditions during the current slack season. On May 4 the Governor announced that between then and the end of October he expected banks (1) to increase their resources Rs. 4 billion by decreasing seasonal bank loans and increasing deposits Rs. 2 billion each and (2) to use their resources (a) to repay Rs. 1.2 billion borrowed from the Reserve Bank, (b) to set aside Rs. 0.8 billion to purchase central government securities, and (c) to place the remaining Rs. 2 billion in special Treasury bills. Banks were urged to reduce industrial loans by establishing loan ceilings by category to encourage better inventory management.

By the end of June, the seasonal credit contraction was much smaller than last year, while deposit expansion was only slightly larger. Although bank borrowings from the Reserve Bank had decreased Rs. 578 million or 47 per cent from their seasonal peak, the amount outstanding at the end of June (Rs. 660 million) was extraordinarily large for this time of the year.

Money market. The day-to-day inter-bank rate in Bombay increased contraseasonally in May to a record 9.01 per cent from 8.36 per cent in the previous month. This compares with 5.51 per cent a year earlier. (See Table 1). This mainly reflects a continued increase in bank credit during May. By the end of June the rate had declined to 6.34 per cent, but this was still extraordinarily high compared to 2.44 per cent a year ago.

Following the increase in bank rate from 5 to 6 per cent in February, the average rate of discount for auction sales of Treasury bills increased 1 percentage point to 3.5 per cent and has remained unchanged since then. (See Table 2).

The total amount of Treasury bills outstanding increased 7 per cent in the first half of 1965 but at the end of June was only 1.2 per cent higher than a year earlier. Although gross sales of Treasury bills to the public were 6 per cent higher in the first half of 1965 than in the same period a year ago, the bulk of the sales continued to be to the Reserve Bank. Net Reserve Bank claims on government at the end of the fiscal year in March were to 1.58 billion higher (5.9 per cent) than a year earlier. In the four years ending in March 1965, these claims increased 7.82 billion or 38 per cent, while money supply increased 12.59 billion or 44 per cent.

Table 1. India: Inter-Bank Call Money Rate in Bombay a/

Quarterly Averages	1963	1964	1965	Monthly Averages	1964	1965
I	5.64	5.67	5.90	January	4.96	4.73
II	4.46	5.01	7.86	February	5.82	5.37
III	2.01	2.31		March	6.23	7.61
IV	2.93	2.90		April	6.06	7.80
				May	5.62	8.49 b/
				June	3.35	7.28 b/

Selected Dates - 1965

April	2	8.45 b/	May	7	8.32 b/	June	4	7.59 b/	July	2	5.00
	9	8.36		14	9.01		11	7.63			
	16	7.62		21	8.64		18	7.55			
	23	7.37		28	7.99		25	6.34			
	30	7.21									

a/ Average of Fridays, weighted by deposits.
b/ Provisional.

Table 2. India: Treasury Bills and Reserve Bank Claims on Government
(in billions of rupees)

	Average Rate of Discount for Auction Sales in Per Cent Per Annum	Gross Sales a/ To Public	Gross Sales a/ To Reserve Bank	Total Outstanding at End of Period	Total Reserve Bank Claims on Gov't. (Net) at end of Period b/c/
1964					
I	2.38	.315	13.54	13.82	26.97
II	3.00	.581	15.16	15.71	28.63
III	2.45	1.163	13.81	14.81	26.86
IV	2.45	1.018	15.26	14.85	28.13
1965					
I	2.91	.369	14.11	14.44	28.55
II	3.50 d/	.584 d/	15.31 d/	15.90 d/	---
January	2.50	.116	7.10	14.91	28.58
February	2.73	.121	3.29	14.75	28.57
March	3.50	.132	3.72	14.44	28.55
April	3.50 d/	.167 d/	8.67 d/	15.02 d/	30.30 d/
May	3.50 d/	.167 d/	3.57 d/	15.50 d/	30.33 d/
June	3.50 d/	.250 d/	3.08 d/	15.90 d/	---

a/ Includes intermediate Treasury bills.
b/ Includes central and state government claims.
c/ Claims on government net of deposits.
d/ Provisional or partial.

Banking developments. Despite additional restrictive measures imposed in mid-February, bank credit increased a record Rs. 2,056 million in the next 11 weeks, 79 per cent more than in the corresponding period last year. (See Table 3). Although this was financed in part by larger increases in deposits, decreases in investments in government securities and reductions of cash balances, borrowings from the Reserve Bank increased contra-seasonally by Rs. 284 million. This brought the total increase in borrowings from the Reserve Bank during the busy season (November-April) to Rs. 1,232 million.

The government-owned State Bank borrowed 50 per cent of the Rs. 1,232 million increase in borrowings. This is a disproportionate share since the State Bank had only 26 per cent of total bank deposits and 24 per cent of total bank credit on April 30, 1965. In part this reflects the higher liquidity position of the State Bank in September at the beginning of the busy season, which enabled this bank to obtain Reserve Bank credit more cheaply than the other banks, under the sliding scale of discount rates now in force. But it also reflects the government's actions to fulfill a promise to supply credit needs to public sector enterprises, to key industries and to the Food Corporation during the busy season. In part, the Reserve Bank underestimated the liquidity of the banking system. Even though bank credit expansion in the busy season hit a record high of Rs. 4,162 million (9 per cent more than last year), by April 30, 1965, the end of the busy season, the aggregate liquidity ratio was still about 29 per cent. As a result, the aggregate average cost of borrowing from the Reserve Bank worked out at 6.5 per cent, so that the 10 per cent ceiling on bank lending rates was virtually ineffective.

After the February measures, bank borrowings from the Reserve Bank were predominately by banks other than the State Bank. As a result, while bank credit expansion in the February-April period totalled Rs. 2,056 million, other banks accounted for Rs. 1,340 million or 65 per cent of this amount.

