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
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.

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

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
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

1965 | 1966 | 1967 | 1968
---|---|---|---
35.0 | 35.3 | 35.0

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
Interest Arbitrage, United States/Canada

1 Month Treasury Bill Rates

Can Fin 10 Paper

Papers

United States

Bill Rate Differential and Forward Canadian Dollar Premium

Spread in Favor of Canada

Forward Rate

Discount

3 Month Covered Rate Differentials (Net Incentives)

Prime Finance Paper

Favor Canada

Treasury Bills

Favor U.S.

Favor Canada

1964 1965 1966 1967
INTEREST ARBITRAGE, NEW YORK/LONDON

3-MONTH TREASURY BILL RATES

U.K. LOCAL AUTHORITY P.L.G.I.'S

LONDON

NEW YORK

RATE DIFFERENTIAL AND 3-MONTH FORWARD STERLING

SPREAD IN FAVOR OF LONDON

FORWARD RATE

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)

IN FAVOR OF LONDON

IN FAVOR OF NEW YORK

1965 1966 1967 1968
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 9

3-MONTH FORWARD EXCHANGE RATES AGAINST U.S. DOLLARS—NEW YORK

Friday figures

Swiss Franc
German Mark
Pound Sterling

Discount
Premium

French Franc
Dutch Guilder
Canadian Dollar

Discount

Against Pound Sterling—London

Friday figures

Swiss Franc
German Mark
U.S. Dollar

Discount
Premium

Per cent per annum

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

**Chart 1**
Upper Panel (Wednesday, Dec. 6)

<table>
<thead>
<tr>
<th>Euro-$ deposit</th>
<th>Nov. 29</th>
<th>6.81%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec. 6</td>
<td>6.25%</td>
</tr>
<tr>
<td>U.S. certif. of deposit</td>
<td></td>
<td>5.62%</td>
</tr>
</tbody>
</table>

**Chart 5**
(Friday, Dec. 8)

<table>
<thead>
<tr>
<th>Euro-$ deposits</th>
<th>Nov. 29</th>
<th>6.81%</th>
</tr>
</thead>
<tbody>
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<td>U.S. certif. of deposit</td>
<td></td>
<td>5.62%</td>
</tr>
</tbody>
</table>

**Chart 2**
(Friday, Dec. 8)

<table>
<thead>
<tr>
<th>Finance co. paper: U.S.</th>
<th>5.38</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>5.99</td>
</tr>
<tr>
<td>Hire-purchase paper, U.K.</td>
<td>4.98</td>
</tr>
</tbody>
</table>

**Chart 3**
(Period: Dec. 1-7)

<table>
<thead>
<tr>
<th>Interbank loan (mid-point)</th>
<th>3.98</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro-$ deposit (average)</td>
<td>4.14</td>
</tr>
</tbody>
</table>

**Chart 4**
(Friday, Dec. 8)

<table>
<thead>
<tr>
<th>Treasury bills: Canada</th>
<th>5.45</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>4.89</td>
</tr>
<tr>
<td>Spread favor Canada</td>
<td>+.36</td>
</tr>
<tr>
<td>Forward Canadian $</td>
<td>-.32</td>
</tr>
<tr>
<td>Net incentive (Canada +)</td>
<td>-.24</td>
</tr>
<tr>
<td>Canadian finance paper (Dec. 1)</td>
<td>6.25</td>
</tr>
</tbody>
</table>

**Chart 6**
(Friday, Dec. 8)

<table>
<thead>
<tr>
<th>Euro-$ deposits</th>
<th>Nov. 29</th>
<th>6.81%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec. 6</td>
<td>6.25%</td>
</tr>
<tr>
<td>U.S. certif. of deposit</td>
<td></td>
<td>5.62%</td>
</tr>
</tbody>
</table>

**Chart 7**
(Friday, Dec. 8)

| Euro-$ bonds (Fri., Dec. 8) | 7.32 |

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