

H. 13

No. 268

October 5, 1966

**CAPITAL MARKET DEVELOPMENTS ABROAD**

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

**I. Canada: Money and Capital Markets, July-September 1966**

Canadian credit market conditions continued generally tight during the period under review. Between the end of June and mid-September, money market rates changed relatively little. Yields on long-term government bonds continued to rise through August but fell off somewhat in the first two weeks in September. Stock prices dropped quite sharply over the summer months. In the foreign exchange market, the spot Canadian dollar remained strong, while the forward rate has moved to a slight premium. (See Table 1.)

**Table 1. Canada: Selected Financial Market Indicators**  
**July-September 1966**

(interest and forward exchange rates in per cent per annum)

	Actual July 6	Change from previous date to:					Actual Sept. 22
		July 27	August 24	Sept. 7	Sept. 14	Sept. 22	
<b>Interest rates</b>							
Day-to-day loans <u>a/</u>	5.13	-.13	-.17	+.05	+.07	-.17	4.78
90-day prime finance paper <u>b/</u>	6.25	0	0	+.12	0	0	6.38
91-day Treasury bills <u>c/</u>	5.06	-.04	+.06	-.05	+.04	-.06	5.01
Government bonds <u>d/</u>							
4.25 per cent 1967	5.24	+.15	+.44	-.31	0	-.04	5.48
5.00 per cent 1968	5.27	+.26	+.51	-.34	-.07	+.11	5.74
4.25 per cent 1972	5.70	+.17	+.26	-.18	-.13	+.03	5.85
4.50 per cent 1983	5.73	+.08	+.16	-.12	-.02	0	5.83
5.25 per cent 1990	5.74	+.06	+.22	-.10	-.06	+.02	5.88
<b>Stock index <u>e/</u></b>	167.72	-9.68	-9.43	-4.97	+1.21	+.61	145.46
<b>Canadian dollar</b>							
Spot (U.S. cents)	92.99	+.14	-.06	-.08	-.05	-.03	92.91
3-month forward	0	+.06	+.03	+.02	+.21	+.07	0.39

a/ Average of daily closing rates for week ending Wednesday.

b/ Friday data.

c/ Average tender rate, Thursday data.

d/ Wednesday data; mid-market yields at close.

e/ Financial Times, Toronto Industrials.

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(Decontrolled after six months)

The maintenance of stringent conditions in Canadian financial markets continues the earlier official policy response to the inflationary threat posed by the sustained expansion of aggregate spending and the attendant high levels of demand for both short- and long-term funds. These demand pressures have been reflected in high and rising credit costs. Higher interest rates have probably reduced some of the demand for long-term funds, but higher borrowing costs have evidently not inhibited a continued large volume of borrowing by Canadians. In the first six months of this year, net new Canadian issues, domestic and foreign, were almost double the total for the comparable period in 1965, and more than one-half of the increase represented provincial and municipal borrowing. The pressure of demand for long-term funds also spilled over into the U.S. market, in which the cost of long-term funds continues to be about one percentage point lower, and Canadian flotations in New York increased relatively more than borrowing in domestic markets.

As before, bank credit expansion has continued to moderate in response to tight credit conditions, with the banks forced to restrict their lending activities in the face of significant and sustained liquidity pressure throughout the year. Through July, chartered bank loans expanded at an annual rate of 5.8 per cent, compared to 23 per cent in the first seven months of last year.

In this period, U.S. dollar-denominated deposits in the Canadian chartered banks showed little change on balance, after allowing for seasonal swings in both directions.

The Canadian authorities have recently shown increasing concern over the need for more effective counteraction against the inflationary pressures stemming from the high levels of claims on resources, and appear to be moving to take new action, primarily on the fiscal front. Reportedly, the Canadian Finance Department is preparing an interim "minibudget"--an unusual procedure--for presentation to Parliament late this fall. Among the policy measures currently under discussion are the postponement of some federal government capital outlays, and adoption of a refundable personal income tax similar to the one now applicable to corporations.

On the external side, Canadian reserves of gold and foreign exchange dropped slightly in July and August. At the end of August Canadian reserves, including the net creditor position in the IMF, totaled \$2,542 million.

Bond yields still on upward trend

Continued tight conditions in Canadian financial markets produced a further increase in bond yields during the period under review. In August the cost of long-term finance to most borrowers rose particularly sharply, and then eased slightly in early September. (See Table 1 and 2 and Chart 7.) Recent rate increases were especially adverse for industrial corporations. At the end of June, the McLeod, Young and Weir average of industrial yields stood at 6.29 per cent, 15 basis points more than those on provincial bonds. By the end of August this differential had grown to 29 basis points. (See Table 2.)

Table 2. Canada: Provincial, Municipal and Private Bond Yields  
(per cent per annum)

	Level on April 29	Change from previous date to:				Level on Aug. 31
		May 31	June 30	July 29	Aug. 31	
10 Provincials	6.08	+ .02	+ .04	+ .13	+ .27	6.54
10 Municipals	6.28	- .01	+ .04	+ .17	+ .32	6.80
10 Public Utilities	6.19	+ .02	0	+ .14	+ .34	6.69
10 Industrials	6.26	+ .03	0	+ .19	+ .34	6.83
40 Bonds	6.20	+ .02	+ .02	+ .16	+ .32	6.72

Source: McLeod, Young and Weir.

The Federal government's attempt to meet its financing needs has been hampered by stringencies in Canadian financial markets. On August 15, the government sought to raise \$500 million, largely for the purpose of redeeming maturing issues. The market was offered three maturities: (1) an 11-month bond yielding about 5.60 to maturity; (2) a 37-month issue yielding about 5.88 per cent to maturity; and a 26-year issue yielding about 5.94 per cent to maturity. These issues were not well received, reportedly because investors were expecting interest rates to continue upward, at least in the near-term.

Interest rate differentials shift in U.S. favor

Over the summer months Canadian yields have moved unevenly relative to those on comparable U.S. securities. There has been no clear trend in the differentials at the long end of the market, but the rise in U.S. interest rates has reduced the earlier differential favoring investment in Canadian short- and intermediate-term maturities. (See Table 3.)

