DIVISION OF INTERNATIONAL FINANCE

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

H. 13
No. 228

December 29, 1965.

CAPITAL MARKET DEVELOPMENTS ABROAD

I. Canada: Money and Capital Market Developments, October-December 1965

During the period under review, credit conditions in Canada tightened further, both before and after the December 5 increase in the Canadian Bank Rate from 4-1/4 to 4-3/4 per cent. Prior to the Bank Rate action, conditions in the government bond market were somewhat uneven, but by December 1 yields were above the levels of late October. (See Table 1.) All market rates moved up between late October and early November; in late November, short-term rates firmed at their higher levels, but long-term yields eased slightly. After December 5 yields advanced to new highs. By December 22 the Treasury bill rate had risen 39 basis points and government bond yields were from 1 to 16 basis points above their December 1 levels. In the foreign exchange market, the Canadian dollar displayed generally sustained strength from late October to late December, fluctuating narrowly around the level of 93.00 U.S. cents.

Table 1. Canada: Selected Financial Market Indicators, October-December 1965
(in per cent per annum unless otherwise indicated)

	Actual Oct. 20	Changes from preceding date to Nov. 10	December 1	December 22	Actual Dec. 22
A. Interest Rates					
Day-to-day loans a/	3.78	+ .15	- .28	+ .63	4.28
30-day prime comm. paper b/	5.19	+ .12	0	+ .57	5.88
90-day prime finance paper c/	5.00	+ .62	0	+ .26	5.88
91-day Treasury bills d/	4.15	+ .02	- .01	+ .40	4.56
Government bonds e/					
4.50% 1966	4.99	+ .15	- .19	+ .16	5.11
5.00% 1968	5.14	+ .27	- .11	+ .08	5.38
4.25% 1972	5.26	+ .17	- .10	+ .07	5.40
4.50% 1983	5.42	+ .08	- .05	+ .03	5.48
5.25% 1990	5.43	+ .06	- .04	+ .01	5.46
B. Stock index f/	202.0	+2.3	-6.3	g/-0.9	g/197.1
C. Canadian dollar					
Spot (U.S. cents)	93.09	- .19	+ .11	- .17	92.84
3-month forward	- 0.74	- .07	+ .07	+ .20	- 0.54

a/ Average of daily closing rates for week ending Wednesday.
b/ Friday data; mid-range. c/ Friday data. d/ Average tender.
e/ Wednesday data; mid-market yields at close. f/ Financial Post's industrials, (1958 = 100). g/ December 15.

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Developments in Canadian bond markets reflected several special factors in the recent period. The rise in bond yields between October 20 and November 10 was in large part a reaction to discussion during the election campaign which suggested that a new majority Government would initiate further deflationary measures. However, the November 8 election did not give either major party a Parliamentary majority, and this indecisive outcome contributed to the easing of market yields between November 10 and December 1. In addition, on November 9 both U.S. and Canadian officials agreed to postpone new Canadian security sales in the United States until 1966, signalling a temporary reduction in the need for Canadians to maintain interest rates substantially above those in the U.S. Finally, Bank of Canada purchases of bonds during this period aided the fall in bond yields.

During November, when Canadian bond yields were falling U.S. long-term rates tended to rise, narrowing the differentials on comparable issues. (See Table 2.)

Following the two discount rate increases on December 5, and the inclusion of Canada in the new voluntary programs of the Federal Reserve System and the U. S. Department of Commerce for 1966, bond yields on both sides of the border moved up sharply. However, greater increases in U.S. than in Canadian rates resulted in a further narrowing of the differentials to the smallest margin since last spring.

In the foreign exchange market, the discount on the forward Canadian dollar fluctuated modestly during the period under review but remained quite large and at times exceeded 80 basis points. Covered spreads on Treasury bills continued to favor New York and varied with movements in the forward discount, as uncovered bill yields moved roughly together. Covered differentials on finance paper, which favored Canada, were also influenced by variations in the forward rate, but the very substantial increases in Canadian finance paper rates largely accounted for a widening of the covered spreads from 19 basis points on October 21 to 56 basis points on December 16.

Discount rate increase marks further money market tightness. Short-term rates moved up in several steps beyond their high October levels during the period under review. However, the rise was temporarily interrupted in the last three weeks of November. (See Table 1.) Day-to-day money rates advanced from 3.78 per cent the week of October 20 to 3.93 per cent the week of November 10, weakened the following three weeks to an average of 3.65 per cent the week of December 1, and then strengthened sharply after the rise in Bank Rate on December 5 to an average of 4.28 per cent the week of December 22. Similarly, 30-day commercial paper rates rose from 5.19 per cent on October 20 to 5.31 per cent on November 10, were unchanged during the remainder of November but moved up 57 basis points to 5.88 per cent after the discount rate rise on December 22. At the same time,

Table 2. Canada/U.S. Comparative Bond Yields, October 20-December 22, 1965.

