

H. 13

July 13, 1966.

No. 256

CAPITAL MARKET DEVELOPMENTS ABROAD

- I. Japan  
 II. Nine Charts on Financial Markets Abroad  
 III. Latest Figures Plotted in H. 13 Chart Series

I. Japan: Money and Capital Markets in May-June 1966

1. Introduction and summary
2. Money market
3. Interest rates
4. Bank loans and discounts
5. Bond market
6. Stock market
7. Foreign trade
8. Foreign reserves and capital flows
9. Foreign exchange

1. Introduction and summary. During May and June, various steps were taken by the authorities to forestall a shift from foreign dollar financing of imports to domestic financing. The problem was aggravated by the steady rise in the rate on U. S. bankers' acceptances. Available reports indicate that so far such shifting has been relatively small. (For further details, see "8. Foreign reserves and capital flows.")

Japanese borrowing in the United States rose by \$76 million in March according to preliminary data. An increase of \$83 million in short-term borrowing was partly offset by a \$7 million decline in long-term borrowing. In April, there was no change in short-term claims on Japan reported by U. S. banks, but long-term claims declined \$4 million. (See Table 1). For the two months together, there was an overall increase in Japanese borrowing in the U. S. of \$72 million.

Table 1. Japan: Short- and Long-term Borrowing in the U. S.  
(in millions of dollars)

	<u>Change during year</u>				<u>Change during period</u>						
	1962	1963	1964	1965	1965		1966				
					III	IV	I	Jan.	Feb.	Mar.	Apr.
Short-term claims <sup>1/</sup>	212	431	482	-59	-125	-4	16 <sup>P/</sup>	-69	2	83 <sup>P/</sup>	0 <sup>P/</sup>
Long-term claims <sup>1/</sup>	<u>50</u>	<u>128</u>	<u>136</u>	<u>15</u>	-8	-26	-11 <sup>P/</sup>	-7	3	-7 <sup>P/</sup>	-4 <sup>P/</sup>
TOTAL	262	559	618	-44	-133	-30	5 <sup>P/</sup>	-76	5	76 <sup>P/</sup>	-4 <sup>P/</sup>

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(Deccontrolled after 6 months)

Table 1 (Cont.)

	Table 1. <u>Japan: Short- and Long-term Borrowing in the U. S.</u> (in millions of dollars)										
	<u>Change during year</u>				<u>Change during period</u>						
	1962	1963	1964	1965	1965		1966				
					III	IV	I	Jan.	Feb.	Mar.	Apr.
Security Flotations	141	200	0	63	20	20	0	0	0	0	0
TOTAL	403	759	618	19	-113	-10	5P/	-76	5	76 <sup>P/</sup>	4P/

1/ U. S. claims on Japan as reported by U. S. banks.

P/ Preliminary.

NOTE: See Tables 9 and 10 for adjustments to the figures on claims that might affect the changes indicated here. Newly reported data added \$150 million to short-term claims in 1964, and \$47 and \$45 million to long-term claims in 1963 and 1964, respectively.

After declining moderately in April-May, international reserves rose \$8 million in June to a level of \$2,104 million. The seasonally adjusted trade balance registered surpluses of \$15 - \$18 million during March; April and May. The yen remained weak in the foreign exchange markets during May and the first half of June.

Money market conditions remained easy in April, but became tighter in May. Short-term bank interest rates continued their decline, but call loan rates were unchanged. The stock market average fluctuated in the ¥1,500's during May and June, held down partly by the unloading of stocks by two stock-buying agencies.

2. Money market. Money market conditions remained easy in April as net Treasury payments of ¥232 billion swamped the contractionary influence of a ¥163 billion decline in net Bank of Japan credit and a ¥32 billion increase in the issue of bank notes, leaving a net expansionary impact of ¥36 billion. In May, the contractionary effect of net Treasury receipts of ¥25 billion and a decline in net Bank of Japan credit of ¥74 billion was only partly offset by a ¥85 billion decrease in the issue of bank notes, leaving a net contractionary impact of ¥14 billion.

3. Interest rates. Call loan rates have remained unchanged since October 1, 1965. (See Table 2). This contrasts with the May-October period last year when they were reduced four times.

Table 2. Japan: Average Call Loan Money Rates in Tokyo  
(per cent)

	<u>Overnight<sup>1/</sup></u>	<u>Unconditional<sup>2/</sup></u>	<u>Over-month-end<sup>3/</sup></u>
Throughout April	5.475	5.840	6.570
Throughout May	5.475	5.840	6.570
Throughout June	5.475	5.840	6.570

<sup>1/</sup> For settlement on the following day.

<sup>2/</sup> Repayable at a day's notice.

<sup>3/</sup> Repayable at a day's notice in the following month.

The average interest rate on commercial bank loans and discounts continued its decline to 7.54 per cent in March and 7.53 per cent in April. The rate has declined steadily since its peak of 7.99 per cent at the end of 1964, but at a much slower pace in recent months.

Authorized rates on Euro-dollar deposits were raised for deposits of over one month on March 22, and for all deposits on May 5. (See Table 3). The rates are now the highest that have been prescribed since the Japanese Government began to regulate them.

Table 3. Japan: Maximum Authorized Rates on Euro-dollar Deposits

Effective:	<u>12/30/65</u>	<u>12/31/65</u>	<u>1/ 5/65</u>	<u>2/ 7/66</u>	<u>3/22/66</u>	<u>5/ 5/66</u>
Less than 30 days	4.25	4.25	4.25	5.0	5.0	5.5
1 - 3 months	5.675	5.5	5.25	5.5	5.875	6.0
3 - 6 months	5.675	5.5	5.5	5.675	6.0	6.125
6 - 12 months	5.75	5.5	5.5	5.75	6.125	6.25
1 year and over	6.0	5.75	5.75	6.0	6.25	6.385

4. Bank loans and discounts. For the first quarter as a whole, there was a 2.5 per cent increase in commercial bank credit to the private sector, which includes a decline in credit registered in January for the first time in many years. The first quarter figure compares with a 2.9 per cent increase in the same period in 1965. Deposits rose by 4.2 per cent during the quarter, compared to an increase of 3.5 per cent in the first quarter of 1965. (See Table 4).

