CAPITAL MARKET DEVELOPMENTS ABROAD

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

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

Euro-Dollar Deposit

U.S. Certificate of Deposit

Euro-Dollar over
U.S. Certificate of Deposit

U.K. Hire Purchase

Canadian Finance Company

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

EURO-DOLLAR DEPOSIT RATES

Chart 2

HIRE PURCHASE AND LOCAL AUTHORITY DEPOSIT RATES (covered)

1964 1965 1966
Chart 1

INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON

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

INTERBANK LOAN RATE

IN TERMS OF DM

Differential

FAVOR FRANKFURT

FAVOR EURO-DOLLAR

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

IN TERMS OF SWISS FRANCS

Differential

FAVOR ZURICH

FAVOR EURO-DOLLAR

PRICE OF GOLD IN LONDON

U.S. dollar equivalent per fine ounce

1965 1966 1967

35.3 35.0

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http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
INTEREST ARBITRAGE, UNITED STATES/CANADA

3-MONTH TREASURY BILL RATES

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

Per cent per annum

1963 1964 1965 1966
Chart 4
SHORT-TERM INTEREST RATES

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- U.K.: 3-month treasury bill rates
- Euro-Dollar: 3-month Eurodollar rate
- Switzerland: 3-month Swiss rate
- Japan: 3-month Treasury rate
- Canada: 3-month Treasury rate
- Germany: 3-month Federal rate
- U.S.: 3-month Treasury rate

* = 3-month Treasury bill rates for all countries except Japan (Average rate on Bank loans and discount)
LONG-TERM BOND YIELDS

GERMANY

U.K.

EURO-DOLLAR BONDS

U.S.

NETHERLANDS

CANADA

U.S.

SWITZERLAND


Per cent per annum

Average of yields for four foreign government dollar bonds quoted in London
Chart 1C

INDUSTRIAL STOCK INDICES

1958-1966

Swiss Bank Corporation industrial stock index

Japan index of 223 industrial and other stocks traded on the Tokyo exchange
### Chart 1
**Upper Panel** (Wednesday, Jan. 25)
- **Euro-$ Deposit**: 5.56
- **U.S. certif. of deposit**: 5.38

**Lower Panel** (Friday, Jan. 27)
- **Finance co. paper**: U.S. 5.75, Canada 5.90
- ***Hire-purchase paper, U.K.***: 5.70

### Chart 2
**Friday, Jan. 27**
- **Euro-$ deposit**:
  - **Call**: 5.00
  - **30-day**: 5.73
  - **90-day**: 5.62
  - **100-day**: 5.73

- **Hire-purchase paper**: 6.19
- **Local-authority deposit**: 6.00

### Chart 3
**Friday, Jan. 24-31**
- **Interbank loco rate (mid-point)**: 5.46
- **Euro-$ deposit (average)**: 5.70

### Chart 4
**Friday, Jan. 20**
- **Euro-$ deposit (average)**: 5.70
- **Zurich 3-mo. deposit**: 4.38
- **Frisco 2nd trad (Friday, Jan. 20)**: 35.189

### Chart 5
**Friday, Jan. 27**
- **Treasury bills**: U.K. 5.95, U.S. 4.38
  - Spread favor U.K.: +1.37
  - Forward pound: -0.74
  - Net incentive (U.K. +): 0.63

### Chart 6
**Friday, Jan. 27**
- **Treasury bills**: U.S. 4.58, U.K. 5.95, Canada 4.53
  - Interbank loco rate (German)
    - (Jan. 24-31): 5.46
  - **Euro-$ deposit (London)**: 5.62
  - **Zurich 3-mo. deposit**
    - (Date: Dec. 15): 4.38
  - **Japan composite rate**
    - (Date: Jan. 10): 7.39

### Chart 7
**Friday, Jan. 27**
- **U.S. Gov't. (Wednesday, Jan. 25)**: 4.46
- **U.K. Var. Loc. (Thursday, Jan. 19)**: 6.75
- **German Fed. (Fri., Jan. 27)**: 7.33
- **Swiss Confeder. (Fri., Jan. 13)**: 4.24
- **Canadian Gov't. (Wed., Jan. 22)**: 5.64
- **Netherlands Gov't. perpetual 3%**
  - (Friday, Jan. 20): 5.80

**Euro-$ bonds (Fri., Jan. 27)**: 6.37

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

* **Hire Purchase U.K.**
** ** Japan Composite Rate

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