Table 3. Canada/U.S.: Comparative Bond Yields,<sup>1/</sup>  
May-September 1966  
 (per cent per annum)

	May <u>18</u>	June <u>15</u>	July <u>13</u>	Aug. <u>17</u>	Sept. <u>14</u>	Sept. <u>21</u>
<u>1-year:</u>						
U.S. 11/15/67, 3.62 per cent	4.88	4.95	5.17	5.53	5.62	5.71
Canada 6/1/67, 4.25 per cent	<u>5.08</u>	<u>5.28</u>	<u>5.29</u>	<u>5.56</u>	<u>5.52</u>	<u>5.48</u>
Differential (+ favors Canada)	+ .20	+ .33	+ .12	+ .03	- .10	- .23
<u>3-year:</u>						
U.S. 8/68, 3.75 per cent	5.00	5.00	5.29	5.70	5.94	5.96
Canada 10/68, 5.0 per cent	<u>5.28</u>	<u>5.31</u>	<u>5.41</u>	<u>5.90</u>	<u>5.63</u>	<u>5.74</u>
Differential	+ .28	+ .31	+ .12	+ .20	- .31	- .22
<u>* 7-year:</u>						
U.S. 8/72, 4.0 per cent	4.88	4.38	5.27	5.58	5.41	5.40
Canada 9/72, 4.25 per cent	<u>5.65</u>	<u>5.69</u>	<u>5.78</u>	<u>6.03</u>	<u>5.82</u>	<u>5.85</u>
Differential	+ .77	+ .81	+ .51	+ .45	+ .41	+ .45
<u>18-year:</u>						
U.S. 78-83, 3.25 per cent	4.63	4.69	4.91	4.88	4.88	4.90
Canada 9/83, 4.5 per cent	<u>5.65</u>	<u>5.71</u>	<u>5.80</u>	<u>5.91</u>	<u>5.83</u>	<u>5.83</u>
Differential	+1.02	+1.02	+ .89	+1.03	+ .95	+ .93
<u>25-year:</u>						
U.S. 2/90, 3.5 per cent	4.60	4.70	4.84	4.88	4.82	4.85
Canada 5/90, 5.25 per cent	<u>5.67</u>	<u>5.73</u>	<u>5.80</u>	<u>5.95</u>	<u>5.86</u>	<u>5.88</u>
Differential	+1.07	+1.03	+ .96	+1.07	+1.04	+1.03

<sup>1/</sup> Canadian bonds, mid-market yield at close; U.S. bonds, yields on the bid side.  
 Source: Federal Reserve System; Bank of Canada, Weekly Financial Statistics.

Stock prices drop sharply

The Canadian stock market, which has declined during most of 1966, suffered its sharpest losses during the summer. (See Table 1.) Industrial stocks declined by 3.0 per cent between February 1 and July 6, and by another 14.4 per cent by September 7. Since then the market has been relatively stable. The summer decline can be attributed to a number of factors, including the greatly increased attractiveness of long-term bonds to investors seeking either higher rates of return or possible future capital gains. In addition, weakness in equity prices has been attributed to investor uncertainty growing out of recent rapid wage increases, and the large number of important wage contract negotiations in the offing. Recent declines in the U.S. stock market have undoubtedly also encouraged some nervousness in Canadian markets. (See Table 1 and Chart 10.)

New issue activity up sharply

Despite higher long-term borrowing costs, the volume of net new issues in Canadian markets was up appreciably through mid-year. In the first six months of 1966, net new issues of bonds and equities in Canadian markets were almost 50 per cent greater than in the same period in 1965. (See Table 4.)

By far the largest share of the increased new issue total raised in the domestic market represented government borrowing, exclusively by provincial and municipal entities. The Federal government reduced its bonded debt in the first half of the year, though by somewhat less than in the comparable period in 1965. So far this year, the corporate sector has raised a smaller amount of funds in Canada against fixed interest debt instruments, but this decline was partially offset by increased sales of equities. (See Table 4.)

In addition to the larger volume of funds supplied by Canadian capital markets this year, Canadian borrowers have continued to rely heavily on U.S. markets. In the first half of 1966 net new issues in other than Canadian currencies (mostly U.S. dollars) reached \$645 million compared to \$212 million over the same period in 1965. Canadian corporate and other borrowing in the U.S. market has more than offset the slight decline in their total financing in Canada. (See Table 4.) The shortage of credit in Canada undoubtedly contributed to the growth of new Canadian issues in the U.S.

Table 4. Canada: Net New Issues, 1965-66  
(millions of Canadian dollars)

Net New Issues: Canadian Funds

	Govt. of Canada	Provincial & Municipal	Corp. & Other	Total Bond Debt	Equity Shares	TOTAL
1965						
I Q	-368	226	186	44	83	127
II Q	-158	190	360	392	151	543
Total	-526	416	546	436	234	670
1966						
I Q	-212	313	214	315	115	430
II Q	-171	371	145	345	197	542
Total	-383	684	359	660	312	972

Net New Issues: Other Currencies

	Govt. of Canada	Provincial & Municipal	Corp. & Other	Total Bond Debt	Equity Shares	TOTAL
1965						
I Q	0	21	37	58	5	63
II Q	- 3	132	19	148	1	149
Total	- 3	153	56	206	6	212
1966						
I Q	0	128	257	385	0	385
II Q	- 3	186	75	258	2	260
Total	- 3	314	332	643	2	645

Source: Bank of Canada, Statistical Summary.

Money market conditions remain tight

During July and August money market conditions remained tightly balanced and interest rates, which had moved up slightly in early July, showed little change thereafter. (See Table 1 and Charts 1 and 4.) Between July 8 and September 9, 90-day finance paper rates held steady at 6.25 per cent, but moved up to 6.38 per cent on September 17. In the market for Treasury bills, the average yield at the weekly tender showed small movements above the 5.00 per cent level, and on September 15 reached 5.07 per cent. By contrast, the market for day-to-day money was

somewhat unsettled over the last two months, and the call money rate moved from a low of 4.73 per cent on June 29 to a high of 5.13 per cent at various dates in July and August.

