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
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Chart 4 - Interest Arbitrage: New York/Canada
Chart 5 - Interest Arbitrage: New York/London
Chart 6 - Short-term Interest Rates
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.

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Digitized for FRASER
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Federal Reserve Bank of St. Louis
NEW YORK, LONDON, MONTREAL:
YIELDS FOR U.S. DOLLAR INVESTORS ON 3-MONTH FUNDS
DOLLAR DEPOSIT RATES: NEW YORK-LONDON
London: Yields for U.S. Dollar Investors on 3-Month Funds
Euro-Dollar Deposit Rates

Hire Purchase and Local Authority Deposit Rates (cover)
I INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON

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

IN TERMS OF DM

INTERBANK LOAN RATE

EURO-DOLLAR

DIFFERENTIAL

FAVOR FRANKFURT

FAVOR EURO-DOLLAR

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

IN TERMS OF SWISS FRANCS

EURO-DOLLAR

SWISS DEPOSIT RATE

DIFFERENTIAL

FAVOR ZURICH

FAVOR EURO-DOLLAR

II PRICE OF GOLD IN LONDON

U.S. dollar equivalent per fine ounce

35.0

1965 1966 1967

35.3

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Federal Reserve Bank of St. Louis
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
SHORT-TERM INTEREST RATES

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>EURO-DOLLAR - LONDON†</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.K.</td>
<td></td>
<td></td>
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<tr>
<td>U.S.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SWITZERLAND</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>JAPAN</td>
<td></td>
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<tr>
<td>GERMANY</td>
<td></td>
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<tr>
<td>CANADA</td>
<td></td>
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<tr>
<td>U.S.</td>
<td></td>
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</tbody>
</table>

* Semi-annual; all rates for all countries except Japan. Average rate on bank loans and discounts.
† Swiss and German discount rates and German Bundesbank Loan Rate.

† Semi-annual for U.S. dollar deposits in London.
LONG-TERM BOND YIELDS

NETHERLANDS

CANADA

U.S.

SWITZERLAND

GERMANY

U.K.

EURO-DOLLAR BONDS

U.S.


* Average of yields for four foreign government dollar bonds quoted in London
** New series for Germany starts 7/9/65
*** New series for Switzerland starts 3/3/67

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

CHART 4

SWISS FRANC

GERMAN MARK

U.K. STERLING

FRENCH FRANC

BELGIAN FRANC

DUTCH Guilder

CANADIAN DOLLAR

ITALIAN LIRA

JAPANESE YEN

1965 1966 1967

Above par
Below par

Per cent

1.6
1.2
0.8
0.4
0.0

Per with U.S. dollar
INDUSTRIAL STOCK INDICES

SWITZERLAND

U.K.

U.S.

GERMANY

JAPAN

CANADA

U.S.

1964 1965 1966 1967

360
320
280
240
200
160
120

1964 1965 1966 1967

360
320
280
240
200
160
120
**II. Latest Figures Plotted in H.13 Chart Series, 1967**

*All figures per cent per annum*

**Chart 1**  
*Upper Panel (Wednesday, May 24)*

<table>
<thead>
<tr>
<th>Euro-$ deposit</th>
<th>4.88</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. certif. of deposit</td>
<td>4.48</td>
</tr>
</tbody>
</table>

*Lower Panel (Friday, May 26)*

<table>
<thead>
<tr>
<th>Finance co. paper: U.S.</th>
<th>4.38</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>4.66</td>
</tr>
<tr>
<td>Hire-purchase paper, U.K.</td>
<td>5.00</td>
</tr>
</tbody>
</table>

**Chart 2**  
*Euro-$ deposits (Friday, May 26)*

<table>
<thead>
<tr>
<th>Call</th>
<th>4.62</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-day</td>
<td>5.00</td>
</tr>
<tr>
<td>90-day</td>
<td>5.00</td>
</tr>
<tr>
<td>180-day</td>
<td>5.18</td>
</tr>
<tr>
<td>Hire-purchase paper (May 19)</td>
<td>4.90</td>
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<tr>
<td>Local-authority deposit (May 19)</td>
<td>4.80</td>
</tr>
</tbody>
</table>

**Chart 3**  
*Upper Panel (Period: May 16 - 23)*

<table>
<thead>
<tr>
<th>Interbank loan (mid-point)</th>
<th>3.56</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro-$ deposit (average)</td>
<td>4.26</td>
</tr>
<tr>
<td>Lower Panel (Date: April 15)</td>
<td></td>
</tr>
<tr>
<td>Zurich 3-month deposit</td>
<td>4.25</td>
</tr>
</tbody>
</table>

*Price of gold (Friday, May 19)*

35.179

**Chart 4**  
*Euro-$ deposits (Friday, May 26)*

<table>
<thead>
<tr>
<th>Treasury bills: Canada</th>
<th>4.11</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>3.45</td>
</tr>
<tr>
<td>Spread favor Canada</td>
<td>+0.66</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Forward Canadian $</th>
<th>-0.15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net incentive (Canada +)</td>
<td>+0.51</td>
</tr>
<tr>
<td>Canadian finance paper</td>
<td>4.88</td>
</tr>
</tbody>
</table>

**Chart 5**  
*Treasury bills: U.K. (Friday, May 26)*

<table>
<thead>
<tr>
<th>Treasury bills: U.K.</th>
<th>5.13</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>3.45</td>
</tr>
</tbody>
</table>

| Spread favor U.K.    | +1.68|
| Forward pound        | -0.69|
| Net incentive (U.K. +)| +0.99|

**Chart 6**  
*Treasury bills: U.S. (Friday, May 26)*

<table>
<thead>
<tr>
<th>Treasury bills: U.S.</th>
<th>3.45</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.K.</td>
<td>5.13</td>
</tr>
<tr>
<td>Canada</td>
<td>4.11</td>
</tr>
</tbody>
</table>

| Interbank loan rate (German) (May 16 - 23) | 3.56 |
| Euro-$ deposit (London)                     | 5.00 |

| Zurich 3-month deposit (Date: April 15)     | 4.25 |
| Japan composite rate (Date: March 31)       | 7.32 |

**Chart 7**  
<table>
<thead>
<tr>
<th>U.S. Gov't. (Wed., May 24)</th>
<th>3.91</th>
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</thead>
<tbody>
<tr>
<td>U.K. War Loan (Thurs., May 25)</td>
<td>6.62</td>
</tr>
<tr>
<td>German Fed. (Fri., May 19)</td>
<td>6.68</td>
</tr>
<tr>
<td>*Swiss Confed. (Fri., May 19)</td>
<td>4.70</td>
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<tr>
<td>Canadian Gov't. (Wed., May 17)</td>
<td>5.84</td>
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<tr>
<td>Netherlands Gov't. perpetual 3% (Friday, May 12)</td>
<td>5.50</td>
</tr>
</tbody>
</table>

| Euro-$ bonds (Fri., May 26) | 6.29 |

*Swiss 4-1/2 % 1981
April 28 4.77
May 5   4.72
May 12  4.72
May 19  4.70

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