Deposit rates. Industrial concerns which accept deposits from the public have begun to increase their deposit rates to attract funds for their credit needs. On May 6, 1965, eight Tata firms announced various increases in deposit rates. In general, 6 month and 1 year deposit rates were increased to 6.75 and 7.25 per cent, respectively, or 1.75 percentage points above comparable bank time deposit rates.

Table 3. India: Scheduled Banks--Changes in Deposits, Borrowings from the Reserve Bank and Principal Assets
(in millions of rupees)

	Deposits	Per Cent Change	Bank Credit	Per Cent Change	Holdings of Gov't. Securities	Per Cent Change	Borrowings from Reserve Bk.	Cash & Balances with Reserve Bk.
1964								
I	291	1.3	2,342	14.8	- 698	- 9.8	745	62
II	1,000	4.4	- 418	- 2.7	153	2.4	- 814	158
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

Table 3 (cont.)

	Deposits	Per Cent Change	Bank Credit	Per Cent Change	Holdings of Gov't. Securities	Per Cent Change	Borrowings from Reserve Bk.	Cash & Balances with Reserve Bk.
1965								
I	554	2.2	2,221	12.3	- 453	5.9	1,171	16
II	1,273	4.9	362	1.8	71	1.0	- 869	89
January	361	1.4	781	4.3	- 194	- 2.5	196	23
February	236	0.9	577	3.1	- 145	- 1.9	354	27
March	- 43	-0.2	863	4.4	- 115	- 1.6	621	- 35
April	638	2.5	854	4.2	- 4	- 0.1	- 290	- 3
May	265	1.0	- 219	- 1.0	22	0.3	- 208	82
June	370	1.4	- 274	- 1.3	53	0.7	- 370	11
Comparison of Busy Season--1963-64 and 1964-65								
1963-64	797	3.6	3,834	26.1	-1,415	-18.6	621	- 242
1964-65	1,116	4.4	4,162	24,4	-1,202	-14.3	1,232	- 271
Oct.-Feb. a/								
1963-64	302	1.3	2,684	18.3	-1,107	-14.6	605	- 359
1964-65	279	1.1	2,105	12.4	-1,082	-12.9	948	- 244
Feb.-April b/								
1964	495	2.2	1,150	6.6	- 308	- 4.7	16	117
1965	838	3.3	2,056	10.7	- 120	- 1.7	284	- 27

a/ October 25, 1963, to February 14, 1964, and October 23, 1964, to February 12, 1965.
b/ February 14, 1964, to May 1, 1964, and February 12, 1965, to April 30, 1965.

Central government bonds. On July 2, the government completed a Rs. 2,500 million borrowing program consisting of two issues: one 25-year issue at 5.5 per cent, priced at par and one 6-year issue at 4.5 per cent, priced to yield 4.58 per cent. Comparable issues last year yielded 4.75 and 4.16 per cent, respectively. The increase in yields reflects the increase in the level of interest rates imposed in February.

The new issues were prompted by the maturing of Rs. 1,536.8 million in 3.5 per cent bonds on June 30, 1965, and the need for additional funds. Net new borrowings were therefore Rs. 963.2 million. Newspaper reports indicate that the Reserve Bank had to provide most of the new funds. As the slack season progresses, it hopes to place some of the new securities gradually in the market.

Yields on government securities rose steadily after February. (See Table 4). The Reserve Bank helped push yields up further on May 25 when it lowered the prices at which it offers to sell securities.

Table 4. India: Yields on Government Securities
(end of period--in per cent per annum)

	Short a/	Medium b/	Long c/
1962	3.89	3.94	4.76
1963	3.89	4.15	4.57
1964	3.81	4.19	4.84
1965			
January	3.81	4.19	4.84
February	3.81	4.19	4.95
March	3.81	4.92	5.15
April	4.02	5.20	5.31
May	4.17	5.18	5.31
June	4.23	5.21	5.34

a/ 3-3/4 per cent N.P.B. 1968.
b/ 3-3/4 per cent 1974.
c/ 3 per cent 1986 or later.

Stock market. In the first five months of the year, the price index of variable dividend industrial securities declined 5.7 per cent and at the end of May, the index was 4.5 per cent lower than a year earlier. (See Table 5). The end of May level was 21 per cent below the May 1962 peak. In June, the index increased slightly due to favorable corporate profit reports.

The weakness in stock prices may be due in part to a slowdown in the growth rate of industrial production. This rate was only 6.4 per cent in 1964-65 down from 9.4 per cent in 1963-64. A further decline may occur if imports of raw materials and components are substantially reduced in the coming months. In addition, costs of production are expected to increase as wages and administered prices are adjusted to last year's 17.1 per cent increase in consumer prices.

The poor performance of the stock market is reflected in part in a 19 per cent decrease in new capital issues for the second quarter. Newspaper reports indicate that public subscriptions to the new issues that were made were poor.

Table 5. India: Price Index of Variable Dividend Industrial Securities
(1952-53 = 100)

Quarter Averages:	1962	1963	1964	1965
I	190.0	167.4	170.4	162.0
II	192.6	162.9	163.7	156.3
III	185.0	162.5	166.0	
IV	173.6	172.7	163.7	

Table 5 (cont.)

Selected Dates - 1965:

January	2	163.5	April	3	157.0
	9	162.6		10	157.6
	16	163.0		17	157.4
	23	163.7		24	157.7
	30	163.9	May	1	157.0
February	6	164.2		8	156.8
	13	163.3		15	155.6
	20	163.0		22	154.3
	27	162.5		29	154.1
March	6	161.6	June	5	154.8
	13	159.2		12	155.8
	20	158.9		19	155.8
	27	157.8		26	156.9

Money supply. During the 1964-65 busy season, money supply increased 10.2 per cent compared to 12 per cent last year. However, the increase in money supply from mid-February (when restrictive measures were taken) to the end of April was as large as in the same period last year. By the end of June, money supply was still 9.5 per cent higher than a year earlier.