### Bank loan expansion slows further

Tight credit conditions in Canadian financial markets have continued to exert a moderating influence on the growth in money and in bank credit this year. Over the first eight months of 1966, the money supply expanded at an annual rate of 0.5 per cent compared to 8.8 per cent during the same period in 1965. Over the same period bank loans have grown at an annual rate of 5.7 per cent compared to 20.6 per cent a year ago. (See Table 5.)

Table 5. Canada: Selected Banking and Money Supply Data,  
December 1964 August 1966  
(millions of dollars)

	December 1964	August 1965	December 1965	August 1966
Selected assets: <sup>a/</sup>				
Liquid assets <sup>b/</sup>	2,718	2,971	3,028	3,202
Investments <sup>c/</sup>	3,630	3,547	3,568	3,510
Loans <sup>d/</sup>	10,097	11,485	11,811	12,262
Liquid assets ratio <sup>e/</sup>	17.15	16.69	16.79	16.97
More liquid assets ratio <sup>a/</sup>	31.91	30.18	29.78	29.87
Selected liabilities: <sup>a/</sup>				
Demand deposits <sup>f/</sup>	4,510	4,653	4,779	4,779
Personal savings	8,846	9,550	9,642	9,642
Other deposits <sup>g/</sup>	1,494	2,345	2,303	2,303
Money supply of the public:				
Chartered bank deposits <sup>h/</sup>	13,356	14,203	14,421	14,421
Currency outside banks	2,183	2,248	2,351	2,411
Total	15,539	16,451	16,772	16,832

<sup>a/</sup> Average of Wednesday reporting dates, Bank of Canada, Statistical Summary.

<sup>b/</sup> Cash reserves, day-to-day loans and Treasury bills.

<sup>c/</sup> Government of Canada Bonds and "other" Canadian securities.

<sup>d/</sup> Excluding day-to-day and call loans.

<sup>e/</sup> Daily averages.

<sup>f/</sup> Less float.

<sup>g/</sup> Non-personal term and other notice deposits.

<sup>h/</sup> Demand and personal savings deposits less float.

The slower expansion of money and bank credit this year seems to be due to the more stringent liquidity positions of the banks. Throughout 1965, the "more liquid asset ratio" fell steadily to the minimum level of 30 per cent agreed upon between the banks and the Bank of Canada, and has remained at or near this figure in 1966. (See Table 5.)

Chartered banks maintain U.S. dollar deposits

Between March and July, U.S. dollar deposits in chartered banks rose slightly, as deposits held by Canadians rose by more than enough to offset the small decline in those held by foreigners. (See Table 6.) The chartered banks maintained a roughly balanced U.S. dollar position during the period by varying their holdings of U.S. dollar assets as deposits shifted.

Table 6. Canada: United States Dollar Assets and Liabilities of Chartered Banks,  
March-July 1966  
(millions of U.S. dollars)

	Level- end of <u>March</u>	Change from previous date to end of:			Level- end of <u>July</u>
		<u>May</u>	<u>June</u>	<u>July</u>	
<u>Assets</u>					
With residents of:					
United States	1592	+118	-187	+179	1703
Other countries	842	-51	+ 36	+ 13	840
Sub-total	2434	+67	-151	+192	2543
Canada	915	-32	+ 33	- 26	889
Total	3349	+35	-118	+166	3432
<u>Liabilities</u>					
With residents of:					
United States	842	-58	- 6	+ 78	858
Other countries	1186	+97	-114	- 37	1132
Sub-total	2028	+39	-120	+ 41	1990
Canada	1293	+23	+ 32	+ 89	1439
Total	3321	+62	- 88	+130	3429

Source: Bank of Canada, Statistical Summary.



Holdings of U.S. dollar deposits by Canadians rose steadily from March to July, in contrast to the noticeable fluctuations in foreign held balances. These movements may have been influenced by payments dates for taxes in the United States and in Europe. The steady increase in the Canadian held balances can probably be attributed to their increased attractiveness as investments; the rate of interest which the chartered banks offer on U.S. dollar deposits has risen faster than rates on alternative short-term assets, and this has undoubtedly moved some Canadian funds into these balances. (See Table 7.)

Table 7. Canada: Selected Domestic Yields, 1966  
(per cent per annum)

	March 23	April 29	May 31	June 29	July 28	Aug. 30
90-day U.S. dollar deposits in Canada	5.25	5.44	5.44	5.63	5.75	5.88
91-day Canadian Treasury bill <u>a/</u>	4.99	5.08	5.10	5.00	5.06	5.04
90-day Canadian Finance paper	6.00	6.00	6.00	6.13	6.25	6.25

a/ Thursday data.

Sources: Federal Reserve Bank of New York; Bank of Canada, Weekly Financial Statistics.

#### Canada's foreign exchange reserves dip further

Canada's official holdings of gold and U.S. dollars declined by \$60 million in July and August, bringing the total decrease for the first eight months of the year to \$383 million. On August 31 total holdings equaled \$2,281 million. (See Table 8.) The July decline reflected a \$31 million purchase by the Bank of Canada of U.S.-held Canadian Treasury securities.

Table 8. Canada: Official Foreign Exchange Holdings  
and International Monetary Fund Positions  
December 1965-August 1966  
(in millions of U.S. dollars)

	Level December 30	Change from previous period:				Level August 31
		May	June	July	August	
Foreign Exchange						
Gold	1150.8	- 90.1	-36.5	-38.0	+10.5	996.7
U.S. dollars	1513.7	-162.2	-33.9	+11.6	-44.9	1284.3
Sub-total	2664.5	-252.3	-70.4	-26.4	-34.4	2281.0
IMF Position						
Super gold tranche <sup>a/</sup>	215.9	+ 47.9	-10.5	+ 2.0	+ 6.5	261.8
Total	2880.4	-204.4	-80.9	-24.6	-27.9	2542.8
Gold with IMF	137.5	+ 47.5	0	0	n.a.	n.a.