(per cent per annum; Wednesday data; Canadian bonds, mid-market yield at close; U.S. bonds, yields on bid side)

	Oct.	November				December		
	20	3	10	17	24	1	8	22
1-year:								
U.S. 11/15/66, 4%	4.24	4.31	4.32	4.29	4.34	4.37	4.62	4.84
Canada 12/15/66, 4.5%	4.99	5.08	5.14	5.01	4.97	4.95	5.19	5.11
Differential	+0.70	+0.77	+0.82	+0.72	+0.63	+0.58	+0.57	+0.27
3-year:								
U.S. 8/68, 3.75%	4.36	4.44	4.47	4.44	4.44	4.56	4.73	4.90
Canada 10/68, 5.0%	5.14	5.31	5.41	5.29	5.30	5.30	5.45	5.38
Differential	+0.78	+0.87	+0.94	+0.85	+0.86	+0.74	+0.72	+0.48
7-year:								
U.S. 8/72, 4.0%	4.37	4.43	4.49	4.46	4.46	4.54	4.67	4.70
Canada 9/72, 4.25%	5.26	5.34	5.43	5.40	5.36	5.33	5.40	5.40
Differential	+0.89	+0.91	+0.94	+0.94	+0.90	+0.79	+0.73	+0.70
18-year:								
U.S. 78-83, 3.25%	4.31	4.41	4.42	4.40	4.40	4.43	4.51	4.51
Canada 9/83, 4.5%	5.42	5.49	5.50	5.47	5.45	5.45	5.50	5.48
Differential	+1.11	+1.08	+1.08	+1.07	+1.05	+1.02	+0.99	+0.97
25-year:								
U.S. 2/90, 3.5%	4.33	4.37	4.38	4.36	4.35	4.40	4.47	4.50
Canada 5/90, 5.25%	5.43	5.47	5.49	5.46	5.45	5.45	5.47	5.46
Differential	+1.10	+1.10	+1.11	+1.10	+1.10	+1.05	+1.00	+0.96

Source: Federal Reserve System; Bank of Canada, Weekly Financial Statistics.

rates for <u>90-day finance paper</u> advanced by 5/8 of 1 per cent (from 5.00 per cent to 5.62 per cent) between October 20 and November 10, were then unchanged until after the discount rate action, when further increases brought the reported rate to 5.88 per cent by December 22.

The unusual spurt in finance paper rates at the end of October and in early November reflected several developments. The bad publicity which has surrounded finance company affairs since the failure of the Atlantic Acceptance Corporation in June made some potential investors wary of finance paper. The activities of chartered banks in building up cash positions in order to enhance their annual bank reports at the end of October also tended to reduce the supply of funds available to finance companies. On the other hand, consumer survey reports of heightened consumer intentions to purchase durables during the autumn and winter reportedly strengthened finance company demands for funds to service the increased volume of business. The net result of these forces was to drive the borrowing rate up sharply. Several finance companies were apparently unsatisfied with the quantity of their short-term borrowing from the market and the chartered banks and either suspended common share dividends or went to the capital markets to acquire additional funds in November and December.

<u>Treasury bill tender rates</u> were largely unchanged prior to the rise in discount rate, but moved up following the rate change and reached 4.56 per cent on December 22--up 41 basis points over the level of October 20. The Bank of Canada made substantial purchases of Treasury bills from the chartered banks toward the end of October--to accommodate the banks' customary practice of building up cash positions for their annual reports--and moderated any tendency for the bill rate to rise. (See Table 4.) The bill rate was stable in November, however, and did not begin its sharp upward movement until after the discount rate rise on December 3.

<u>Bond market turns after November election and December measures.</u> Government bond yields fluctuated a good deal during the period under review, rising sharply prior to the Federal election in early November, easing between November 10 and December 1, after the election outturn, and advancing again after December 3. (See Table 1.)

Non-bank private-sector sales of Government bonds in the uncertain atmosphere prior to the Federal election on November 8 tended to depress bond prices between October 20 and November 10, because of market expectations that a substantial victory for the incumbent Liberal party would be followed by deflationary measures, including higher interest rates. In addition, yields tended to rise because of a widespread belief that a large Government of Canada financing would be priced below the market, as was the case with a comparable issue in August.

The bond issue was priced at the market, however, after the inconclusive election outcome signalled little or no change in Canadian policies. In addition, from November 10 to December 1 the Bank of Canada purchased bonds in the open market and thus provided support for the bond market. These factors contributed to the fall in bond yields during the three weeks after November 10.

Official announcements on both sides of the border on December 5 and 6 pushed Canadian bond yields to new highs. (See Table 1.) The rise in the Bank of Canada's discount rate from 4-1/4 to 4-3/4 per cent on December 5 began to move out along the yield curve as short-term borrowers sought lower costs in longer issues, and yields rose by 16 basis points on one-year maturities and 1 basis point on 25-year maturities from December 1 through December 22.

Differentials between comparable United States and Canadian Government securities widened early in the period under review, but the movement was rapidly reversed in December so that margins were very distinctly narrower on December 22 than on October 20. (See Table 2.) The rapid increase in Canadian yields at the end of October and in early November widened the differentials from a range of 70 to 110 basis points on October 20 to a range of 82 to 111 basis points on November 10. Subsequent reductions in Canadian yields, combined with a marked rise in the U. S. rates, narrowed the differentials progressively until December 22 when the range for the differentials was 27 to 96 basis points.

