

H. 13

February 8, 1967.

285

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 December-January

1. Introduction. The announcement by the U. S. administration on January 25 that it would seek a doubling in the Interest Equalization Tax was greeted with a relatively mild reaction in Japan. The Japanese stock average fell only 15 points in contrast to the 123 point drop when the IET was announced four years earlier. Because of relatively high U. S. interest rates, Japan has not utilized the \$100 million exemption to which it is entitled under the U. S. program and at present it has no plans to issue Japanese government, or government guaranteed bonds, in the U. S.

Because of the recent easing in short-term money rates in the U. S., the Japanese may resume some of their short-term borrowing here. Since the highs of 1965, the outstanding level of Japanese borrowing in the U. S. has declined about \$635 million. The latest trends are indicated in Table 1 below.

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	II	III	Sept.	Oct.	Nov.	
Short-term claims ^{1/}	212	431	482	- 59	-125	- 4	16	- 49	-248	- 51	- 87 ^{P/}	- 9 ^{P/}	
Long-term claims ^{1/}	50	128	136	15	- 8	- 26	- 11	- 28	- 32	- 19	- 19 ^{P/}	- 16 ^{P/}	
TOTAL	262	559	618	- 44	-133	- 30	5	- 77	-280	- 70	-106 ^{P/}	- 25 ^{P/}	
Security flotations	141	200	0	63	20	20	0	0	0	0	0	0	
TOTAL	403	759	618	19	-113	- 10	5	- 77	-280	- 70	-106 ^{P/}	- 25 ^{P/}	

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

^{P/} Preliminary.

NOTE: See Tables 7 and 8 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 1963, and \$47 million and \$45 million to long-term claims in 1963 and 1964, respectively.

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International reserves tended to hover above the \$2 billion mark during 1966, although there was an overall decline of \$33 million, from \$2,107 to \$2,074 million. In January, reserves fell \$22 million to \$2,052 million. The seasonally adjusted trade balance worsened in the third quarter as imports rose faster than exports. In the foreign exchange market the yen remained generally weak despite a moderate strengthening in December and the first week of January.

On the domestic side, money market conditions tended to tighten slightly as governmental net receipts remained high. Late in January the Bank of Japan authorized an increase in one of the call loan money rates. Through November bank credit expanded at a slightly faster rate than a year earlier, and the average bank lending rate declined slightly. The bond market remained generally buoyant and the Government canceled half of the ¥70 billion in national bonds scheduled for issue this March because of the rising volume of tax receipts. Stock prices improved in December-January after reaching a low for the year on December 5. About one-half of the April-December loss was regained by early February.

2. Money market. Money market conditions tightened slightly in December as the contractionary rise in bank notes in circulation was less than completely offset by expanded Bank of Japan credit and heavy net payments by the Treasury. Bank notes in circulation rose ¥504 billion in December, but expansionary factors totaled only ¥489 billion, as net Bank of Japan credit rose ¥317 billion and Treasury made net payments of ¥172 billion. In January, upward pressures on short-term money rates continued.

3. Interest rates. Money market conditions have tightened in recent months, mainly as a result of increased Treasury receipts. In recognition of this trend, which is likely to continue in February and March, the Bank of Japan on January 25 approved an immediate increase in the maximum call loan rate for over-month-end money--the rate for call money repayable at a day's notice in the following month. The rate rose from 6.570 to 6.753 per cent on January 25, the first change in the rates since October 1965. (See Table 2).

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

		<u>Overnight</u> ^{1/}	<u>Unconditional</u> ^{2/}	<u>Over-month-end</u> ^{3/}
1966	November	5.475	5.840	6.570
	December	5.475	5.840	6.570
1967	January 7	5.475	5.840	6.570
	14	5.475	5.840	6.570
	21	5.475	5.480	6.570
	28	5.475	5.840	6.753

^{1/} For settlement on the following day.

^{2/} Repayable at a day's notice.

^{3/} Repayable at a day's notice in the following month.

This change may possibly discourage purchases of national bonds to some extent, because commercial banks and other financial institutions have found it advantageous to borrow over-month-end call money at 6.7525 per cent (6.57 per cent plus call loan dealers' fee) and invest these funds in national bonds yielding 6.795 per cent. With the January 25 change, the cost will now be 6.935 per cent (6.7525 per cent plus call loan dealers' fee) which is higher than the yield on national bonds.

4. Bank loans and discounts. In recent months bank credit has been expanding at a slightly faster rate than a year earlier. In November, bank credit rose 1.8 per cent, or slightly more than the 1.6 per cent rate a year earlier. Loans and holdings of securities increased 1.2 and 3.8 per cent, respectively, as against a rise of 2.1 and 3.9 per cent a year earlier. Discounted bills were up 1.7 per cent in contrast with a decline of 1.1 per cent in November of 1965. Deposits rose 2.7 per cent, or moderately faster than the 2.4 per cent rate a year earlier.

Late in January the Bank of Japan took several steps to increase its flexibility in easing or tightening credit conditions. On the assumption that there is not too much danger of excessive business expansion in the near future, the Bank authorized the use of bank debentures in its open market operations, and also increased its self-imposed limits on the volume of credit that it can extend to city banks. More specifically, Bank of Japan regulations governing bond purchases from city banks with no repurchase agreements have been broadened to include bank debentures, in addition to the previously permitted government-guaranteed bonds of special public corporations and long-term national bonds. Specific figures on the new loan limits for city banks were not released to the public.

Bank of Japan credit was heavily expansionary in December, primarily in order to offset the pressure on bank reserves resulting from a sharp rise in bank notes in circulation. (See Table 3). During both the third and fourth quarters of last year Bank of Japan credit was expansionary, mainly because of heavy security purchases in the third quarter and a substantial rise in loans in the fourth quarter.

