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 Rate
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

Note: This report includes data for the two-week period ending December 29, 1967.

Europe and British Commonwealth Section.

NOT FOR PUBLICATION

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

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

U.K. HIRE PURCHASE

CANADIAN FINANCE COMPANY

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

EURO-DOLLAR DEPOSIT RATES

Friday figures

<table>
<thead>
<tr>
<th>Period</th>
<th>Purchased Rates</th>
<th>Local Authority Rates</th>
<th>Differential</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 Day</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>90 Day</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>180 Day</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Per cent per annum

Chart 2

HIRE PURCHASE AND LOCAL AUTHORITY DEPOSIT RATES (covered)

Friday figures

<table>
<thead>
<tr>
<th>Period</th>
<th>Hire Purchase</th>
<th>Euro-Dollar Deposit</th>
<th>Differential</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1966</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1967</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1968</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Per cent per annum
I INTEREST ARBITRAGE: FRANKFURT/LONDON; ZURICH/LONDON
FRANKFURT INTERBANK LOAN RATE VS LONDON EURO-DOLLAR RATE (COVERED)

INTERBANK LOAN RATE

EURO-DOLLAR

DIFFERENTIAL

FAVOR FRANKFURT

FAVOR EURO-DOLLAR

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

DEPOSIT RATE

EURO-DOLLAR

SWISS DEPOSIT RATE

DIFFERENTIAL

FAVOR ZURICH

FAVOR EURO-DOLLAR

II PRICE OF GOLD IN LONDON

1965  1966  1967  1968

35.3

35.0
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

TREASURY BILLS

FAVOR U.S.

Digitized for FRASER
http://fraser.stlouisfed.org/
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

FORWARD RATE

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)

IN FAVOR OF LONDON

IN FAVOR OF NEW YORK

1965 1966 1967 1968
Chart 4
SHORT-TERM INTEREST RATES *

EURO-DOLLAR - LONDON  
U.K.  
U.S.  
SWITZERLAND  
JAPAN  
GERMANY  
CANADA  
U.S.


* Amounts measure all rates for all countries except Japan. Average rate on both loans and discounts, Swiss and 3-month deposit rate, and German 3-month loan rate.
† 3-month rate for U.S. dollar deposits in London.
3-MONTH FORWARD EXCHANGE RATES AGAINST U.S. DOLLARS—NEW YORK

- SWISS FRANC
- GERMAN MARK
- POUND STERLING
- FRENCH FRANC
- DUTCH GILDER
- CANADIAN DOLLAR

AGAINST POUND STERLING—LONDON

- SWISS FRANC
- GERMAN MARK
- U.S. DOLLAR
II. Latest Figures Plotted in H.13 Chart Series, 1967  
(all figures per cent per annum)

