September 1, 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

3-MONTH TREASURY BILL RATES

BILL RATE DIFFERENTIAL AND FORWARD CANADIAN DOLLAR

3-MONTH COVERED RATE DIFFERENTIALS (NET INCENTIVES)
Chart 3
INTEREST ARBITRAGE, NEW YORK/LONDON
Friday figures

3-MONTH TREASURY BILL RATES

RATE DIFFERENTIAL AND 3-MONTH FORWARD STERLING

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)
Chart 4
INTEREST ARBITRAGE FOR GERMAN COMMERCIAL BANKS
Friday figures

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

<table>
<thead>
<tr>
<th>GERMAN INTERBANK LOAN RATE</th>
</tr>
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<tbody>
<tr>
<td>EURO-DOLLAR LONDON</td>
</tr>
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<td>GERMAN TREASURY BILLS</td>
</tr>
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RATE DIFFERENTIAL AND FORWARD DEUTSCHE MARK

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</tr>
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</tr>
<tr>
<td>FORWARD RATE</td>
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<tr>
<td>PREMIUM</td>
</tr>
<tr>
<td>DISCOUNT</td>
</tr>
<tr>
<td>TREASURY BILLS</td>
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RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)

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<td>IN FAVOR OF LONDON EURO-DOLLARS</td>
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http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
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 7
INDUSTRIAL STOCK INDICES

* Swiss Bank Corporation industrial stock.
** Japan; index of 325 industrial and other stocks traded on the Tokyo exchange.
III. Latest Figures Plotted In H.13 Chart Series, 1965

**Chart 1**

**Upper panel**

(Wednesday, Aug. 25)

- Euro-$ deposit: 4.00
- U.S. certif. of deposit: 4.28

**Lower panels**

(Friday, Aug. 27)

- Euro-dollar deposits:
  - Call: 4.00
  - 7-day: 4.13
  - 30-day: 4.31
  - 90-day: 4.44
  - 180-day: 4.81
- Finance Co. paper:
  - U.S.: 4.25
  - Canada: 4.20

**Chart 2**

(Friday, August 27)

- Treasury bills:
  - Canada: 3.99
  - U.S.: 3.83
- Spread favor Canada: +0.16
- Forward Canadian dollar: -0.14
- Net incentive (Canada +): +0.02

**Chart 3**

(Friday, August 27)

- Treasury bills:
  - U.K.: 5.39
  - U.S.: 3.83
- Spread favor U.K.: +1.56
- Forward pound: -2.49
- Net incentive (U.K. +): -0.93

**Chart 5**

(Friday, Aug. 27 except as noted)

- Treasury bills:
  - U.S.: 3.83
  - U.K.: 5.39
  - Germany: 3.88
  - Canada: 3.99
- Swiss 3-month deposits:
  - (Date: July 15): 3.75
- Euro-$ deposit (London): 4.31
- Japan: composite rate:
  - (Date: April 30): 7.92

**Chart 6**

- Bonds:
  - U.S. govt.:
  - U.K. war loan:
    - (Thurs., August 26): 6.67
  - German Fed. Railway:
    - (Fri., August 20): 7.06
  - Swiss Confederation:
    - (Fri., August 13): 3.92
  - Canadian govt.:
    - (Wed., August 18): 5.36
  - Netherlands government perpetual:
    - (Fri., August 20): 5.25

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