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
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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.

NOT FOR PUBLICATION

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

Wednesday figures

EURO-DOLLAR DEPOSIT

U.S. CERTIFICATE OF DEPOSIT

EURO-DOLLAR OVER U.S. CERTIFICATE OF DEPOSIT

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

CALL EURO-DOLLAR DEPOSITS

FEDERAL FUNDS

EURO-DOLLAR OVER FEDERAL FUNDS

1965 1966 1967 1968

Per cent per annum
Chart 2A
LONDON: YIELDS FOR U.S. DOLLAR INVESTORS ON 3-MONTH FUNDS
EURO-DOLLAR DEPOSIT RATES
Friday figures

For per cent per annum

30 DAY
CALL

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

Friday figures

Euro-dollar deposit

Hire purchase

Differential

 Favor hire purchase

 Favor euro-dollar

 Euro-dollar deposit

 Local authority deposit

 Favor local authority

 Favor euro-dollar

1965 1966 1967 1968
I INTEREST ARBITRAGE: FRANKFURT/LONDON, ZURICH/LONDON
FRANKFURT INTERBANK LOAN RATE VS. LONDON EURO-DOLLAR RATE (COVERED)

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

INTERBANK LOAN RATE

DIFFERENTIAL

Favor Frankfurt

Favor Euro-Dollar

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

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

SWISS DEPOSIT RATE

DIFFERENTIAL

Favor Zurich

Favor Euro-Dollar

II PRICE OF GOLD IN LONDON

Price of Gold in London

U.S. dollar equivalent per fine ounce

Market closed March 15-April 1, 1968.

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http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis
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.
**Chart 7**

**LONG-TERM BOND YIELDS**

Weekly figures

- **NETHERLANDS**
- **CANADA**
- **U.S.**
- **SWITZERLAND**
- **GERMANY**
- **U.K.**
- **EURO-DOLLAR BONDS**
- **U.S. EURO-DOLLAR BONDS**
- **U.S. CORP. Aaa BONDS**

*Average of yields for four foreign government dollar bonds quoted in London*

- **••** New series for Germany starts 7/7/65
- **•••** New series for Switzerland starts 3/3/67
- **••••** New series for Netherlands starts 1/7/66
- **•••••** New series for Switzerland starts 8/2/68

*Digitized for FRASER*

http://fraser.stlouisfed.org/

Federal Reserve Bank of St. Louis
Above par
1.6

Par with U.S. dollar

Below par

Above par

Par with U.S. dollar

Below par


*Devaluation of the pound sterling from $2.80 to $2.40.
SPOT EXCHANGE RATES - MAJOR CURRENCIES AGAINST U.S. DOLLAR

Above par

Belgian Franc

Italian Lira

Canadian Dollar


Per cent

Above par

100

Par with U.S. dollar

Below par
3-MONTH FORWARD EXCHANGE RATES
AGAINST U.S. DOLLARS—NEW YORK
Friday figures

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Per cent per annum
3-MONTH FORWARD EXCHANGE RATE
AGAINST POUND STERLING—LONDON

Friday figures

Per cent per annum

Chart 9B

PREMIUM+

GERMAN MARK

U.S. DOLLAR

SWISS FRANC

DISCOUNT−


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Federal Reserve Bank of St. Louis
Chart 10

INDUSTRIAL STOCK INDICES

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

Chart 1

Upper Panels (Wednesday, Oct. 16)
- Euro-$ deposit 6.44
- U.S. certif. of deposit 5.97

Lower Panels (Wednesday, Oct. 16)
- Call Euro-$ deposit 6.45
- Federal Funds 5.90

Chart 2A

Euro-$ deposits (Friday, Oct. 18)

Upper Panel
- Call 6.25
- 30-day 6.56

Lower Panel
- 90-day 6.50
- 180-day 6.50

Chart 2B

Hire-Purchase (Oct. 11) 6.00
Local Authority (Oct. 11) 5.87
Euro-$ deposit (Oct. 11) 6.56

Chart 3

I. Upper Panel (Period: Oct. 16-23)
- Interbank Loan (mid-point) 4.75
- Euro-$ deposits (average) 4.11

Lower Panel (date: Oct. 16-23)
- Zurich 3-mo. deposit 4.00
- Euro-$ rate (covered) (Oct. 23) 5.99

II. Price of Gold (London) 39.14
(average-week ended Oct. 18)

Chart 4

(Friday, Oct. 18)

- Treasury bills: Canada 5.47
- U.S. 5.30
- Spread (favor Canada +) +0.17
- Forward Canadian dollar -0.45
- Net incentive (Canada +) -0.28
- Canadian Finance paper 6.00

Chart 5A

(U.K. Local Authority deposit 7.31
Treasury bills: U.K. 6.35
U.S. 5.30

Chart 5B

- Spread (favor U.K. +) +1.05
- Forward rate -1.38
- Net incentive (U.K. +) -0.28

Chart 6

(Upper Panel (Friday, Oct. 18)
- Treasury Bills U.S. 5.30
- U.K. 6.35
- Canada 5.47

-Lower Panel
- Euro-$ deposit (London) 6.50

German Interbank loan rate (Oct. 16-23) 4.75
Zurich 3-month deposit (Oct. 16) 4.00
Japan Composite Rate (Aug. 30) 7.49
U.S. Treasury bills (Oct. 18) 5.30

II. Price of Gold (London) 39.14
(average-week ended Oct. 18)
Chart 7

Upper Panel

- U.S. Gov't. (Wed., Oct. 16) 5.35
- Netherlands Gov't. (Fri., Oct. 11) 6.48
- Canadian Gov't. (Wed., Oct. 16) 7.00
- Swiss Gov't. Composite (Fri., Oct. 18) 4.37

Middle Panel

- German Fed., (Fri., Oct. 18) 6.21
- U.K. War Loan (Thus., Oct. 17) 7.59
- Euro-$ bonds (Fri., Oct. 18) 7.56

Lower Panel

- U.S. Euro-bonds (Sept. 30) 7.14
- U.S. Corporate Aaa (Sept. 30) 5.97

Chart 8A

(Friday, Oct. 18)

Upper Panel

- Swiss francs +1.80
- German marks +0.37
- U.K. £ sterling -0.45

Lower Panel

- French francs -0.75
- Dutch guilders +0.78
- Italian lira +0.23

Chart 8B

(Friday, Oct. 18)

Upper Panel

- Swiss francs +0.47
- German marks +2.41
- £ sterling -1.43

Lower Panel

- French franc -0.40
- Dutch guilder +1.13
- Canadian dollar -0.45

Chart 9A

Against U.S. dollars

(Friday, Oct. 18)

Upper Panel

- Swiss francs +0.47
- German marks +2.41
- £ sterling -1.43

Lower Panel

- French franc -0.40
- Dutch guilder +1.13
- Canadian dollar -0.45

Chart 9B

Against pound sterling

(Friday, Oct. 18)

Upper Panel

- German mark +3.83
- U.S. dollar +1.16
- Swiss franc +1.56

Lower Panel

- French franc -0.75
- Dutch guilder +0.78
- Italian lira +0.23

Chart 10

(Index; 1958 = 100)

Upper Panel

- U.K. (Oct. 18) 274.8
- Germany (Oct. 7) 266.8
- Switzerland (Oct. 18) 345.7

Lower Panel

- U.S. (Oct. 18) 230.5
- Canada (Oct. 10) 219.0
- Japan (Oct. 18) 302.3

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