

H. 13
No. 290

March 15, 1967.

CAPITAL MARKET DEVELOPMENTS ABROAD

- I. Canada
- II. Ten Charts on Financial Markets Abroad
- III. Latest Figures Plotted in H.13 Chart Series, 1967

I. Canada: Money and Capital Markets, September 1966-February 1967

Since September, easing demand pressures in the Canadian economy and falling interest rates in foreign capital markets have contributed to a significant easing of financial conditions in Canada. Interest rates are substantially below those prevailing last summer. Money rates and bond yields moved irregularly during October and November, and declined sharply during December and January. (See Table 1.) Bond rates remained largely unchanged during February, but short-term interest rates have continued to decline. Between late September and early March, the more-liquid asset ratio of the chartered banks has increased from 30.0 per cent to 31.1 per cent of deposits.

Table 1. Canada: Selected Financial Market Indicators
September 1966-March 1967

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

	Level on: 1966 9/22	Change from Previous Period to:					Level on: 1967 3/2
		1966		1967			
		10/26	11/23	1/4	2/16	3/2	
Interest rates							
Day-to-day loans ^{a/}	4.78	+ .25	-.08	-.22	-.08	-.15	4.50
90-day prime finance paper ^{b/}	6.38	+ .37	-.25	0	-.50	-.13	5.88
91-day Treasury bills ^{c/}	5.01	+ .18	-.05	-.20	-.33	-.13	4.48
Government bonds^{d/}							
4.25 per cent 6/67	5.48	-.11	+ .23	-.67	-.17	-.05	4.71
5.00 per cent 1968	5.74	-.20	+ .30	-.40	-.27	-.30	4.81
4.25 per cent 1972	5.85	-.12	+ .31	-.39	-.15	-.09	5.41
4.50 per cent 1983	5.83	-.07	+ .25	-.27	-.13	-.11	5.59
5.25 per cent 1990	5.88	-.14	+ .23	-.30	-.06	-.07	5.54
Stock index^{e/}							
	145	- 1	+ 3	+ 1	+ 13	+ 1	162
Canadian dollar							
Spot (U.S. cents)	92.91	-.29	-.18	-.03	+ .17	-.15	92.43
3-month forward	.39	-.11	+ .13	-.39	-.32	+ .34	+ .04

^{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)

Trends in Canadian financial markets paralleled similar trends in the U.S. markets, but the dominant cause has been a major shift in the focus of monetary and fiscal policy with increasing evidence of a decline in demand pressures throughout the economy. Key indicators of industrial activity have suggested since summer that the economy was no longer pressing against capacity constraints and this easing was confirmed by the absolute decline in seasonally-adjusted real output found in the third quarter GNP data.

As a result, there has been a gradual easing of Canadian fiscal and monetary policy. The Finance Minister's interim budget, first promised in August as an anti-inflationary measure, finally emerged in December as neutral on aggregate demand; taxes were raised only to cover certain additions to welfare payments commencing in January 1967. In mid-March, the Canadian Government took the further step of suspending a refundable tax on corporate profits. The 5 per cent tax on profits and depreciation was imposed last May in order to restrain corporate investment. At that time, officials stated that it would be refunded when inflationary pressures had calmed and investment could again be encouraged. However, the recent action was only a suspension of further collections; no decision has been made to refund past taxes.

A gradual easing of monetary policy was marked by a reduction in the Bank of Canada discount rate from 5-1/4 to 5 per cent on January 30 which was to be regarded as "the Bank's view that the recent easing of credit conditions was appropriate to Canada's domestic economic circumstances and its external financial position."

Bank loans grew less rapidly during the second half of 1966 than in the same period of 1965. During the summer months, the growth of loans was constrained by extremely tight monetary conditions; during the last months of 1966, however, the demand for banks loans apparently eased and the liquidity position of the banks improved considerably.

The stringency of capital market conditions in Canada and the U.S. during most of 1966 was reflected in a reduced volume of money raised by the private sector. Net new private debt and equity issues declined slightly in the Canadian market, and receipts from issues in the U.S. market were down sharply. Despite higher interest costs, however, various levels of Canadian Government raised more money in Canadian and U.S. markets in 1966 than in 1965.

In exchange markets, the spot Canadian dollar weakened during the fall, declining from U.S. 92.91 cents in late September to U.S. 92.41 cents near the end of the year. It went through a temporary recovery during January, but remains below par. The forward rate moved from a premium to a discount early in 1967, and is now about flat. The decline in Canadian foreign exchange reserves stopped temporarily between October and January. Reserves declined during February and are now \$117 million below the level of last June. (See Table 7.)

Bond yields decline since November

Easier credit conditions in Canadian markets from November on produced yield declines over a wide range of issues. (See Table 2.) After remaining largely unchanged during September and October, bond rates rose slightly in November before beginning the sharp decline of the next two months. Despite the recent declines, however, bond yields at the end of January were still approximately 1/2 of 1 per cent above the levels of a year earlier. Yields on provincial bonds rose somewhat more rapidly than did others during the early fall, but also fell more rapidly later, and the structure of rates for various types of bonds did not shift noticeably over the period. Press reports have commented on the fact that Quebec bonds have been selling for somewhat higher yields than other provincials, and this has been attributed to French-Canadian political activity and to the heavy borrowing schedule of the Province.

Table 2. Canada: Provincial, Municipal and Private Bond Yields 1966-67
(per cent per annum)

	Level on Aug. 31	Change from Previous Date to:				Level on Jan. 31
		Sept. 30	Oct. 31	Nov. 30	Jan. 31	
10 Provincials	6.54	-.03	+.08	+.05	-.39	6.25
10 Municipals	6.80	0	-.08	+.02	-.23	6.51
10 Public Utilities	6.69	-.02	0	+.06	-.28	6.45
10 Industrials	6.83	0	-.02	+.09	-.25	6.65
40 Bonds	6.72	-.01	-.01	+.05	-.29	6.46

Source: McLeod, Young and Weir.

Canadian yield declines follow U.S. trends

The recent decline in Canadian bond yields lagged behind a similar decline in the United States. Bond rates in this country fell between September and November while Canadian yields were still rising, and U.S. yields fell more rapidly than did comparable Canadian yields during early December. (See Table 3.) As a result, yield differentials favoring investment in Canadian bonds rose considerably between September and December. These increases occurred over the full range of maturities, but were

particularly noticeable at the short end. During late December and January, however, the declines in Canadian rates accelerated, while the U.S. fall was slowing, and the differentials narrowed; the differentials favoring Canadian bonds have remained above their September levels except for the longest maturities.