Table 3. Japan: Changes in Bank of Japan Loans and Holdings of Securities
(in billions of yen)

<u>Period</u>	(1)	(2)	(3)
	Loans: Increase (+) or decrease (-)	Net purchases (+) or sales (-) of securities	(1) + (2) Net increase (+) or decrease (-)
<u>1965</u>			
I Quarter	+216.5	+ 1.0	+217.5
II Quarter	- 14.4	-109.6	-124.0
III Quarter	+133.1	- 43.3	+ 89.8
IV Quarter	-182.0	-311.8	-129.8

Table 3 (cont.)

Period	(1)	(2)	(3)
	Loans: Increase (+) or decrease (-)	Net purchases (+) or sales (-) of securities	(1) + (2) Net increase (+) or decrease (-)
<u>1966</u>			
I Quarter	- 3.2	+279.2	+276.0
II Quarter	- 29.3	- 0.6	- 29.9
III Quarter	+ 17.1	+171.3	+188.4
IV Quarter	+128.7	- 4.2	+124.5
October	+ 8.5	- 67.4	- 58.9
November	- 4.5	-129.7	-134.2
December	+124.7	+192.9	+317.6

The average interest rate on commercial bank loans and discounts continued to decline slightly through November when it reached 7.39 per cent. The rate has thus declined for almost two years since December of 1964 when it was 7.99 per cent. This decline is slightly greater than the relatively sharp drop which occurred in the 18-month period from June 1958 through November of 1959.

Effective January 1, three governmental banking corporations reduced their standard lending rates for long-term credits by 0.2 percentage points. These cuts have been undertaken as part of the Government's general policy of reducing long-term lending rates.

5. Bond market. The volume of new monthly bond issues generally rose during April-September, increasing from ¥207 to ¥271 billion. Most of the rise was accounted for by public corporate bonds and bank debentures. In September, new issues of bank debentures were ¥153 billion, and new issues of public corporate bonds totaled ¥81 billion. New issues of industrial debentures were ¥37 billion. In October, total new issues fell to ¥240 billion as the volume of issues for all categories declined. In November, new issues of bank debentures were ¥140 billion, up ¥8 billion from the previous month, and industrial bonds were ¥42 billion, up ¥9 billion. Data are not yet available on the volume of public corporate bond issues in November.

In November, yields on local government securities, public corporation bonds, and short-term government securities remained at their 1964-65 levels of 7.354, 7.053 and 5.658 per cent, respectively. Yields on industrial bonds rose very slightly to 7.491 per cent in November. Bank debenture yields changed sharply in October. One-year bank debentures fell from 6.224 per cent in September to 6.022 in October and November. Long-term bank debentures dropped from 7.286 per cent to 7.185 per cent during the same period.

Due to the rising volume of central government tax receipts, it will not be necessary for the Government to issue the previously scheduled amount of ¥70 billion in national bonds in March, and the Ministry of Finance has accordingly reduced the issue to ¥35 billion. This will bring the total amount of national bonds issued during fiscal 1966 (ends March 31, 1967) to ¥695 billion, rather than ¥730 billion as originally planned. The Government has also decided to issue ¥820 billion in national bonds during fiscal 1967 on the same terms as during the current fiscal year, viz., 7-years, priced at ¥98.60 per ¥100 of face value, with a yield to subscribers of 6.795 per cent.

6. Stock market. Stock prices continued to ease during the last quarter of 1966, and on December 5 a low for the year was reached when the Dow-Jones average hit ¥1,364. This represented a decline of 14 per cent from the year's high reached on April 1. The April peak, incidentally, was the highest level in three years.

During the rest of December and the first half of January, the stock average rose and regained 37 per cent of the April-December decline. On January 26 the average dropped 15 yen, partly in response to the U. S. Treasury's proposal to Congress to extend and double the Interest Equalization Tax. Four years earlier the averaged dropped 123 yen following the initial announcement of the IET. On February 6 the average was ¥1,482, a high for the year and 5 per cent above the January 11 low.

Table 4. Japan: Dow Jones Average of 225 Stocks, First Section of Tokyo Exchange

November 28	¥1,392	January 4	¥1,441	1966	High	¥1,589
			9		Low	¥1,364
December 5	1,364	16	1,442			
12	1,391	23	1,443	1967	High	¥1,482
19	1,394	30	1,458		Low	¥1,410
26	1,450					
		February 6	1,482			

7. Foreign Trade. Although Japanese exports continued to rise late in 1966, imports rose even faster, causing a deficit on trade account in August, October and November. (See Table 5). Seasonally adjusted exports in the fourth quarter of last year were up 23 per cent in relation to the same period in 1965, but imports were up 25 per cent. In December, both exports and imports were down from the peaks reached in November.

Table 5. Japan: Seasonally Adjusted Foreign Trade, Monthly or Monthly Averages^{a/}

	1965		1966								
	III	IV	I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.
Exports	732	694	788	790	829	851 ^{b/}	792	844	822	872	859 ^{b/}
Imports	685	693	741	762	806	867 ^{b/}	817	831	853	915	833 ^{b/}
Balance	+47	+1	+47	+28	+23	-16 ^{b/}	-25	+13	-31	-43	+26 ^{b/}

a/ All figures are on a customs basis.

b/ Preliminary.

8. Foreign reserves and capital flows. International reserves rose \$30 million in December to \$2,074 million. For the year as a whole, reserves were down moderately to the extent of \$33 million. During January, reserves fell \$22 million to \$2,052 million.

On an exchange transactions basis, there was a very large surplus on current account in December due to the seasonally high receipts from exports. But the overall balance of payments surplus was only \$30 million because of a substantial outflow on capital account and a relatively large minus errors and omissions item. (See Table 6).

