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H.14

December 5, 1960.

CAPITAL MARKET DEVELOPMENTS
IN THE UNITED STATES AND CANADA

(Including Review of Recent Developments
in Money and Capital Markets in Japan)

Part I - United States

Last week the volume of new public security financing was moderate. No large corporate security issues were sold publicly. Two large State and local government bond issues with par value of \$30 million were publicly offered and FNMA sold a \$100 million six-year note issue. This week new financing will be substantial. Four corporate issues with proceeds of \$200 million are scheduled for public offering and two large State and local government bond issues with par value of \$23 million are on the calendar.

Bond yields - Yields on most types of outstanding long-term bonds rose last week. The increase was small, however, and did not occur in yields on lower-grade State and local government obligations.

Short- and intermediate-term interest rates - Yields on Treasury bills declined slightly last week while yields on intermediate-term Government obligations increased. Other principal short-term interest rates were unchanged.

FNMA secondary market operations - Secondary market operations of the Federal National Mortgage Association during October continued to reflect some further easing in residential mortgage markets. Offerings of mortgages to FNMA and FNMA purchases declined further while FNMA sales edged up.

(Note.--Under its secondary market operations, FNMA's recent step to issue standby commitments for purchase of mortgages on existing housing applies only to 1- to 4-family properties. It does not include multifamily units, contrary to what was incorrectly stated in this report dated October 31.)

December new security financing volume - Sales of corporate securities to raise new capital in December are expected to total \$900 million, somewhat above the estimated November volume but the same as a year earlier. Takedowns of privately placed securities are expected to be in large volume as they are usually this time of year. This December volume of financing will bring the 1960 total to \$9.7 billion, \$0.3 million larger than last year but below the level of financing of the three preceding years.

State and local government bond sales in December are expected to total about \$450 million on the basis of currently scheduled offerings. This is slightly more than the revised November estimate but about the same as in December last year. State and local government bond sales for the year would then total about \$7.4 billion, about 5 per cent less than the volume of new financing in 1958 and 1959.

Stock prices - Stock prices, as measured by Standard and Poor's index of 500 stocks, declined slightly last week, closing on Friday at 55.39. Trading volume, averaging 3.4 million shares a day, was somewhat heavier than a week earlier.

More detailed information concerning recent capital market developments is presented in the attached exhibits.

Developments in the Canadian capital markets are presented in Part II at the end of this report. A review of recent developments in money and capital markets in Japan is presented in Appendix 1.

Capital Markets Section,
Division of Research and Statistics,
Board of Governors of the Federal Reserve System.

EXHIBIT A

LONG-TERM BOND YIELDS

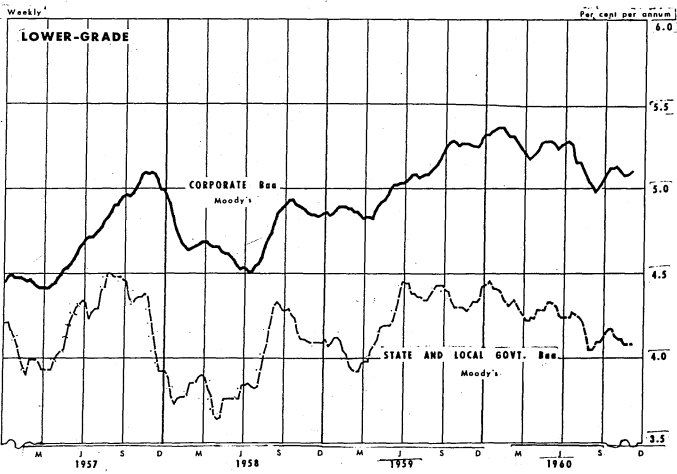
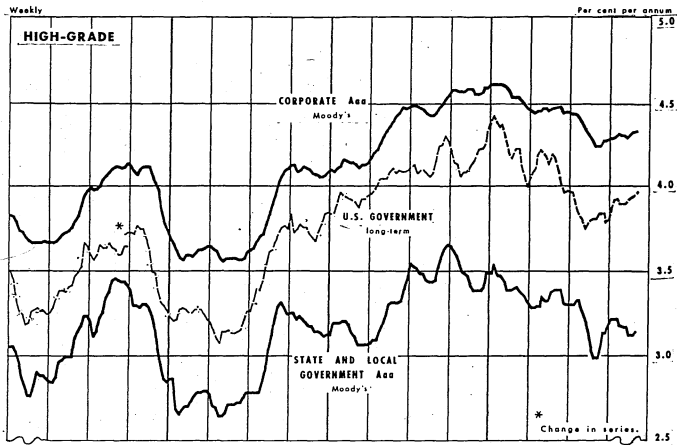


