CAPITAL 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: Yields on U.S. Dollar 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

NOTE: Starting with this issue, the Swiss Long-Term Bond Yield plotted on Chart 7 will be The Swiss Composite Government Bond Yield. This series replaces the 3 per cent Swiss Confederation Bond (1967-74) yields which are no longer available. The new series has been plotted back to August 2, 1968.

Europe and British Commonwealth Section.

NOT FOR PUBLICATION

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

Wednesday figures

1965 1966 1967 1968

CALL EURO-DOLLAR DEPOSIT RATE VS. U.S. FEDERAL FUNDS RATE

MAR. JUN. SEPT. DEC. MAR. JUN. SEPT. DEC. MAR. JUN. SEPT. DEC. MAR. JUN. SEPT. DEC.

EURO-DOLLAR DEPOSIT

U.S. CERTIFICATE OF DEPOSIT

EURO-DOLLAR OVER U.S. CERTIFICATE OF DEPOSIT

CALL EURO-DOLLAR DEPOSITS

FEDERAL FUNDS

EURO-DOLLAR OVER FEDERAL FUNDS

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
LONDON: YIELDS FOR U.S. DOLLAR INVESTORS ON 3-MONTH FUNDS
EURO-DOLLAR DEPOSIT RATES

Friday figures

Per cent per annum

Chart 2A

1965 | 1966 | 1967 | 1968

30 DAY

CALL

180 DAY

90 DAY

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
Chart 25

LONDON: YIELDS FOR U.S. DOLLAR INVESTORS ON 3-MONTH FUNDS
HIRE PURCHASE AND LOCAL AUTHORITY DEPOSIT RATES (covered)

Hire Purchase

Euro-Dollar Deposit

Differential

 Favor Hire Purchase

 Favor Euro-Dollar

Local Authority Deposit

Differential

 Favor Local Authority

 Favor Euro-Dollar

1965 1966 1967 1968

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

IN TERMS OF DM

INTERBANK LOAN RATE

DIFFERENTIAL

FAVOR FRANKFURT

FAVOR EURO-DOLLAR

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

IN TERMS OF SWISS FRANCS

SWISS DEPOSIT RATE

DIFFERENTIAL

FAVOR ZURICH

FAVOR EURO-DOLLAR

II PRICE OF GOLD IN LONDON

U.S. dollar equivalent per fine ounce

35.5
35.4
35.3
35.2
35.1
35.0

1965 1966 1967 1968


Market closed March 15 April 1, 1968.
Chart 4
INTEREST ARBITRAGE, UNITED STATES / CANADA
Friday figures

3-MONTH TREASURY BILL RATES

CAN. FIN. CO. PAPER
UNITED STATES
CANADA

BILL RATE DIFFERENTIAL AND FORWARD CANADIAN DOLLAR PREMIUM

SPREAD IN FAVOR OF CANADA
FORWARD RATE
DISCOUNT

3-MONTH COVERED RATE DIFFERENTIALS (NET INCENTIVES)

TREASURY BILLS
PRIME FINANCE PAPER

FAVOR CANADA
FAVOR U.S.
FAVOR U.S.
FAVOR CANADA

1965 1966 1967 1968
Chart 5A
INTEREST ARBITRAGE, NEW YORK/LONDON

3-MONTH TREASURY BILL RATES

- U.K. LOCAL AUTHORITY DEPOSITS
- LONDON
- NEW YORK

Per cent per annum

1965 1966 1967 1968
INTEREST ARBITRAGE, NEW YORK/LONDON

RATE DIFFERENTIAL AND 3-MONTH FORWARD STERLING

SPREAD IN FAVOR OF LONDON

PREMIUM

DISCOUNT

FORWARD RATE

IN FAVOR OF LONDON

IN FAVOR OF NEW YORK

RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER (NET INCENTIVE)
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

CANADA

GERMANY

Chart 8A

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


- Devaluation of the pound sterling from $2.80 to $2.40.
3-MONTH FORWARD EXCHANGE RATES
AGAINST U.S. DOLLARS—NEW YORK
Friday figures

Per cent per annum

<table>
<thead>
<tr>
<th>Currency</th>
<th>Premium+</th>
<th>Discount-</th>
</tr>
</thead>
<tbody>
<tr>
<td>German Mark</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swiss Franc</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pound Sterling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dutch Guilder</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canadian Dollar</td>
<td></td>
<td></td>
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<tr>
<td>French Franc</td>
<td></td>
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</tbody>
</table>

Chart 9B

3-MONTH FORWARD EXCHANGE RATE AGAINST POUND STERLING — LONDON
Friday figures

<table>
<thead>
<tr>
<th>PREMIUM*</th>
</tr>
</thead>
<tbody>
<tr>
<td>GERMAN MARK</td>
</tr>
<tr>
<td>U.S. DOLLAR</td>
</tr>
<tr>
<td>SWISS FRANC</td>
</tr>
</tbody>
</table>

| M | J | S | D | M | J | S | D | M | J | S | D |

Per cent per annum
Chart 10
INDUSTRIAL STOCK INDICES

- Swiss Bank Corporation industrial stock index
- Japan index of 225 industrial and other stocks traded on the Tokyo exchange