Table 4. Japan: Quarterly Changes in Deposits and Principal Assets of Commercial Banks  
(in billions of yen)

	TOTAL	Per Cent Change	Loans	Per Cent Change	Bills Dis- counted	Per Cent Change	Securi- ties	Per Cent Change	TOTAL	Per Cent Change
<u>1963</u>										
I	+1,158	8.8	+717	9.3	+185	4.9	+27	1.2	+ 929	6.8
II	+ 405	3.1	+365	4.3	+150	3.8	+73	-3.3	+ 588	4.0
III	+1,019	7.4	+524	5.9	+245	6.0	+14	0.6	+ 783	5.1
IV	+ 947	6.4	+589	6.3	+293	6.8	+41	1.8	+ 923	5.8
<u>1964</u>										
I	+ 459	2.9	+344	3.5	+111	2.4	- 26	-1.1	+ 429	2.5
II	- 65	-0.4	+278	2.7	+218	2.7	+348	14.9	+ 754	4.3
III	+ 944	5.9	+335	3.2	+291	6.0	+148	5.5	+ 774	4.3
IV	+ 860	5.1	+574	5.3	+206	4.0	+180	6.4	+ 960	5.1
<u>1965</u>										
I	+ 620	3.5	+404	3.5	+ 48	0.9	+118	3.9	+ 570	2.9
II	- 158	-0.8	+292	2.5	+ 63	1.2	+310	9.9	+ 665	3.3
III	+1,311	7.2	+496	4.1	+217	4.0	+224	6.5	+ 937	4.4
IV	+1,034	5.3	+642	5.1	+225	4.0	+303	8.3	+1,170	5.3
<u>1966</u>										
I	+ 867	4.2	+442	3.3	0	0.0	+128	3.2	+ 570	2.5

In April, commercial bank credit to the private sector fell by 0.7 per cent compared to a 1.0 per cent increase a year earlier. There were declines of 1.2 and 0.8 per cent, respectively, in loans and bills discounted, compared to a decline of 0.1 per cent in both sectors last year. There was a 1.6 per cent increase in securities holdings, which was notably less than the 8.0 per cent increase in April of last year. Deposits declined in April by 3.3 per cent, a slightly higher drop than the 2.6 per cent decline sustained in the same month in 1965.

The proportion of bank credit extended for purchases of capital equipment fell to 17.3 per cent in March, but rose to 17.5 per cent in April. This compares with the previous high of 17.6 per cent reached last November.

Bank of Japan credit in April and May was highly contractionary, primarily because of heavy net sales of securities, but in both months reinforced by a decrease in lending. (See Table 5).

Table 5. Japan: Changes in Bank of Japan Loans and Holdings of Securities

Period	(1)	(2)	(3)
	Net increase (+) or decrease (-)	Loans: Increase (+) or decrease (-)	Net purchases (+) or sales (-) of securities
<u>1964</u>			
I Quarter	+203.3	+ 36.7	+166.6
II Quarter	+ 75.7	+121.0	-196.7
III Quarter	+106.1	+ 97.5	+ 8.6
IV Quarter	-329.6	-300.5	- 29.1
<u>1965</u>			
I Quarter	+217.5	+216.5	+ 1.0
II Quarter	-124.0	- 14.4	-109.6
III Quarter	+ 89.8	+133.1	- 43.3
IV Quarter	-129.8	-182.0	-311.8
<u>1966</u>			
I Quarter	+276.0	- 3.2	+279.2
January	+ 48.9	+ 34.1	+ 14.8
February	+223.7	+ 18.8	+204.9
March	+ 3.4	- 56.1	+ 59.5
April	-163.5	- 29.4	-134.1
May	- 74.5	- 4.5	- 70.0

5. Bond market. New issues of bonds in February totaled ¥217 billion, down ¥2 billion from the January level. In March, however, new bond issues rose sharply to a record level of ¥325 billion, up ¥108 billion over the February level. The increase resulted chiefly from a ¥90 billion increase in public corporation bonds to ¥142 billion. Bank debentures also rose ¥10 billion to ¥137 billion, while industrial debentures were up by ¥8 billion to ¥46 billion. Complete data for April are not yet available, but new issues of bank debentures fell by ¥10 billion and industrials by ¥15 billion.

Bond yields were unchanged in April in the government sector and were slightly lower, in the private sector. Yields on local government securities, public corporation bonds, and one-year bank debentures remained at their 1964-65 levels of 7.354, 7.053 and 6.244 per cent, respectively. The yield on long-term debentures fell from 7.285 per cent in March to 7.280 per cent in April, while the yield on industrial bonds fell from 7.508 per cent in March to 7.473 per cent in April.

Newspaper reports indicate that demand in the private sector for the new issues of national government bonds weakened slightly in May and June. During the last week of June, the average bond price was ¥98.50 compared to the issue price of ¥98.60. The average yield was therefore 6.827 per cent in contrast to the 6.795 per cent yield to subscribers at the time of issue.

6. Stock market. The Dow-Jones stock average fluctuated in the ¥1,500's during May and June, dipping below the ¥1,500 mark on June 1 and June 30. On July 11, the average was ¥1,481 or 7 per cent below the high for the year reached on April 1. (See Table 6).

Table 6. Japan: Dow-Jones Average of 225 Stocks, First Section of Tokyo Exchange

April	25	¥1,530	June	6	¥1,524	1965	High	¥1,409
				13	1,526		Low	¥1,020
May	2	1,566		20	1,515			
	9	1,573		27	1,521	1966	High	¥1,589
	16	1,558					Low	¥1,410
	23	1,561	July	4	1,533			
	30	1,513		11	1,481			

The failure of the market to rise during April-June probably reflected in large part the unloading of stocks by the two special stock-buying agencies created during 1964-65. During the March to early May period, the Japan Stock Holding Association (JSHA) and the Japan Joint Securities Company (JJSC) sold ¥61 billion in stocks previously purchased. This reduced the holdings of the two groups from ¥428 billion to ¥367 billion (on the basis of original purchase value). The JSHA reportedly sold an additional ¥20-30 billion in stocks in June. The Bank of Japan has advised both agencies to unload all of their stocks by March 1968 when the revised Securities Trading Law goes into effect. In a move to reduce other possible downward pressures on the market, stock margin requirements were lowered from 50 to 30 per cent on June 4, and further releases of stocks by the JJSC and JSHA will reportedly be delayed until September.

In recent months stock prices have averaged about 50 per cent above last year's low. Recognizing this general improvement in the market, the authorities announced in mid-May that effective this coming October the restrictions on increases in corporations' capital would be abolished, although certain minimum requirements for new stock issues must still be observed.