Exhibit B - Tables for Exhibit A
Long-term Bond Yields
High-grade

Date	Corporate Aaa 1/	U. S. Govt. long-term 2/	State and local govt. Aaa 3/	Spread between U. S. Govt. and	
				Corporate Aaa	State and local Aaa
(Per cent)					
1954 - Low	2.85 (4/23)	2.45 (8/6)	1.90 (9/2)	.30	.30
1957 - High	4.14 (9/27)	3.76 (10/18)	3.45 (8/29)	.60	.47
1958 - Low	3.55 (5/2)	3.07 (4/25)	2.64 (5/1)	.22	.34
1959 - High	4.61 (12/31)	4.37 (12/31)	3.65 (9/24)	.50	.92
Low	4.09 (1/9)	3.83 (1/2)	3.06 (3/26)	.16	.53
1960 - High	4.61 (1/29)	4.42 (1/8)	3.53 (1/7)	.59	.92
Low	4.23 (9/9)	3.75 (8/5)	2.99 (9/1)	.19	.53
Nov. 4	4.30	3.90	3.16	.40	.74
Nov. 11	4.29	3.91	3.16	.38	.75
Nov. 18	4.30	3.92	3.12	.38	.80
Nov. 25	4.32	3.94	3.12	.38	.82
Dec. 2 p/	4.33	3.97	3.14	.36	.83

Lower-grade

Date	Corporate Baa 1/	State and local govt. Baa 3/	Spread between Aaa and Baa	
			Corporate	State and local govt.
(Per cent)				
1954 - Low	3.44 (12/31)	2.93 (8/5)	.52	.96
1957 - High	5.10 (11/29)	4.51 (8/29)	1.27	1.21
1958 - Low	4.51 (7/11)	3.64 (5/1)	.77	.93
1959 - High	5.32 (12/31)	4.46 (7/2)	.77	.98
Low	4.83 (4/17)	3.92 (3/26)	.56	.79
1960 - High	5.36 (2/12)	4.46 (1/7)	.84	1.08
Low	4.98 (9/9)	4.05 (9/1)	.71	.92
Nov. 4	5.10	4.11	.80	.95
Nov. 11	5.08	4.11	.79	.95
Nov. 18	5.07	4.07	.77	.95
Nov. 25	5.08	4.07	.76	.95
Dec. 2 p/	5.10	4.07	.77	.93

p/ Preliminary.

1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

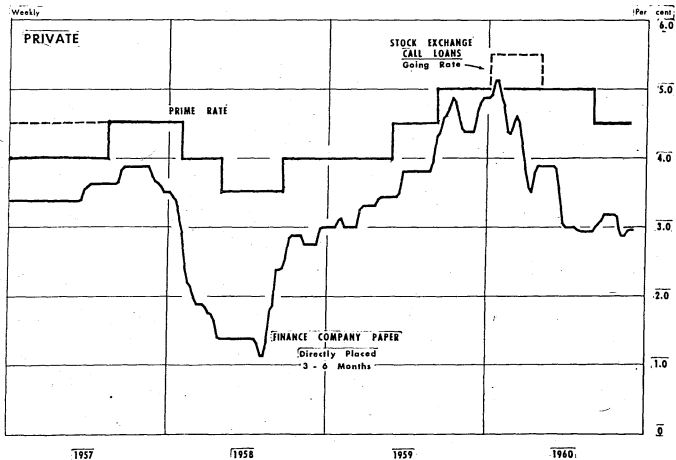
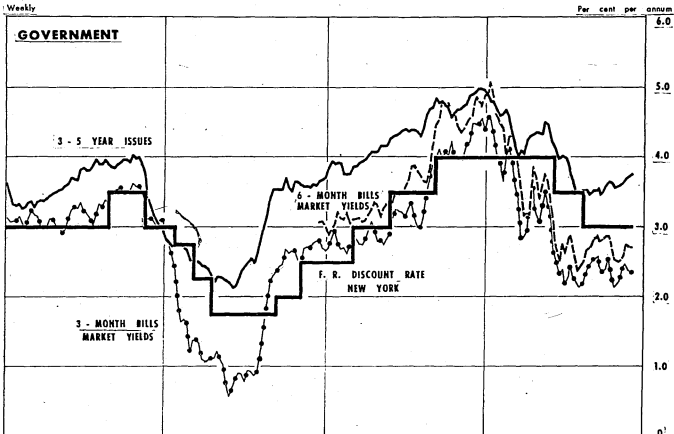
2/ Weekly average of daily figures. The series includes bonds due or callable in 10 years or more.