In the four years ending in March 1965, money supply increased 44 per cent while national income is estimated to have increased 15 per cent and the index of consumer prices rose 28 per cent.

Table 6. India: Money Supply with the Public
(last Friday of the period--in billions of rupees)

Quarterly Annual Percentage Rates of Change

	1960-61	1961-62	1962-63	1963-64	1964-65
I	5.5	6.2	8.7	13.4	10.0
II	3.9	7.6	10.4	13.5	9.5 a/
III	3.4	9.4	12.0	10.7	
IV	4.8	9.9	13.7	10.1	

Month	1964	1965	Monthly Annual Percentage Rate of Change
January	36.45	39.76	9.1
February	36.87	40.15	10.9
March	37.52	41.28	10.0
April	38.40	41.98	9.3
May	38.38	41.81 a/	8.9 a/
June	38.16	41.79 a/	9.5 a/

a/ Provisional.

Wholesale prices. Contrary to the trend of the past two years, the index of wholesale prices decreased seasonally 5.1 per cent during the first quarter. This is mainly due to an 8.1 per cent decline in the food price index as a result of a larger foodgrain crop and accelerated PL 480 foodgrain imports. At the end of March, the overall index was still 8.4 per cent higher than a year earlier.

On April 11, the Finance Minister observing the price decline stated "...we propose to lower them down further by 15 points," or an additional 10 per cent. However, from March to June 1965, the index rose 5.5 per cent, about as much as in the second quarter last year, and in June was 8 per cent higher than a year earlier.

Table 7. India: Index Numbers of Wholesale Prices
(1952-53 = 100)

End of Quarter	1963	1964	1965
I	127.2	139.0	151.0 a/
II	134.0	147.7	
III	136.3	158.7	
IV	135.7	157.9	

Selected Dates - 1965:

January	2	160.7	April	3	152.0
	9	161.0		10	153.5
	16	160.1		17	154.4
	23	158.5		24	155.4
	30	156.2	May	1	155.2
February	6	155.8		8	156.1
	13	154.7		15	155.5
	20	155.0		22	156.4
	27	154.8		29	156.9
March	6	152.9	June	5	157.6
	13	151.2		12	158.2
	20	150.3		19	158.5
	27	151.0			

a/ Provisional.

Gold market. The official gold price in Bombay hit a record high of \$90.75 per fine ounce at the end of June 1965. This is 10 per cent higher than the August 1962 peak just prior to the Chinese communist invasion of India, and 38.4 per cent above the late 1963 low. About half of the rise since 1963 has occurred in the last 6 months.

In part, the sharp increase in gold prices this year may be explained by two provisions announced in February to tax undeclared income. Taxpayers were offered an amnesty on condition either that they pay a 60 per cent tax on such income or that they deliver gold at $35 an ounce prior to the end of May in exchange for 7 per cent gold bonds. So long as gold could be purchased for less than $87.50 an ounce, the gold surrender method produced a lower tax. This created a new incentive to buy gold since the legal Bombay gold price was only $78.81 just prior to the February announcement. The deepening foreign exchange crisis probably accounts for the continuing rise in gold prices after the tax amnesty deadline.

Table 8. India: Price of Gold Bullion in Bombay a/
(U. S. dollars per fine ounce)

Quarterly Averages:	1962	1963	1964	1965
I	79.38	66.98	72.24	78.31
II	80.60	72.10	75.99	84.46
III	82.06	69.98	78.60	
IV	71.41	66.42	75.38	

Monthly Averages:

1965			
January	77.53	April	81.57
February	79.44	May	83.99
March	77.97	June	87.82 b/

a/ Average of Friday spot rupee quotations in 14 carat gold per 10 grams from August 28, 1963, converted to U. S. dollars per fine ounce.
b/ Provisional.

Exchange rate. The free market selling rate of Indian rupee notes in Bangkok depreciated 12 per cent in the six months ending June 1965. (See Table 9). In part this may reflect a sharp increase in foreign banknote demand to purchase gold bullion. In Bombay, the U. S. dollar, which was selling at 8.75 rupees in February, rose to 9.75 rupees by the end of March. At the most recent rates available, the discount on the rupee was 52 per cent in Bombay (in March), and 49 per cent in Hong Kong (in June) and in Bangkok (in June).

Table 9. India: Hong Kong and Bangkok Free Market Selling Rates of Indian Rupee Banknotes per U. S. Dollar

Quarterly Average:

	Hong Kong a/			Bangkok b/		
	1963	1964	1965	1963	1964	1965
I	5.83	6.99	7.93	5.42	6.43	7.42
II	6.18	7.52	8.94	5.70	7.01	8.05
III	7.05	7.96		6.57	7.44	
IV	6.94	7.93		6.19	7.06	

Table 9 (cont.)

Monthly Average:

1965	Hong Kong	Bangkok
January	7.78	7.24
February	7.82	7.29
March	8.20	7.50
April	8.71	7.72
May	8.87	8.16
June	9.25	8.28

a/ Average of month.
b/ End of month.

International reserves and foreign trade. At the end of June 1965 foreign exchange reserves of the Reserve Bank were $162 million or 20 per cent lower than a year earlier and 10 per cent less than in March 1965. Gold and foreign exchange reserves amounted to $443 million. (See Table 10). Since $420 million is required to back the currency, only $23 million, or about 3 day's imports at the 1964 rate, was freely available.

