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

Wednesday figures

EURO-DOLLAR DEPOSIT
U.S. CERTIFICATE OF DEPOSIT

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

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

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
Chart 3

INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON

FRANKFURT INTERBANK LOAN RATE VS. LONDON EURO-DOLLAR RATE (COVERED)

Per cent per annum

IN TERMS OF DM

INTERBANK LOAN RATE

EURO-DOLLAR

FAVOR FRANKFURT

FAVOR EURO-DOLLAR

ZURICH DEPOSIT RATE VS. LONDON EURO-DOLLAR RATE (COVERED)

IN TERMS OF SWISS FRANCS

EURO-DOLLAR

SWISS DEPOSIT RATE

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

Friday figures

3-MONTH TREASURY BILL RATES

CAN. FIN. CO. PAPER

UNITED STATES

BILL RATE DIFFERENTIAL AND FORWARD CANADIAN DOLLAR

SPREAD IN FAVOR OF CANADA

FORWARD RATE

3-MONTH COVERED RATE DIFFERENTIALS (NET INCENTIVES)

PRIME FINANCE PAPER

TREASURY BILLS

FAVOR CANADA

FAVOR U.S.

FAVOR CANADA
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

PREMIUM

DISCOUNT

FORWARD RATE

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)

IN FAVOR OF LONDON

IN FAVOR OF NEW YORK

1963 1964 1965 1966
Chart 6
SHORT-TERM INTEREST RATES *

Per cent per annum

U.K.
EURO-DOLLAR - LONDON
U.S.
SWITZERLAND


Switzerland (3-month deposit rate) and Germany (interbank loan rate)

1 3-month rate for U.S. dollar deposits in London

* 3-month treasury bill rates for all countries except Japan (Average rate on bank loans and discounts)

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Federal Reserve Bank of St. Louis
LONG-TERM BOND YIELDS

**GERMANY**

**U.K.**

**EURO-DOLLAR BONDS**

**U.S.**

**CANADA**

**NETHERLANDS**

**SWITZERLAND**

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*Average of yields for four foreign government dollar bonds quoted in London*
Chart 9
3-MONTH FORWARD EXCHANGE RATES
Friday figures
AGAINST U. S. DOLLARS

GERMAN MARK

POUND STERLING

SWISS FRANC

DISCOUNT-

AGAINST POUND STERLING - LONDON

GERMAN MARK

U. S. DOLLAR

DISCOUNT-

AGAINST POUND STERLING - LONDON

DUTCH Guilder

BELGIAN FRANC

FRENCH FRANC


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Federal Reserve Bank of St. Louis
Chart 10
INDUSTRIAL STOCK INDICES

1958/100
Ratio scale

300
250
200
150
100

1963 1964 1965 1966

* Swiss Bank Corporation industrial stock index
** Japan: index of 225 industrial and other stocks traded on the Tokyo exchange

Switzerland
Germany
U.K.
U.S.
Japan
Canada
U.S.
### Chart 1
*(Wednesday, May 25)*

<table>
<thead>
<tr>
<th>Deposit Type</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro-$ Deposit</td>
<td>5.62</td>
</tr>
<tr>
<td>U.S. certif. of deposit</td>
<td>5.40</td>
</tr>
</tbody>
</table>

### Chart 2
*(Friday, May 27)*

<table>
<thead>
<tr>
<th>Deposit Type</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro-$ deposits:</td>
<td></td>
</tr>
<tr>
<td>Call</td>
<td>5.31</td>
</tr>
<tr>
<td>90-day</td>
<td>5.75</td>
</tr>
<tr>
<td>7-day</td>
<td>5.50</td>
</tr>
<tr>
<td>180-day</td>
<td>5.88</td>
</tr>
<tr>
<td>Hire-purchase paper</td>
<td>6.05</td>
</tr>
</tbody>
</table>

### Chart 3
*(Period: May 16-23)*

<table>
<thead>
<tr>
<th>Deposit Type</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interbank loan (mid-point)</td>
<td>6.15</td>
</tr>
<tr>
<td>Euro-$ deposit (average)</td>
<td>5.81</td>
</tr>
</tbody>
</table>

*Lower Panel* *(Date: April 15)*

<table>
<thead>
<tr>
<th>Deposit Type</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zurich 3-mo. deposit</td>
<td>4.06</td>
</tr>
</tbody>
</table>

### Chart 4
*(Friday, May 27)*

<table>
<thead>
<tr>
<th>Deposit Type</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury bills: Canada</td>
<td>4.98</td>
</tr>
<tr>
<td>U.S.</td>
<td>4.61</td>
</tr>
<tr>
<td>Spread favor Canada</td>
<td>+0.37</td>
</tr>
<tr>
<td>Forward Canadian $</td>
<td>-0.19</td>
</tr>
<tr>
<td>Net incentive (Canada +)</td>
<td>+0.18</td>
</tr>
<tr>
<td>Canadian finance paper</td>
<td>6.00</td>
</tr>
</tbody>
</table>

### Chart 5
*(Friday, May 27)*

<table>
<thead>
<tr>
<th>Deposit Type</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury bills: U.K.</td>
<td>5.52</td>
</tr>
<tr>
<td>Treasury bills: U.S.</td>
<td>4.61</td>
</tr>
<tr>
<td>Spread favor U.K.</td>
<td>+0.91</td>
</tr>
<tr>
<td>Forward pound</td>
<td>-0.67</td>
</tr>
<tr>
<td>Net incentive (U.K. +)</td>
<td>+0.24</td>
</tr>
</tbody>
</table>

### Chart 6
*(Friday, May 27)*

<table>
<thead>
<tr>
<th>Deposit Type</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury bills: U.S.</td>
<td>4.61</td>
</tr>
<tr>
<td>Treasury bills: U.K.</td>
<td>5.52</td>
</tr>
<tr>
<td>Treasury bills: Canada</td>
<td>4.98</td>
</tr>
<tr>
<td>Interbank loan rate (German) (May 23)</td>
<td>6.15</td>
</tr>
<tr>
<td>Euro-$ deposit (London)</td>
<td>5.75</td>
</tr>
<tr>
<td>Zurich 3-mo. deposit (Date: April 15)</td>
<td>4.06</td>
</tr>
<tr>
<td>Japan composite rate (Date: February 28)</td>
<td>7.570</td>
</tr>
</tbody>
</table>

### Chart 7
*(U.S. Gov't. (Wed., May 25)*

<table>
<thead>
<tr>
<th>Deposit Type</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Gov't. (Wed., May 25)</td>
<td>4.68</td>
</tr>
<tr>
<td>U.K. War Loan (Thurs., May 26)</td>
<td>6.80</td>
</tr>
<tr>
<td>German Fed. (Fri., May 20)</td>
<td>7.76</td>
</tr>
<tr>
<td>Swiss Confed. (Fri., May 20)</td>
<td>3.93</td>
</tr>
<tr>
<td>Canadian Gov't. (Wed., May 25)</td>
<td>5.69</td>
</tr>
<tr>
<td>Netherlands Gov't perpetual 3% (Friday, May 20)</td>
<td>5.97</td>
</tr>
<tr>
<td>Euro-$ bonds (Fri., May 27)</td>
<td>6.42</td>
</tr>
</tbody>
</table>

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

- March 23: 4.00
- April 7: 4.00
- April 15: 4.06