Table 3. Canada: Municipal, Provincial, and Private Bond Yields, July-November, 1965
(per cent per annum)

	Level on July 30	Change from previous date to: Aug. 31	Sept. 30	Nov. 1	Dec. 1	Level on Dec. 1
10 Provincials	5.68	.00	.08	.01	.06	5.83
10 Municipals	5.81	.01	.14	.02	.04	6.02
10 Public Utilities	5.74	.00	.10	-.03	.09	5.88
10 Industrials	5.73	.06	.04	.03	.06	5.92
40 Bond Yield Average	5.74	.02	.09	.01	.05	5.91

Source: McLeod, Young, and Weir.

Local government and private bond yields continue to advance. The continued steady stream of new bond offerings from local governments, public utilities, and corporations in October and November nudged average yields for outstanding issues to new highs. (See Table 3.) The McLeod 40-bond yield average moved up 6 basis points from 5.85 per cent on September 30 to 5.91 per cent on December 1. Each of the individual bond yield averages advanced during the period with industrials showing the largest increase.

Profit squeeze depresses stock exchange average. The Financial Post's price index of industrial shares listed on the Toronto Stock Exchange declined by 3 per cent (from 202.0 to 197.1) during the period under review. (See Table 1.) Several factors contributed to this weakness. Price roll-backs for aluminum and copper in the United States and Canada during November, occurring at a time of rising labor, raw material, and interest costs, reinforced market reports of falling company profits. In addition, buying on the Toronto exchange was reportedly discouraged by the November 8 federal election results, which returned a minority Government to power, and evidently reduced the prospects for amending legislation governing the securities industry so as to increase the protection of investors from insider manipulation.

Yield trends reflect Bank of Canada operations. Net purchases of Government debt by the Bank of Canada, for its own account and for Government Accounts, totalled $220 million between October 20 and December 22. (See Table 4.) Variations in yield movements reflected in part the effects of changes in the central bank's market operations at times during the period.

In late October the Bank of Canada acted to meet the chartered banks' needs for cash, in preparation for the customary end-of-October annual reports, by purchasing over $60 million in Treasury bills. In November the chartered banks rebuilt some of these holdings but again disposed of some Treasury bills in December, after the discount rate increase. However, the 90-day Treasury bill yield fluctuated very narrowly in the earlier part of the period, while the sharp rise in December reflected primarily the upward adjustment to the increase of 1/2 of 1 per cent in the discount rate of the Bank of Canada.

Variations in long-term yields in the period under review were apparently more closely related to shifts in central bank operations in the bond market. In the period of uncertainty preceding the general election on November 8, and again later in November, the Bank of Canada acquired bonds from the general public and the chartered banks. These purchases tended to support bond prices and yields declined in the last three weeks of November. By contrast, the Bank of Canada gave no direct support to the bond market in the first three weeks of December, and yields moved up moderately under the influence of sales by the general public. (See Tables 1 and 4.)

Chartered bank liquidity under continued pressure. A combination of special factors and continued vigorous loan demand acted to keep chartered bank liquidity positions under pressure during the period under review. As a result, the ratio of more liquid assets to total assets fell well below its conventional minimum of 30.0 per cent. (See Table 5.)

These special factors included the customary chartered bank balance sheet cash positioning for annual reports dated October 31, two large Government of Canada debt offerings in November, and the December 5 increase in the Bank of Canada's discount rate for money market dealers from 4.25 per cent to 4.75 per cent.

Table 4. Canada: Holdings of Central Government Direct and Guaranteed Debt, October-December, 1965
(millions of dollars)

	Actual	Change from previous date to:				Actual
	Oct.	Oct.	Nov.	December		Dec.
	20	27	10	1	22	22
Bank of Canada						
Treasury bills	522	+65	- 3	0	+59	644
Other	2793	+14	- 5	+ 55	0	2857
Total	3315	+80	- 8	+ 55	+59	3501
Government Accounts						
Treasury bills	19	+ 1	+ 8	- 16	+ 2	14
Other	496	+ 8	+ 11	+ 8	+12	535
Total	515	+ 9	+ 19	- 8	+14	549
Chartered banks						
Treasury bills	1372	-63	+ 16	+ 20	-17	1328
Other	2353	- 2	+ 11	- 30	+13	2345
Total	3725	-65	+ 27	- 10	- 4	3673
General Public						
Treasury bills	237	- 1	- 22	- 6	-43	165
Other	7009	-14	- 8	- 32	-35	6920
Total	7246	-15	- 30	- 38	-78	7085
Canadian Savings Bonds	5300	+ 3	+227	+406	-52	5884
Net new issues	----	+12	+235	+405	-61	----

Source: Bank of Canada, Weekly Financial Statistics.

In October the chartered banks were able to satisfy their year-end cash requirements for balance sheet purposes by selling Treasury bills to the Bank of Canada. (See Table 4.)

In the first three weeks of November two Ministry of Finance offerings (a new Canada Savings Bond issue and a $300 million conversion issue) resulted in a restructuring of chartered bank balance sheets. The banks increased their loans for the purchase of Canada Savings Bonds by over $200 million, while personal savings deposit liabilities were reduced by $164 million (as savings deposits were used to buy Savings Bonds). Chartered bank liabilities to the Government of Canada rose by well over $400 million as substantial amounts of the revenue from the Bond sales were deposited in the chartered banks. (See Table 5.)