The foreign exchange shortage, which touched off the restrictive measures in February, continues in spite of a $200 million IMF standby credit granted in mid-March. By early July, drawings amounted to $175 million, of which $75 million was used to make a repurchase from the Fund on March 31, 1965. This leaves only $25 million which may be used to meet another IMF repurchase due in September. The heavy flow of foreign aid to India in the last few years merely put off the crisis until this year. India requested an increase in aid by the international consortium of foreign countries and international institutions in the current fiscal year. However, at their last session, on April 21, the consortium members pledged roughly the same amount as in earlier years ($1,027 million). As in the recent past, half of this may be used to finance imports not related to specific projects. This type of non-project assistance is currently financing about 20 per cent of India's total imports.

The foreign exchange crisis is aggravated by the fact that the trade balance with countries settling in foreign exchange has deteriorated while the trade balance with countries settling in rupees has improved. The export outlook for 1965 is not encouraging since the February budget message did not grant larger subsidies to cope with expected increases in domestic costs as a result of price increases last year. Moreover, export incentives may have been harmed on May 15 when advance import entitlements under the export incentive scheme were suspended. The Government believed that fraudulent practices under the scheme may account for a leakage of foreign exchange receipts amounting to as much as $189 million or 11 per cent of 1963-64 exports. On May 12 foreign exchange allocated for after-sales service of exported engineering products were sharply reduced. In April and May, exports were 18 per cent less than a year earlier.

To reduce the immediate demand for foreign exchange the government announced an additional series of import restrictions. On March 20, the Finance Minister withdrew from all ministries the power to release foreign exchange for certain imports. On May 24 imports against free foreign exchange were prohibited pending a new import policy. In June, the oil refineries agreed to switch to imports of crude oil from the Soviet Union which accepts rupee payments.

On June 29, the Reserve Bank imposed a 25 per cent advance deposit requirement against imports. The next day, the government banned the import of about 65 items and cut by 50 per cent the foreign exchange allocations for established importers who handle only 2 per cent of total imports. On July 15, the import allocations for actual users and exporters which covers the bulk of total imports, were sharply reduced. Importers were requested to shift orders to communist bloc countries because their acceptance of rupee payments could reduce the demand for foreign exchange.

Additional pressures on foreign exchange reserves were revealed by the Finance Minister on July 17. He indicated that debt payments in June and July would be particularly heavy and import payments had rapidly accumulated from import licenses issued before May. He stated that the government has no intention of solving the foreign exchange shortage by devaluing the rupee or declaring a debt moratorium.

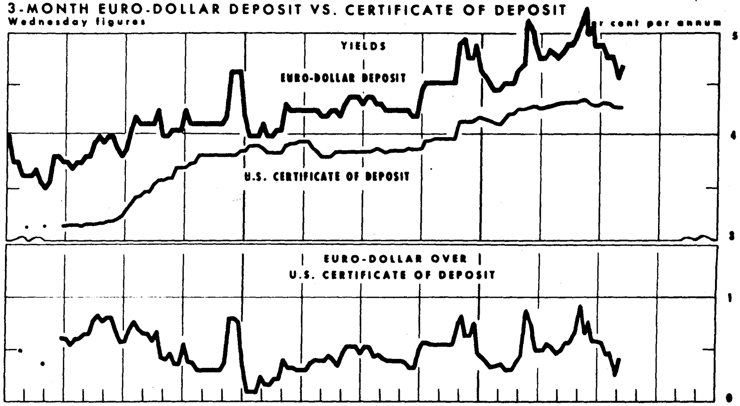
Table 10. India: Gold and Foreign Exchange Holdings of the Reserve Bank and Foreign Exchange Holdings of the Government
(in millions of U. S. dollars at the end of the period)

Quarter	Reserve Bank	Change	Government	Change	Total	Change
1964						
I	513	+ 44	130	- 8	643	+ 36
II	450	- 63	135	+ 5	585	- 58
III	452	+ 2	74	- 61	526	- 59
IV	447	- 5	51	- 23	498	- 28
1965						
I	461	+ 14	63	+ 12	524	+ 26
II	443	- 18				
January	438	- 9	42	- 9	480	- 18
February	449	+ 11	52	+ 10	501	+ 21
March	461	+ 12	63	+ 11	524	+ 23
April	456	- 5				
May	443	- 13				
June	443	0				