<sup>a/</sup> Net IMF sales of Canadian dollars: (+) indicates increased creditor position with IMF.

Source: Bank of Canada, Statistical Summary; IMF, International Financial Statistics.

Foreign demand for Canadian dollars remains firm

Between late June and the end of September the Canadian dollar remained in good demand and the spot rate moved modestly about the 93.00 (U.S. cents) level. At the same time, the forward rate moved from a slight discount to a small premium. (See Table 9.)

Despite the small movement in the forward rate, the arbitrage incentive changed from a margin favoring investment in Canadian Treasury bills of 0.59 per cent per annum to a slight differential in favor of U.S. bills. This change can be attributed almost wholly to the substantial increase in the U.S. Treasury bill rate. By contrast, the arbitrage incentive on finance paper changed little. A sharp rise in U.S. finance paper rates was almost offset by an increase in Canadian rates and the shift in the forward Canadian dollar from a discount to a premium. (See Table 9.)

Table 9. Canada/U.S.: Exchange Rates and Arbitrage Calculations  
June-September 1966

	June 23	Aug. 3	Aug. 24	Sept. 1	Sept. 15	Sept. 29
Exchange rates <sup>a/</sup>						
Spot (U.S. cents)	92.96	93.12	93.07	92.98	92.95	92.81
Forward (p.c.p.a.)	+02	+04	+09	+11	+32	+37
90-day yields and differentials						
Treasury bills						
Canadian	4.92	4.86	4.97	4.91	4.89	4.86
U.S.	4.35	4.83	5.01	5.03	5.45	5.35
Gross advantage	+57	+03	-04	-12	-56	-49
Canadian forward	+02	+04	+09	+11	+32	+24
Net, favor Canada (+)	+59	+07	+05	-01	-24	-25
Finance paper						
Canadian	6.13	6.25	6.25	6.25	6.25	6.25
U.S.	5.38	5.63	5.63	5.63	5.63	5.75
Gross advantage	+75	+62	+62	+62	+62	+50
Canadian forward	+02	+04	+09	+11	+32	+24
Net, favor Canada (+)	+77	+66	+71	+73	+94	+74

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<sup>a/</sup> Thursday data.

Source: Federal Reserve System.

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 Europe and British Commonwealth Section,  
 Division of International Finance.

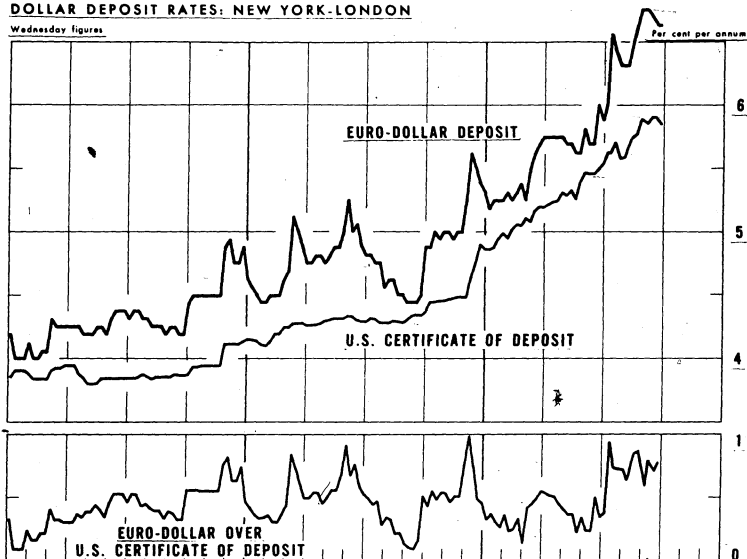
Chart 1

**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

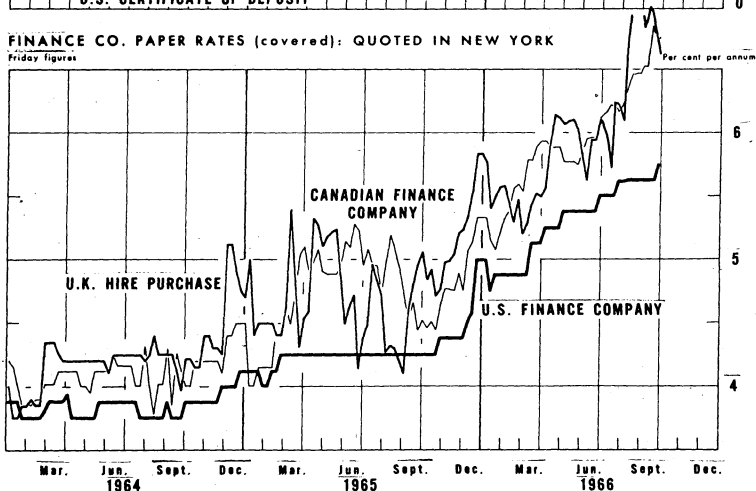
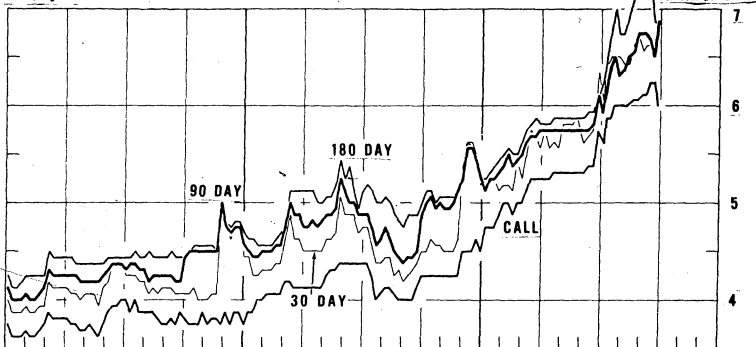