Table 3. Canada/U.S.: Comparative Bond Yields,^{1/}
September 1966-February 1967
 (per cent per annum)

	1 9 6 6			1 9 6 7		
	Sept. 22	Nov. 23	Dec. 21	Jan. 4	Jan. 25	Feb. 22
<u>1 -Year:</u>						
U.S. 11/15/67, 3.62 per cent	5.74	5.41	5.02	4.49	4.67	4.64
Canada 6/1/67, 4.25 per cent	<u>5.48</u>	<u>5.57</u>	<u>5.22</u>	<u>4.93</u>	<u>4.86</u>	<u>4.76</u>
Differential (+ favors Canada)	<u>-26</u>	<u>.16</u>	<u>.20</u>	<u>.44</u>	<u>.19</u>	<u>.12</u>
<u>2 -Year:</u>						
U.S. 8/68, 3.75 per cent	5.91	5.59	4.91	4.89	4.76	4.72
Canada 10/68, 5.0 per cent	<u>5.74</u>	<u>5.78</u>	<u>5.58</u>	<u>5.38</u>	<u>4.85</u>	<u>5.08</u>
Differential	<u>-17</u>	<u>.19</u>	<u>.67</u>	<u>.51</u>	<u>.09</u>	<u>.36</u>
<u>7 -Year:</u>						
U.S. 8/72, 4.0 per cent	5.30	5.40	4.74	4.78	4.70	4.76
Canada 9/72, 4.25 per cent	<u>5.85</u>	<u>5.91</u>	<u>5.91</u>	<u>5.65</u>	<u>5.42</u>	<u>5.50</u>
Differential	<u>.55</u>	<u>.51</u>	<u>1.17</u>	<u>.87</u>	<u>.72</u>	<u>.74</u>
<u>18-Year:</u>						
U.S. 78-83, 3.25 per cent	4.88	4.83	4.64	4.55	4.46	4.62
Canada 9/83, 4.5 per cent	<u>5.83</u>	<u>5.96</u>	<u>5.91</u>	<u>5.74</u>	<u>5.64</u>	<u>5.71</u>
Differential	<u>.95</u>	<u>1.13</u>	<u>1.27</u>	<u>1.19</u>	<u>1.18</u>	<u>1.09</u>
<u>25-Year:</u>						
U.S. 2/90, 3.5 per cent	4.81	4.83	4.61	4.51	4.46	4.58
Canada 5/90, 5.25 per cent	<u>5.88</u>	<u>5.91</u>	<u>5.87</u>	<u>5.71</u>	<u>5.60</u>	<u>5.62</u>
Differential	<u>1.08</u>	<u>1.08</u>	<u>1.26</u>	<u>1.20</u>	<u>1.14</u>	<u>1.04</u>

^{1/} 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.

Issue activity rises

The three levels of Canadian Government raised more than twice as much new money in capital markets in 1966 than in 1965, despite the rise in interest rates. (See Table 4.) The private sector, however, was apparently more seriously affected by the scarcity of credit, and raised somewhat less in 1966 than in 1965. Private issues in the Canadian market fell slightly, but issues by Canadian businesses in the U.S. dropped by over one-fifth. Due to the large growth of government flotations, the total amount of money raised by Canadians grew in both U.S. and Canadian capital markets.

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

Net New Issues: Canadian Funds						
	Government of Canada	Provincial and Municipal	Corporate and Other	Total Debt	Equity Shares	Total
<u>1965</u>						
I Q	-368	226	186	44	83	127
II Q	-158	190	360	392	151	543
III Q	- 83	- 3	-38	- 124	87	37
IV Q	563	264	-11	816	100	916
Total	- 47	672	497	1,128	421	1,549
<u>1966</u>						
I Q	-212	313	214	315	115	430
II Q	-174	371	145	345	197	542
III Q	12	268	75	355	45	400
IV Q	807	374	-17	1,154	121	1,275
Total	435	1,326	417	2,169	478	2,647
Net New Issues: Other Currencies						
	Government of Canada	Provincial and Municipal	Corporate and Other	Total Debt	Equity Shares	Total
<u>1965</u>						
I Q	0	21	19	40	5	85
II Q	- 3	132	40	169	1	339
III Q	0	81	157	238	1	477
IV Q	- 3	40	118	155	1	156
Total	- 6	274	334	602	8	1,057
<u>1966</u>						
I Q	0	128	256	385	0	384
II Q	- 3	186	42	258	3	486
III Q	0	71	27	98	1	197
IV Q	- 3	35	37	69	0	69
Total	- 6	420	262	810	4	1,116

Growth of bank loans declines

During the second half of 1966, chartered bank loans grew by only 3.8 per cent, compared to 8.2 per cent during the same period in 1965. (See Table 5.) This contrast reflected the differing liquidity positions of the banks in the two periods. In the middle of 1965, the banks were in a position to expand loans by reducing the proportions of their assets held in liquid and near-liquid assets. In June of 1966, in contrast, the liquidity position of the banks was strained, and this process of loan expansion was not possible.

The "more-liquid asset ratio" of the banks was below its normal minimum of 30 per cent in June of 1966, but improved during the next six months. The excess of the banks' liquid-assets over the minimum in December (1966) suggests that perhaps loan demand was not as pressing as it had been earlier in the year. Recent weekly figures indicate that loan growth has generally remained soft during early 1967 despite increasingly easy monetary conditions. The widely-reported easing of expansionary pressures in the Canadian economy may be reducing the demand for business loans.

Table 5. Canada: Selected Banking and Money Supply Data,
June 1965-December 1966
(millions of dollars)

	1 9 6 5		1 9 6 6	
	June	Dec.	June	Dec.
<u>Selected assets:</u> ^{a/}				
Liquid assets ^{b/}	2,789	3,027	3,123	3,420
Investments ^{c/}	3,651	3,529	3,551	3,486
Loans ^{d/}	10,918	11,811	12,065	12,550
Liquid assets ratio ^{e/}	16.40	16.79	17.01	17.36
More liquid assets ratio ^{a/}	30.71	29.78	29.31	30.38
<u>Selected liabilities:</u> ^{a/}				
Demand deposits ^{f/}	4,527	4,779	4,751	5,195
Personal savings	9,330	9,642	10,042	10,140
Other deposits ^{g/}	2,153	2,303	2,472	2,480
<u>Money supply of the public:</u>				
Chartered bank deposits ^{h/}	13,857	14,421	14,793	15,335
Currency outside banks	2,198	2,351	2,351	2,495
Total	16,055	16,772	17,144	17,830

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

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

c/ Government of Canada bonds and "other" Canadian securities.

d/ Excluding day-to-day and call loans.

e/ Daily averages.

f/ Less float.

g/ Non-personal term and other notice deposits.

h/ Demand and personal savings deposits less float.