Chart 1

INTERNATIONAL MONEY MARKET YIELDS FOR U.S. DOLLAR INVESTORS

3-MONTH EURO-DOLLAR DEPOSIT VS. CERTIFICATE OF DEPOSIT
Wednesday figures



SELECTED INTERNATIONAL MONEY RATES
Friday figures

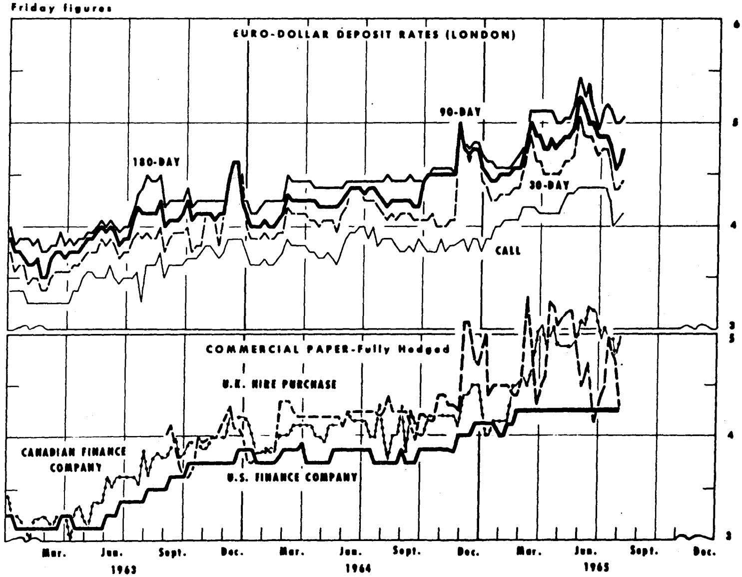
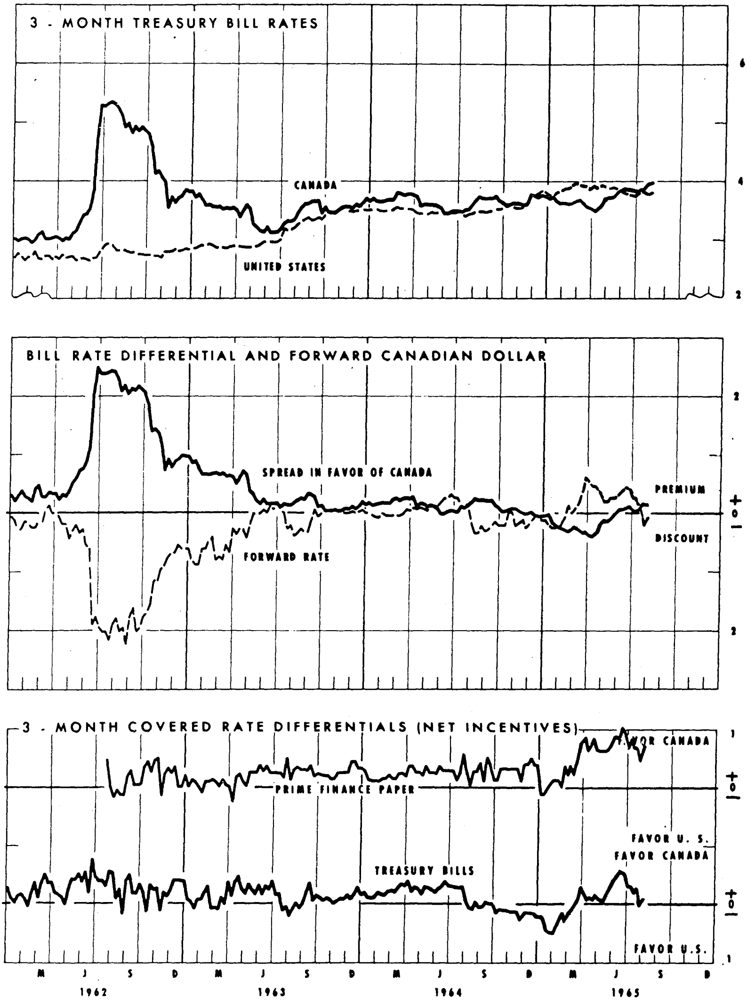


Chart 2

INTEREST ARBITRAGE, UNITED STATES / CANADA

Friday figures*

Per cent per annum



Thursday figures 1962, Friday thereafter.