Chart 2

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

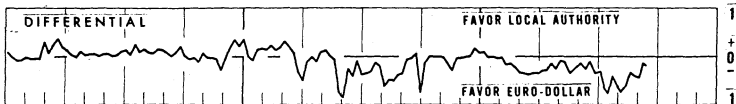
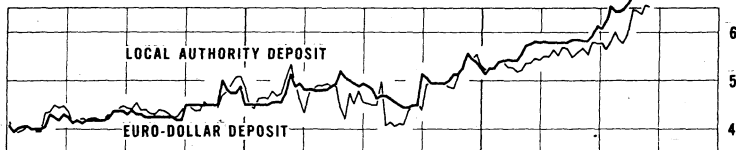
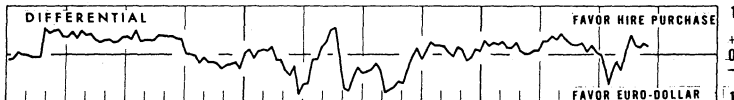
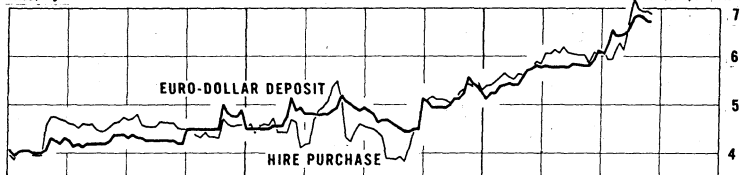
## **EURO-DOLLAR DEPOSIT RATES**

Friday figures



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

Friday figures



1964

1965

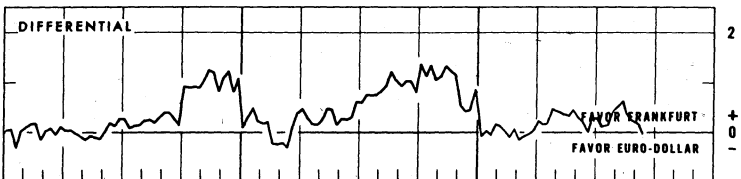
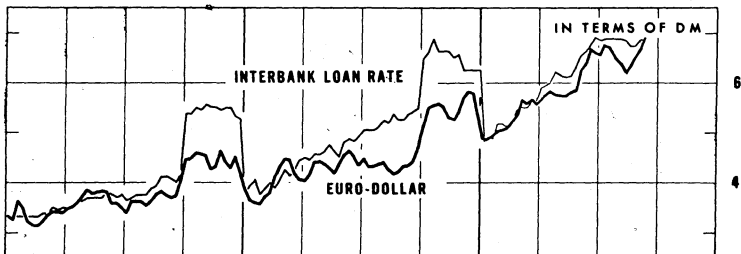
1966

Chart 3

**INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON**

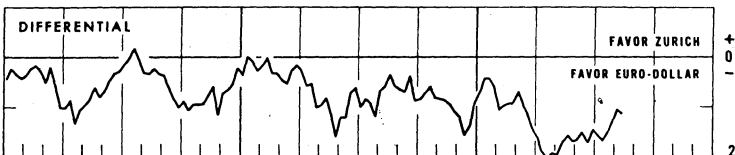
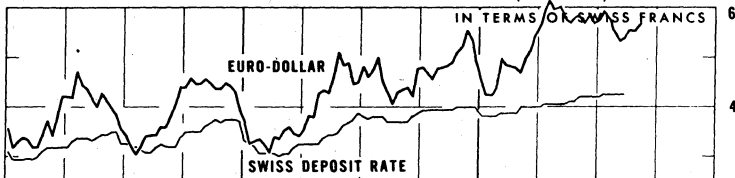
FRANKFURT INTERBANK LOAN RATE VS. LONDON EURO-DOLLAR RATE (COVERED)

Per cent per annum



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

IN TERMS OF SWISS FRANCS



**II PRICE OF GOLD IN LONDON**

U.S. dollar equivalent per fine ounce

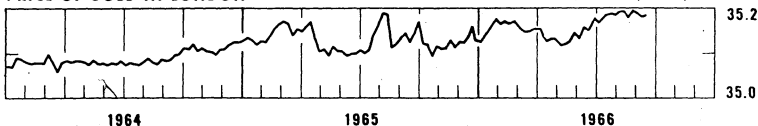


Chart 4

# INTEREST ARBITRAGE, UNITED STATES/CANADA

Friday figures

Per cent per annum

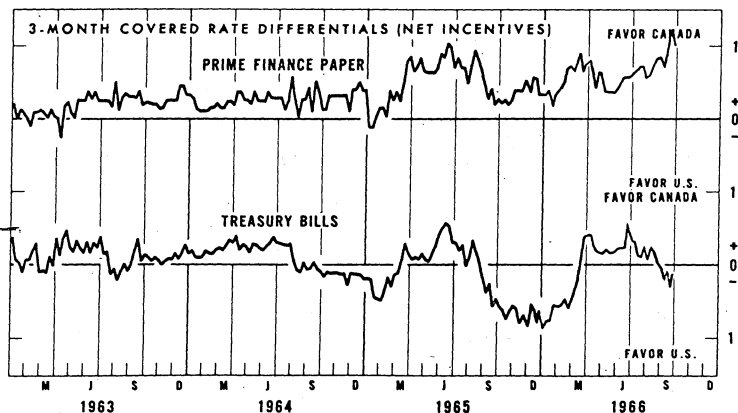
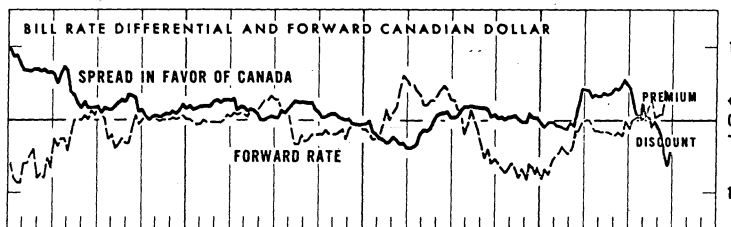
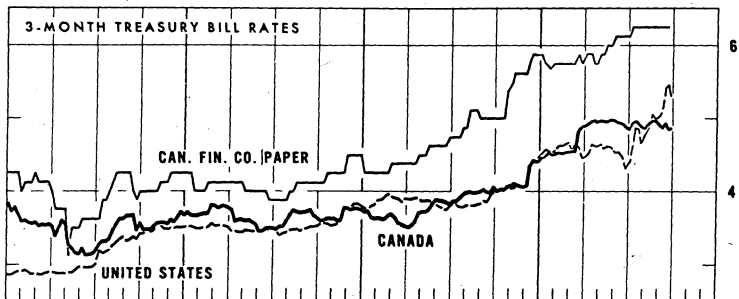