Chartered banks increase U.S. dollar assets

During the fourth quarter, the chartered banks expanded their holdings of U.S. dollar assets more rapidly than their U.S. dollar liabilities; consequently, the banks developed a net position in U.S. dollars of \$168 million by December. (See Table 6.) This contrasts with the banks' apparent practice in the recent past of maintaining a roughly balanced U.S. dollar position.

During most of 1966, Canadian banks increased their U.S. dollar loans to foreigners at a rapid rate, and encouraged Canadians to maintain U.S. dollar deposits in order to finance these loans. During the fourth quarter, however, loans to foreigners grew particularly rapidly, and the U.S. dollar deposits of Canadians declined. Consequently the banks developed a sizable net U.S. dollar position.

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

	Level End of March	Change from Previous Period to:				Level December
		July	Sept.	Nov.	Dec.	
<u>Assets</u>						
With residents of:						
United States	1,592	+111	- 21	+187	+ 95	1,964
Other countries	842	- 03	- 31	+132	+ 3	935
Sub-total	<u>2,434</u>	<u>+108</u>	<u>- 52</u>	<u>+319</u>	<u>+ 98</u>	<u>2,899</u>
Canada	915	- 26	+ 19	+ 85	- 58	935
Total	<u>3,349</u>	<u>+ 82</u>	<u>- 33</u>	<u>+404</u>	<u>+ 40</u>	<u>3,835</u>
<u>Liabilities</u>						
With residents of:						
United States	842	+ 16	-149	+ 32	- 32	710
Other countries	1,186	- 54	- 14	+210	+122	1,449
Sub-total	<u>2,028</u>	<u>- 38</u>	<u>-163</u>	<u>+242</u>	<u>+ 90</u>	<u>2,159</u>
Canada	1,293	+146	+105	+ 57	- 94	1,507
Total	<u>3,321</u>	<u>+108</u>	<u>- 58</u>	<u>+299</u>	<u>- 4</u>	<u>3,667</u>

Source: Bank of Canada, Statistical Summary.

Foreign exchange reserves decline

Canada's foreign exchange reserves continued their downward trend through the summer, but recovered slightly between October and January, before falling again in February. (See Table 7.) Some of the earlier reserve decline resulted from government transactions which were intended to reduce reserves to the \$2.6 billion maximum which had been agreed upon with the United States in exchange for exemption from the interest equalization tax; in July, the Bank of Canada purchased \$31 million in U.S. held Canadian Treasury securities for this purpose. The recent declines, however, have gone well beyond this goal, and Canadian reserves are now \$122 million below the \$2.6 billion target.

Table 7. Canada: Official Foreign Exchange Holdings
and International Monetary Fund Positions
June 1966-February 1967
(in millions of U.S. dollars)

	Level	Change from Previous Period to:				Level	Level
	June 30	July 31	Oct. 31	Dec. 31	Jan. 31	Jan. 31	Feb. 28
<u>Foreign Exchange</u>							
Gold	1,024.2	-27.5	+23.8	+25.1	n.a.	n.a.	n.a.
U.S. dollars	1,317.6	-33.3	-81.6	-12.4	n.a.	n.a.	n.a.
Sub-total	2,341.8	-60.8	-57.8	+12.7	+2.3	-44.0	2,194.2
<u>IMF Position</u>							
Super gold tranche ^{a/}	253.3	+8.5	+10.3	-8.6	+20.5	0	283.5
Total	2,595.1	-52.3	-47.5	+4.1	+22.8	-44.0	2,477.7
Gold with IMF	185.0	0	0	0	n.a.	n.a.	n.a.

^{a/} Net IMF sales of Canadian dollars: (+) indicates increased creditor position with IMF.

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

Exchange rate weakens

The spot rate for the Canadian dollar declined from 93.01 to 92.25 U.S. cents during the period from September to November, and was below par during the last two months of 1966. (See Table 8.) A partial recovery during January was followed by another decline, and the rate was still below par in mid-March. The forward Canadian dollar was at a premium when the spot rate was falling, went to a discount during the short recovery, and is now about flat.

The causes of the decline are not completely clear, but the sharp reduction of U.S. flotations of Canadian securities during the fourth quarter of 1966 was undoubtedly an important factor. (See Table 4.) Apprehension about the 1967 prospects for U.S. business, and hence for Canadian exports of industrial raw materials, may have further encouraged softness in the Canadian dollar.

There has been no clear trend in the interest arbitrage on Treasury bills during recent months; when the forward Canadian dollar was at a discount during January and February, there was a margin favoring U.S. bills, but this was ended by the recent recovery of the forward rate. A sizable interest rate differential has maintained an arbitrage margin in favor of Canadian finance paper. The considerably higher rates on Canadian finance paper, in a period when Treasury bill rates in Canada and the U.S. have been roughly equal, has been caused by investor nervousness brought about by the failure of two large Canadian finance houses during the recent past, and by continued press comment about the problems of other financial concerns.

Table 8. Canada/U.S.: Exchange Rates and Arbitrage Calculations
September 1966-March 1967

	1 9 6 6				1 9 6 7	
	Sept. 2	Oct. 18	Nov. 30	Dec. 30	Jan. 31	Mar. 3
<u>Exchange rates</u>						
Spot (U.S. cents)	93.01	92.65	92.25	92.28	92.73	92.43
Forward (p.c.p.a.)	.09	.44	.33	.15	-.45	0
<u>90-day yields and differentials:</u>						
<u>Treasury bills</u>						
Canadian	4.89	4.98	5.01	4.83	4.51	4.37
U.S.	5.04	5.39	5.15	4.79	4.46	4.35
Gross advantage	-.15	-.41	-.14	.04	.05	-.02
Canadian forward ^{a/}	.09	.45	.33	.15	-.45	0
Net, favor Canada (+)	-.06	-.04	.19	.19	-.40	-.72
<u>Finance paper</u>						
Canadian	6.25	6.25	6.38	6.50	6.13	6.13
U.S.	6.62	5.75	5.88	5.88	5.25	5.13
Gross advantage	.62	.50	.50	.62	.88	1.00
Canadian forward ^{a/}	.09	.45	.33	.15	-.45	0
Net, favor Canada (+)	.71	.95	.83	.77	.43	1.00

a/ 11:00 a.m. data.