7. Foreign trade. In March, April and May, exports, seasonally adjusted, were virtually at the same level, about 4 per cent above the average of the previous three months. Imports, seasonally adjusted, were also at virtually the same level, about 7 per cent above the average of the previous three months. The result was a monthly surplus of \$15-18 million on a seasonally adjusted basis. (See Table 7). This was substantially less than the average of the previous three months, but the latter was brought up by the exceptionally high January exports. The April-May performance is still very good for Japan in relation to the performance in earlier years.

Table 7. Japan: Seasonally Adjusted Foreign Trade, Monthly or Monthly Averages<sup>a/</sup>  
(in millions of dollars)

	1965					1966					
	I	II	III	IV	Dec.	I	Jan.	Feb.	Mar.	Apr.	May
Imports	659	687	685	693	688	741	701	761	762	763	768 <sup>b/</sup>
Exports	677	712	732	694	675	788	838	745	780	781	783 <sup>b/</sup>
Balance	+ 18	+ 25	+ 47	+ 1	- 13	+ 47	+137	- 16	+ 18	+ 18	+ 15 <sup>b/</sup>

<sup>a/</sup> All figures on a customs basis.

<sup>b/</sup> Preliminary.

8. Foreign reserves and capital flows. International reserves rose by \$8 million in June to \$2,104 million. Following the low in July of last year, reserves rose steadily until April and May of this year, when there were declines of \$11 and \$2 million, respectively. The June recovery leaves reserves \$154 million above the level of last July.

The ratio of international reserves to the note issue of the Bank of Japan rose in May to 33.9 per cent. (See Table 8). The improvement in the ratio in May resulted mainly from a 4 per cent decline in the outstanding volume of bank notes issued.

Table 8. Japan: Ratio of Reserves to Bank Notes

<u>End of Period</u>	<u>International Reserves</u> (billions of yen)	<u>Bank Notes Issued</u> (billions of yen)	<u>Reserves/ Bank Notes</u> (per cent)
1959	¥520.9	¥1,029.4	50.6
1960	701.6	1,234.1	56.9
1961	599.8	1,480.1	40.5
1962	727.9	1,745.9	41.7
1963	740.9	2,057.4	36.0
1964	719.6	2,298.8	31.3
1965	758.5	2,563.8	29.6
1965 May	724.7	1,975.4	36.7
June	712.8	2,078.3	34.3
July	702.0	2,083.1	33.7
August	707.0	2,038.2	34.7
September	708.8	2,033.2	34.8
October	719.3	2,053.2	35.0
November	751.0	2,107.4	35.6
December	758.5	2,563.8	29.6
1966 January	749.5	2,200.5	34.1
February	759.2	2,251.1	33.7
March	759.2	2,280.4	33.3
April	755.3	2,312.9	32.7
May	754.6	2,227.5	33.9

The overall Japanese balance of payments showed a small deficit in April and May. In April, the trade surplus fell sharply, but the capital outflow also decreased compared to the two previous months. In May a substantial surplus on trade account was registered, but the capital outflow resumed at about the same level as in February and March. The net result was a slight decline in reserves.

Table 9. Japan: Balance of Payments on an Exchange Transaction Basis  
(in millions of dollars)

	1965				1966					
	I	II	III	IV	I	Jan.	Feb.	Mar.	Apr.	May
Trade account balance	51	85	173	151	80	1	109	131	63	114
Services balance	-44	-58	-56	-54	-52	-51	-43	-61	-60	-59
Current account	7	27	117	97	28	-50	56	70	3	55
Net long-term capital receipts	5	-10	-24	-23	-45	-43	-16	-76	-4	-22
Net short-term capital receipts	<u>11</u>	<u>-44</u>	<u>-80</u>	<u>-18</u>	<u>13</u>	<u>51</u>	<u>-8</u>	<u>-3</u>	<u>-6</u>	<u>-27</u>
Net balance on capital account	16	-54	-103	-41	-32	8	-24	-79	-11	-49
Errors and omissions	-6	-11	-8	-10	4	17	-15	9	-4	-8
Overall balance of payments	17	-37	6	46	1	-25	27	0	-11	-2

NOTE: Quarterly data are monthly averages. Data may not add exactly because of rounding. These data also differ from those in the earlier table on foreign trade as these are on an exchange transactions, rather than customs, basis, and are not seasonally adjusted.

According to preliminary data, Japanese short-term liabilities to the U. S., as reported by U. S. banks, rose \$83 million in March and remained unchanged in April. (See Table 10).

Table 10. Short-term Claims on Japan Reported by U. S. Banks  
(in millions of U. S. dollars)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1959	168	175	204	224	242	260	256	269	262	262	275	324
1960	326	372	420	456	488	497	586	628	660	693	711	806
1961	875	952	1,069	1,159	1,196	1,272	1,341	1,335	1,288	1,281	1,292	1,528 <sup>b/</sup>
1962	1,601	1,685	1,778	1,775	1,762	1,758	1,765	1,767	1,711	1,710	1,662	1,740
1963	1,697	1,691	1,751	1,876	1,898	1,872	1,877	1,798	1,890	1,904	2,017	2,171 <sup>b/</sup>
1964	2,247	2,340	2,400	2,394	2,421	2,469	2,416	2,472	2,493	2,488	2,496	2,810 <sup>b/</sup>
1965	2,742	2,746	2,861	2,833	2,834	2,880	2,831	2,830	2,755	2,656	2,683	2,761 <sup>b/</sup>
1966	2,692	2,694	2,777 <sup>a/</sup>	2,777 <sup>a/</sup>								

a/ Preliminary.

b/ Includes newly reported data totaling \$52 million in December 1961, \$157 million in December 1964, and \$10 million in December 1965.



Long-term Japanese liabilities to the U. S. fell by \$7 million in March and \$4 million in April. (See Table 11). These declines continued the steady fall in Japan's long-term liabilities to the U. S. since the record high of \$483 million was reached last May. Japan has reduced these liabilities by \$53 million since then.

Table 11. Long-term Claims on Japan Reported by U. S. Banks  
(in millions of U. S. dollars)

	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug.</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>
1959	13	14	15	15	17	17	16	15	16	15	16	16
1960	16	16	14	14	14	14	18	18	21	21	19	19
1961	19	19	18	19	18	19	20	19	25	23	25	24
1962	24	25	31	28	29	49	50	54	54	62	69	74
1963	74	74	76	83	104 <sup>b/</sup>	111	119	136	143	146	170	249 <sup>b/</sup>
1964	280	295	311	319	323	325	329	332	351	352	269	430 <sup>b/</sup>
1965	455	454	472	479	483	479	482	475	471	464	462	445
1966	438	441	434 <sup>a/</sup>	430 <sup>a/</sup>								

<sup>a/</sup> Preliminary.