Table 6. Japan: Balance of Payments on an Exchange Transactions Basis
(in millions of dollars)

	1965				1966							
	I	II	III	IV	I	II	III	IV	Oct.	Nov.	Dec.	
Trade balance	51	85	173	151	80	99	167	145	117	94	224	
Services balance	-44	-58	-56	-54	-52	-57	-43	-47	-44	-50	-47	
Current account	7	27	117	97	28	42	124	98	73	44	177	
Net long-term capital receipts	5	-10	-24	-23	-45	-22	-33	-38	-29	-34	-51	
Net short-term capital receipts	11	-44	-80	-18	13	-18	-104	-18	-74	63	-42	
Net balance on capital account	16	-54	-103	-41	-32	-40	-138	-56	-103	29	-93	
Errors & omissions	-6	-11	-8	-10	4	-4	-6	-32	+5	-48	-54	
Overall balance of payments	17	-37	6	46	1	-2	-20	10	-25	25	30	

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.

Although the surpluses on current account were less in the fourth quarter of last year than in the third, the net capital outflow was also substantially less, with the result that international reserves rose moderately during the fourth quarter.

Japan continued to reduce the volume of its short-term borrowing in the U. S. through November. According to preliminary data, short-term claims on Japan as reported by U. S. banks fell \$9 million in November to \$2,389 million. (See Table 7). Japan has now reduced its short-term borrowing in the U. S. since a peak was reached in mid-1965 by about \$500 million.

Table 7. 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.
1961	875	952	1,069	1,159	1,196	1,272	1,341	1,335	1,288	1,281	1,292	1,528 ^{b/}
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
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 ^{b/}
1965	2,742	2,746	2,861	2,833	2,834	2,880	2,831	2,830	2,755	2,656 ^{a/}	2,683	2,768 ^{b/}
1966	2,698	2,699	2,783	2,782	2,759	2,733	2,588	2,536	2,485	2,398 ^{a/}	2,389 ^{a/}	

^{a/} Preliminary.

^{b/} Includes newly reported data totaling \$52 million in December 1961, \$157 million in December 1964 and \$17 million in December 1965.

Japan has also reduced its long-term borrowing, and in October and November of last year, long-term claims on Japan reported by U. S. banks fell \$19 and \$16 million, respectively, to \$339 million. (See Table 8). Since the record high of \$483 million in May of 1965, these claims have been reduced by \$144 million.

Table 8. Long-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.
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 ^{b/}	111	119	136	143	146	170	249 ^{b/}
1964	280	295	311	319	323	325	329	332	351	352	269	430 ^{b/}
1965	455	454	472	479	483	479	482	475	471	464	462	445
1966	438	441	434	430	425	406	403	393	374	355 ^{a/}	339 ^{a/}	

^{a/} Preliminary.

^{b/} Includes newly reported claims totaling \$1 million in May 1963, \$46 million in December 1963, and \$45 million in December 1964.

The ratio of international reserves to the note issue of the Bank of Japan fell to generally lower levels in October and November. (See Table 9). Due primarily to seasonal factors, the ratio declined further from 30.5 per cent in November to 25.6 per cent in December. This contrasts with a ratio of 29.6 per cent in December 1965.

Table 9. 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	785.5	2,563.8	29.6
<u>1966</u>			
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
June	757.4	2,368.2	32.0
July	739.4	2,397.7	30.8
August	742.7	2,324.6	31.9
September	735.8	2,326.7	31.6
October	726.8	2,370.4	30.7
November	735.9	2,409.2	30.5
December	746.6	2,913.5	25.6

With the decline in recent months in the interest rate on bankers' acceptances in the U. S., Japanese importers are again finding it more advantageous to finance their imports by means of U. S., rather than domestic, credits. One of the main rates for U. S. dollar import acceptance bills rose from 7.375 per cent at the end of 1965 to 8.25 per cent in October of last year. Since November of 1966 there have been four successive cuts in the bankers' acceptance rate, bringing the rate down to 7.625 per cent by January 19. As a result of these developments, it appears likely that the net outflow of short-term capital from Japan, which was so common in 1966, may be reduced substantially, or even reversed this year.

In mid-January the Japanese Ministry of Finance announced that it is planning to import 10 tons of gold during the fiscal year beginning April 1, 1967. Industrial demand for gold currently runs about 20 tons annually, but domestic production is only able to supply about 13 to 14 tons. These gold purchases will help meet industrial needs, and also reduce the recent stimulus to smuggling which had arisen as a result of the shortage.

9. Foreign exchange. During most of December and early January the yen strengthened moderately in the spot market from ¥362.60 to ¥362.35 to the dollar, but weakened in the second week of January. In the three-month forward market, the yen strengthened very slightly in mid-December, but otherwise

remained weak. As a result of these two developments, the premium on forward yen fell from 0.39 per cent in early December to zero on January 7, but quickly returned to a slight premium in the second week of January.

Table 10. Japan: Bank of Tokyo's T.T. Exchange Rate for Customers in Tokyo
(yen per U. S. dollar)

		Yen-dollar spot middle rate	Three-month forward middle rate	Forward premium in per cent per annum
October	17	362.60	362.28	.35
	24	362.60	362.25	.39
	31	362.50	362.25	.28
November	7	362.50	362.15	.39
	14	362.55	362.25	.33
	21	362.55	362.20	.39
	28	362.55	362.20	.39
December	5	362.60	362.35	.28
	12	362.55	362.35	.22
	19	362.45	362.30	.17
	26	362.45	362.35	.11
January	4	362.45	362.35	.11
	9	362.40	362.35	.06
	14	362.50	362.45	.06

Prepared by:

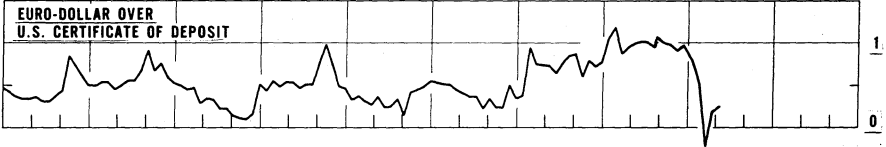
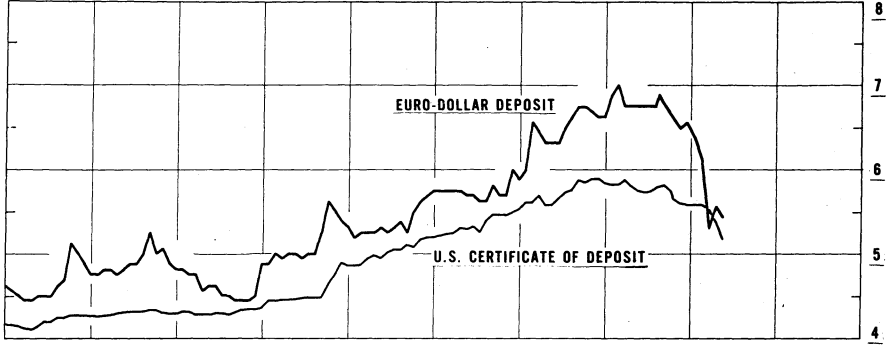
Robert F. Emery,
Asia, Africa and Latin America Section,
Division of International Finance.