3/ Thursday figures. Only general obligation bonds are included; average term is 20 years.

Note.—Highs and lows are for individual series and may be on different dates for different series.

EXHIBIT C

SHORT- AND INTERMEDIATE- TERM INTEREST RATES



1957

1958

1959

1960

Exhibit D - Tables for Exhibit C

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Short- and Intermediate-term Interest Rates

Government

Date	Discount rate $\frac{1}{2}$	Yields			Spread between yields on	
		3-month bills $\frac{2}{2}$	6-month bills $\frac{2}{2}$	3-5 year issues $\frac{2}{2}$	3-month bills and yields on 6-mo. bills	3-5 yr. issues
(per cent)						
1954 - Low	1.50	.61 (6/11)	--	1.66 (4/30)	--	.66
1957 - High	3.50	3.64 (10/18)	--	4.04 (10/18)	--	.86
1958 - Low	1.75	.58 (5/29)	3.02 (12/26)	2.14 (6/6)	.26	.04
1959 - High	4.00	4.57 (12/24)	4.91 (12/31)	5.00 (12/24)	.79	1.42
Low	2.50	2.63 (2/20)	2.92 (1/2)	3.70 (1/2)	.19	.40
1960 - High	4.00	4.59 (1/8)	5.07 (1/8)	4.97 (1/8)	.58	1.81
Low	3.00	2.11 (10/28)	2.39 (8/5)	3.47 (9/23)	.16	.38
Nov. 4	3.00	2.20	2.50	3.59	.30	1.39
Nov. 11	3.00	2.40	2.59	3.63	.19	1.23
Nov. 18	3.00	2.46	2.75	3.69	.29	1.23
Nov. 25	3.00	2.38	2.71	3.72	.33	1.01
Dec. 2 $\frac{p}{2}$	3.00	2.35	2.70	3.75	.35	1.40

Private

Date	Stock Exchange call loan $\frac{1}{2}$	Prime rate $\frac{1}{2}$	Finance company paper $\frac{3}{2}$	Spread between 3-month Treasury bill yield and finance company paper rates	
(per cent)					
1954 - Low	3.00	3.00	1.25 (12/31)	0 (12/18)	
1957 - High	4.50	4.50	3.88 (11/15)	.59 (7/19)	
1958 - Low	3.50	3.50	1.13 (8/8)	-.35 (8/29)	
1959 - High	5.00	5.00	4.88 (12/31)	.86 (10/9)	
Low	4.00	4.00	3.00 (3/6)	.13 (12/4)	
1960 - High	5.50	5.00	5.13 (1/22)	1.02 (3/25)	
Low	4.50	4.50	2.88 (11/4)	.22 (4/15)	
Nov. 4	4.50	4.50	2.88	.68	
Nov. 11	4.50	4.50	2.88	.48	
Nov. 18	4.50	4.50	2.93	.47	
Nov. 25	4.50	4.50	2.94	.56	
Dec. 2 $\frac{p}{2}$	4.50	4.50	2.94	.59	

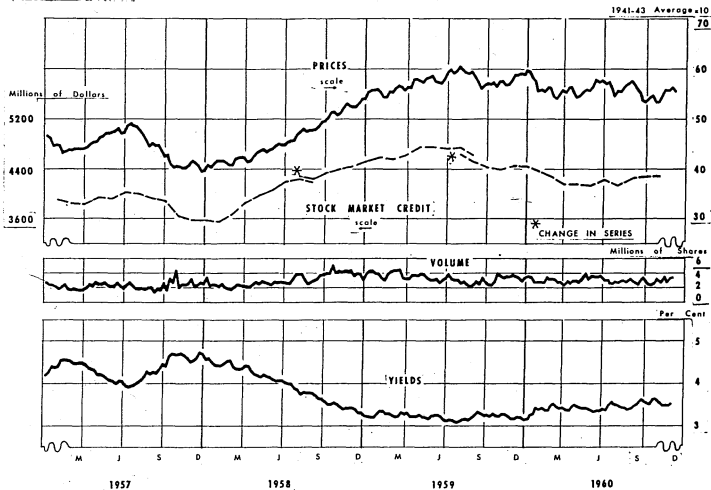
$\frac{1}{2}$ Weekly rate shown is that in effect at end of period. Discount rate is for Federal Reserve Bank of New York. Stock exchange call loan rate is going rate on call loans secured by customers' stock exchange collateral at New York City banks. Prime rate is that charged by large banks on short-term loans to business borrowers of the highest credit standing.