<sup>b/</sup> Includes newly reported claims totaling \$1 million in May 1963, \$46 million in December 1963, and \$45 million in December 1964.

Rising interest rates in the United States, particularly for bankers' acceptances, have posed problems for the Japanese since in some cases domestic sources of import financing are cheaper than foreign sources. Between December 10, 1965, and May 28, 1966, the prime rate for 4-month dollar import acceptance credits was increased by the authorities from 7.0 to 7.5 per cent. Comparable domestic financing, however, is available in Japan at a rate of 7.3 per cent. Although the general level of rates on dollar import acceptances was increased again on June 13, the rate for the very best customers was held unchanged at 7.5 per cent by establishing a new, more restricted, prime rate.

Japanese authorities are, of course, concerned that a large-scale shift to domestic import financing, and a subsequent reduction in foreign borrowing, would place substantial downward pressures on international reserves as reserves are drawn down to pay off foreign obligations. With the object of discouraging such shifting so as not to decrease official reserves, several measures were taken in mid-May by the authorities. Exchange banks were ordered to lower their commission rates on dollar import financing, to differentiate their rates according to industries and enterprises, and to adhere to newly established limits on import acceptances. It is estimated that the decision in June to permit iron and steel importers to utilize dollar import financing on a three-month basis, rather than four-months, will result in a shift from foreign to domestic import financing of about \$100 million. Should the shifting show signs of becoming very substantial, there are reports that the Japanese financial authorities may try to counter the move by taking action in the futures foreign exchange market, or by drawing on the "swap" stand-by facilities with the Federal Reserve System.

9. Foreign exchange. The yen generally remained weak during May-June, hitting some of the most depreciated levels during the past year. The spot rate for the yen was ¥362.50 to the dollar in early May, or the most depreciated level since May of 1965. After a show of strength during mid-May, when the rate fell to ¥361.80 to the dollar, the yen weakened again, reaching the previous high of ¥362.50 in mid-June. In the three-month forward market, the rate for the yen strengthened during May and early June, but then weakened substantially through mid-June. The strengthening in the spot market in mid-May reduced the forward premium and temporarily changed it to a discount, but the rate increased again through mid-June. (See Table 12).

Table 12. Japan: Customer's T. T. Exchange Rate of Bank of Tokyo in Tokyo

	<u>Yen-dollar spot middle rate</u>	<u>Three-month forward middle rate</u>	<u>Forward premium in per cent per annum</u>
April 18	362.35	361.75	.66
25	362.35	361.85	.55
May 2	362.50	361.95	.61
9	362.35	362.95	.44
16	361.95	361.97	.03*
23	361.80	361.87	.08*
30	362.35	361.77	.63
June 6	362.40	361.87	.58
13	362.45	361.97	.53
15	362.50	362.02	.53

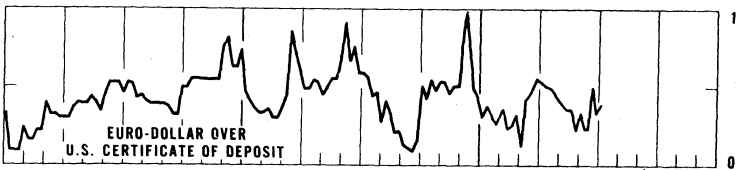
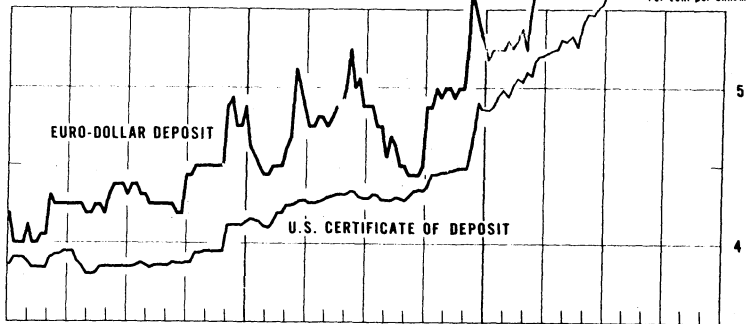
\* Discount

Asia, Africa and Latin America Section,  
Division of International Finance.

Chart 1

**NEW YORK, LONDON, MONTREAL:  
YIELDS FOR U.S. DOLLAR INVESTORS ON 3-MONTH FUNDS  
DOLLAR DEPOSIT RATES: NEW YORK-LONDON**

