CAPITAL MARKET DEVELOPMENTS ABROAD

I. Ten Charts on Financial Markets Abroad

II. Latest Figures Plotted in H.13 Chart Series, 1967

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
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Chart 6 - Short-term Interest Rates
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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)
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

EURO-DOLLAR DEPOSIT

U.S. CERTIFICATE OF DEPOSIT

EURO-DOLLAR OVER
U.S. CERTIFICATE OF DEPOSIT

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

U.K. HIRE PURCHASE

CANADIAN FINANCE
COMPANY

U.S. FINANCE COMPANY


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Federal Reserve Bank of St. Louis
Chart 2:

London: Yields for U.S. Dollar Investors on 3-Month Funds

Euro-Dollar Deposit Rates

Hire Purchase and Local Authority Deposit Rates (covered)

<table>
<thead>
<tr>
<th>Year</th>
<th>1965</th>
<th>1966</th>
<th>1967</th>
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<tr>
<td>Differential</td>
<td>Favor Local Authority</td>
<td>Favor Euro-Dollar</td>
<td>Favor Local Authority</td>
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<tr>
<td>Differential</td>
<td>Favor Hire Purchase</td>
<td>Favor Euro-Dollar</td>
<td>Favor Local Authority</td>
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Per cent per annum
Chart 3

I. INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON

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

INTERBANK LOAN RATE

EURO-DOLLAR

IN TERMS OF DM

DIFFERENTIAL

FAVOR FRANKFURT

FAVOR EURO-DOLLAR

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

EURO-DOLLAR

SWISS DEPOSIT RATE

IN TERMS OF SWISS FRANCS

DIFFERENTIAL

FAVOR ZURICH

FAVOR EURO-DOLLAR

II. PRICE OF GOLD IN LONDON

US dollar equivalent per fine ounce

1965  1966  1967

35.3  35.0

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Federal Reserve Bank of St. Louis
INTEREST ARBITRAGE, UNITED STATES/CANADA

3-MONTH TREASURY BILL RATES

CAN. FIN. CO. PAPER

CANADA

UNITED STATES

BILL RATE DIFFERENTIAL AND FORWARD CANADIAN DOLLAR

SPREAD IN FAVOR OF CANADA

FORWARD RATE

PREMIUM

DISCOUNT

3-MONTH COVERED RATE DIFFERENTIALS (NET INCENTIVES)

PRIME FINANCE PAPER

FAVOR CANADA

FAVOR U.S.

FAVOR CANADA

FAVOR U.S.

TREASURY BILLS

1964 1965 1966 1967
INTEREST ARBITRAGE, NEW YORK/LONDON

3-MONTH TREASURY BILL RATES

U.K. LOCAL AUTHORITY DEPOSITS

LONDON

NEW YORK

RATE DIFFERENTIAL AND 3-MONTH FORWARD STERLING

SPREAD IN FAVOR OF LONDON

PREMIUM

FORWARD RATE

DISCOUNT

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)

IN FAVOR OF LONDON

IN FAVOR OF NEW YORK

1964 1965 1966 1967
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.

Per cent per annum

EURO-DOLLAR - LONDON †
U.K.
U.S.
SWITZERLAND

JAPAN
GERMANY
CANADA
U.S.

Chart 7
LONG-TERM BOND YIELDS

Per cent per annum

NETHERLANDS
CANADA
U.S.
SWITZERLAND

GERMANY
U.K.
EURO-DOLLAR BONDS


- Average of yields for four foreign government dollar bonds quoted in London
- New series for Germany starts 7/63

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Federal Reserve Bank of St. Louis
II. Latest Figures Plotted in H.13 Chart Series, 1967
(all figures per cent per annum)

Upper Panel (Wednesday, May 3)

- Euro-$ deposit 4.62
- U.S. certif. of deposit 4.46

Lower Panel (Friday, May 5)

- Finance co. paper: U.S. 4.50
- Canada 4.64
- Hire-purchase paper, U.K. 4.88

Chart 2 (Friday, May 5)

- Euro-$ deposits:
  - Call 4.50
  - 90-day 4.81
  - 30-day 4.81
  - 180-day 4.88

- Hire-purchase paper (April 28) 4.82
- Local-authority deposit (April 28) 4.89

Chart 3

Upper Panel (Period: May 1-7)

- Interbank loan (mid-point) 3.97
- Euro-$ deposit (average) 4.78

*Lower Panel (Date: April 15)

- Zurich 3-month deposit 4.25
- Price of gold (Friday, April 28) 35.188

Chart 4 (Friday, May 5)

- Treasury bills: Canada 3.93
  - U.S. 3.65
- Spread favor Canada +0.28
- Forward Canadian $ -0.17
- Net incentive (Canada +) +0.11
- Canadian finance paper 4.88

Chart 5 (Friday, May 5)

- Treasury bills: U.K. 5.12
  - U.S. 3.65
- Spread favor U.K. +1.47
- Forward pound -0.81
- Net incentive (U.K. +) +0.66

Chart 6 (Friday, May 5)

- Treasury bills: U.S. 3.65
  - U.K. 5.12
  - Canada 3.93

- Interbank loan rate (German) (May 1-7) 3.97
- Euro-$ deposit (London) 4.81

*Zurich 3-month deposit (Date: April 15) 4.25
- Japan composit rate (Date: January 31) 7.35

Chart 7

- U.S. Gov't. (Wed., May 3) 4.73
- U.K. War Loan (Thurs., May 4) 6.47
- German Fed. (Fri., May 5) 6.87
- Swiss Confed. (Fri., April 21) 4.29
- Canadian Gov't. (Wed., April 20) 5.63
- Netherlands Gov't. perpetual 3% (Friday, May 5) 5.46
- Euro-$ bonds (Fri., May 5) 6.17

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

*Zurich Deposit Rate:

<table>
<thead>
<tr>
<th>Month</th>
<th>Rate</th>
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<tr>
<td>March 15</td>
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<td>23</td>
<td>4.50</td>
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<td>30</td>
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