Table 5. Canada: Selected Chartered Bank Statistics,
September-December, 1965
(millions of dollars or per cent)

	Actual	Change from previous date a/			Actual
	Sept. 29	Oct. 27	Nov. 24	Dec. 15	Dec. 15
Currency and chartered bank deposits of public (less float)	19,004	+201	-363	+316	19,159
Government of Canada deposits	511	- 38	+447	- 5	915
Total money supply	19,516	+163	+ 84	+311	20,074
Total cash reserves b/	1,401	+121	- 36	- 18	1,468
Canada Savings Bond loans	23	- 18	+208	- 6	207
Day-to-day loans	270	- 26	- 54	+ 25	215
General loans	9,426	+ 58	- 37	+126	9,572
Loans to instalment finance companies	391	+ 24	- 20	+ 93	488
Loans to municipalities	436	+ 26	+ 38	+ 20	520
Cash reserve ratio c/	8.01	+.10	-.01	+.03	8.13
Liquid asset ratio d/	17.27	-.25	-.22	-.04	16.76
More liquid asset ratio e/	30.28	-.07	-.08	-.49	29.64

a/ Last Wednesday of month for which data available.
b/ Till money plus deposits with Bank of Canada.
c/ Daily average for month; statutory minimum for monthly average is 8.0 per cent.
d/ Daily average for month; agreed (with Bank of Canada) minimum is 15.0 per cent.
e/ As at date listed; conventional minimum is 30 per cent of total assets.

Source: Bank of Canada, Weekly Financial Statistics.

The slight contraction in bank loan portfolios during the first three weeks of November evidently marked a temporary pause in the pace of vigorous loan expansion. The chartered banks continued to expand their lending activity toward the end of the period under review, reducing their more liquid asset ratios below the conventional minimum of 30.00 per cent in the process.

The general advance in government security prices which followed the increase in the discount rate on December 5 may have discouraged some further bond sales by the chartered banks. However, in the first week after the discount rate increase the chartered banks increased their loan portfolios at the expense of their more liquid asset ratios which stood at 29.64 per cent on December 15. (See Table 5.)

Table 6. Canada: Official Holdings of Gold and U.S. Dollars, August-November, 1965
(millions of U.S. dollars)

	Level on August 31	Change during the month of September	October	November	Level on November 30
Gold	1104.0	+ 7.9	+11.8	+13.8	1137.5
U.S. dollars	1494.0	+ 8.2	+17.9	+23.5	1543.6
Subtotal	2598.0	+16.1	+29.7	+37.3	2681.1
Net creditor position in IMF	214.0	+51.0	-16.0	+23.1	225.9
Total reserves a/	2812.0	+67.1	+13.7	+60.4	2907.0
Initial drawing right position in IMF	351.5	+51.0	-16.0	-23.1	363.4
Total reserves b/	2949.5	+67.1	+13.7	+60.4	3044.5
Gold as a percentage of gold and dollars	42.5	42.5	42.5	42.4	42.4

a/ As defined by Canada in context of Canadian exemption from Interest Equalization Tax of United States.
b/ Sum of gold, U.S. dollars, and initial drawing right position in IMF.
Source: Bank of Canada, Statistical Summary.

International reserves continue rising. Canada's official holdings of gold and dollars increased by U.S. $67.0 million in October and November to a total of $2681.1 million on November 30. (See Table 6.) The percentage of gold to the total of gold and dollars at the end of November was essentially unchanged at 42.4.

On December 6 the Minister of Finance, Mitchell Sharp, announced that the United States and Canada had reached an agreement whereby Canada would, if necessary, use its Exchange Fund Account holdings of gold and dollars to purchase private U.S. holdings of Canadian securities in order to reduce Canadian holdings of gold and dollars to approximately $2,600 million. The United States, in return, agreed to continue Canada's exemption from the U.S. Interest Equalization Tax. By this arrangement Canada will be able to continue raising long-term capital in the United States without increasing her gold and dollar reserves.

Uneven conditions in the foreign exchange market. The premium on the spot Canadian dollar eased on two occasions during the period under review but recovered both times and reached 93.03 U.S. cents on December 23--0.06 cents below its October 21 level. (See Table 7.) The discount on the forward Canadian dollar fluctuated narrowly between 0.61 and 0.81 per cent per annum and ended the period at 0.74 per cent per annum on December 23.

Table 7. Canada/U.S. Exchange Rates and Arbitrage Calculations, October-December, 1965

	Oct. 21	November 4	11	18	December 2	9	16	23
Exchange rates:								
Spot (U.S. cents)	93.09	93.09	92.90	93.07	93.03	92.90	92.92	93.03
Forward (p.c.p.a.)	-0.74	-0.67	-0.67	-0.81	-0.81	-0.67	-0.61	-0.74
3-month yields and differentials								
Treasury bills								
Canada (covered)	3.28	3.41	3.42	3.28	3.23	3.58	3.77	n.a.
U.S.	4.02	4.07	4.05	4.07	4.11	4.33	4.40	n.a.
Differential (+ in favor Canada)	-0.74	-0.66	-0.63	-0.79	-0.88	-0.75	-0.63	n.a.
Finance paper a/								
Canada (covered)	4.44	4.77	4.76	4.75	4.89	5.07	5.14	n.a.
U.S.	4.25	4.38	4.38	4.38	4.38	4.75	4.58	n.a.
Differential	+0.19	+0.39	+0.38	+0.37	+0.51	+0.32	+0.56	n.a.

a/ Friday data.

Source: Federal Reserve System.