$\frac{2}{2}$ Market yield; weekly averages computed from daily closing bid prices. Series of 3-5 year issues consists of selected notes and bonds.

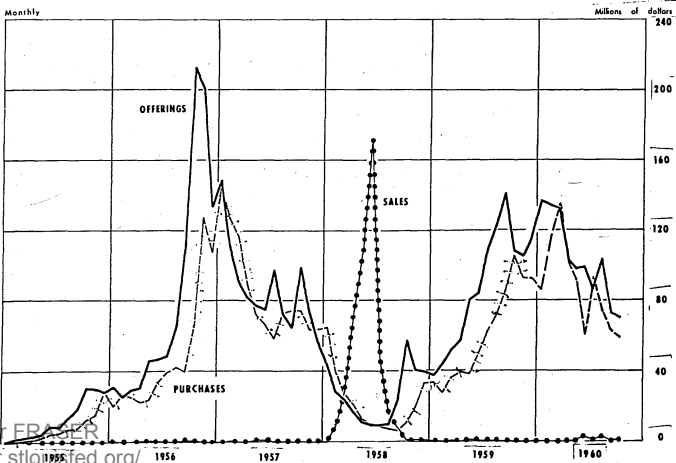
$\frac{3}{2}$ Average of daily rates published by finance companies for directly placed paper for varying maturities in the 90-179 day range.

Note: High and low rates for individual series and may be on different dates for different series. For spreads, high refers to widest, and low to narrowest.

STOCK MARKET



**FEDERAL NATIONAL MORTGAGE ASSOCIATION
SECONDARY MARKET OPERATIONS**



Stock Market

Date	Stock price index 1/	Common stock yields 2/ (per cent)	Trading volume 3/ (millions of shares)	Stock market customer credit		
				Total	Customers' debit balances 4/	Bank loans to "others" 5/
(Millions of dollars)						
1957-59 - High	60.51 (7/31/59)	3.07	4.3	4,764	3,401	1,373
Low	39.78 (12/27/57)	4.66	1.4	3,554	2,482	1,060
1960 - High	59.50 (1/8)	3.18	3.9	4,365	3,198	1,167
Low	53.32 (10/21)	3.62	2.2	4,132	3,004	1,111
October	53.73	3.60	2.6	4,294	3,133	1,161
November	55.47	3.51	3.1	n.a.	n.a.	n.a.
Nov. 18	55.82	3.48	2.8	n.a.	n.a.	1,150
Nov. 25	56.13	3.47	3.2	n.a.	n.a.	1,155
Dec. 2 p/	55.39	3.51	3.4	n.a.	n.a.	n.a.

n.a.--Not available. p/ Preliminary.

1/ Standard and Poor's composite index of 500 common stocks, weekly closing prices, 1941-43=10. Monthly data are averages of daily figures rather than of Fridays' only. Highs and lows are for Fridays' data only.

2/ Standard and Poor's composite stock yield based on Wednesday data converted to weekly closing prices by Federal Reserve. Yields shown are for dates on which price index reached its high or low.

3/ Averages of daily trading volume on the New York Stock Exchange.

4/ End of month figures for member firms of the New York Stock Exchange which carry margin accounts; excludes balances secured by U. S. Government obligations.

5/ Wednesday figures for weekly reporting member banks. Excludes loans for purchasing or carrying U. S. Government securities. Prior to July 1, 1959, such loans are excluded only at banks in New York and Chicago. Weekly reporting banks account for about 70 per cent of loans to others. For further detail see Bulletin.

Federal National Mortgage Association Secondary Market Operations 1/

Date	Estimated Offerings to FNMA			Purchases by FNMA	Sales by FNMA
	Total	Immediate purchase	Standby commitment		
(Millions of dollars)					
1959 - Oct.	108.3	101.8	6.5	105.5	--
Nov.	105.6	100.3	5.3	92.6	*
Dec.	116.3	111.4	4.9	92.2	*
1960 - Jan.	137.6	128.3	9.3	86.1	--
Feb.	135.8	128.9	6.9	116.7	--
Mar.	133.2	124.6	8.6	135.0	--
Apr.	103.5	96.2	7.3	102.6	*
May	98.5	93.8	4.7	91.9	3.6
June	99.9	93.7	6.1	60.8	1.0
July	88.0	82.9	5.1	93.7	3.2
Aug.	104.0	89.1	14.8	75.6	.1
Sept.	72.8	69.5	3.2	63.0	.8
Oct. p/	70.1	68.6	1.5	58.8	1.1

--Less than \$50,000.