Wednesday figures



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

Friday figures

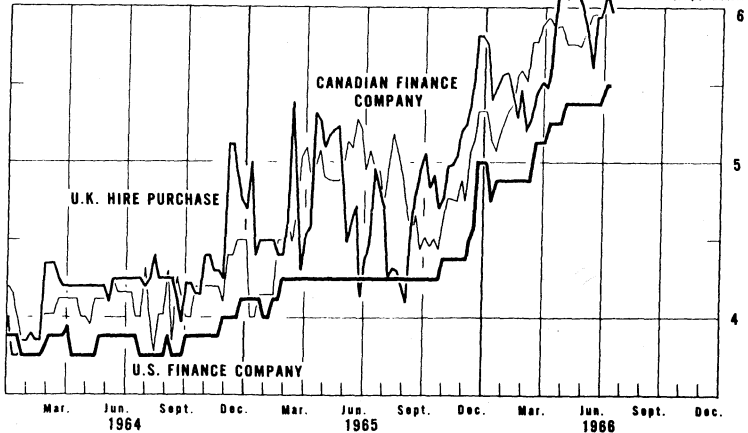


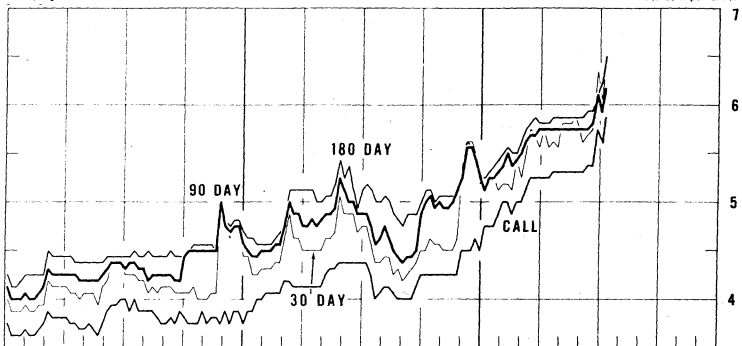
Chart 2

### LONDON: YIELDS FOR U.S. DOLLAR INVESTORS ON 3-MONTH FUNDS

#### EURO-DOLLAR DEPOSIT RATES

Friday Figures

Per cent per annum



#### HIRE PURCHASE AND LOCAL AUTHORITY DEPOSIT RATES (covered)

Friday Figures

Per cent per annum

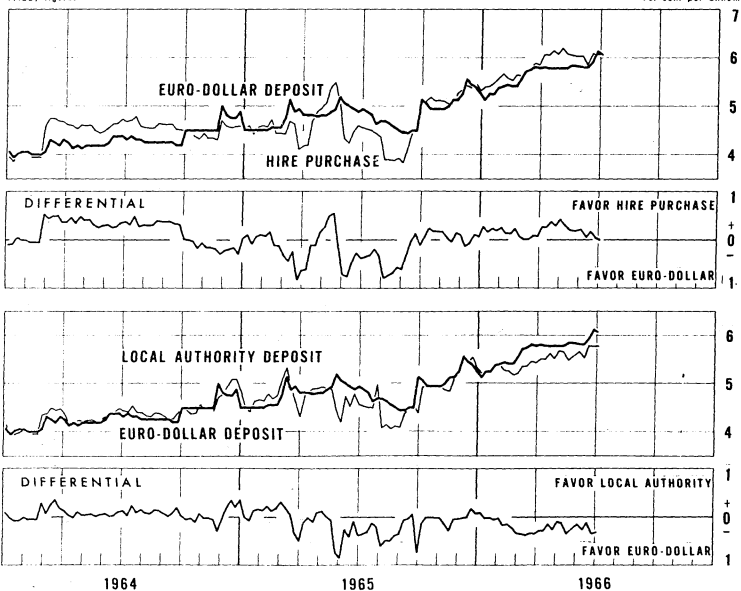
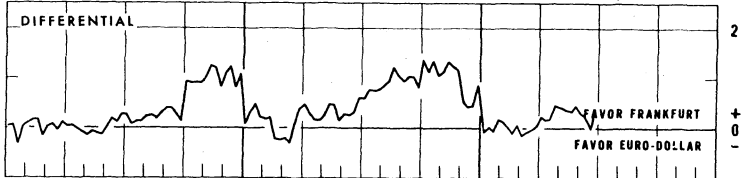
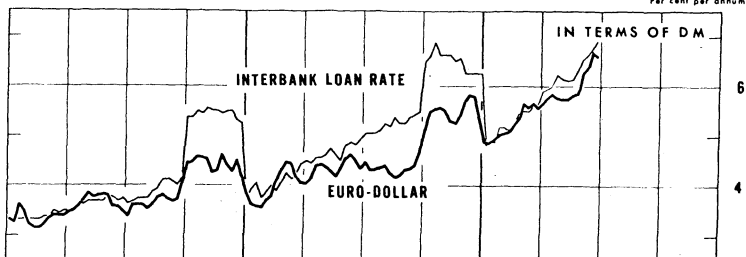
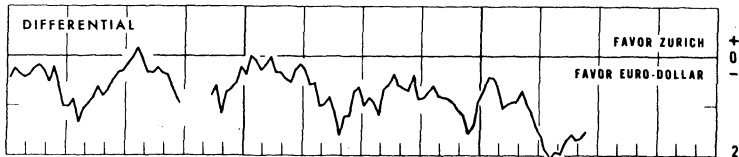
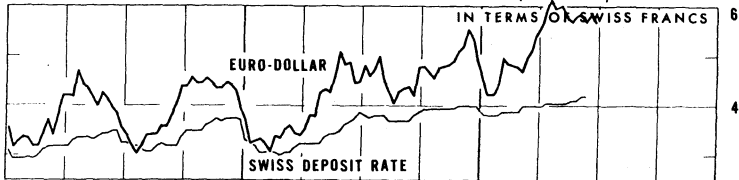


Chart 3

**INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON**  
**FRANKFURT INTERBANK LOAN RATE VS. LONDON EURO-DOLLAR RATE (COVERED)**



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



**II PRICE OF GOLD IN LONDON**

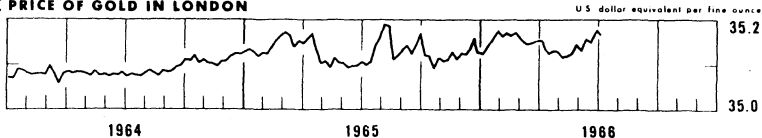


Chart 4

### INTEREST ARBITRAGE, UNITED STATES/CANADA

Friday figures

Per cent per annum

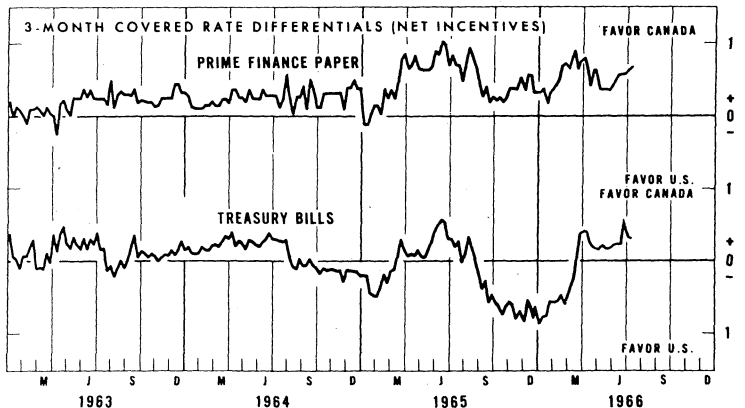
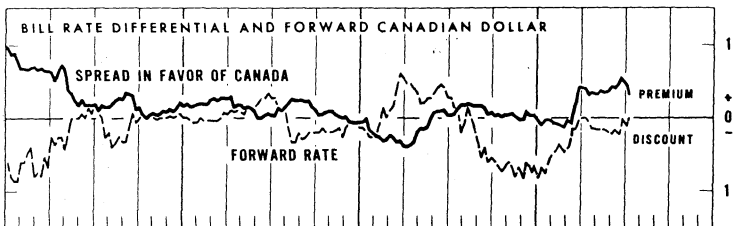
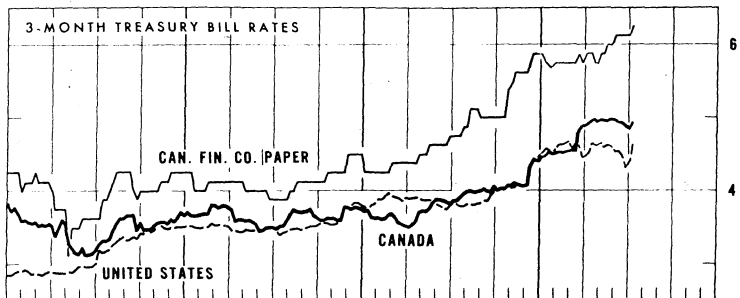