Postponement in November of a $50 million debenture offering in New York by the Quebec-Hydro Electric Company, new U.S. voluntary programs of the Federal Reserve and Department of Commerce and a new Canadian agreement to use Canada's Exchange Fund Account holdings to buy Canadian Government securities owned by U.S. residents, announced December 5, were the major factors tending to weaken the spot rate and to narrow the forward discount on the Canadian dollar in early November and again in the middle of December.

Treasury bill yields in Canada and the U.S. moved to higher levels, especially after the two discount rate increases of 1/2 of 1 per cent, but variations in the forward discount on the Canadian dollar produced most of the variation in the covered spread between Treasury bills. The covered differential on Treasury bills in favor of New York varied between 63 and 88 basis points and ended the period at 63 basis points on December 16. (See Table 7.)

Although finance paper rates also moved up on both sides of the border the rise in Canada together with the narrowing of the forward discount on the Canadian dollar widened the covered differential in favor of Canada from 19 basis points on October 21 to 56 basis points on December 16. The rise of 100 basis points in Canadian finance paper rates during the period reflected both the continuing difficulties finance paper companies encountered in the money market after the default of the Atlantic Acceptance Company in June and the substantial increase in consumer demand for credit which reportedly developed in the autumn.

II. 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

Europe and British Commonwealth Section

Chart 1

INTERNATIONAL MONEY MARKET YIELDS FOR U.S. DOLLAR INVESTORS

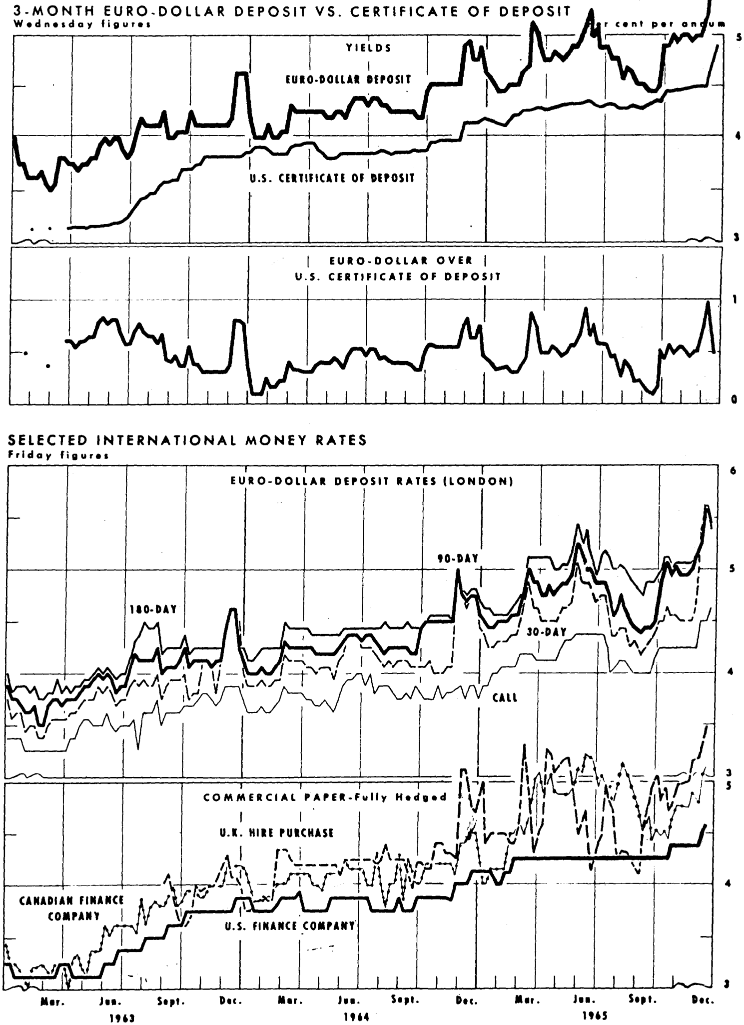
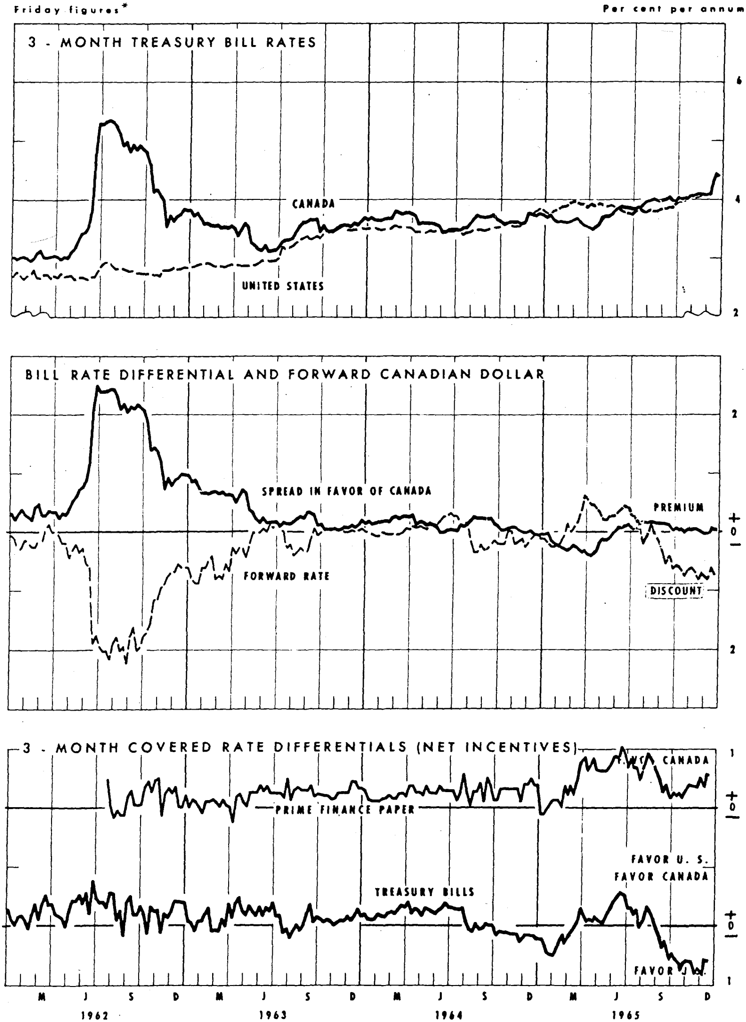