Chart 1

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

Wednesday figures

Per cent per annum



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

Friday figures

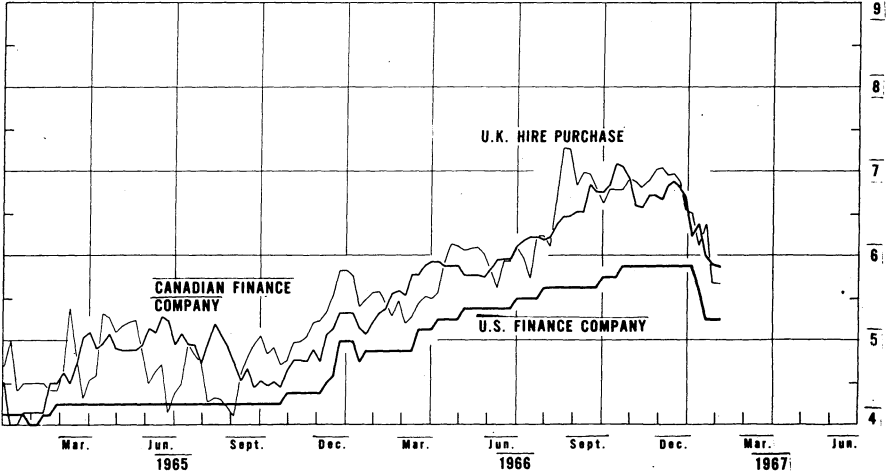
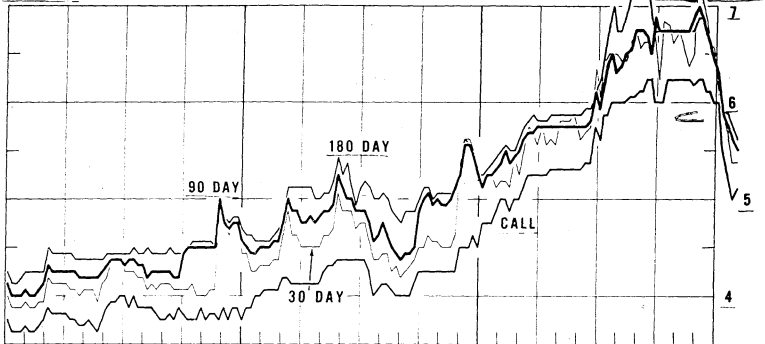


Chart 2

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

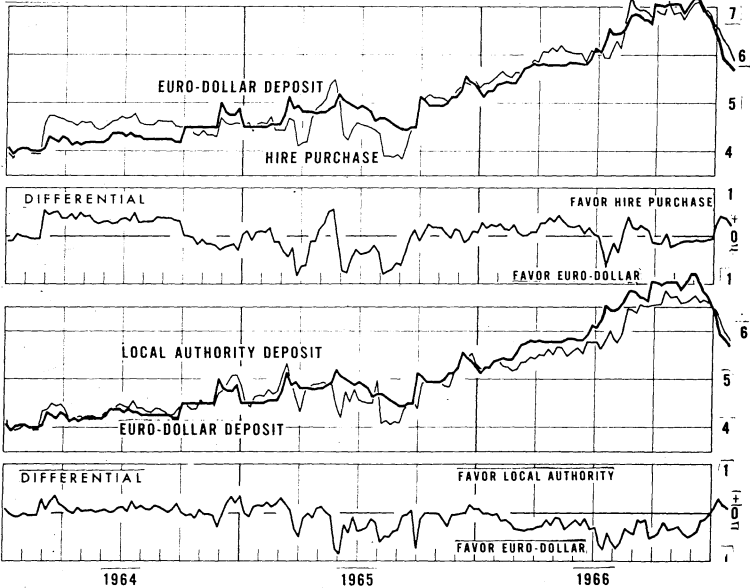
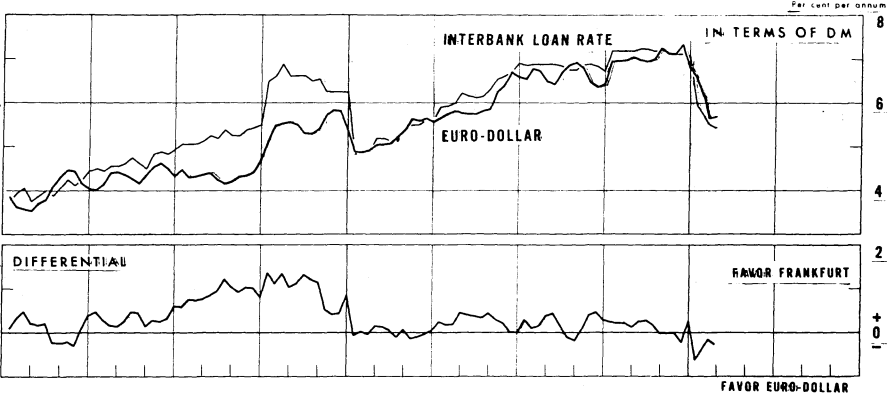