Source: Federal Reserve System.

Prepared by:

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Division of International Finance

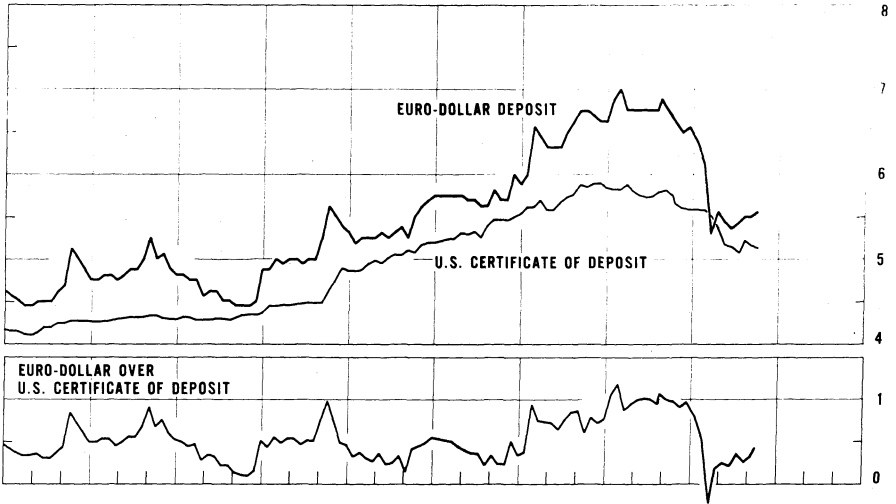
Chart 1

**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



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

Friday figures

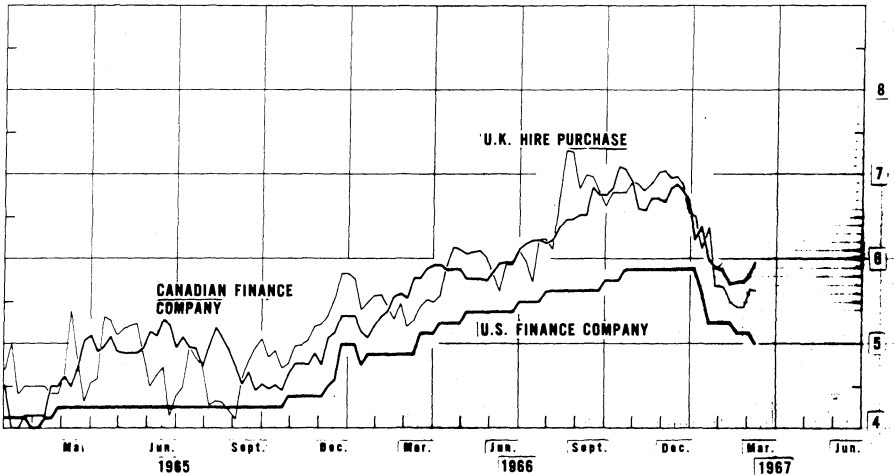


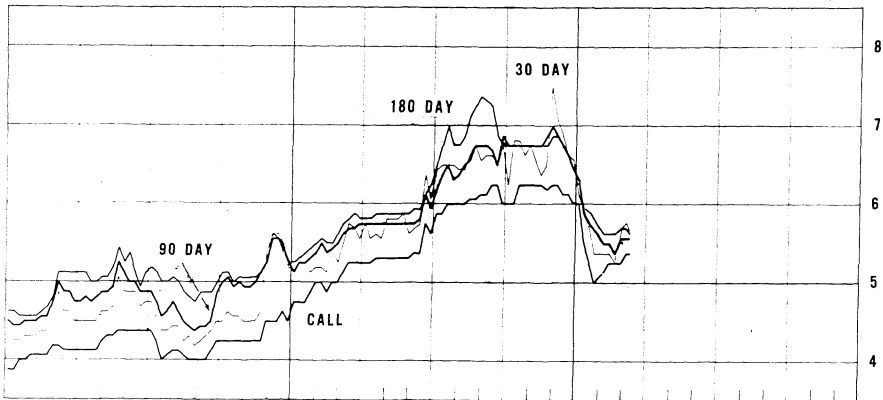
Chart 2

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

EURO-DOLLAR DEPOSIT RATES

Friday figures

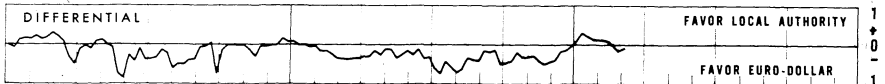
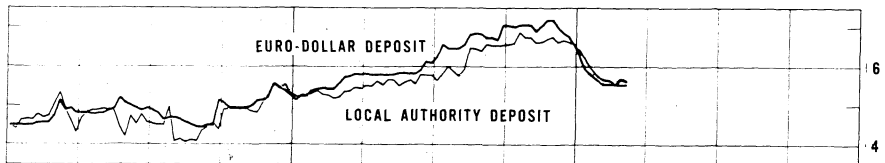
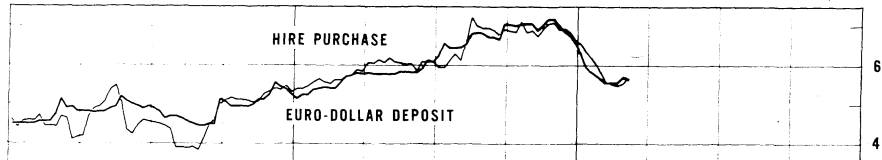
Per cent per annum



HIRE PURCHASE AND LOCAL AUTHORITY DEPOSIT RATES (covered)