Chart 2

INTEREST ARBITRAGE, UNITED STATES / CANADA

Friday figures*



Thursday figures 1962, Friday thereafter.

Chart 3

INTEREST ARBITRAGE, NEW YORK/LONDON

Friday figures

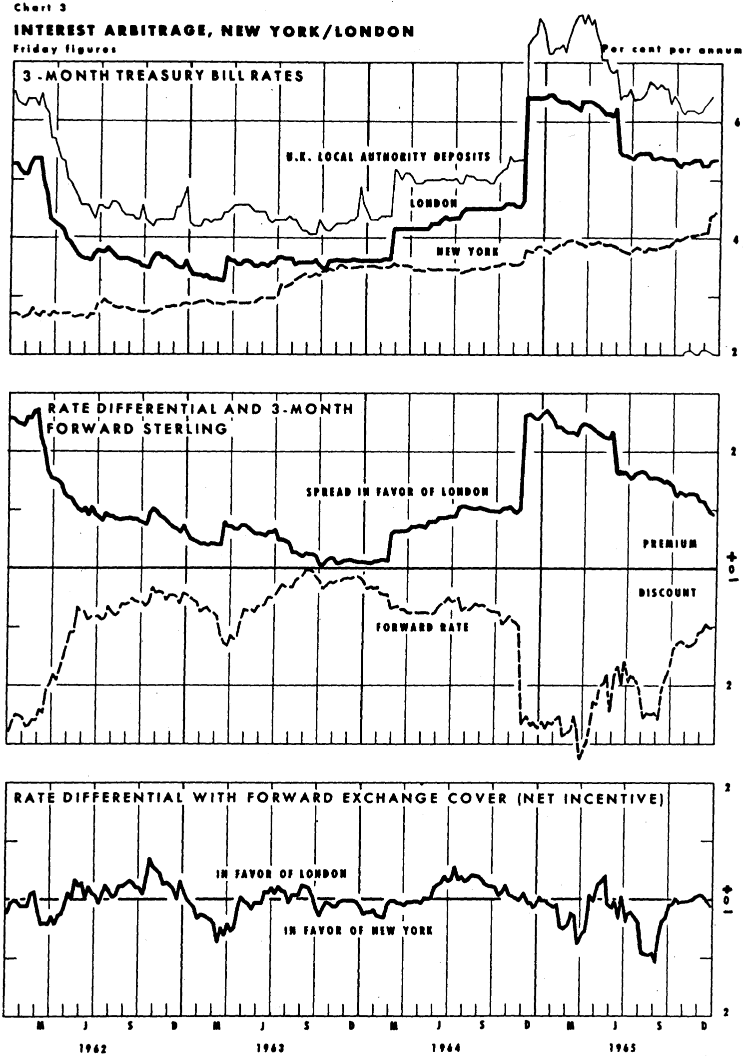


CHART 4 was not published in this issue.

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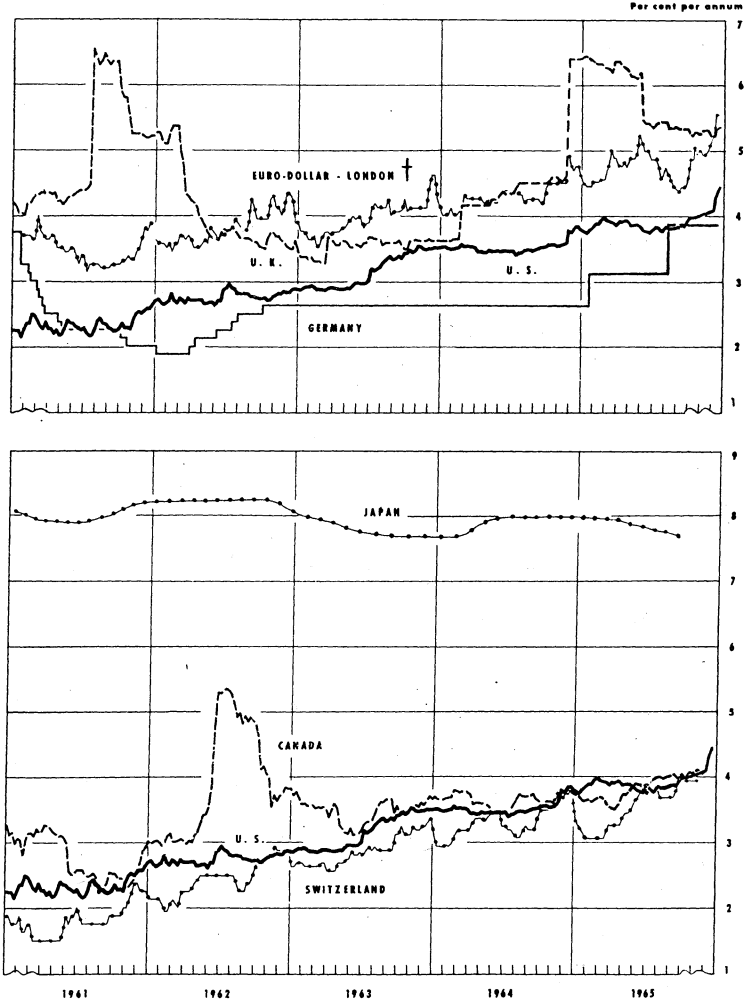
Chart 5
SHORT-TERM INTEREST RATES *



