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)
Chart 2

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

Per cent per annum

<table>
<thead>
<tr>
<th>30 DAY</th>
<th>CALL</th>
</tr>
</thead>
<tbody>
<tr>
<td>90 DAY</td>
<td></td>
</tr>
<tr>
<td>180 DAY</td>
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HIRE PURCHASE AND LOCAL AUTHORITY DEPOSIT RATES (covered)
Friday figures

Per cent per annum

| 1964 | 1965 | 1966 |

EURO-DOLLAR DEPOSIT
HIRE PURCHASE
DIFFERENTIAL
FAVOR HIRE PURCHASE
FAVOR EURO-DOLLAR
LOCAL AUTHORITY DEPOSIT
EURO-DOLLAR DEPOSIT
DIFFERENTIAL
FAVOR LOCAL AUTHORITY
FAVOR EURO-DOLLAR

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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
Chart 4
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 5

INTEREST ARBITRAGE, NEW YORK/LONDON
Friday figures

3-MONTH TREASURY BILL RATES

U.K. LOCAL AUTHORITY DEPOSITS

NEW YORK

LONDON

RATE DIFFERENTIAL AND 3-MONTH FORWARD STERLING

SPREAD IN FAVOR OF LONDON

FORWARD RATE

PREMIUM

DISCOUNT

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)

IN FAVOR OF LONDON

IN FAVOR OF NEW YORK

1963 1964 1965 1966

Per cent per annum
SHORT-TERM INTEREST RATES *

* 3 month treasury bill rates for all countries except Japan (Average rate on bank loans and discounts) Switzerland (3 month deposit rate) and Germany (Interbank Loan Rate)

† 3 month rate for US dollar deposits in London
Chart 7
LONG-TERM BOND YIELDS
Weekly figures
Per cent per annum


*Average of yields for four foreign government dollar bonds quoted in London.
Chart 6
SPOT EXCHANGE RATES - MAJOR CURRENCIES AGAINST U.S. DOLLAR

- SWISS FRANC
- GERMAN MARK
- U.K. STERLING
- FRENCH FRANC
- BELGIAN FRANC
- DUTCH Guilder
- ITALIAN LIRA
- CANADIAN DOLLAR
- JAPANESE YEN

Per cent
Above par
1.6
1.2
0.8
0.4
Below par
0.4
0.8
1.2

1964 1965 1966
3-MONTH FORWARD EXCHANGE RATES
Against U. S. Dollars

Against German Mark

Against Swiss Franc

Against Pound Sterling - London

Against Dutch Guilder

Against Belgian Franc

Against French Franc

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Chart 10
INDUSTRIAL STOCK INDICES

* Swiss Bank Corporation industrial stock index
** Japan: index of 225 industrial and other stocks traded on the Tokyo exchange.
May 4, 1966.

II. Latest Figures Plotted in H.13 Chart Series, 1966
(all figures per cent per annum)

Chart 1
Upper Panel (Wednesday, April 27)
Euro-$ Deposit 5.75
U.S. certif. of deposit 5.31

Lower Panel (Friday, April 29)
Finance co. paper: U.S. 5.25
Canada 5.88
Hire-purchase paper, U.K. 6.11

Chart 2
(Friday, April 29)
Euro-$ deposits:
Call 5.31 90-day 5.75
7-day 5.50 180-day 5.88
30-day 5.56

Hire-purchase paper 6.05
(April 15)
Local-authority deposit 5.49
(April 15)

Chart 3
Upper Panel (Period: April 15-23)
Interbank loan (mid-point) 6.00
Euro-$ deposit (average) 5.81

Lower Panel (Date: March 15)
Zurich 3-mo. deposit 4.00

Price of gold (Friday, April 15) 35.126

Chart 4
(Friday, April 29)
Treasury bills: Canada 4.94
U.S. 4.61
Spread favor Canada +0.33
Forward Canadian $ -0.15
Net incentive (Canada +) +0.18
Canadian finance paper 5.75

Chart 5
(Friday, April 29)
Treasury bills: U.K. 5.42
U.S. 4.61
Spread favor U.K. +0.88
Forward pound -0.83
Net incentive (U.K. +) +0.05

Chart 6
(Friday, April 29)
Treasury bills: U.S. 4.61
U.K. 5.49
Canada 4.94

Interbank loan rate (German) (April 23) 6.00
Euro-$ deposit (London) 5.75

Zurich 3-mo. deposit (Date: March 15) 4.00
Japan composit rate (Date: February 28) 7.570

Chart 7
U.S. Gov't. (Wed., Apr. 27) 4.63
U.K. War Loan (Thurs., Apr. 28) 6.80
German Fed. (Fri., Apr. 15) 7.98
Swiss Confed. (Fri., Apr. 22) 3.91
Canadian Gov't. (Wed., Apr. 27) 5.66
Netherlands Gov't perpetual 3% (Friday, Apr. 22) 5.85
Euro-$ bonds (Fri., Apr. 29) 6.23

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