Chart 3

INTEREST ARBITRAGE, NEW YORK/LONDON

Friday figures

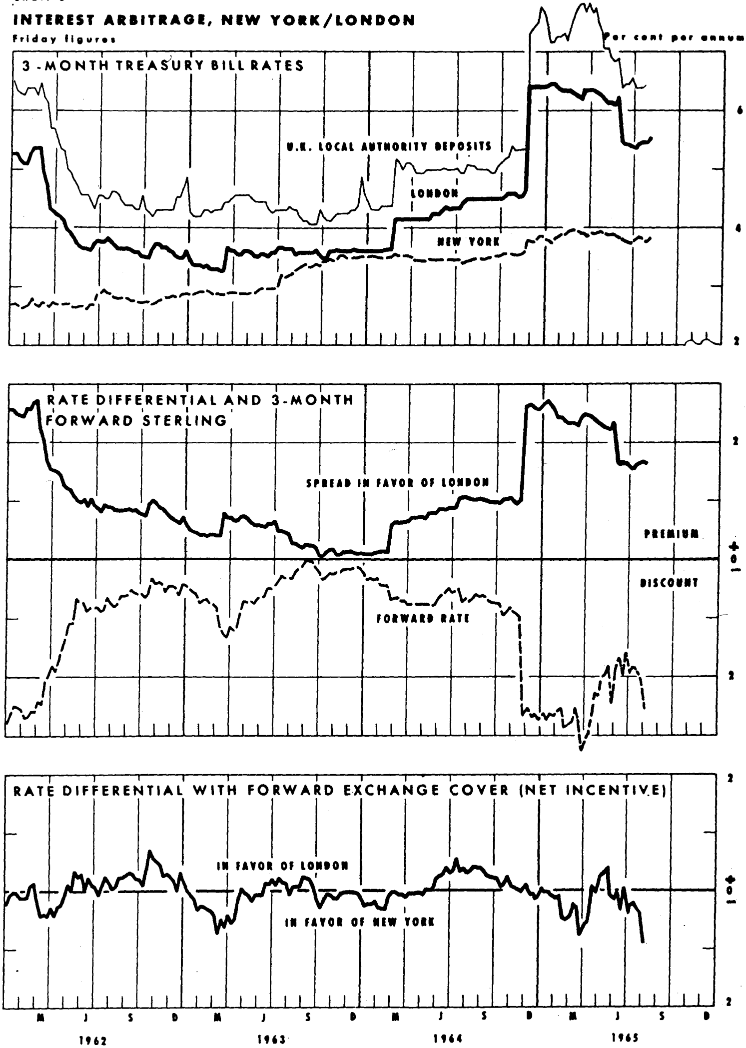


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Chart 4

INTEREST ARBITRAGE FOR GERMAN COMMERCIAL BANKS

Friday figures | Per cent per annum

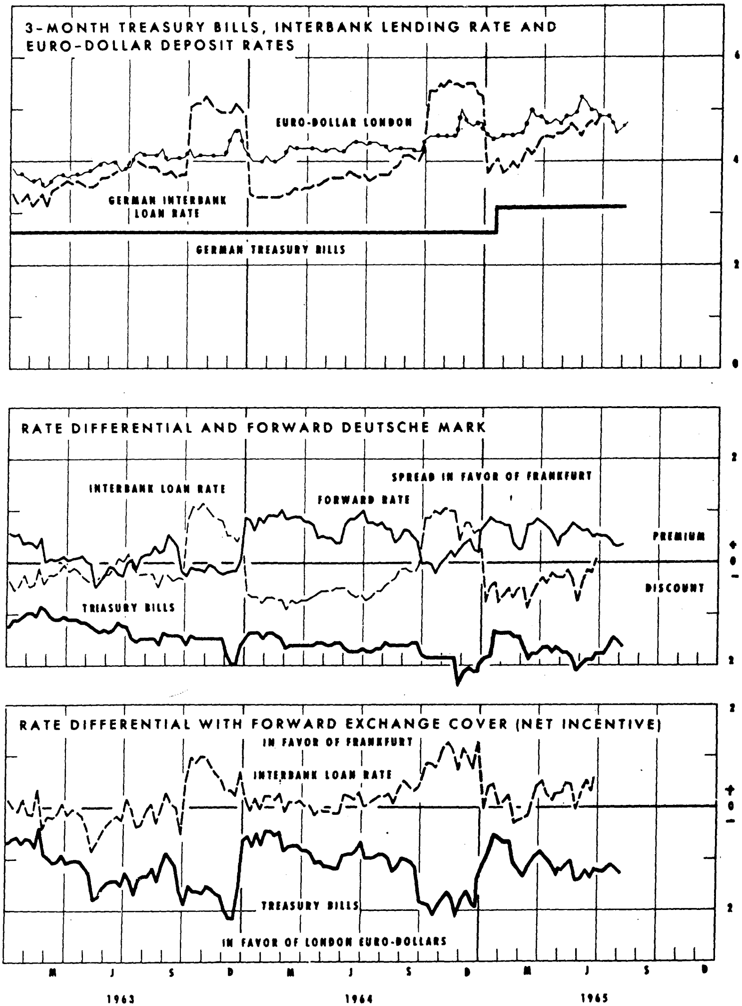
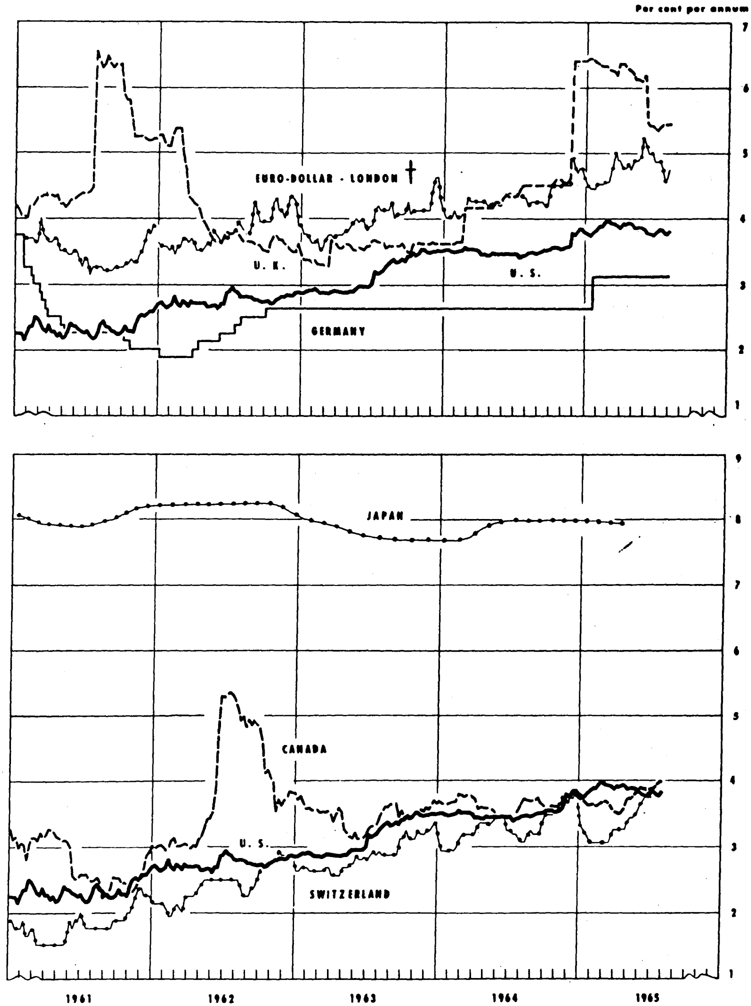