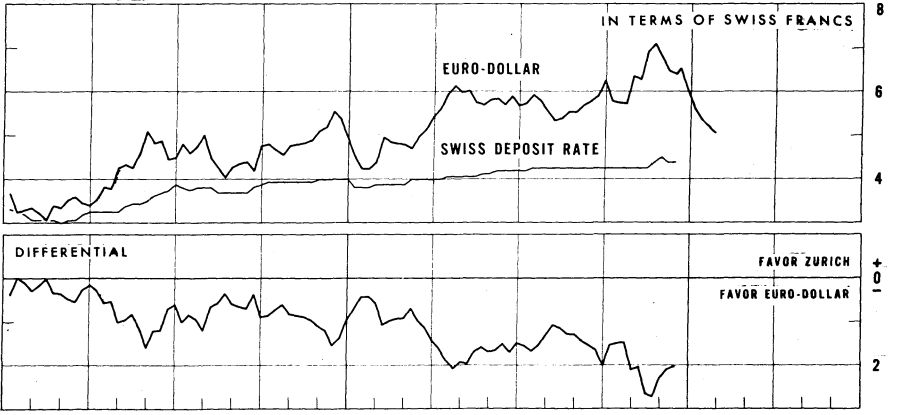
Chart 3

I INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON

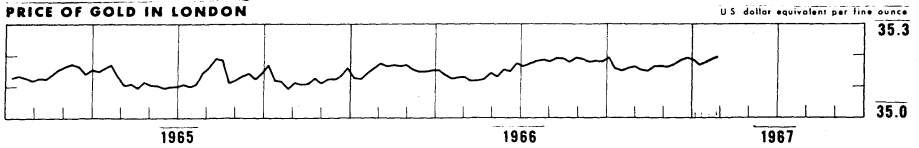
FRANKFURT INTERBANK LOAN RATE VS. LONDON EURO-DOLLAR RATE (COVERED)



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



II PRICE OF GOLD IN LONDON



13

Chart 4

INTEREST ARBITRAGE, UNITED STATES/CANADA

Friday figures

Per cent per annum

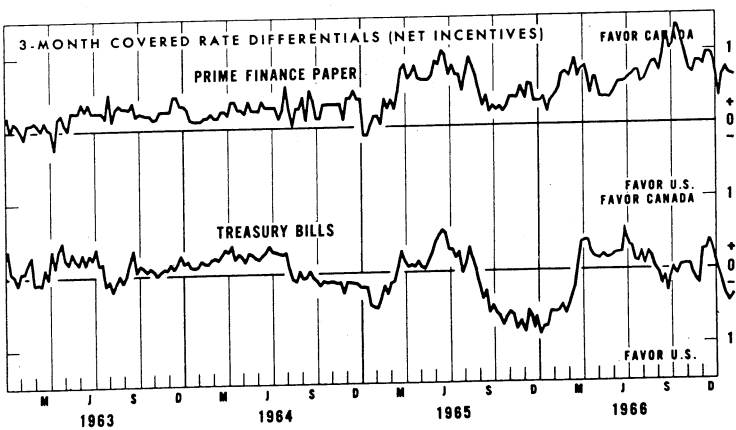
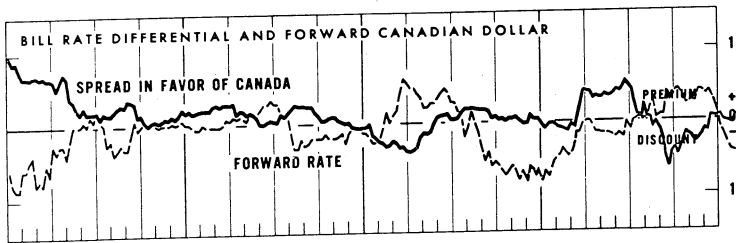
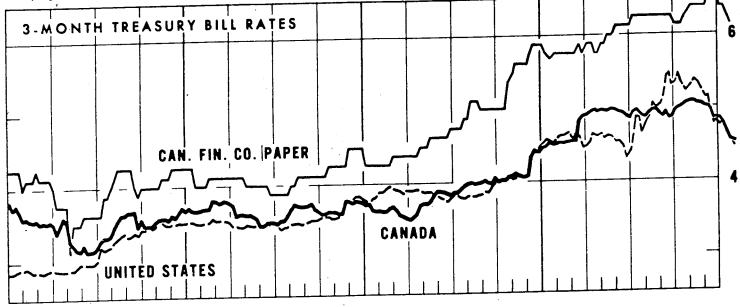