1/ Data represent unpaid principal balances of the mortgages involved, exclusive of premiums, discounts, or other charges. Offerings are amounts of applications received during the period from sellers proposing that FNMA execute purchasing contracts. An immediate purchase contract covers existing mortgages which the seller must deliver to FNMA within 45 days. A standby commitment contract relates to proposed mortgages, on housing not yet under construction, which the seller must usually deliver within one year. Purchases include those under both immediate purchase and standby commitment contracts. Data exclude FNMA activity under Special Assistance and Management and Liquidating Programs.

Exhibit G

Long-term Corporate and State and Local Government
Security Offerings and Placements

(In millions of dollars)

	New capital					
	Corporate 1/			State and local 2/		
	1960	1959	1958	1960	1959	1958
January	577	821	728	738	639	812
February	715	738	857	623	858	953
March	860	646	1,553 ^{3/}	575	646	511
April	766	894	1,140	731	932	798
May	567	785	597	550	593	895
June	1,034	887	887	1,030	1,006	551
July	727	535	1,107	571	567	806
August	962	740	540	599	516	403
September	738	703	1,114	p/670	465	651
October	e/1,000	879	862	e/325	597	456
November	e/825	864	518	e/500	519	474
December	e/900	900	920	e/450	455	435
1st quarter	2,151	2,204	3,139	1,936	2,143	2,276
2nd quarter	2,367	2,567	2,623	2,311	2,531	2,244
3rd quarter	2,427	1,979	2,760	p/1,840	1,548	1,860
4th quarter	e/2,725	2,642	2,300	e/1,275	1,571	1,365
1st half	4,519	4,771	5,762	4,247	4,674	4,520
Three quarters	6,945	6,750	8,522	p/6,087	6,222	6,380
Year	e/9,670	9,392	10,823	e/7,362	7,793	7,746
	Excluding finance companies 4/					
1st quarter	1,722	1,999	2,899			
2nd quarter	2,150	2,412	2,586			
3rd quarter	2,017	1,716	2,731			
4th quarter	e/2,325	2,503	2,213			
Year	e/8,214	8,630	10,429			

e/ Estimated.

p/ Preliminary.

1/ Securities and Exchange Commission estimates of net proceeds.

2/ Investment Bankers Association of America estimates of principal amounts.

3/ Includes \$718.3 million AT&T convertible debenture issue.

4/ Total new capital issues excluding offerings of sales and consumer finance companies.

Other Security Offerings 1/

(In millions of dollars)

	Long-term					
	Foreign government 2/			Federal agency 3/		
	1960	1959	1958	1960	1959	1958
January	2	81	196	182	199	1,163
February	175	60	53	150	--	251
March	70	2	--	150	175	--
April	34	58	139	148	--	523
May	72	50	198	354	--	--
June	40	42	120	--	--	--
July	25	85	9	--	--	164
August	1	1	5	199	98	--
September	36	35	17	--	150	--
October		33	58	p/160	--	220
November		30	123	p/100	--	--
December		70	74		86	--
Year		547	992		707	2,321
	Short-term					
	State and local government 4/			Federal agency 3/		
	1960	1959	1958	1960	1959	1958
January	268	190	233	479	359	371
February	345	428	460	475	500	208
March	365	295	273	511	489	144
April	365	563	357	509	486	209
May	351	411	354	632	675	161
June	297	245	264	435	289	329
July	280	246	289	312	727	437
August	505	467	423	468	365	206
September	199	399	369	296	665	330
October	p/146	235	231	241	733	454
November		343	415	282	471	114
December		358	243		288	137
Year		4,179	3,910		6,047	3,098

p/ Preliminary.

1/ Data presented in this exhibit differ from those in Exhibit E in that refunding issues, as well as new capital issues, are included. Long-term securities are defined as those maturing in more than one year.

2/ Includes securities offered in the United States by foreign governments and their subdivisions and by international organizations. Sources: Securities and Exchange Commission.

3/ Issues not guaranteed by the U. S. Government. Sources: long-term, Securities and Exchange Commission; short-term, Federal Reserve.

4/ Principally tax and bond anticipation notes, warrants or certificates and Public Housing Authority notes. In some instances FHA notes included may have a somewhat longer term than one year. Sources: Bond Buyer.