Friday figures

Per cent per annum



1965

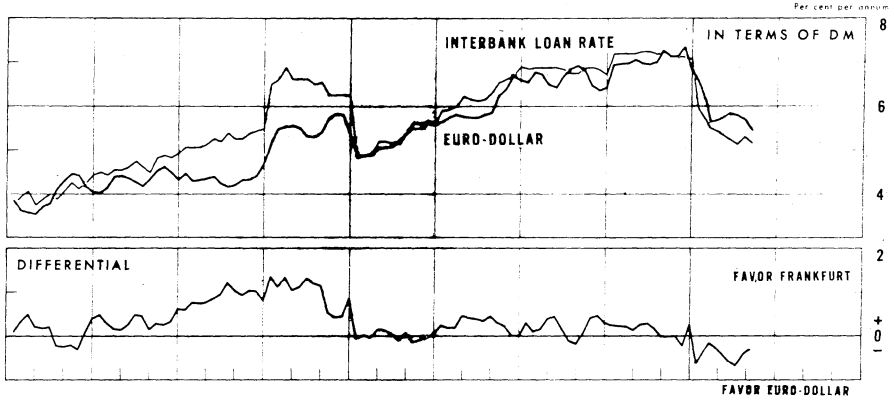
1966

1967

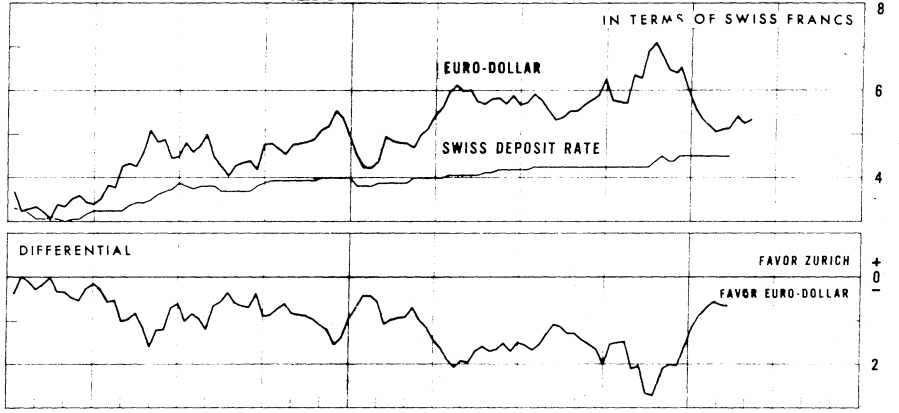
Chart 3

I INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON

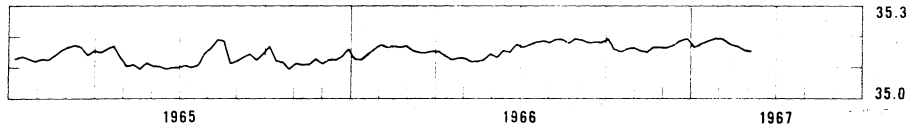
FRANKFURT INTERBANK LOAN RATE VS. LONDON EURO-DOLLAR RATE (COVERED)



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

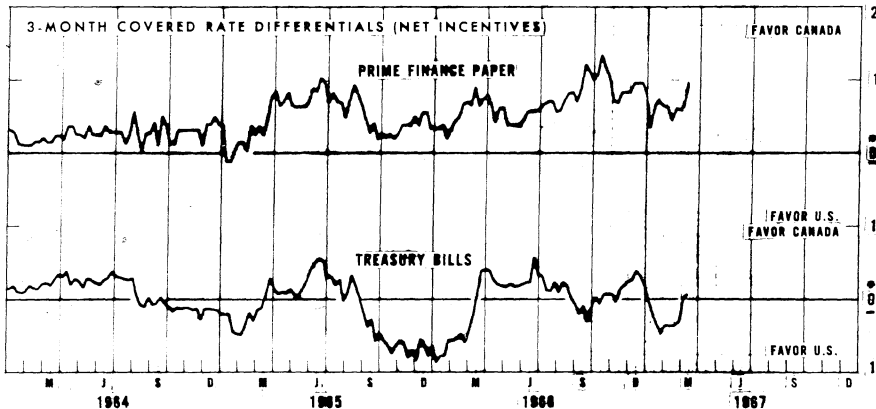
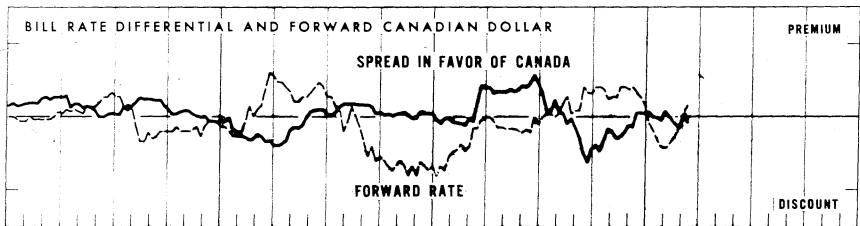
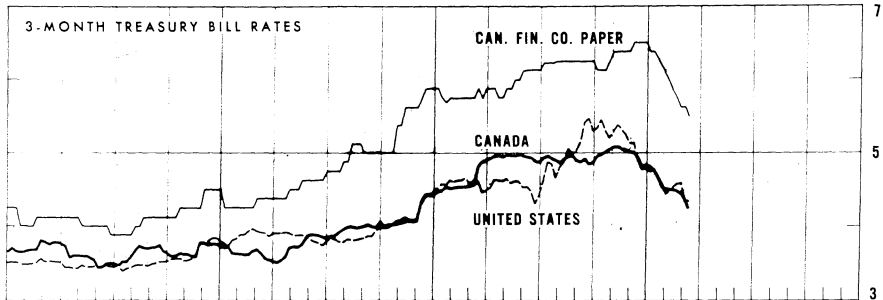
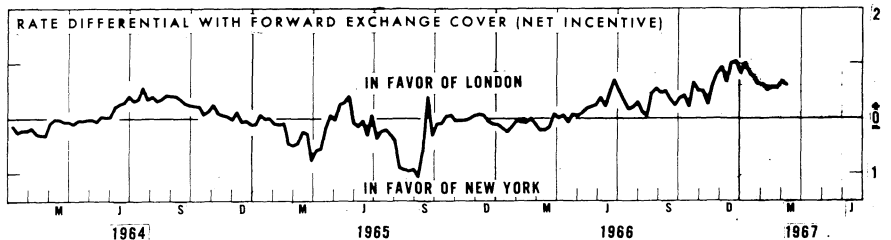
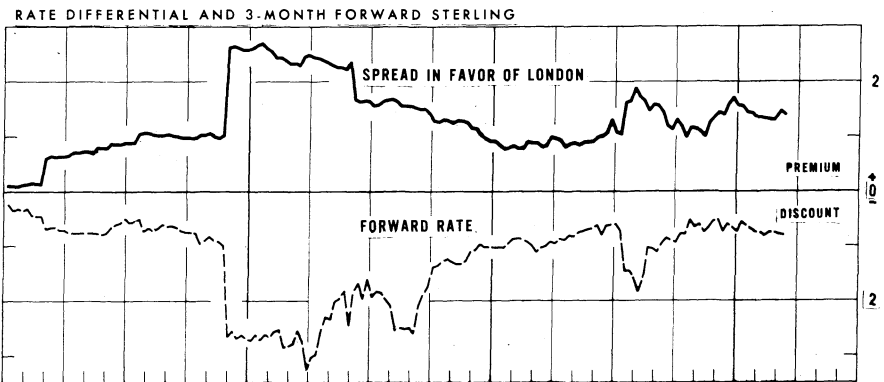
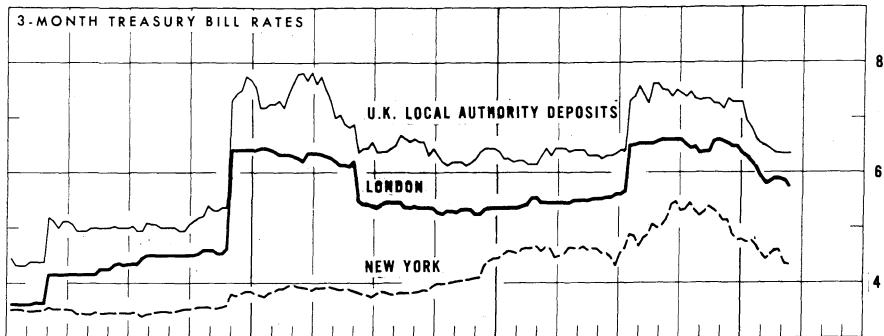