Chart 5

# INTEREST ARBITRAGE; NEW YORK/LONDON

Friday figures

Per cent per annum

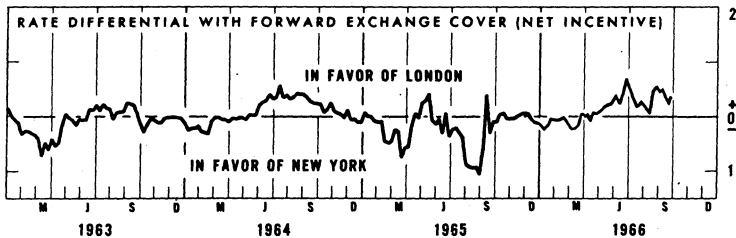
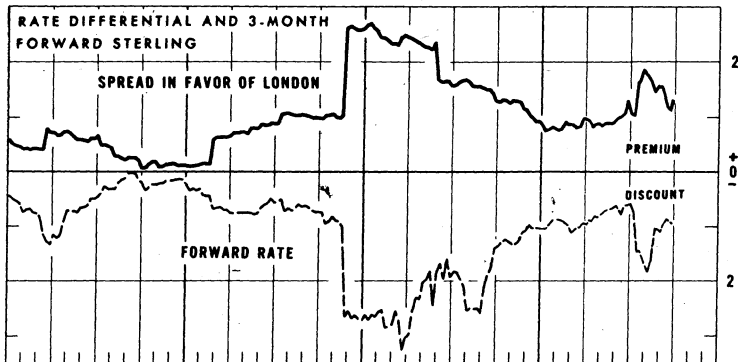
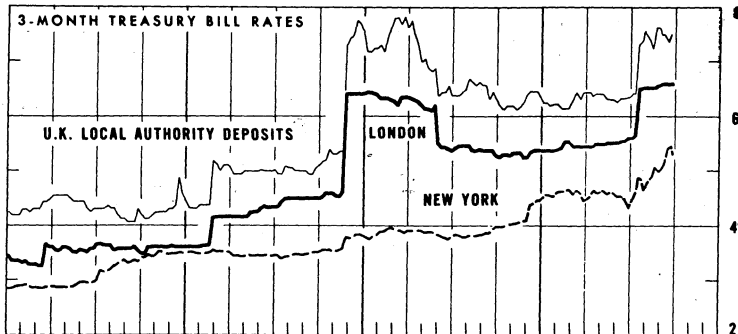
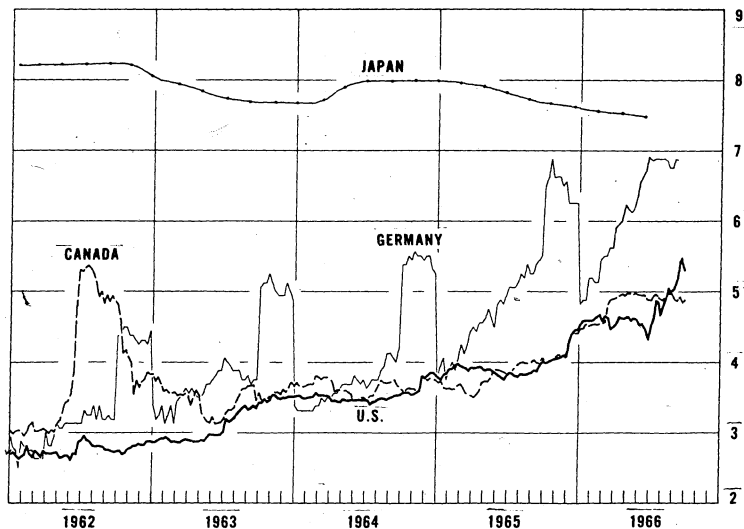
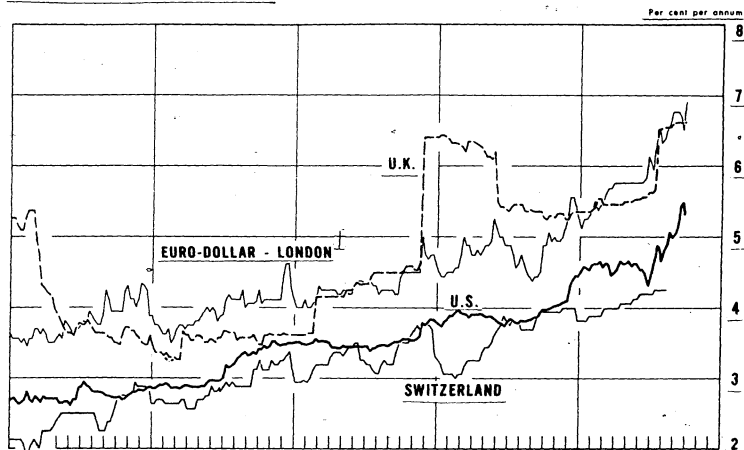