* 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

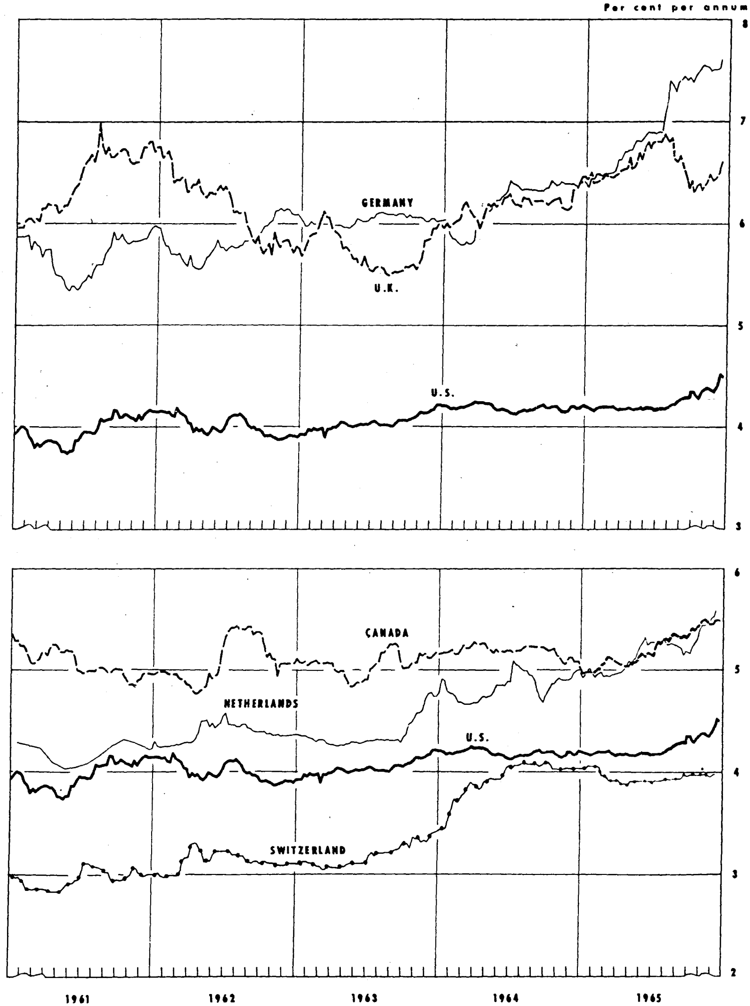
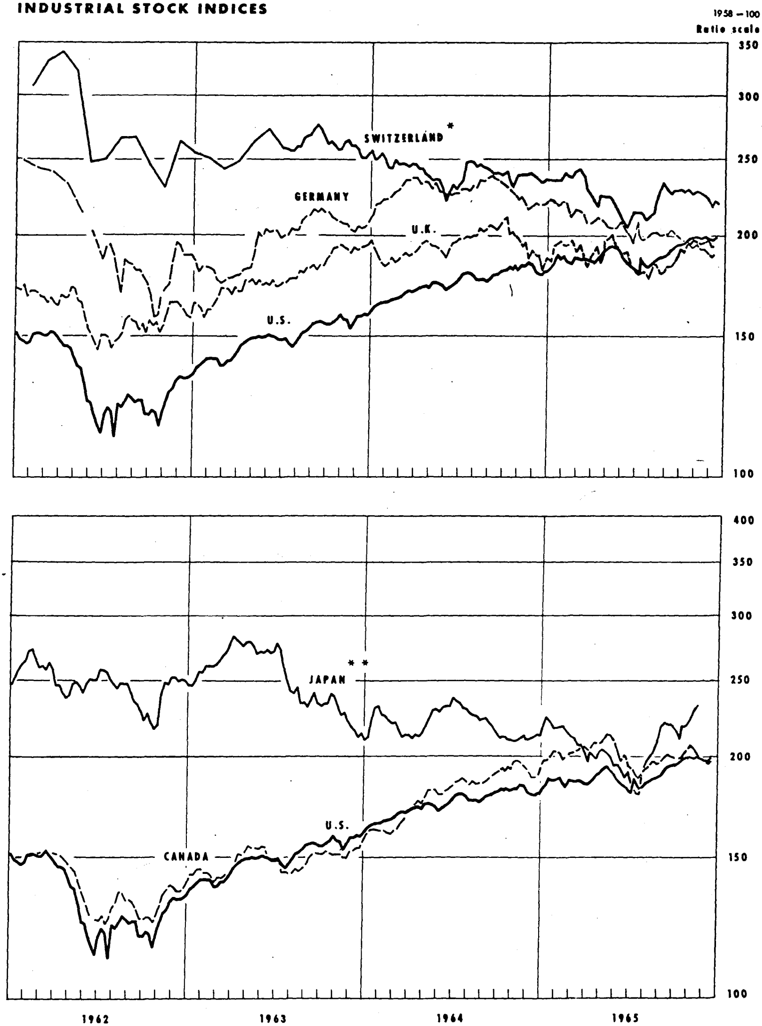