Chart 5

INTEREST ARBITRAGE, NEW YORK/LONDON

Friday figures

Per cent per annum

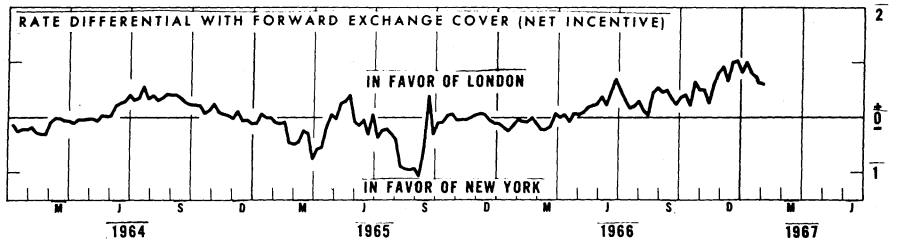
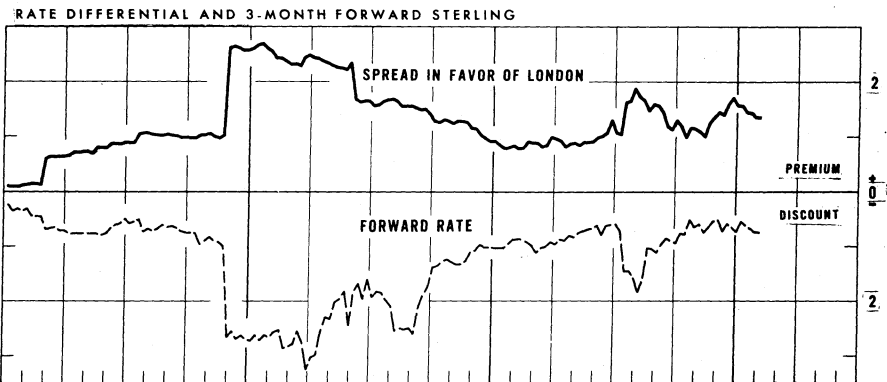
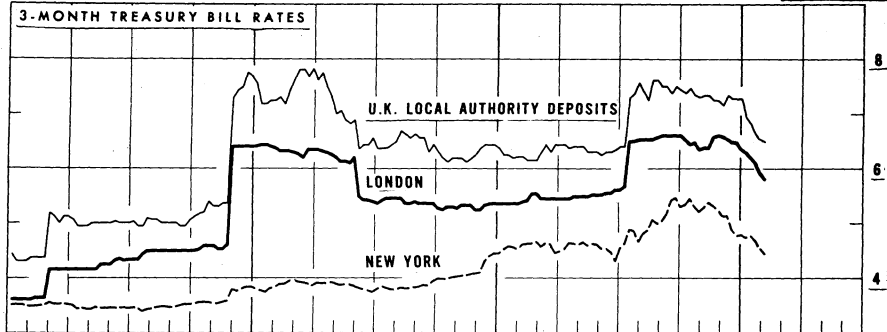
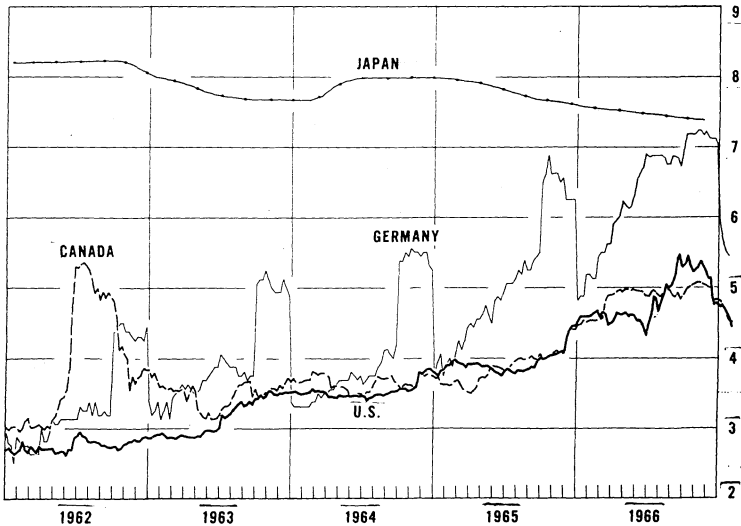
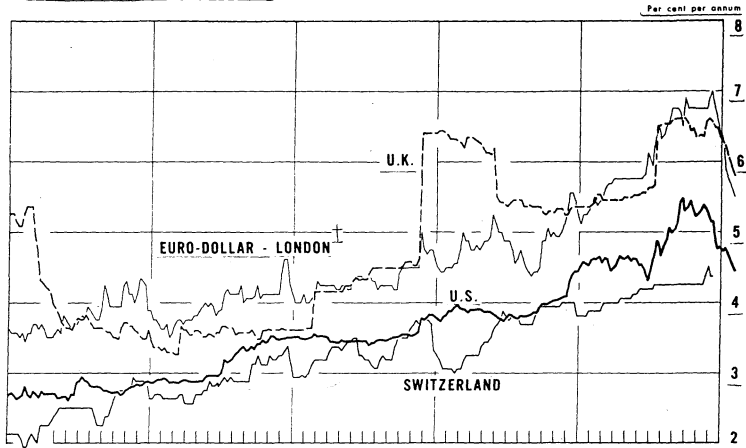


Chart 6
SHORT-TERM INTEREST RATES *



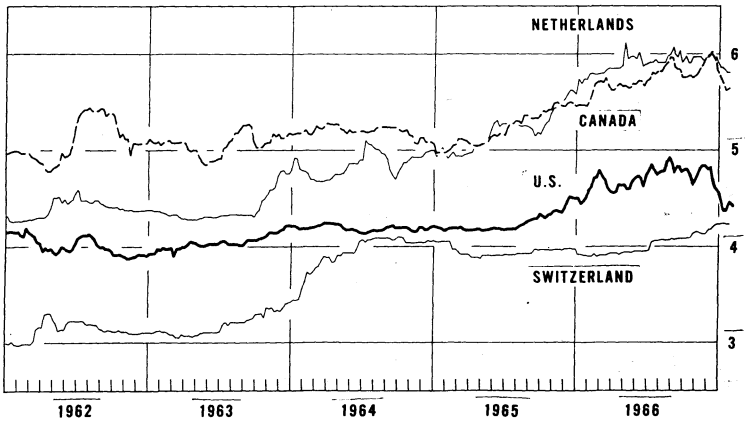
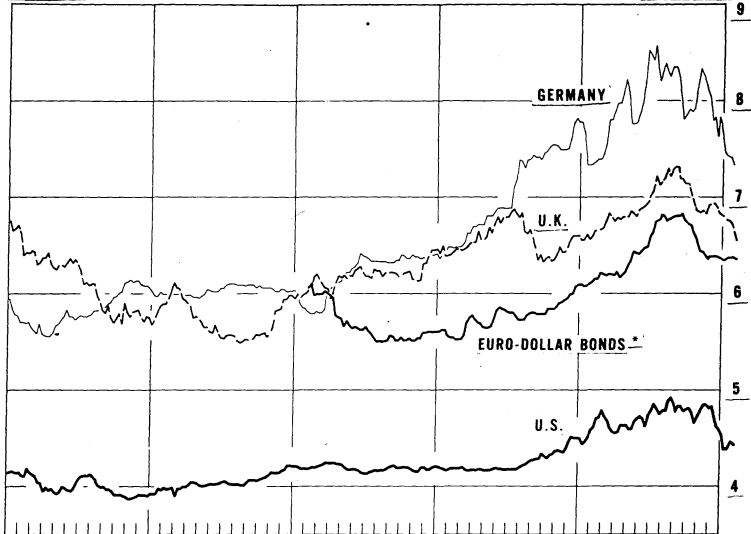
* 3-month treasury bill rates for all countries except Japan (Average rate on bank loans and discounts), Switzerland (3-month deposit rate), and Germany (interbank loan rate).

