CAPITAL MARKET DEVELOPMENTS ABROAD

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

Note on Chart 7

In this issue of the H.13 series, a yield for long-term U.S. dollar-denominated bonds traded in London (Euro-dollar bonds) is introduced in Chart 7. The yield plotted is an average of yields to maturity calculated from the prices of four foreign government U.S. dollar loan issues. The bonds composing the average are:

a) Kingdom of Denmark, 5-1/2 per cent (1970-84) issued in April 1964;
b) Kingdom of Norway, 5-1/2 per cent (1984) issued in May 1964;
c) Kingdom of Norway, 5-1/2 per cent (1985) issued in March 1965; and
d) Government of Austria, 6 per cent (1979/84) issued in January 1964.

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
Chart 2

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

90 DAY  180 DAY  30 DAY  CALL

HIRE PURCHASE AND LOCAL AUTHORITY DEPOSIT RATES (covered)

1964  1965  1966

DIFFERENTIAL  FAVOR HIRE PURCHASE  FAVOR EURO-DOLLAR

LOCAL AUTHORITY DEPOSIT

DIFFERENTIAL  FAVOR LOCAL AUTHORITY  FAVOR EURO-DOLLAR

EURO-DOLLAR DEPOSIT

Per cent per annum
Chart 3

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

II PRICE OF GOLD IN LONDON

U.S. dollar equivalent per fine ounce

1964 1965 1966

35.2 35.0
INTEREST ARBITRAGE, UNITED STATES/CANADA

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.

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http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
INTEREST ARBITRAGE, NEW YORK/LONDON
Friday figures

3-MONTH TREASURY BILL RATES
U.K. LOCAL AUTHORITY DEPOSITS
NEW YORK
RATE DIFFERENTIAL AND 3-MONTH FORWARD STERLING
SPREAD IN FAVOR OF LONDON
FORWARD RATE
RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)
IN FAVOR OF LONDON
IN FAVOR OF NEW YORK

1963 1964 1965 1966

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Federal Reserve Bank of St. Louis
Chart 6

SHORT-TERM INTEREST RATES *

3-month treasury bill rates for all countries except Japan and Switzerland (3-month deposit rate)

(Average rate on bank loans and discounts)

+ 3-month rate for U.S. dollar deposits in London.
LONG-TERM BOND YIELDS
Weekly figures

For cent per annum

GERMANY
U.K.
EURO-DOLLAR BONDS*
U.S.


CANADA
NETHERLANDS
U.S.
SWITZERLAND

*Average of yields for four foreign government dollar bonds quoted in London
3-MONTH FORWARD EXCHANGE RATES
Against U. S. Dollars

Against Pound Sterling - London

Against Pound Sterling - London

Against Pound Sterling - London

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Federal Reserve Bank of St. Louis
INDUSTRIAL STOCK INDICES

1963 1964 1965 1966

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

Chart 1

Upper panel
(Wednesday, April 13)

- Euro-$ deposit 5.75
- U.S. certif. of deposit 5.24

Lower panel
(Friday, April 15)

- Finance co. paper: U.S. 5.25
  - Canada 5.87
- Hire-purchase paper, U.K. 5.92

Chart 2

(Friday, April 15)

- Euro-$ deposits:
  - Call 5.25
  - 90-day 5.75
  - 7-day 5.38
  - 180-day 5.81
  - 30-day 5.56
- Hire-purchase paper 6.07
- Local-authority deposit 5.51

Chart 3

Upper panel
(Period: April 8-15)

- Interbank loan (mid point) 5.93
- Euro-$ deposit (average) 5.75

Lower panel
(Date: February 15)

- Zurich 3-mo. deposit 3.88

Price of gold
(Friday, April 8)

- 35.138

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

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