<table>
<thead>
<tr>
<th>Chart 1  (Wednesday, Dec. 20)</th>
<th>Chart 5  (Friday, Dec. 22)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro-$ deposit</td>
<td>Treasury bills: U.K.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. certif. of deposit</td>
<td>U.S.</td>
</tr>
<tr>
<td></td>
<td>Spread favor U.K.</td>
</tr>
<tr>
<td>Lower Panel (Friday, Dec. 22)</td>
<td>Forward pound</td>
</tr>
<tr>
<td>Finance co. paper: U.S.</td>
<td>Net incentive (U.K. +)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td></td>
</tr>
<tr>
<td>Hire-purchase paper, U.K.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Chart 2  (Friday, Dec. 22)</td>
<td>Chart 6  (Friday, Dec. 22)</td>
</tr>
<tr>
<td>Euro-$ deposits:</td>
<td></td>
</tr>
<tr>
<td>Call</td>
<td>Treasury bills: U.S.</td>
</tr>
<tr>
<td>6.75 (30-day)</td>
<td></td>
</tr>
<tr>
<td>90-day</td>
<td></td>
</tr>
<tr>
<td>6.38 (90-day)</td>
<td></td>
</tr>
<tr>
<td>180-day</td>
<td></td>
</tr>
<tr>
<td>6.44 (180-day)</td>
<td></td>
</tr>
<tr>
<td>Hire-purchase paper (Dec. 15)</td>
<td>Interbank loan rate (German)</td>
</tr>
<tr>
<td>3.05</td>
<td>(Dec. 1-23)</td>
</tr>
<tr>
<td>Local-authority deposit (Dec. 15)</td>
<td>Euro-$ deposit (London)</td>
</tr>
<tr>
<td>2.95</td>
<td>4.44</td>
</tr>
<tr>
<td>Chart 3  (Period: Dec. 16-23)</td>
<td>Chart 7  (Friday, Dec. 22)</td>
</tr>
<tr>
<td>Interbank loan (mid-point)</td>
<td>U.S. Gov't. (Wed., Dec. 20)</td>
</tr>
<tr>
<td>4.12</td>
<td>5.24</td>
</tr>
<tr>
<td>Euro-$ deposit (average)</td>
<td>U.K. War Loan (Thurs., Dec. 21)</td>
</tr>
<tr>
<td>4.27</td>
<td>7.15</td>
</tr>
<tr>
<td>Lower Panel (Date: Nov. 15)</td>
<td>German Fed. (Fri., Dec. 22)</td>
</tr>
<tr>
<td>Zurich 3-month deposit</td>
<td>6.64</td>
</tr>
<tr>
<td>4.00</td>
<td>Swiss Confed. (Fri., Dec. 7)</td>
</tr>
<tr>
<td>Price of gold (Friday, Dec. 15)</td>
<td>Canadian Gov't. (Wed., Dec. 20)</td>
</tr>
<tr>
<td>35.198</td>
<td>6.54</td>
</tr>
<tr>
<td>Chart 4  (Friday, Dec. 22)</td>
<td>Netherlands Gov't. perpetual 3%</td>
</tr>
<tr>
<td>Treasury bills: Canada U.S.</td>
<td>(Friday, Dec. 8)</td>
</tr>
<tr>
<td>5.84</td>
<td>6.09</td>
</tr>
<tr>
<td>Spread favor Canada</td>
<td>Euro-$ bonds (Fri., Dec. 22)</td>
</tr>
<tr>
<td>4.92</td>
<td>7.44</td>
</tr>
<tr>
<td>Forward Canadian $</td>
<td></td>
</tr>
<tr>
<td>- .48</td>
<td></td>
</tr>
<tr>
<td>Net incentive (Canada +)</td>
<td></td>
</tr>
<tr>
<td>- .44</td>
<td></td>
</tr>
<tr>
<td>Canadian finance paper (Dec. 15)</td>
<td></td>
</tr>
<tr>
<td>6.38</td>
<td></td>
</tr>
</tbody>
</table>

For descriptions and sources of data, see special supplement to H.13, Number 239, March 16, 1966.
II. Latest Figures Plotted in H.13 Chart Series, 1967
(all figures per cent per annum)

Chart 1
Upper Panel (Wednesday, Dec. 27)

- Euro-$ deposit: 6.31
- U.S. certif. of deposit: 5.65

Lower Panel (Friday, Dec. 29)

- Finance co. paper: U.S. 5.50, Canada 5.82

Chart 2 (Friday, Dec. 29)

- Euro-$ deposits:
  - Call: 5.00, 90-day: 6.25
  - 30-day: 6.18, 180-day: 6.44
- Hire-purchase paper (Dec. 22): 3.30
- Local-authority deposit (Dec. 22): 2.23

Chart 3 (Period: Dec. 24-31)

- Interbank loan (mid-point): 3.96
- Euro-$ deposit (average): 3.63

Lower Panel (Date: Nov. 15)

- Zurich 3-month deposit: 4.00
- Price of gold (Friday, Dec. 22): 35.195

Chart 4 (Friday, Dec. 29)

- Treasury bills: Canada 5.82, U.S. 4.98
- Spread favor Canada: +.84
- Forward Canadian $: -.49
- Net incentive (Canada +): -.35
- Canadian finance paper (Dec. 15): 6.38

Chart 5 (Friday, Dec. 29)

- Spread favor U.K.: +2.28
- Forward pound: -2.83
- Net incentive (U.K. +): -.55

Chart 6 (Friday, Dec. 29)

- Treasury bills: U.S. 4.98, U.K. 7.26, Canada 5.82
- Interbank loan rate (German) (Dec. 24-31): 3.96
- Euro-$ deposit (London): 6.25
- Zurich 3-month deposit (Date: Nov. 15): 4.00
- Japan composite rate (Date: Sept. 29): 7.29

Chart 7

- U.S. Gov't. (Wed., Dec. 27): 5.25
- U.K. War Loan (Thurs., Dec. 28): 7.15
- German Fed. (Fri., Dec. 29): 6.62
- Swiss Confed. (Fri., Dec. 7): 4.73
- Netherlands Gov't. perpetual 3% (Friday, Dec. 15): 6.09
- Euro-$ bonds (Fri., Dec. 29): 7.43

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