CAPITAL MARKET DEVELOPMENTS ABROAD

I. Ten Charts on Financial Markets Abroad
II. Latest Figures Plotted in H.13 Chart Series, 1966

I. Ten Charts on Financial Markets Abroad

Chart 1 - New York, London, Montreal: Yields for U.S. Dollar Investors on 3-month Funds
Chart 2 - London: Yields for U.S. Dollar Investors on 3-month Funds
Chart 3 - Interest Arbitrage: Frankfurt/London, Zurich/London
Chart 4 - Interest Arbitrage: New York/Canada
Chart 5 - Interest Arbitrage: New York/London
Chart 6 - Short-term Interest Rates
Chart 7 - Long-term Bond Yields
Chart 8 - Spot Exchange Rates—Major Currencies Against U.S. Dollar
Chart 9 - 3-month Forward Exchange Rates
Chart 10 - Industrial Stock Indices

Europe and British Commonwealth Section.

OFFICIAL USE ONLY
(Decontrolled after six months)
NEW YORK, LONDON, MONTREAL:
YIELDS FOR U.S. DOLLAR INVESTORS ON 3-MONTH FUNDS
DOLLAR DEPOSIT RATES: NEW YORK-LONDON

EURO-DOLLAR DEPOSIT
U.S. CERTIFICATE OF DEPOSIT

EURO-DOLLAR OVER U.S. CERTIFICATE OF DEPOSIT

FINANCE CO. PAPER RATES (covered): QUOTED IN NEW YORK

CANADIAN FINANCE COMPANY
U.K. HIRE PURCHASE
U.S. FINANCE COMPANY

1964 1965 1966
Chart 3

LONDON: YIELDS FOR U.S. DOLLAR INVESTORS ON 3-MONTH FUNDS
EURO-DOLLAR DEPOSIT RATES

Friday figures

HIRE PURCHASE AND LOCAL AUTHORITY DEPOSIT RATES (covered)

Friday figures

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Federal Reserve Bank of St. Louis
INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON

FRANKFURT INTERBANK LOAN RATE VS. LONDON EURO-DOLLAR RATE (COVERED)
IN TERMS OF DM

INTERBANK LOAN RATE

EURO-DOLLAR

DIFFERENTIAL

FAVOR FRANKFURT

FAVOR EURO-DOLLAR

ZURICH DEPOSIT RATE VS. LONDON EURO-DOLLAR RATE (COVERED)
IN TERMS OF SWISS FRANCS

EURO-DOLLAR

SWISS DEPOSIT RATE

DIFFERENTIAL

FAVOR ZURICH

FAVOR EURO-DOLLAR

PRICE OF GOLD IN LONDON

U.S. dollar equivalent per fine ounce

1964 1965 1966

35.2 35.0
INTEREST ARBITRAGE, UNITED STATES/CANADA

Per cent per annum

3-MONTH TREASURY BILL RATES

CAN. FIN. CO. PAPER

UNITED STATES

CANADA

BILL RATE DIFFERENTIAL AND FORWARD CANADIAN DOLLAR

SPREAD IN FAVOR OF CANADA

FORWARD RATE

PREMIUM

DISCOUNT

3-MONTH COVERED RATE DIFFERENTIALS (NET INCENTIVES)

PRIME FINANCE PAPER

TREASURY BILLS

FAVOR CANADA

FAVOR U.S.

FAVOR CANADA

FAVOR U.S.

http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
Chart 5
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

Per cent per annum

1963 1964 1965 1966
SHORT-TERM INTEREST RATES

For 3-month treasury bill rates for all countries except Japan and Switzerland (3-month deposit rate) and average rate on bank loans and discounts.

3-month rate for U.S. dollar deposits in London.
Chart 7

LONG-TERM BOND YIELDS

Weekly figures

Per cent per annum

GERMANY
U.K.

U.S.

CANADA
NETHERLANDS
SWITZERLAND

Chart 10

INDUSTRIAL STOCK INDICES

* Swiss Bank Corporation industrial stock index
** Japan: index of 225 industrial and other stocks traded on the Tokyo exchange
III. Latest Figures Plotted in H. 13 Chart Series, 1966
(all figures per cent per annum)


Chart 1
Upper panel
(Wednesday, March 16)

Euro-$ deposit 5.62
U.S. certif. of deposit 5.17

Lower panel
(Friday, March 18)

Finance co. paper: U.S.  5.13
Canada  5.78
Hire-purchase paper, U.K.  5.44

Chart 2
(Friday, March 18)

Euro-$ deposits:
Call  5.25
90-day  5.69
7-day  5.38
180-day  5.81
30-day  5.75

Hire-purchase paper  5.62
(March 4)

Local-authority deposit  5.21
(March 4)

Chart 3
Upper panel
(Period: March 1-7)

Interbank loan (mid point)  5.50
Euro-$ deposit (average)  5.64

Lower panel
(Date: February 15)

Zurich 3-mo. deposit  3.88

Price of gold
(Friday, March 4)

35.155

For description and sources of data see special annex to H. 13, Number 239, March 16, 1966.

Chart 4
(Friday, March 18)

Treasury bills: Canada  4.82
U.S.  4.61

Spread favor Canada +0.21
Forward Canadian $ -0.15
Net incentive (Canada +) -0.06
Canadian finance paper  5.88

Chart 5
(Friday, March 18)

Treasury bills: U.K.  5.45
U.S.  4.61

Spread favor U.K. +0.84
Forward pound -1.00
Net incentive (U.K. +) -0.16

Chart 6
(Friday, March 18)

Treasury bills:
U.S.  4.61
U.K.  5.45

Spread favor U.K.  4.00 (Mar. 4)
Forward pound  4.82
Canada  4.61
Euro-$ deposit (London)  5.69

Zurich 3-mo. deposit  3.88
(Date: February 15)

Japan composite rate
(Date: December 31)  7.607

Chart 7

U.S. Gov't. (Wed., Mar. 16)  4.68
U.K. War Loan (Thurs., Mar. 17)  6.84
German Fed. (Fri., Mar. 11)  7.56
Swiss Confed. (Fri., Mar. 11)  3.91
Canadian Gov't. (Wed., Mar. 16)  5.75
Netherlands Gov't. perpetual 3%
(Fri., March 11)  5.80

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