Exhibit I

Large Long-term Public Security Issues for New Capital
(Other than U. S. Treasury) ^{1/}

Proceeds of Large Issues Offered

(In millions of dollars)

Month	Corporate	State and local government	Other ^{2/}
1959 - November	421	163	--
December	230	217	70
1960 - January	279	388	100
February	262	283	320
March	384	225	191
April	309	370	71
May	139	234	28
June	442	561	30
July	303	191	--
August	581	298	75
September	266	367	25
October	566	46	77
November	465	186	150

Large Individual Issues Offered during November

Issuer	Type ^{3/}	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
United Gas Corp.	1st mtg. coll.					
	tr. bds.	30.0	1980	5	4.88	A
United Gas Corp.	S.F. deb.	30.0	1980	5-1/8	5.05	Baa
Pacific Gas & Elec. Co.	1st ref.mtg.bds.	60.0	1992	4-5/8	4.63	Aa
Commercial Credit Co.	Sen. notes	50.0	1980	4-3/4	4.83	--
New Jersey Bell Tel. Co.	Deb.	20.0	2000	4-7/8	4.72	Aaa
Northern Natural Gas Co.	S.F. deb.	20.0	1980	4-7/8	4.85	A
Idaho Power Co.	1st mtg. bds.	15.0	1990	4-7/8	4.78	Aa
John Deere Credit Corp.	Deb.	50.0	1985	4-7/8	4.95	--
Wisc. Elec. Power Co.	1st mtg. bds.	30.0	1990	5	4.85	Aa
B. F. Goodrich Co.	Deb.	60.0	1985	4-5/8	4.63	Aa
Consol. Edison Co. of NY	1st ref.mtg.bds.	75.0	1990	5	4.87	Aa
United Airlines	Conv.sub.deb.	25.0	1985	4-7/8	4.88	Ba
<u>STATE AND LOCAL GOVERNMENT</u>						
Cook County, Illinois	Rev.-S.T.	25.0	1961-75	3.16	1.70-3.35	A
Trenton, New Jersey	G.O.	10.9	1961-85	3.05	1.60-3.25	Aa
State of Mississippi	G.O.	12.0	1961-80	3.34	1.60-3.40	Aa
Port of Los Angeles, Cal.	Rev.-Ut.	14.0	1963-85	3.82	2.30-3.90	A

Large Individual Issues Offered during November (Cont'd)

Issuer	Type ^{3/}	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)						
State of Massachusetts	G.O.	34.8	1961-2009	3.15	1.60-3.55	Aa
Philadelphia, Pa.	G.O.	35.1	1962-91	3.47	1.85-3.65	A
Port of New York Authority	Rev.-Ut.	25.0	1989	3.81	3.75	A
Alabama Highway Authority	Rev.-S.T.	15.0	1962-81	3.78	1.80-3.85	A
Florida Development Comm.	Rev.-Ut.	14.5	1964-90	4.22	2.75-4.25	Baa
<u>OTHER</u>						
Tennessee Valley Auth.	Bds.	50.0	1985	4.44	4.40	Aaa
Federal Nat. Mtge. Assoc.	Bds.	100.0	1966	4-1/8	4.27	--

- 1/ Includes corporate and other security offerings of \$15 million and over; State and local government security offerings of \$10 million and over.
- 2/ Includes foreign government and International Bank for Reconstruction and Development issues and non-guaranteed issues by Federal agencies.
- 3/ In the case of State and local government securities, G.O. denotes general obligations; Rev.-Ut., revenue obligations secured only by income from public utilities; Rev.-Q.Ut., revenue bonds secured only by revenue from quasi-utilities; Rev.-S.T., revenue bonds secured by revenue from specific taxes only; Rev.-Rent., revenue bonds secured solely by lease payments.

Forthcoming Large Long-term Public Security Offerings for New Capital
(Other than U. S. Treasury) 1/

Expected Proceeds from Forthcoming Large Issues

Date of computation	During month following date shown			Subsequent to date shown		
	Corporate	State and local govt.	Other 2/	Corporate	State and local govt.	Other 2/
1959 - Nov. 30	226	295	70	271	485	70
Dec. 31	210	445	30	280	545	30
1960 - Jan. 29	207	210	45	252	310	45
Feb. 29	301	255	35	372	385	35
Mar. 31	299	250	--	344	280	--
Apr. 29	202	243	--	357	258	--
May 31	483	277	30	553	502	60
June 30	237	180	30	455	380	30
July 29	596	275	--	1,006	324	--
Aug. 31	216	283	--	731	283	--
Sept. 30	576	212	77	836	336	127
Oct. 31	440	258	50	585	391	50
Nov. 30	260	242	--	335	560	--