Chart 5
INTEREST ARBITRAGE, NEW YORK/LONDON

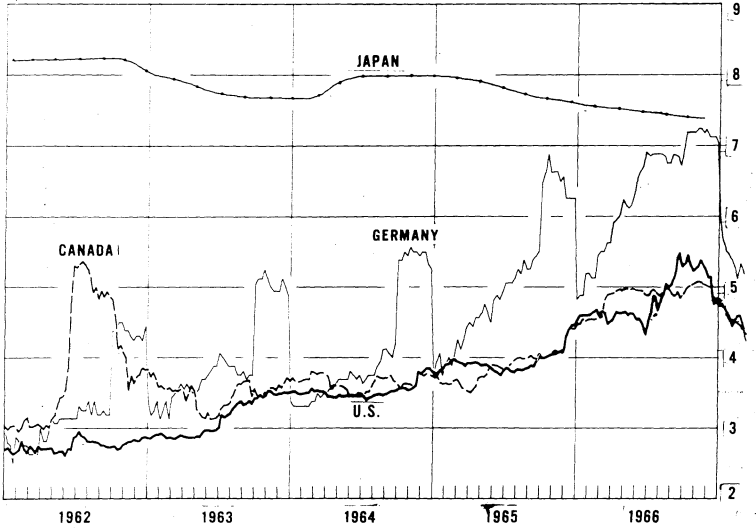
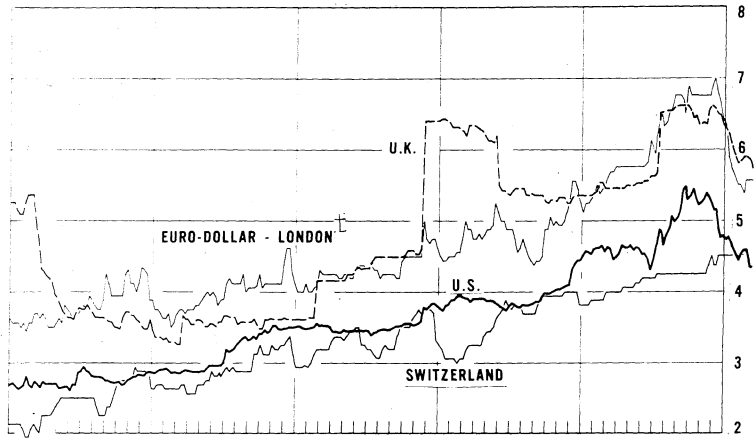
Per cent per annum



15

Chart 5
SHORT-TERM INTEREST RATES *

Per cent per annum



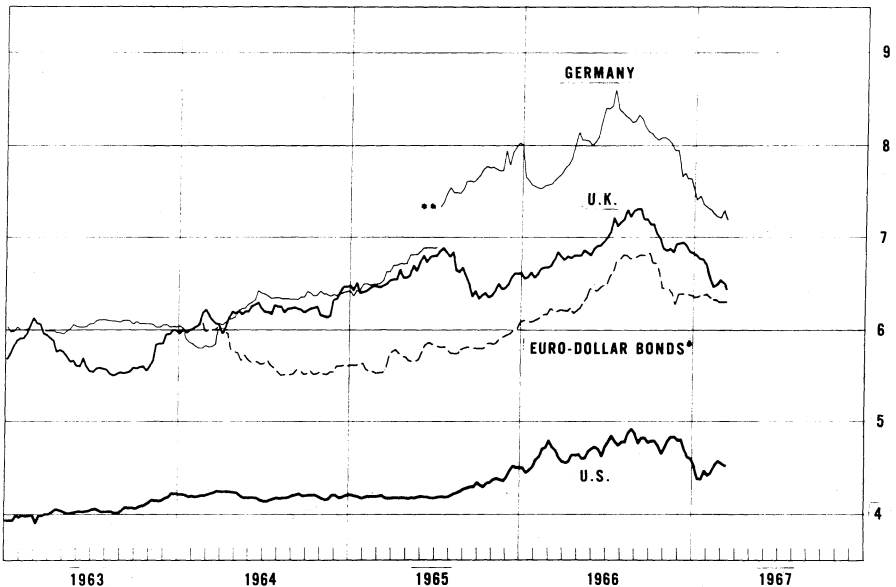
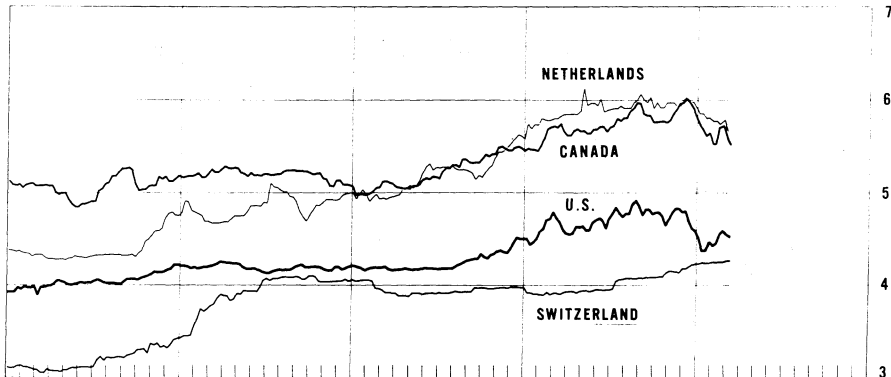
* 3-month treasury bill rates for all countries except Japan (Average rate on bank loans and discounts)
 Switzerland (3-month deposit rate) and Germany (interbank loan rate)
 † 3-month rate for U.S. dollar deposits in London