Chart 5
SHORT-TERM INTEREST RATES*



* 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

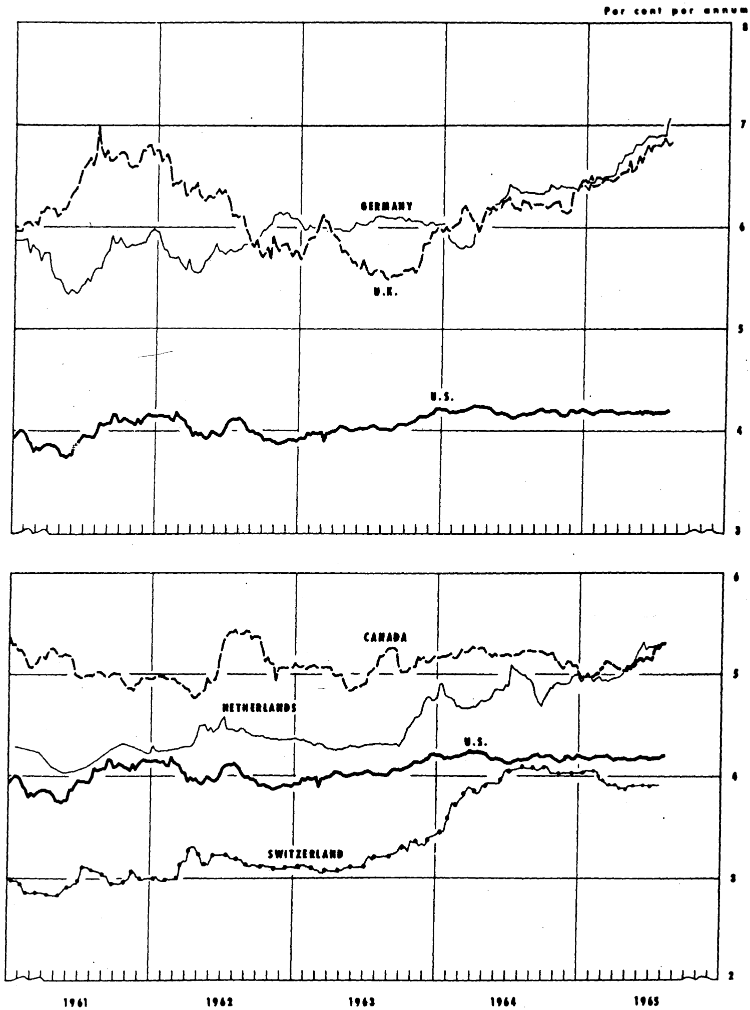
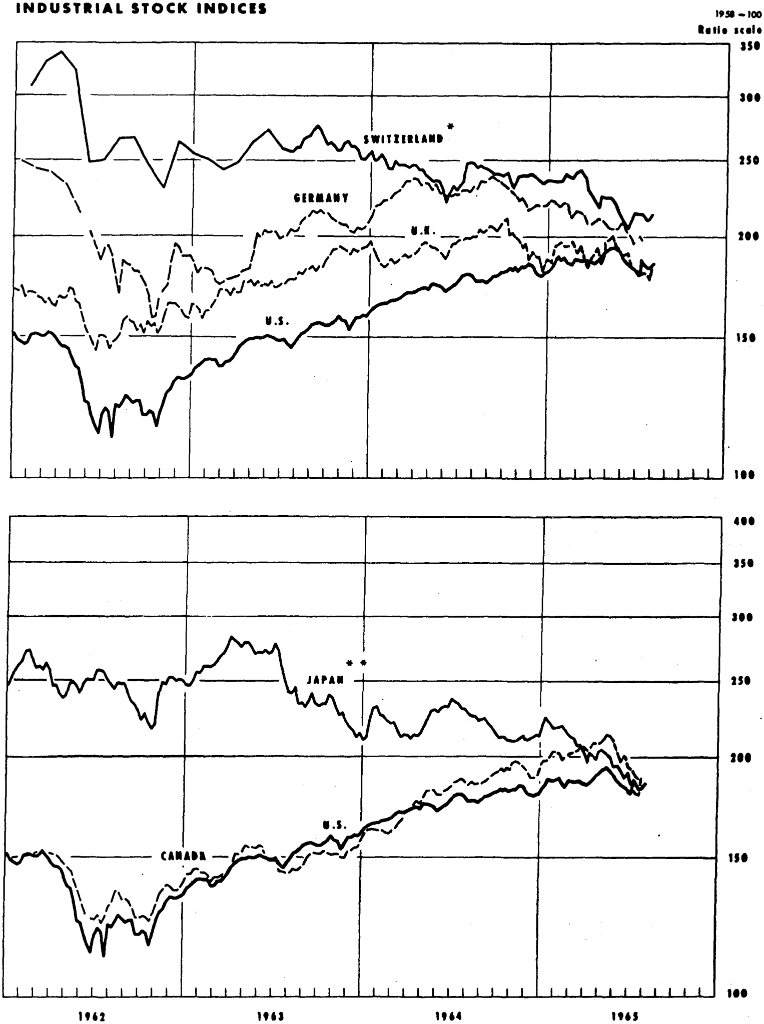


Chart 7

INDUSTRIAL STOCK INDICES



* Swiss Bank Corporation industrial stock.