Chart 5

### INTEREST ARBITRAGE, NEW YORK/LONDON

Friday figures

Per cent per annum

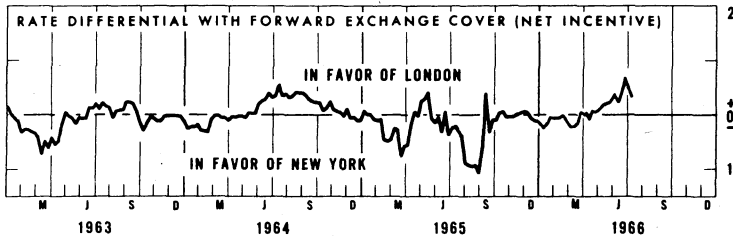
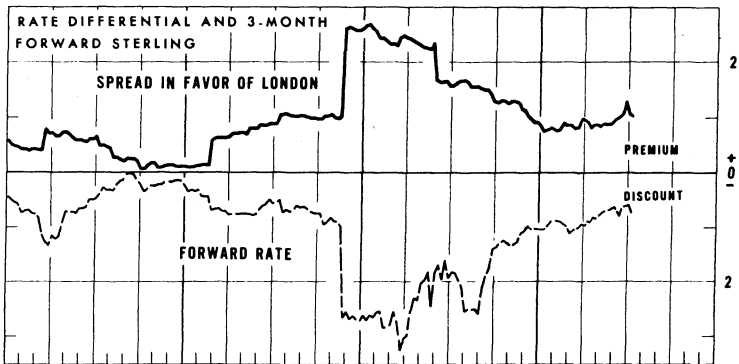
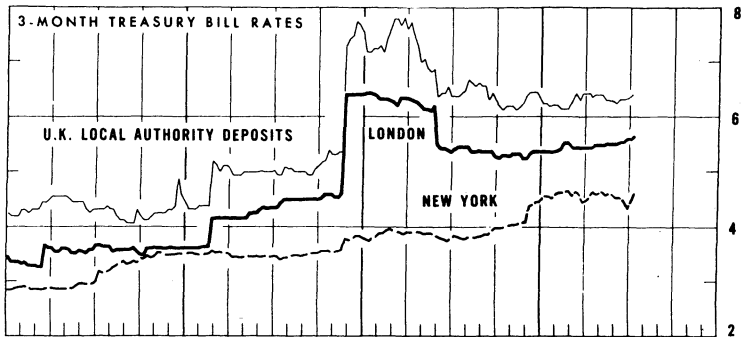
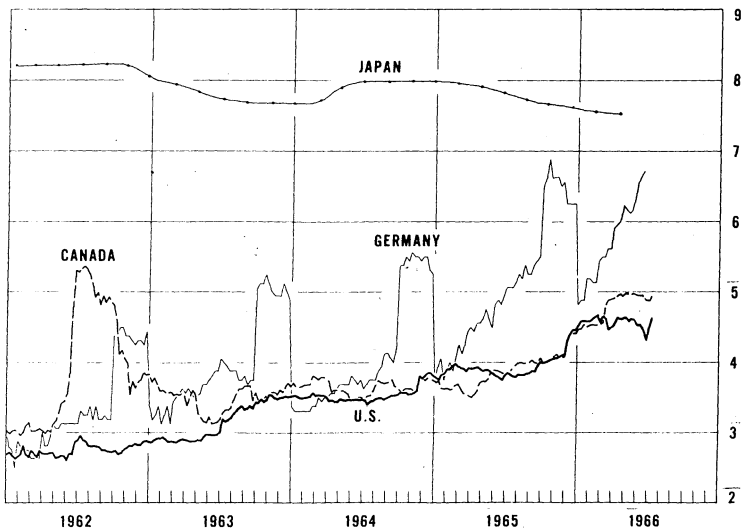
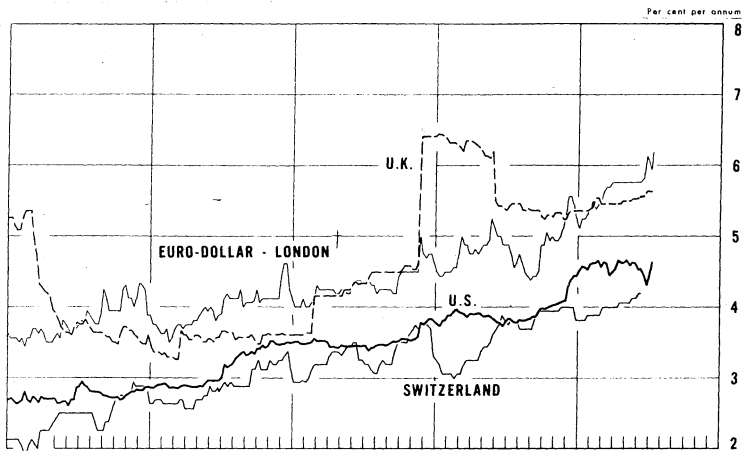