1958-100
Ratio scale

1965 1966 1967 1968
II. a. Latest Figures Plotted in H. 13 Series
(all figures in per cent per annum)

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<th>Chart 1</th>
<th>Chart 4</th>
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<tr>
<td><strong>Upper Panels (Wednesday, Sept. 18)</strong></td>
<td>Treasury bills: Canada</td>
</tr>
<tr>
<td>Euro-$ deposit</td>
<td>5.81</td>
</tr>
<tr>
<td>U.S. certif. of deposit</td>
<td>5.80</td>
</tr>
<tr>
<td><strong>Lower Panels (Wednesday, Sept. 18)</strong></td>
<td>Spread (favor Canada +)</td>
</tr>
<tr>
<td>Call Euro-$ deposit</td>
<td>5.46</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>5.65</td>
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</table>

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<tr>
<th>Chart 2A</th>
<th>Chart 5A</th>
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</thead>
<tbody>
<tr>
<td><strong>Euro-$ deposits (Friday, Sept. 20)</strong></td>
<td>U.K. Local Authority deposit (Sept. 13)</td>
</tr>
<tr>
<td><strong>Upper Panel</strong></td>
<td><strong>Treasury bills:</strong></td>
</tr>
<tr>
<td>Call</td>
<td>5.38</td>
</tr>
<tr>
<td>30-day</td>
<td>5.56</td>
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<tr>
<td><strong>Lower Panel</strong></td>
<td>U.S.</td>
</tr>
<tr>
<td>90-day</td>
<td>5.81</td>
</tr>
<tr>
<td>180-day</td>
<td>6.06</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Chart 2B</th>
<th>Chart 5B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hire-Purchase (Sept. 13)</strong></td>
<td>Spread (favor U.K. +)</td>
</tr>
<tr>
<td><strong>Local Authority (Sept. 13)</strong></td>
<td>Forward rate</td>
</tr>
<tr>
<td><strong>Euro-$ deposit (Sept. 13)</strong></td>
<td>Net incentive (U.K. +)</td>
</tr>
<tr>
<td>5.04</td>
<td>5.23</td>
</tr>
<tr>
<td>5.94</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Chart 3</th>
<th>Chart 6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Upper Panel (Period: Sept. 16-23)</strong></td>
<td><strong>Treasury Bills</strong></td>
</tr>
<tr>
<td>Interbank Loan (mid-point)</td>
<td>3.54</td>
</tr>
<tr>
<td>Euro-$ deposits (average)</td>
<td>3.42</td>
</tr>
<tr>
<td><strong>Lower Panel (date: Sept. 23)</strong></td>
<td>U.K.</td>
</tr>
<tr>
<td>Zurich 3-mo. deposit</td>
<td>3.75</td>
</tr>
<tr>
<td>Euro-$ rate (covered) (Sept. 23)</td>
<td>4.81</td>
</tr>
<tr>
<td>Euro-$ deposit (London)</td>
<td>5.81</td>
</tr>
<tr>
<td>II. Price of Gold (London) $40.39</td>
<td>German Interbank loan rate (Sept. 20)</td>
</tr>
<tr>
<td>(average-week ended Sept. 20)</td>
<td>Zurich 3-month deposit (Sept. 18)</td>
</tr>
<tr>
<td></td>
<td>Japan Composite Rate (July 31)</td>
</tr>
<tr>
<td></td>
<td>U.S. Treasury bills (Sept. 20)</td>
</tr>
</tbody>
</table>
Chart 7

Upper Panel
U.S. Gov't. (Wed., Sept. 18) 5.10
Netherlands Govt. (Fri., ___ ) n.a.
Canadian Gov't. (Wed., Sept. 18) 6.62
Swiss Gov't. Composite (Fri., Sept. 20) 4.35

Middle Panel
German Fed., (Fri., Sept. 20) 6.20
U.K. War Loan (Thus., Sept. 19) 7.52
Euro-$ bonds (Fri., Sept. 20) 7.61

Lower Panel
U.S. Euro-bonds (Aug. 31) 7.16
U.S. Corporate Aaa (Aug. 31) 6.02

Chart 9A

Against U.S. dollars
(Upper Panel)
Swiss francs +0.87
German marks +2.36
£ sterling -2.03

(Lower Panel)
French franc -1.79
Dutch guilder +1.02
Canadian dollar -0.97

Chart 9B

Against pound sterling
(Upper Panel)
German mark +4.48
U.S. dollar +1.79

(Lower Panel)
Swiss franc +2.69

Chart 8A

Chart 8B

For descriptions and sources of data, see Special Supplement No. 343-S dated March 27, 1968.