Forthcoming Large Offerings, as of December 2

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Southern Bell Telephone & Telegraph	Deb.	75.0	Dec. 6
Beneficial Finance Corp.	Deb.	50.0	Dec. 7
Northern States Power Co.	1st mtg. bds.	35.0	Dec. 7
Potomac Electric Power Co.	1st mtg. bds.	40.0	Dec. 8
Consumers Power Co.	1st mtg. bds.	35.0	Dec. 13
Public Service Electric & Gas Co.	Pfd. stk.	25.0	Dec. 14
Commerce Oil Refining Corp.	Deb., bds. & com.	45.0	Indefinite
Liberian Iron Ore, Ltd.	Bds. & stk.	30.0	Indefinite
<u>STATE AND LOCAL GOVERNMENT</u>			
San Diego Sch. Dist., Calif.	G.O.	10.0	Dec. 6
Maryland State Roads Comm.	Rev.-S.T.	12.5	Dec. 7
Dade County, Florida	G.O.	12.0	Dec. 13
Public Housing Authorities	--	97.6	Dec. 14
State of Michigan	Rev.-Ut.	25.0	Dec. 14
*State of New Mexico	G.O.	16.1	Dec. 19
*State Colleges of Calif.	Rev.-Q.Ut.	14.2	Dec. 21
Oklahoma City Metro. Improvement Auth., Oklahoma	Rev.-Ut.	55.0	December
*State of California	G.O.	95.0	Jan. 11
Los Angeles Dept. of Wtr. and Pwr., California	Rev.-Ut.	12.0	Indefinite

Forthcoming Large Offerings, as of December 2 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
Orleans Parish School Dist., La.	G.O.	10.0	Indefinite
Kentucky Turnpike Authority	Rev.	55.0	Indefinite
Dade County, Florida	G.O.	46.0	Indefinite
New York State Housing Fin. Agency	Rev.	100.0	Indefinite
<u>OTHER</u>			
None			

*--Includes in table for first time.

1/ Includes corporate and other issues of \$15 million and over; State and local government issues of \$10 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues and non-guaranteed issues by Federal agencies.

Note.--Deletions for reasons other than sale of issue: State of Texas' \$13 million general obligation issue--postponed until 1961.

**Yields on New and Outstanding
Electric Power Bonds, Rated Aa and A 1/**

Date	Aa-rated offering yields		A-rated offering yields		
	Actual (per cent)	Amount above seasoned yields (basis points)	Actual (per cent)	Amount above seasoned yields (basis points)	
1952-1959 - High	5.30 (12/8/59)	87	5.65 (9/18/59)	123	
	2.93 (3/31/54)	-3	3.00 (3/17/54)	-15	
1959 -	July	*4.93	31	5.07	17
	Aug.	4.83	23		
	Sept.			*5.65	60
	Oct.	5.13 ^{2/}	36	5.33	43
	Nov.	*5.08	42		
1960 -	Dec.	*5.30	63	5.45 ^{2/}	51
	Jan.			*5.30 ^{2/}	28
	Feb.	5.09	45		
	Mar.	4.82	25	4.97	9
	Apr.	4.91	37	5.14	35
	May 10	4.88	32		
	12			5.10	26
	25			5.20	33
	June 17			4.95	11
	28	4.82	25		
	29	4.84	27		
	July 8			4.93	11
	13			4.88	8
	Sept. 15			4.80	24
	23	4.65 ^{2/}	27		
	28	4.55 ^{2/}	17		
	Oct. 5	4.63 ^{2/}	24		
	21	4.67 ^{2/}	22		
	Nov. 4			4.88	26
16	4.78	33			
17	4.85	40			
18			5.05	43	

*--Single observation, not an average.

- 1/ Covers only 30-year first mortgage bonds, as reported in Moody's Bond Survey. Except where indicated, the actual yield figure and the amount above seasoned yields are averages of offerings during the indicated period and of the differences between these new offering yields and yields on seasoned issues of similar quality for the same day. Average maturity for the seasoned issues varies from 26 to 28 years.
- 2/ Provides for a 5-year period during which issue may not be called for refunding at a lower coupon rate. Monthly averages so marked include one or more issues with such a provision. Other issues have no such provision.

Money and Capital Markets During November

The divergence in interest rate trends between Canada and the United States which emerged in October was continued during November. During the months, interest rates continued to rise much more sharply in Canada than in the United States. On December 1, Canadian bill yields returned close to 4 per cent, the highest level since mid-March.