Chart 6  
**SHORT-TERM INTEREST RATES\***



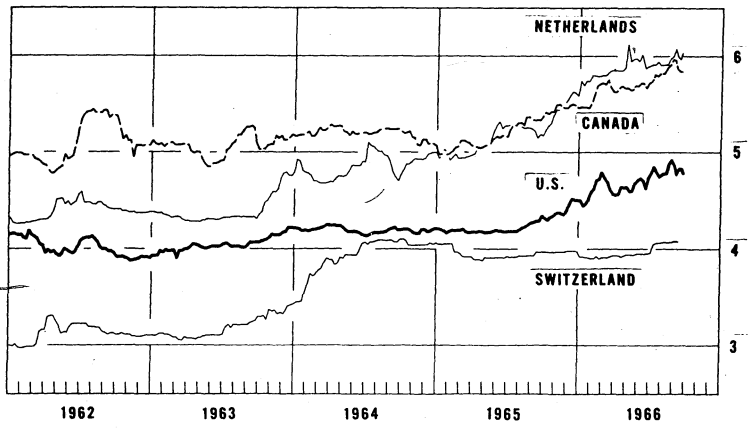
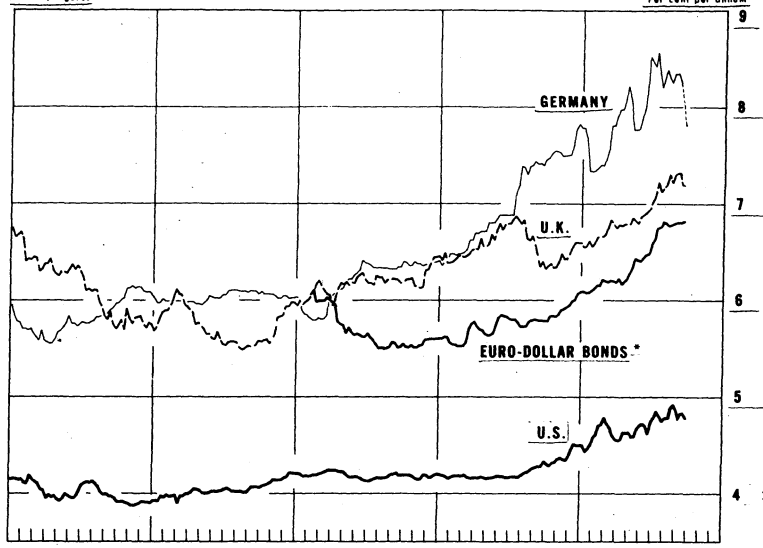
\* 3-month treasury bill rates for all countries except Japan (Average rate on bank loans and discounts)  
Switzerland (3-month deposit rate) and Germany (Interbank Loan Rate)

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

Chart 2  
**LONG-TERM BOND YIELDS**

Weekly figures

Per cent per annum



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

Chart 8

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

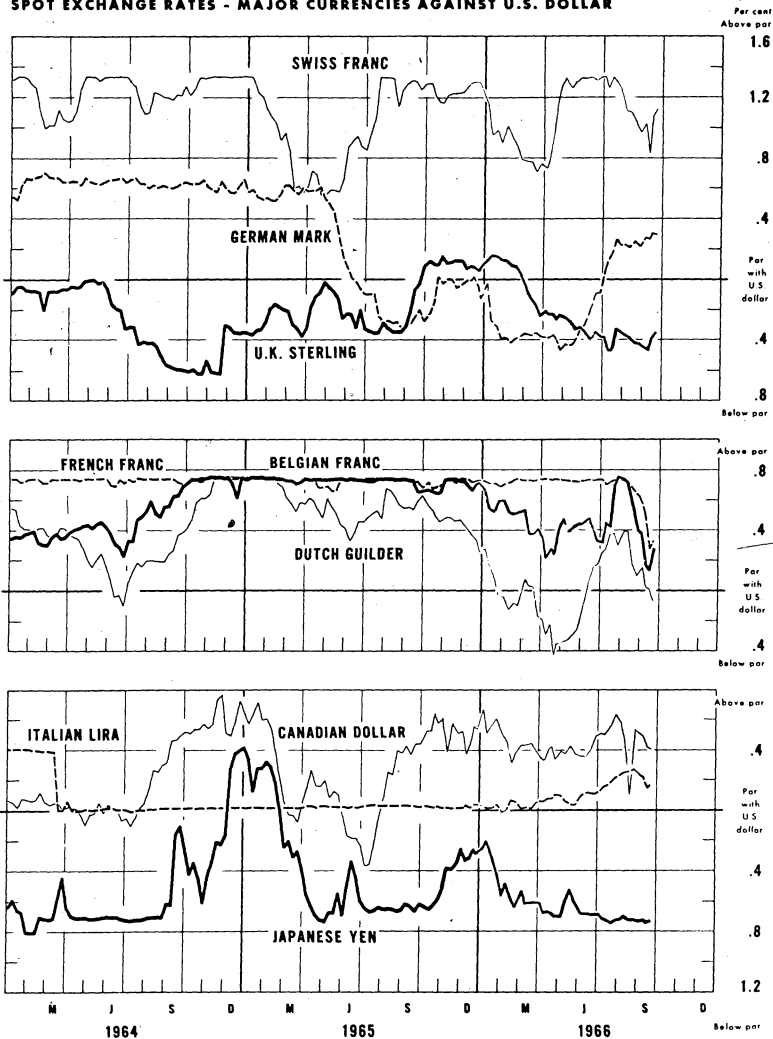
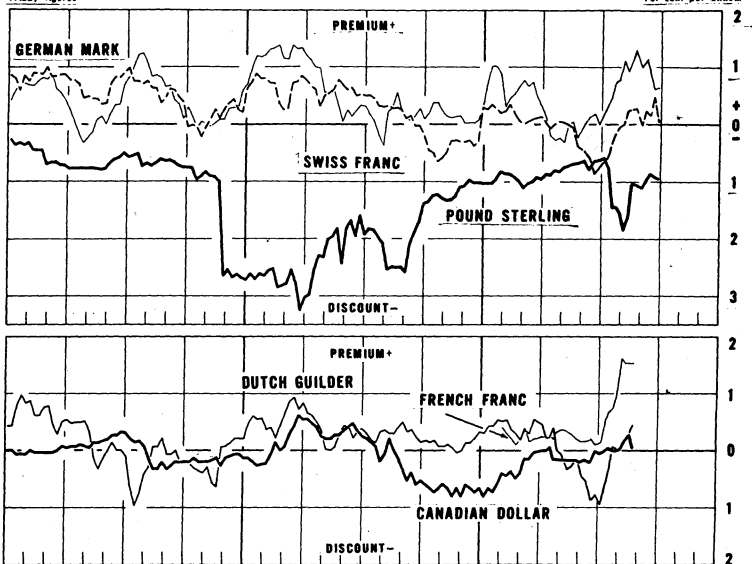


