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 Bond Yields
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 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>90 DAY</th>
<th>180 DAY</th>
<th>30 DAY</th>
<th>CALL</th>
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HIRE PURCHASE AND LOCAL AUTHORITY DEPOSIT RATES (covered)
Friday figures
Per cent per annum

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

1964 1965 1966
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

35.2

35.0

1964  1965  1966
Chart 4
INTEREST ARBITRAGE, UNITED STATES/CANADA
Friday figures

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)

FAVOR CANADA

PRIME FINANCE PAPER

FAVOR U.S.

TREASURY BILLS

FAVOR CANADA

FAVOR U.S.

1963

1964

1965

1966
INTEREST ARBITRAGE, NEW YORK/LONDON

Chart 5
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
Chart 6
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)


SWITZERLAND
EURO-DOLLAR - LONDON
U.K.
JAPAN
GERMANY
CANADA
U.S.
LONG-TERM BOND YIELDS

Weekly figures

Per cent per annum

GERMANY

U.K.

EURO-DOLLAR BONDS*

U.S.

CANADA

NETHERLANDS

SWITZERLAND


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

AGAINST U. S. DOLLARS

AGAINST POUND STERLING - LONDON

AGAINST POUND STERLING - LONDON

1964 1965 1966

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Federal Reserve Bank of St. Louis
**II. Latest Figures Plotted in H.13 Chart Series, 1966**

*All figures per cent per annum*

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<tr>
<th>Chart 1</th>
<th>Chart 2</th>
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<tr>
<td><strong>Upper Panel</strong> (Wednesday, May 11)</td>
<td><strong>Euro-$ Deposits:</strong></td>
</tr>
<tr>
<td>Euro-$ Deposit</td>
<td></td>
</tr>
<tr>
<td>U.S. certif. of deposit</td>
<td></td>
</tr>
<tr>
<td><strong>Lower Panel</strong> (Friday, May 13)</td>
<td><strong>7-day</strong> 5.30</td>
</tr>
<tr>
<td>Finance co. paper: U.S.</td>
<td></td>
</tr>
<tr>
<td>Hire-purchase paper, U.K.</td>
<td></td>
</tr>
</tbody>
</table>

**Chart 3**

**Upper Panel** (Period: May 9-15)

Interbank loan (mid-point) 6.12
Euro-$ deposit (average) 5.76

**Chart 4**

**Chart 5**

**Teaser bills:** U.K. 5.49
U.S. 4.59
Spread favor U.K. 4.0.90
Forward pound -0.72
Net incentive (U.K. +) 40.18

**Chart 6**

**Teaser bills:** U.S. 4.59
U.K. 5.49
Canada 4.97
Interbank loan rate (German) 6.12
Euro-$ deposit (London) 5.75

**Chart 7**

**U.S. Gov't.** (Wed., May 11) 5.52
U.K. War Loan (Thurs., May 12) 6.86
German Fed. (Fri., Apr. 23) 8.22
Swiss Confed. (Fri., May 6) 3.94
Canadian Gov't. (Wed., May 11) 5.64
Netherlands Gov't perpetual 3% (Friday, May 6) 6.12
Euro-$ bonds (Fri., May 6) 6.72

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