Chart 7

LONG-TERM BOND YIELDS

Weekly figures

Per cent per annum



• Average of yields for four foreign government dollar bonds quoted in London.
 •• New series for Germany starts 7/9/65

Chart F

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

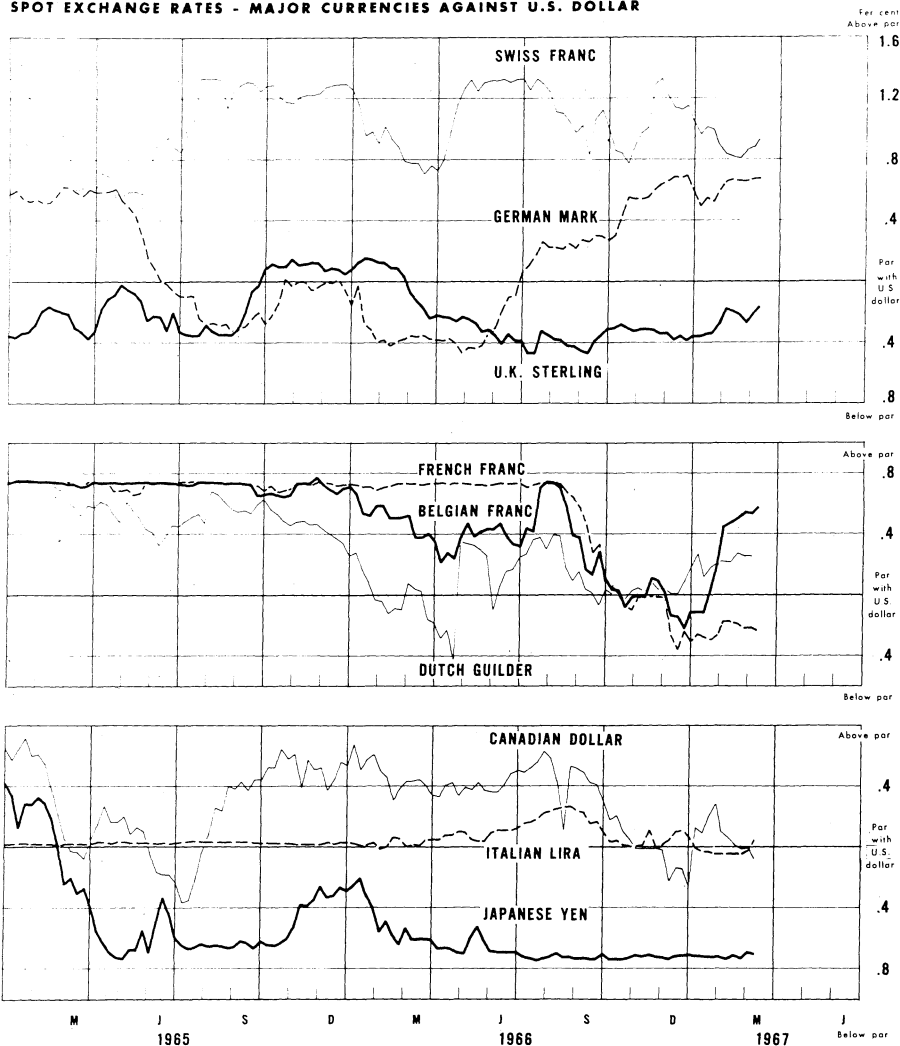
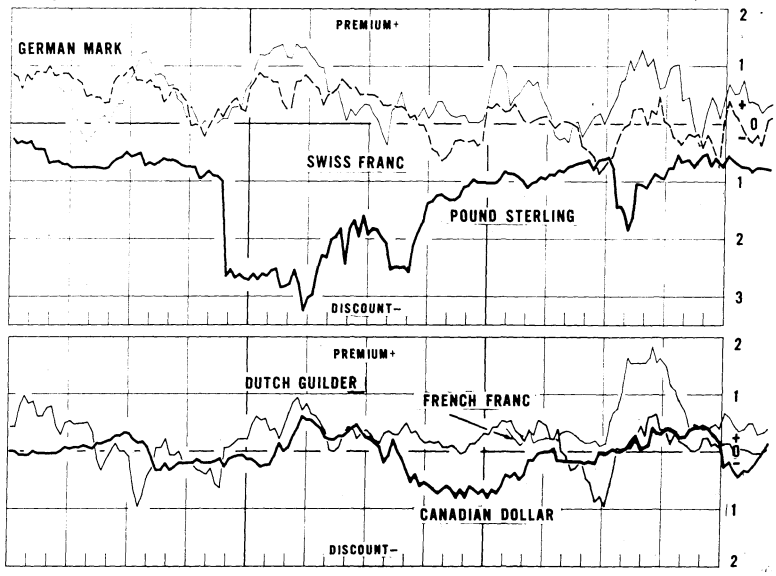