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

Chart 7
LONG-TERM BOND YIELDS

Weekly figures

Per cent per annum



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

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

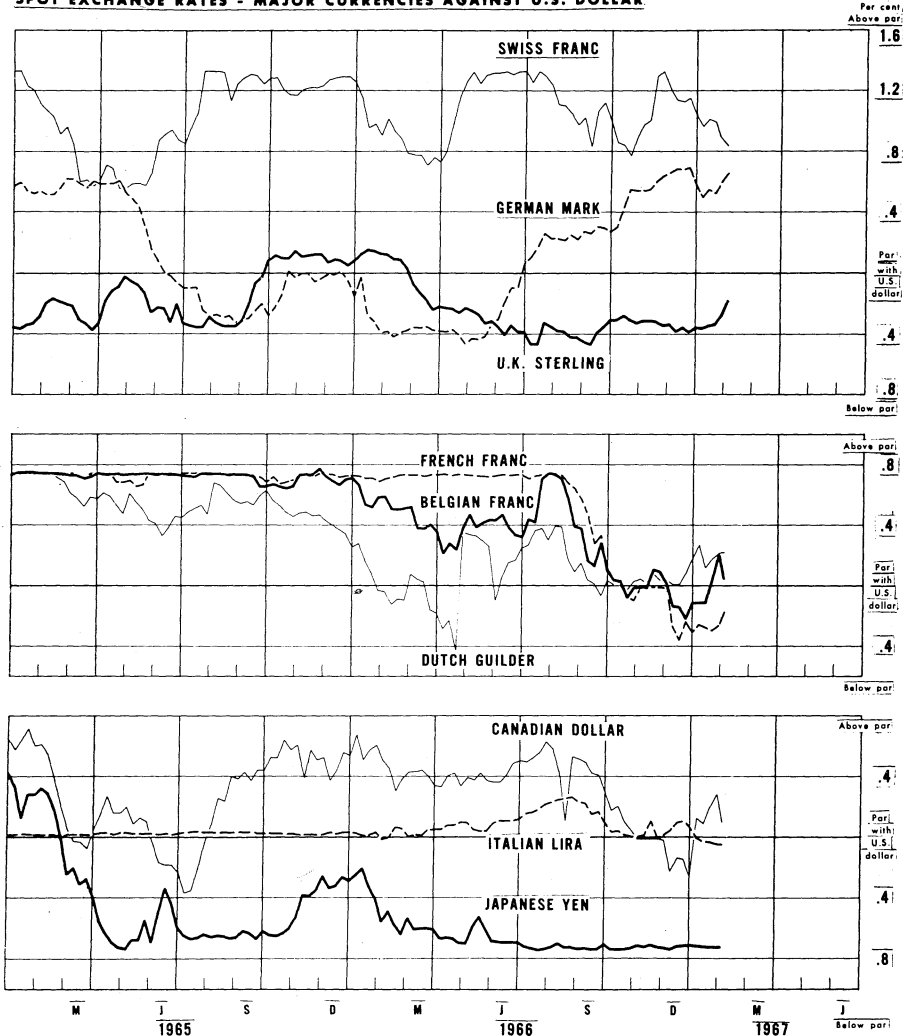
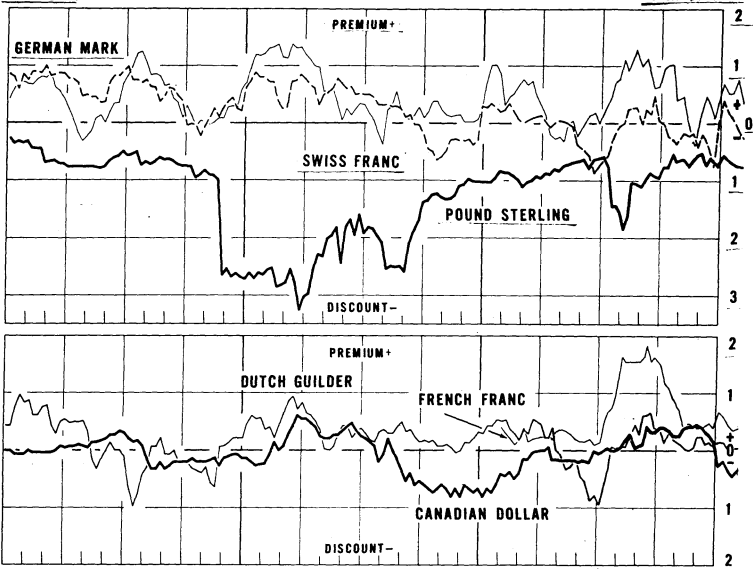


