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)
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

EURO-DOLLAR OVER
U.S. CERTIFICATE OF DEPOSIT

SELECTED INTERNATIONAL MONEY RATES

Friday Figures

EURO-DOLLAR DEPOSIT RATES (LONDON)

120-DAY
90-DAY
30-DAY
CALL
COMMERCIAL PAPER-Fully Hedged
U.S. MUR HYRE PURCHASE
CANADIAN FINANCE COMPANY
U.S. FINANCE COMPANY

1963 1964 1965

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
Chart 2
INTEREST ARBITRAGE, UNITED STATES/CANADA

Friday figures

3-MONTH TREASURY BILL RATES

UNITED STATES

BILL RATE DIFFERENTIAL AND FORWARD CANADIAN DOLLAR

SPREAD IN FAVOR OF CANADA

FORWARD RATE

1962 1963 1964 1965

3-MONTH COVERED RATE DIFFERENTIALS (NET INCENTIVES)

PRIME FINANCE PAPER

TREASURY BILLS

Favor U.S.

Favor Canada

Thuздay 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

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)
- 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

• RATE DIFFERENTIAL AND FORWARD DEUTSCHE MARK

• RATE DIFFERENTIAL AND 1/12TH FORWARD EXCHANGE COVER (NET INCENTIVE)
Chart 5
SHORT-TERM INTEREST RATES *

* 3-month treasury bill rates for all countries except Japan
and Switzerland (3-month deposit rate)
† 3-month rate for U.S. dollar deposits in London

Per cent per annum


** EURO-DOLLAR - LONDON **

** CANADA **

** JAPAN **

** SWITZERLAND **

http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
Chart 6
LONG-TERM BOND YIELDS

GERMANY
U.K.
U.S.

CANADA
NETHERLANDS
U.S.
SWITZERLAND

Per cent per annum

Chart 7
INDUSTRIAL STOCK INDICES

1. Swiss Bank Corporation industrial stock.
2. Japan: index of 225 industrial and other stocks traded on the Tokyo exchange.
### Latest Figures Plotted In H.13 Chart Series, 1965

#### Chart 1

<table>
<thead>
<tr>
<th>Description</th>
<th>Per cent per annum</th>
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<tr>
<td><strong>Upper panel</strong></td>
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<tr>
<td>(Wednesday, Oct. 27)</td>
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<tr>
<td>Euro-$ deposit</td>
<td>5.00</td>
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<tr>
<td>U.S. certif. of deposit</td>
<td>4.46</td>
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<tr>
<td><strong>Lower panels</strong></td>
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<td>(Friday, Oct. 29)</td>
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<td>Euro-dollar deposits:</td>
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<tr>
<td>Call</td>
<td>4.25</td>
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<td>7-day</td>
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<td>30-day</td>
<td>4.55</td>
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<td>90-day</td>
<td>5.00</td>
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<td>180-day</td>
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<td>Finance Co. paper:</td>
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<tr>
<td>U.S.</td>
<td>4.38</td>
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<tr>
<td>Canada</td>
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<td>Hire-purchase paper, U.K.</td>
<td>4.77</td>
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#### Chart 2

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<td>(Friday, Oct. 29)</td>
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<tr>
<td>Treasury bills:</td>
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<td>Canada</td>
<td>4.07</td>
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<tr>
<td>U.S.</td>
<td>4.03</td>
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<tr>
<td>Spread favor Canada</td>
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<td>Forward Canadian dollar</td>
<td>-0.67</td>
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<tr>
<td>Net incentive (Canada +)</td>
<td>-0.63</td>
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#### Chart 3

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<th>Description</th>
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<tr>
<td>(Friday, Oct. 29)</td>
<td></td>
</tr>
<tr>
<td>Treasury bills:</td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td>5.27</td>
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<tr>
<td>U.S.</td>
<td>4.03</td>
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<tr>
<td>Spread favor U.K.</td>
<td>+1.24</td>
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<tr>
<td>Forward pound</td>
<td>-1.29</td>
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<tr>
<td>Net incentive (U.K. +)</td>
<td>+0.05</td>
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For description and sources of data see special annex to H. 13 Number 164, September 23, 1964.