Chart 7
INDUSTRIAL STOCK INDICES

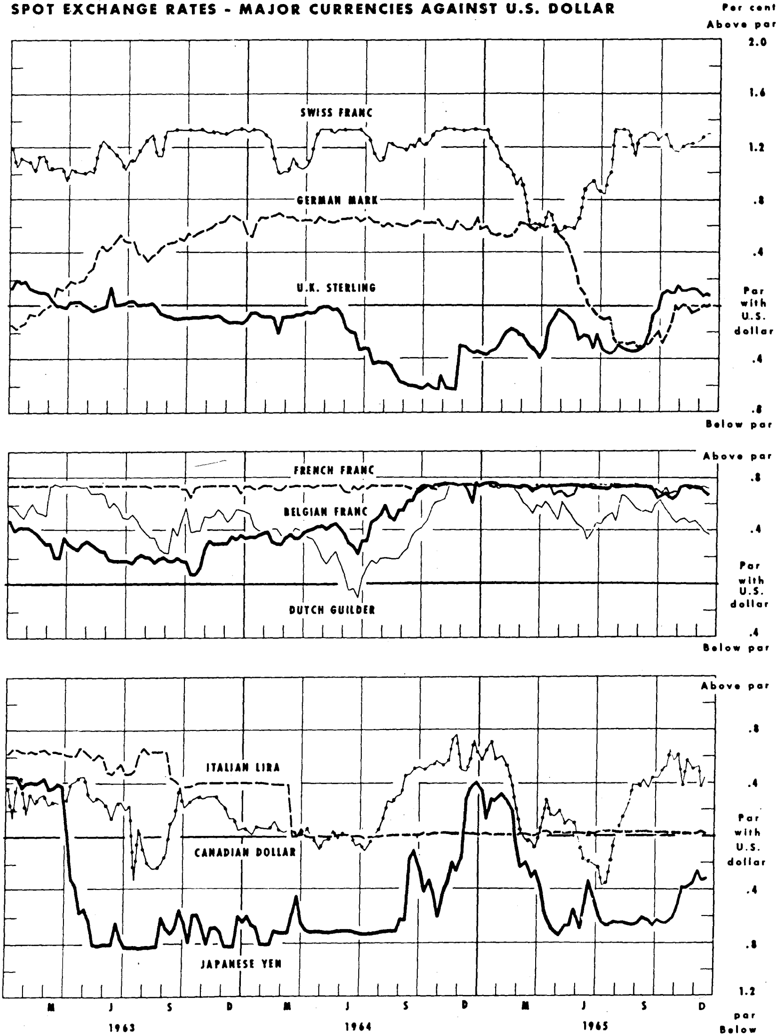


* Swiss Bank Corporation industrial stock.

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

Chart 8

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



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

Chart 1	Per cent per annum
Upper panel	
(Wednesday, December 22)	
Euro-$ deposit	5.38
U.S. certif. of deposit	4.90
Lower panels	
(Friday, December 24)	
Euro-dollar deposits: Call	4.62
7-day	4.75
30-day	5.44
90-day	5.44
180-day	5.38
Finance Co. paper: U.S.	5.58
(December 15) Canada	5.14
Hire-purchase paper, U.K.	5.44

Chart 2	
(Friday, December 24)	
Treasury bills: Canada	4.41
U.S.	4.45
Spread favor Canada	+0.04
Forward Canadian dollar	-0.74
Net incentive (Canada +)	-0.78

Chart 3	
(Friday, December 24)	
Treasury bills: U.K.	5.36
U.S.	4.45
Spread favor U.K.	0.91
Forward pound	-1.02
Net incentive (U.K. +)	-0.11

Chart 5	Per cent per annum
(Friday, December 24, except as noted)	
Treasury bills:	
U.S.	4.45
U.K.	5.36
Germany (December 17)	3.88
Canada	4.41
Swiss 3-month deposits (Date: November 15)	3.94
Euro-$ deposit (London) (December 17)	5.56
Japan: composite rate (Date: September 24)	7.680

Chart 6	
Bonds:	
U.S. govt. (Wed., December 22)	4.50
U.K. war loan (Thurs., December 16)	6.61
German Fed. Railway (Fri., December 10)	7.61
Swiss Confederation (Fri., December 10)	3.98
Canadian govt. (Wed., December 22)	5.48
Netherlands government perpetual (Fri., December 10)	5.59

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