C AMITAL MARKET DEVELOPMENTS ABROAD

I. Ten Charts on Financial Markets Abroad

II. Latest Figures Plotted in H.13 Chart Series, 1968

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
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Chart 9 - 3-month Forward Exchange Rates
Chart 10 - Industrial Stock Indices

Europe and British Commonwealth Section.

NOT FOR PUBLICATION

DECONTROLLED AFTER SIX MONTHS
Chart 2

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

EURO-DOLLAR DEPOSIT RATES

Friday figures

<table>
<thead>
<tr>
<th>Rate</th>
<th>1965</th>
<th>1966</th>
<th>1967</th>
<th>1968</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 day</td>
<td>Call</td>
<td>0.0</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>90 day</td>
<td>1.0</td>
<td>1.5</td>
<td>2.0</td>
<td>2.5</td>
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<tr>
<td>180 day</td>
<td>2.0</td>
<td>3.0</td>
<td>4.0</td>
<td>5.0</td>
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</tbody>
</table>

DIFFERENTIAL

FAVOR HIRE PURCHASE

FAVOR EURO-DOLLAR

FAVOR LOCAL AUTHORITY

FAVOR EURO-DOLLAR

Per cent per annum

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http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON

Frankfurt Interbank Loan Rate vs. London Euro-Dollar Rate (Covered)

In terms of DM

- Frankfurt Interbank Loan Rate vs. Euro-Dollar rate: Differential favors Frankfurt.

Zurich Deposit Rate vs. London Euro-Dollar Rate (Covered)

In terms of Swiss Francs

- Zurich Deposit Rate vs. Euro-Dollar rate: Differential favors Euro-Dollar.

Price of Gold in London

- Price in US dollars equivalent per fine ounce from 1965 to 1968:
  - 1965: 35.3
  - 1966: 35.0
  - 1967: 35.3
  - 1968: 35.0
Chart 4
INTEREST ARBITRAGE, UNITED STATES/CANADA
Friday figures

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

TREASURY BILLS

FAVOR U.S.

FAVOR CANADA


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

Per cent per annum

EURO-DOLLAR - LONDON

U.K.

U.S.

SWITZERLAND

JAPAN

GERMANY

CANADA

U.S.


1 2 3 4 5 6 7 8 9

* 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Netherlands</th>
<th>Canada</th>
<th>Switzerland</th>
<th>Germany</th>
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<tbody>
<tr>
<td>1963</td>
<td></td>
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<tr>
<td>1967</td>
<td></td>
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</tbody>
</table>

* 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

Source: Federal Reserve Bank of St. Louis

http://fraser.stlouisfed.org/
Chart 8
SPOT EXCHANGE RATES - MAJOR CURRENCIES AGAINST U.S. DOLLAR

- SWISS FRANC
- GERMAN MARK
- U.K. STERLING
- BELGIAN FRANC
- DUTCH GUILDER
- FRENCH FRANC
- CANADIAN DOLLAR
- ITALIAN LIRA
- JAPANESE YEN

* Devaluation of the pound sterling from $2.80 to $2.40

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Federal Reserve Bank of St. Louis
3-MONTH FORWARD EXCHANGE RATES
AGAINST U.S. DOLLARS—NEW YORK
Friday figures

AGA I NST POUND STERLING—LONDON
Friday figures
Chart 10

INDUSTRIAL STOCK INDICES

1958 = 100

Ratio scale

360
320
280
240
200
160
120
80
40

1964 1965 1966 1967

Swiss Bank Corporation industrial stock index
Japan: index of 225 industrial and other stocks traded on the Tokyo exchange
II. Latest Figures Plotted in H.13 Chart Series, 1968
(all figures per cent per annum)

January 17, 1968.

Chart 1
Upper Panel (Wednesday, Jan. 10)
- Euro-$ deposit 6.12
- U.S. certif. of deposit 5.58

Lower Panel (Friday, Jan. 12)
- Finance co. paper: U.S. 5.50
- Canada 5.46
- Hire-purchase paper, U.K. 5.46

Chart 2
(Friday, Jan. 12)
- Euro-$ deposits:
  Call 4.75
  30-day 5.56
  90-day 6.12
  180-day 6.38
- Hire-purchase paper (Jan. 5) 5.63
- Local-authority deposit (Jan. 5) 5.19

Chart 3
Upper Panel (Period: Jan. 8-15)
- Interbank loan (mid-point) 3.25
- Euro-$ deposit (average) 3.17

Lower Panel (Date: Dec. 15, 1967)
- Zurich 3-month deposit 4.00

Chart 4
(Friday, Jan. 12)
- Price of gold (Friday, Jan. 5) 35.140

Chart 5
(Friday, Jan. 12)
- Treasury bills: U.K. 7.21
  U.S. 5.03
- Spread favor U.K. 2.18
- Forward pound 2.60
- Net incentive (U.K. +) .42

Chart 6
(Friday, Jan. 12)
- Treasury bills: U.S. 5.03
  U.K. 7.21
  Canada 5.67
- Interbank loan rate (German) (Jan. 8-15) 3.25
- Euro-$ deposit (London) 6.12
- Zurich 3-month deposit (Date: Dec. 15, 1967) 4.00
- Japan composite rate (Date: Oct. 27, 1967) 7.32

Chart 7
- U.S. Gov't. (Wed., Jan. 10) 5.01
- U.K. War Loan (Thurs., Jan. 11) 7.12
- German Fed. (Fri., Jan. 12) 6.61
- Swiss Confed. (Fri., Jan. 5) 4.75
- Canadian Gov't. (Wed., Jan. 3) 6.62
  (Wed, Jan. 10) 6.49
- Netherlands Gov't. perpetual 3% (Friday, Jan. 5) 6.09
- Euro-$ bonds (Fri., Jan. 12) 7.57

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