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

Chart 8

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

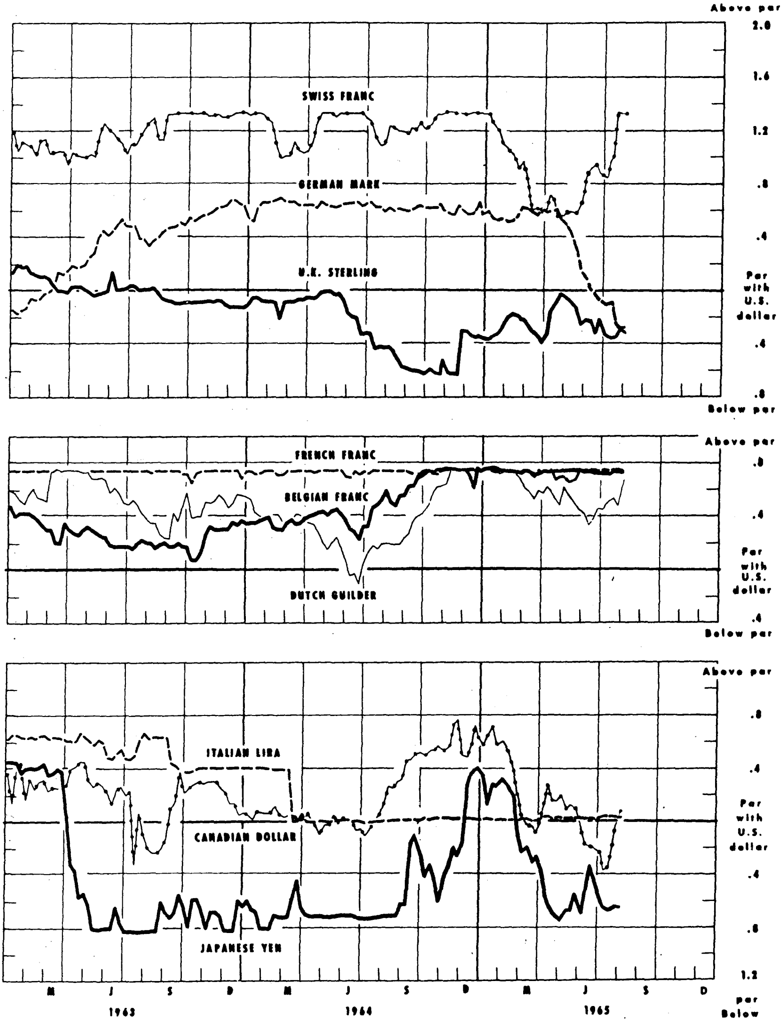
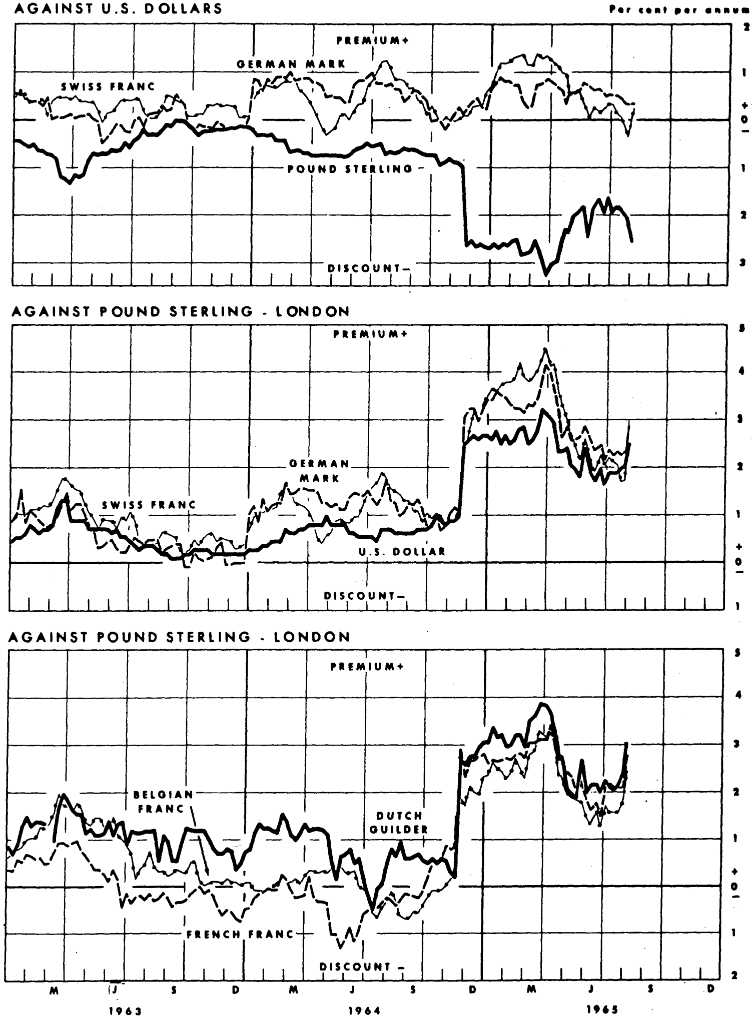


Chart 9

3-MONTH FORWARD EXCHANGE RATES

Friday figures



August 11, 1965

III. Latest Figures Plotted In H.13 Chart Series, 1965

Chart 1	Per cent per annum
Upper panel	
(Wednesday, August 4)	
Euro-$ deposit	4.69
U.S. certif. of deposit	4.28
Lower panels	
(Friday, August 6)	
Euro-dollar deposits: Call	4.125
7-day	4.312
30-day	4.438
90-day	4.750
180-day	5.062
Finance Co. paper: U.S.	4.25
Canada	4.98
Hire-purchase paper, U.K.	4.27

Chart 2	
(Friday, August 6)	
Treasury bills: Canada	3.99
U.S.	3.82
Spread favor Canada	+0.17
Forward Canadian dollar	-0.07
Net incentive (Canada +)	+0.10

Chart 3	
(Friday, August 6)	
Treasury bills: U.K.	5.46
U.S.	3.82
Spread favor U.K.	+1.64
Forward pound	-2.54
Net incentive (U.K. +)	-0.90

Chart 5	Per cent per annum
(Friday, August 6, except as noted)	
Treasury bills:	
U.S.	3.82
U.K.	5.46
Germany	3.12
Canada	3.99
Swiss 3-month deposits (Date: July 15)	3.75
Euro-$ deposit (London)	4.75
Japan: composite rate (Date: April 30)	7.921

Chart 6	
Bonds:	
U.S. govt. (Wed., August 4)	4.20
U.K. war loan (Thurs., August 5)	6.84
German Fed. Railway (Fri., July 30)	7.07
(August 6)	7.08
Swiss Confederation (Fri., July 30)	3.92
Canadian govt. (Wed., August 4)	5.30
Netherlands government perpetual (Fri., July 23)	5.27

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

III. Latest Figures Plotted In H.13 Chart Series, 1965

Chart 1	Per cent per annum
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