Chart 9
3-MONTH FORWARD EXCHANGE RATES

AGAINST U.S. DOLLARS—NEW YORK

Friday figures

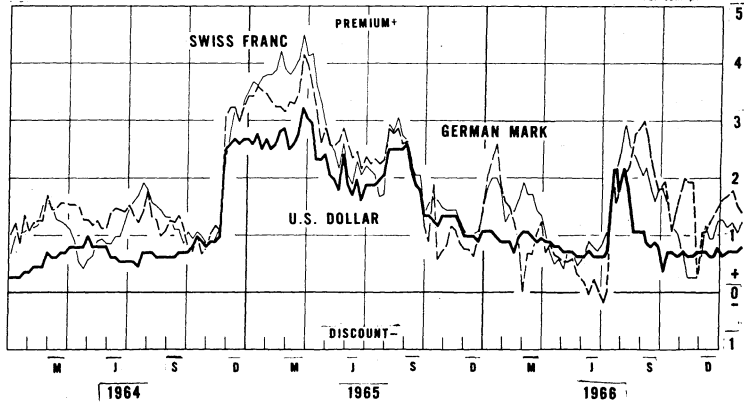
Per cent per annum



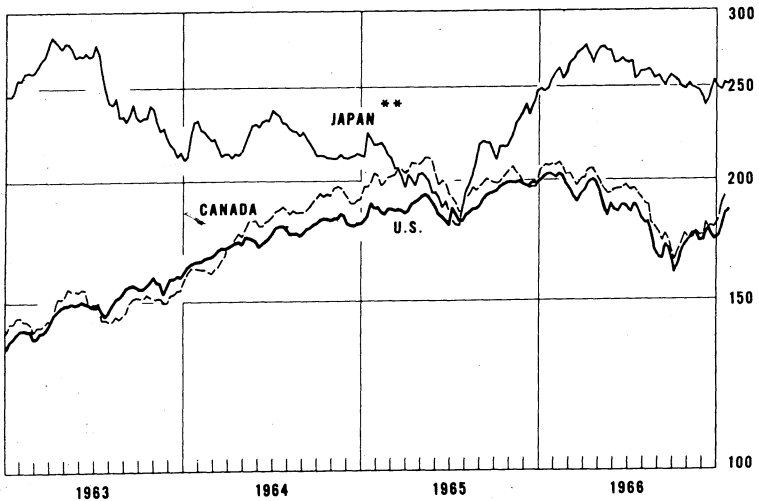
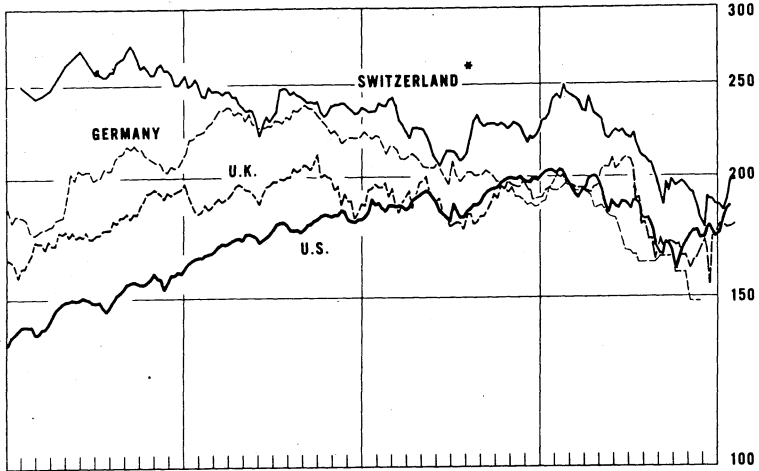
AGAINST POUND STERLING—LONDON

Friday figures

Per cent per annum



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

February 7, 1967

H.13

No. 285 Latest Figures Plotted in H.13 Chart Series, 1967
(all figures per cent per annum)

Chart 1
Upper Panel (Wednesday, Feb. 1)

Euro- $\$$ Deposit	<u>5.44</u>
U.S. certif. of deposit	<u>5.18</u>

Lower Panel (Friday, Feb. 3)

Finance co. paper: U.S.	<u>5.25</u>
Canada	<u>5.88</u>
Hire-purchase paper, U.K.	<u>5.69</u>

Chart 5
(Friday, Feb. 3)

Treasury bills: U.K.	<u>5.79</u>
U.S.	<u>4.44</u>
Spread favor U.K.	<u>+1.35</u>
Forward pound	<u>-0.75</u>
Net incentive (U.K. +)	<u>+0.60</u>

Chart 2
(Friday, Feb. 3)

Euro- $\$$ deposits:	
Call	<u>5.12</u>
30-day	<u>5.38</u>
90-day	<u>5.50</u>
180-day	<u>5.62</u>
Hire-purchase paper:	<u>5.90</u>
(Jan. 27)	
Local-authority deposit	<u>5.80</u>
(Jan. 27)	

Chart 6
(Friday, Feb. 3)

Treasury bills: U.S.	<u>4.44</u>
U.K.	<u>5.79</u>
Canada	<u>4.51</u>
Interbank loan rate (German)	<u>5.46</u>
(Jan. 24-31)	
Euro- $\$$ deposit (London)	<u>5.50</u>
Zurich 3-mo. deposit	
(Date: Dec. 15)	<u>4.38</u>
Japan composite rate	
(Date: Nov. 30)	<u>7.39</u>

Chart 3
Upper Panel (Period: Jan. 24-31)

Interbank loan (mid-point)	<u>5.46</u>
Euro- $\$$ deposit (average)	<u>5.70</u>

Lower Panel (Date: Dec. 15)

Zurich 3-mo. deposit	<u>4.38</u>
Price of gold	<u>35.195</u>
(Friday, Jan. 27)	

Chart 7

U.S. Gov't. (Wed., Feb. 1)	<u>4.41</u>
U.K. War Loan (Thurs., Feb. 2)	<u>6.54</u>
German Fed. (Fri., Jan. 27)	<u>7.33</u>
Swiss Confed. (Fri., Jan. 20)	<u>4.23</u>
Canadian Gov't. (Wed., Jan. 25)	<u>5.64</u>
Netherlands Gov't perpetual 3%	
(Friday, Jan. 27)	<u>5.80</u>
Euro- $\$$ bonds (Fri., Feb. 3)	<u>6.34</u>

Chart 4
(Friday, Feb. 3)

Treasury bills: Canada	<u>4.51</u>
U.S.	<u>4.44</u>
Spread favor Canada	<u>+0.07</u>
Forward Canadian $\$$.	<u>-0.43</u>
Net incentive (Canada +)	<u>-0.36</u>
Canadian finance paper	<u>6.12</u>

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