Chart 9
3-MONTH FORWARD EXCHANGE RATES

AGAINST U.S. DOLLARS—NEW YORK

Friday figures

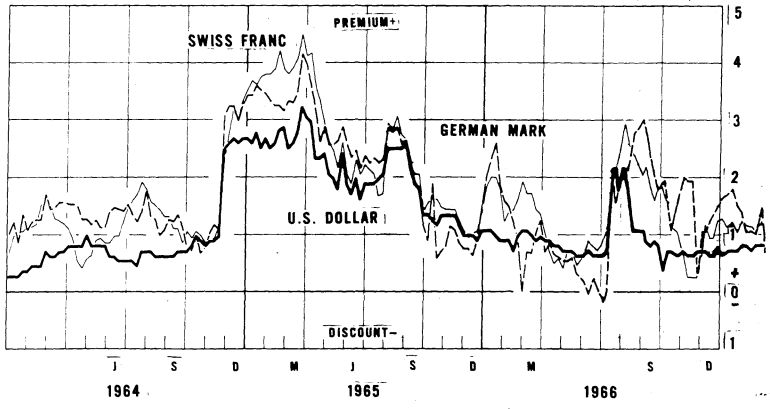
Per cent per annum



AGAINST POUND STERLING—LONDON

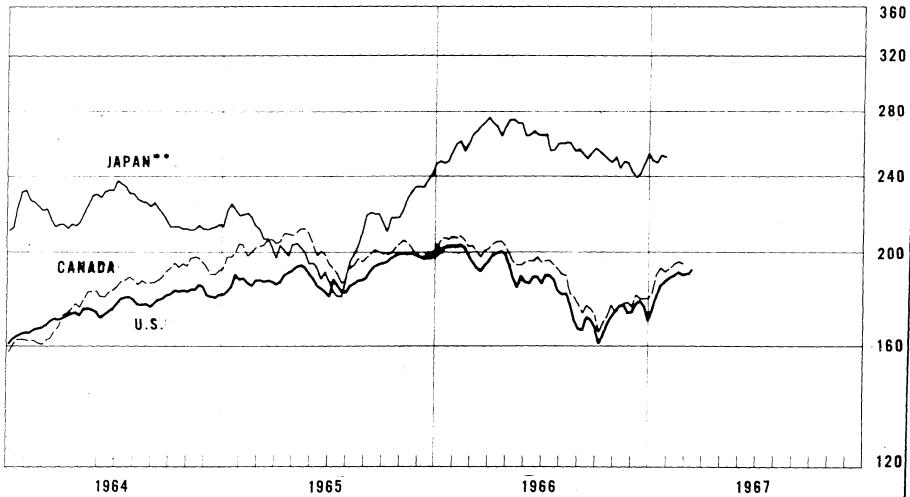
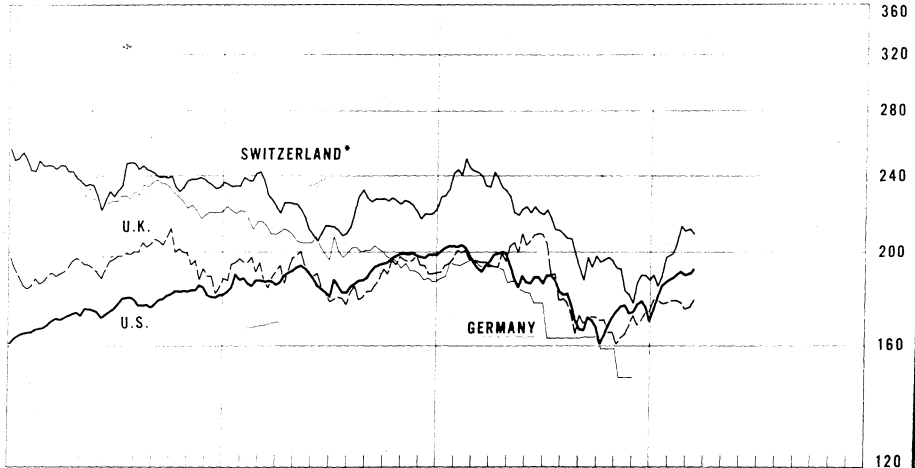
Friday figures

Per cent per annum



19

INDUSTRIAL STOCK INDICES



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

H.13
No. 290

III. Latest Figures Plotted in H.13 Chart Series, 1967
(all figures per cent per annum)

March 15, 1967

Chart 1
Upper Panel (Wednesday, March 8)

Euro-\$ deposit	<u>5.56</u>
U.S. certif. of deposit	<u>5.13</u>

Lower Panel (Friday, March 10)

Finance co. paper: U.S.	<u>5.00</u>
Canada	<u>5.96</u>
Hire-purchase paper, U.K.	<u>5.64</u>

Chart 2
(Friday, March 10)

Euro-\$ deposits:			
Call	<u>5.38</u>	90-day	<u>5.56</u>
30-day	<u>5.62</u>	180-day	<u>5.62</u>
Hire-purchase paper (March 3)	<u>5.65</u>		
Local-authority deposit (March 3)	<u>5.52</u>		

Chart 3
Upper Panel (Period: March 1-7)

Interbank loan (mid-point)	<u>5.18</u>
Euro-\$ deposit (average)	<u>5.48</u>

Lower Panel (Date: February 15)

Zurich 3-month deposit	<u>4.50</u>
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Price of gold 35.155
(Friday, March 3)

Chart 4
(Friday, March 10)

Treasury bills: Canada	<u>4.24</u>
U.S.	<u>4.33</u>
Spread favor Canada	<u>-0.09</u>
Forward Canadian \$	<u>+0.15</u>
Net incentive (Canada +)	<u>+0.06</u>
Canadian finance paper	<u>5.50</u>

Chart 5
(Friday, March 10)

Treasury bills: U.K.	<u>5.73</u>
U.S.	<u>4.33</u>
Spread favor U.K.	<u>+1.40</u>
Forward pound	<u>-0.80</u>
Net incentive (U.K. +)	<u>+0.60</u>

Chart 6
(Friday, Mar. 10)

Treasury bills: U.S.	<u>4.33</u>
U.K.	<u>5.73</u>
Canada	<u>4.24</u>
Interbank loan rate (German) (March 1-7)	<u>5.18</u>
Euro-\$ deposit (London)	<u>5.56</u>
Zurich 3-month deposit (Date: <u>February 15</u>)	<u>4.50</u>
Japan composit rate (Date: <u>November 30</u>)	<u>7.39</u>

Chart 7

U.S. Gov't. (Wed., <u>March 8</u>)	<u>4.52</u>
U.K. War Loan (Thurs., <u>March 9</u>)	<u>6.43</u>
German Fed. (Fri., <u>March 10</u>)	<u>7.19</u>
Swiss Confed. (Fri., <u>March 10</u>)	<u>4.26</u>
Canadian Gov't. (Wed., <u>March 8</u>)	<u>5.51</u>
Netherlands Gov't. perpetual 3% (Friday, <u>March 3</u>)	<u>5.66</u>
Euro-\$ bonds (Fri., <u>March 10</u>)	<u>6.30</u>

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