Chart 6  
**SHORT-TERM INTEREST RATES \***



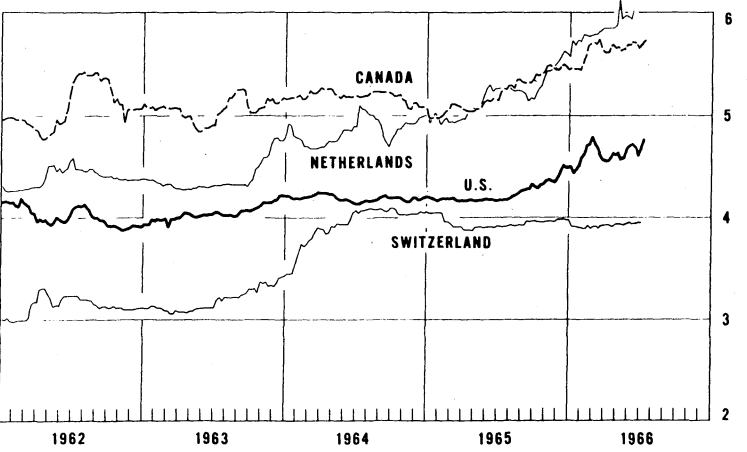
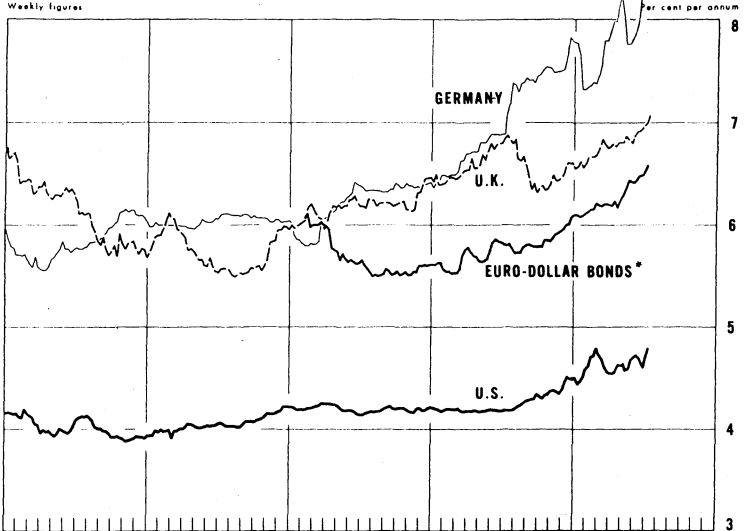
\* 3 month treasury bill rates for all countries except Japan (Average rate on bank loans and discounts)

Switzerland (3 month deposit rate) and Germany (Interbank Loan Rate)

† 3 month rate for U.S. dollar deposits in London

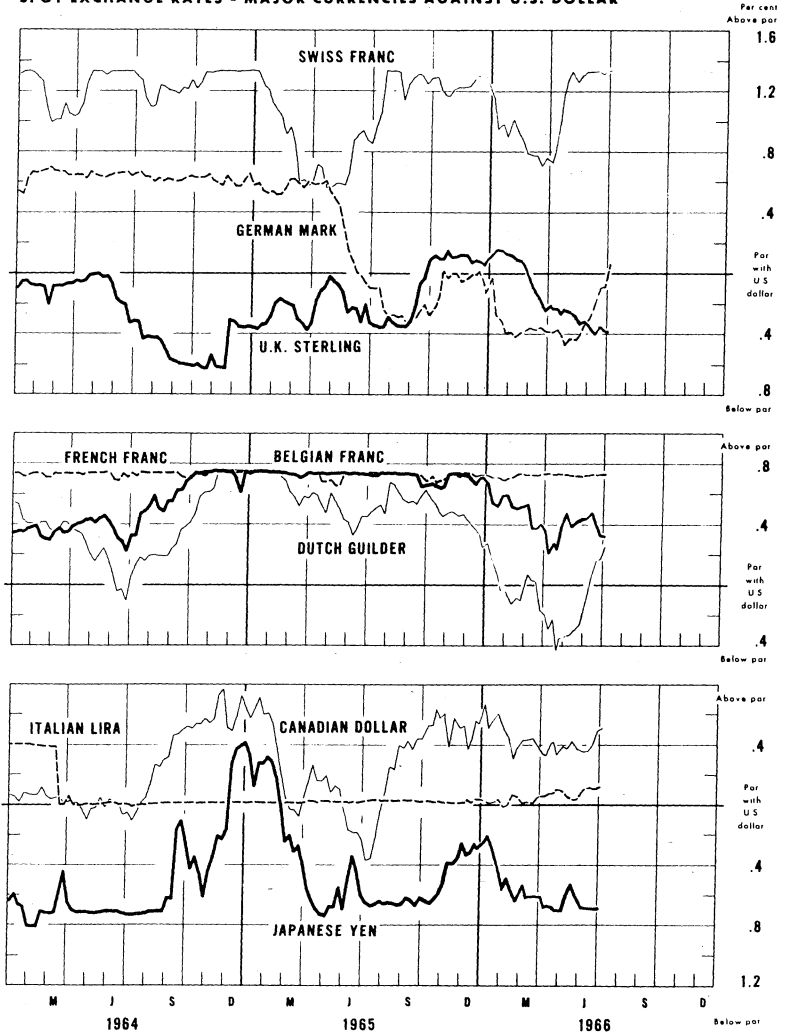


Chart 7  
**LONG-TERM BOND YIELDS**  
Weekly figures



\* Average of yields for four foreign government dollar bonds quoted in London

**SPOT EXCHANGE RATES - MAJOR CURRENCIES AGAINST U.S. DOLLAR**

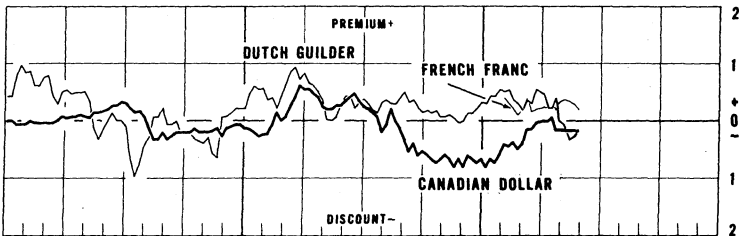
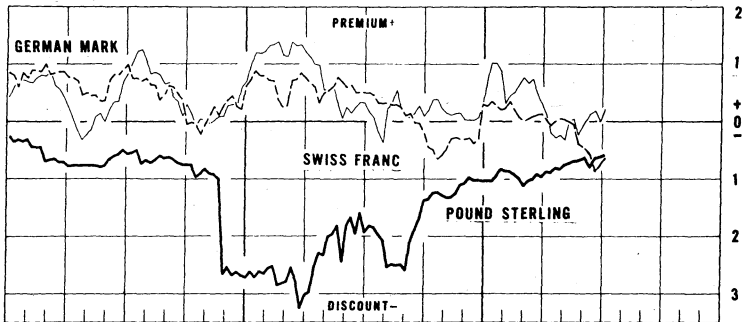