Chart 9

**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

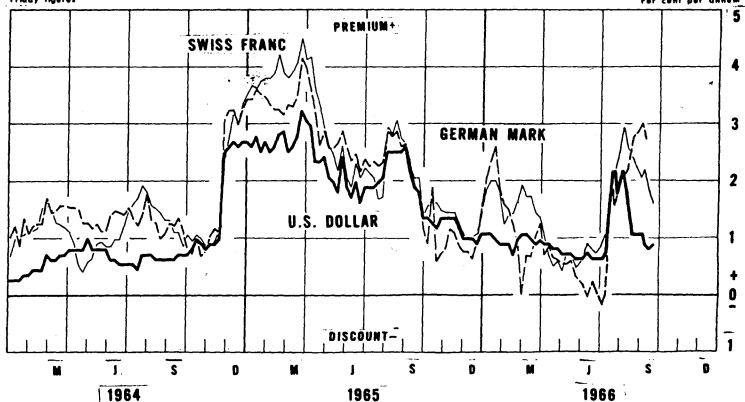
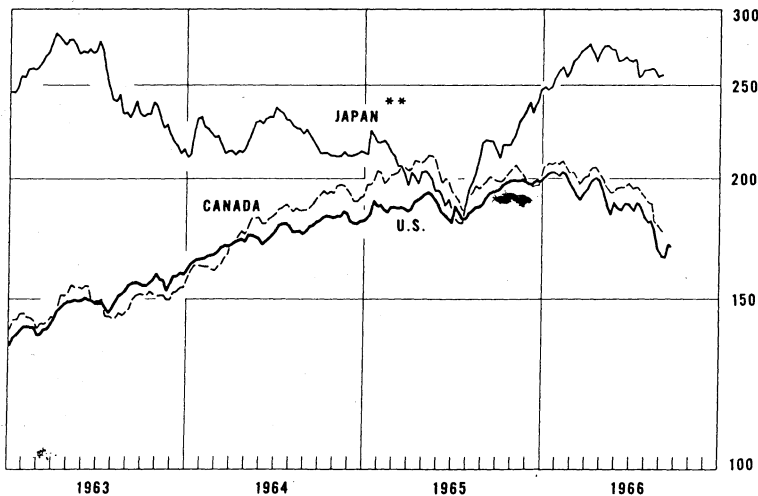
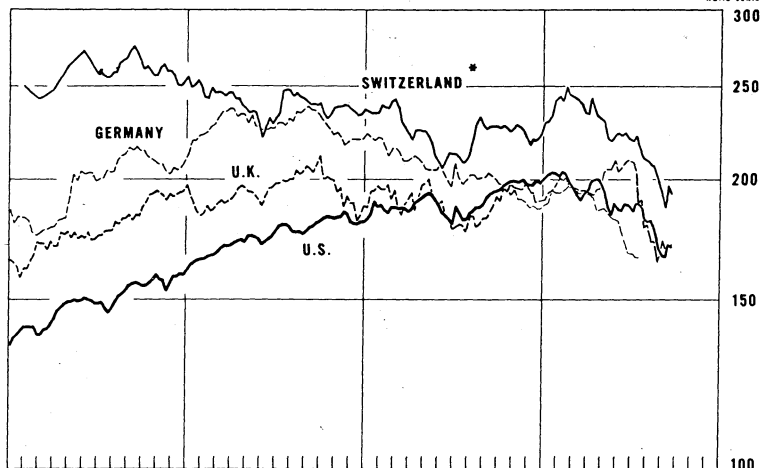


Chart 10

# 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

H.13

October 5, 1966

No. 268 III. Latest Figures Plotted in H.13 Chart Series, 1966  
(all figures per cent per annum)

Chart 1  
Upper Panel (Wednesday, Sept. 28)

Euro-\$ Deposit	6.62
U.S. certif. of deposit	5.84
<u>Lower Panel</u> (Friday, Sept. 30)	
Finance co. paper: U.S.	5.75
Canada	6.75
Hire-purchase paper, U.K.	6.62

Chart 2  
(Friday, Sept. 30)

Euro-\$ deposits:	
Call	6.00
7-day	6.25
30-day	6.75
90-day	6.88
180-day	6.75
Hire-purchase paper	6.77
(Sept. 23)	
Local-authority deposit	6.52

Chart 3  
Upper Panel (Period: Sept. 16-20)

Interbank loan (mid-point)	6.82
Euro-\$ deposit (average)	6.36
<u>Lower Panel</u> (Date: Aug. 15)	
Zurich 3-mo. deposit	4.25
<u>Price of gold</u>	35.180
(Friday, Sept. 23)	

Chart 4  
(Friday, Sept. 30)

Treasury bills: Canada	4.87
U.S.	5.30
Spread favor Canada	-0.43
Forward Canadian \$	+0.32
Net incentive (Canada +)	-0.11
Canadian finance paper	6.25

Chart 5  
(Friday, Sept. 30)

Treasury bills: U.K.	6.60
U.S.	5.30
Spread favor U.K.	+1.30
Forward pound	-0.94
Net incentive (U.K. +)	+0.36

Chart 6  
(Friday, Sept. 30)

Treasury bills: U.S.	5.30
U.K.	6.60
Canada	4.87
Interbank loan rate (German)	6.82
(Sept. 1-13)	
Euro-\$ deposit (London)	6.88
Zurich 3-mo. deposit	
(Date: Aug. 15)	4.25
Japan composit rate	
(Date: June 30)	7.49

Chart 7

U.S. Gov't. (Wed., Sept. 28)	4.77
U.K. War Loan (Thurs., Sept. 22)	7.19
German Fed. (Fri., Sept. 23)	7.82
Swiss Confed. (Fri., Sept. 16)	4.08
Canadian Gov't. (Wed., Sept. 20)	5.83
Netherlands Gov't perpetual 3%	
(Friday, Sept. 23)	6.03
Euro-\$ bonds (Fri., Sept. 23)	6.83

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