**3-MONTH FORWARD EXCHANGE RATES**

**AGAINST U.S. DOLLARS—NEW YORK**

Friday figures

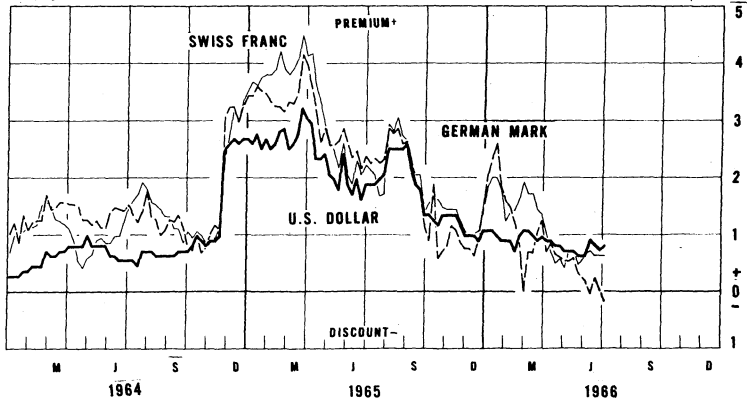
Per cent per annum



**AGAINST POUND STERLING—LONDON**

Friday figures

Per cent per annum

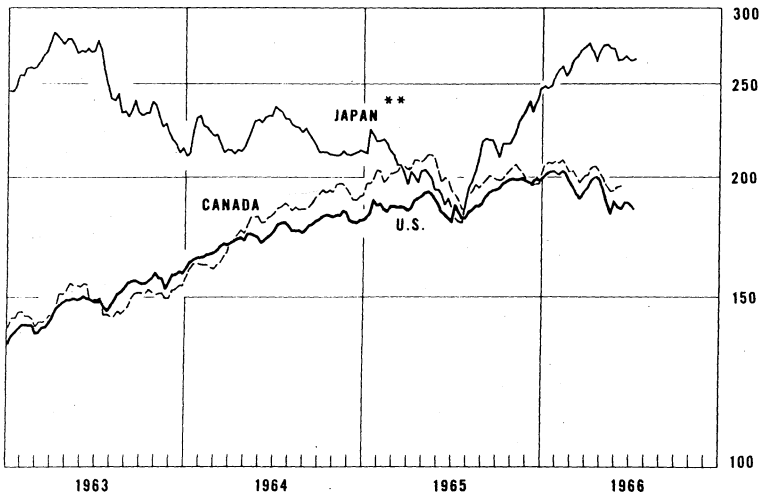
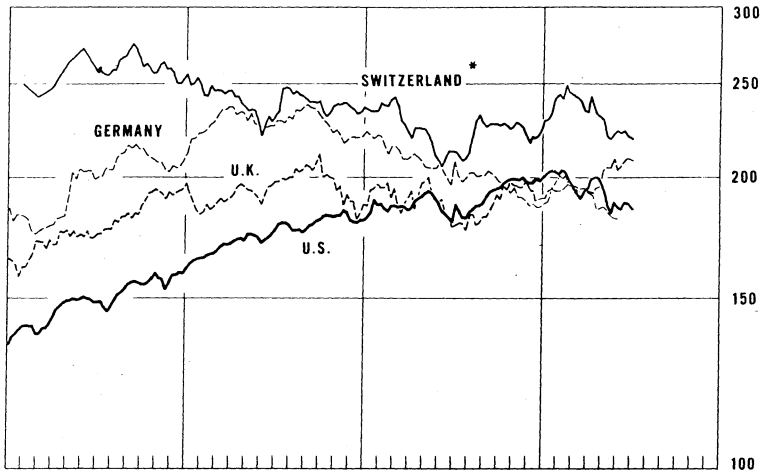


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Chart 10

# INDUSTRIAL STOCK INDICES

1958 100  
Ratio scale



\* Swiss Bank Corporation industrial stock index

\*\* Japan index of 225 industrial and other stocks traded on the Tokyo exchange

No. 256 III. Latest Figures Plotted in H.13 Chart Series, 1966  
(all figures per cent per annum)

**Chart 1**  
**Upper Panel** (Wednesday, July 6)

Euro-\$ Deposit	<u>6.00</u>
U.S. certif. of deposit	<u>5.62</u>

**Lower Panel** (Friday, July 8)

Finance co. paper: U.S.	<u>5.50</u>
Canada	<u>6.18</u>
Hire-purchase paper, U.K.	<u>5.97</u>

**Chart 5**  
(Friday, July 8)

Treasury bills: U.K.	<u>5.67</u>
U.S.	<u>4.63</u>
Spread favor U.K.	<u>+1.04</u>
Forward pound	<u>-0.72</u>
Net incentive (U.K. +)	<u>+0.32</u>

**Chart 2**  
(Friday, July 8)

Euro-\$ deposits:			
Call	<u>5.88</u>	90-day	<u>6.19</u>
7-day	<u>6.00</u>	180-day	<u>6.50</u>
30-day	<u>6.44</u>		
Hire-purchase paper (July 1)	<u>6.09</u>		
Local-authority deposit (July 1)	<u>5.78</u>		

**Chart 6**  
(Friday, July 8)

Treasury bills: U.S.	<u>4.63</u>
U.K.	<u>5.67</u>
Canada	<u>4.94</u>
Interbank loan rate (German) (June 24-30)	<u>6.90</u>
Euro-\$ deposit (London)	<u>6.19</u>
Zurich 3-mo. deposit (Date: <u>June 15</u> )	<u>4.19</u>
Japan composite rate (Date: <u>April 30</u> )	<u>7.530</u>

**Chart 3**  
**Upper Panel** (Period: June 24-30)

Interbank loan (mid-point)	<u>6.90</u>
Euro-\$ deposit (average)	<u>6.60</u>

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

Zurich 3-mo. deposit	<u>4.19</u>
Price of gold (Friday, <u>July 1</u> )	<u>35.166</u>

**Chart 7**

U.S. Gov't. (Wed., <u>July 6</u> )	<u>4.78</u>
U.K. War Loan (Thurs., <u>July 7</u> )	<u>7.06</u>
German Fed. (Fri., <u>July 1</u> )	<u>8.41</u>
Swiss Confed. (Fri., <u>July 1</u> )	<u>3.95</u>
Canadian Gov't. (Wed., <u>July 8</u> )	<u>5.73</u>
Netherlands Gov't perpetual 3% (Friday, <u>July 1</u> )	<u>5.90</u>
Euro-\$ bonds (Fri., <u>July 1</u> )	<u>6.58</u>

**Chart 4**  
(Friday, July 8)

Treasury bills: Canada	<u>4.94</u>
U.S.	<u>4.63</u>
Spread favor Canada	<u>+0.31</u>
Forward Canadian \$	<u>0.00</u>
Net incentive (Canada +)	<u>+0.31</u>
Canadian finance paper	<u>6.25</u>

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