In the rise in Canadian money rates since late September, the Canadian bills have shifted from being below United States yields to a substantial spread in their favor. The spread in favor of Canadian bonds has also widened sharply. Representative yields in the two countries on September 22 (the 1960 low for Canadian markets) and on December 1 which show recent trends are as follows (in per cent per annum):

	September 22			December 1		
	Canada	U.S.	Differ- ence	Canada	U.S.	Differ- ence
Treas. bill (3 mos.)	1.68	2.50	-0.82	3.95	2.33	+1.62
(6 mos.)	1.99	2.85	-0.86	4.07	2.70	+1.37
Bonds: 8-year	4.14	3.47	+0.67	4.72	4.00	+0.72
20-year	4.66	3.74	+0.92	5.21	3.93	+1.28
35-year	4.70	3.67	+1.03	5.16	3.82	+1.34

The recent sharp rises in Canadian yields reflect a tightness in Canadian financial markets which is not fully explained by available statistics. Worries about the substantial unemployment induced the Prime Minister to convene Parliament in November to put in effect emergency measures for the coming winter. Several factors seem to have contributed to recent rate trends. A substantial expansion in new long-term issues of securities occurred in November. In addition, sales of Savings Bonds materially added to Government cash balances during the month; net sales of Savings Bonds totaled \$785 million. The delays in distributing the September \$250 million CNR offering added to market pressures. A private market firm's analyst has stated that the Government's decision to compete for long-term funds instead of selling only short-term issues contributed to the pressures on long-term rates.

The price of industrial stock declined during November and the Canadian dollar eased but remained above 102 (U.S. cents) through the month.

Money market. Yields on Canadian Treasury bills rose through November, continuing the trend of the previous month. On November 24, the average yield on the 3-month bill was 3.77 per cent compared with 3.03 per cent at the end of October (see Table). Since September 22, when the short-bill yield reached a low for the year of 1.68 per cent, yields rose 2.09 percentage points. The yield on the 6-month bill followed a similar trend and rose to 3.93 per cent on November 24 compared with 3.34 at the end of October. During the November period, the chartered banks sold \$44 million of Treasury bills while the general public purchased \$55 million; the Bank of Canada sold \$8 million.

The spread favoring the Canadian bill widened during November and exceeded 1 per cent during most of the month (see Chart). On November 24 the spread was 1.38 per cent compared with 0.93 per cent at end-October. The forward Canadian dollar shifted to a discount in early November but the net incentive to hold the Canadian bill rose steadily from 0.64 per cent on November 3 to 0.89 per cent on November 24.

Yields on short-term commercial paper by major Canadian acceptance houses also rose during the month and the spread over yields on U.S. commercial paper was above 1 per cent on November 24.

Yields on Commercial Paper in Major Canadian
and U.S. Acceptance Houses

(per cent per annum)

	<u>Canada</u>	<u>United States</u>	<u>Canada over U.S.</u>
November 3	3.50	2.00 - 2.75	1.03
10	3.50	2.75	0.75
17	3.50 - 3.75	2.75	0.87
24	3.75 - 4.00	2.75	1.12

Bond market. Bond yields rose during the month for all maturities. The spread between selected comparable Canadian and United States securities (Thursday yields for bills and Wednesday yields for bonds) was as follows:

	<u>Nov. 24</u>	<u>Oct. 27</u>
91-day bill	1.38	0.93
112-day bill	1.23	0.84
8-year bond	0.68	0.76
20-year bond	1.30	1.04
35-year bond	1.28	1.16

During the month the general public sold \$46 million of bonds and the chartered banks purchased \$29 million; the Bank of Canada purchased \$1 million of bonds.

The rise in bond yields represents a continuation of the October trend when yields moved upward from 1960 lows in September. The continued rise in yields reflects in part the increase in total new Canadian issues from \$554.1 million in October to \$1,034.2 million in November (see Table). The substantial growth in long-term issues from \$64.1 million in October to \$584.2 million in November contributed to the rise in Canadian money rates. There were virtually no sales of new issues in the United States in the last five months (see Table).

Distribution delays associated with the \$250 million CNR issue of September affected the market and influenced market rates in November. In addition, the new Savings Bond drive resulted in sales of \$785 million of bonds by November 22.

On Friday November 25, the Minister of Finance announced that the maturity on December 15 of \$609 million of 3 per cent bonds would be met with only a \$200 million new bond offering to the public. For the remainder, the Minister expects to draw down the Government's cash balances by \$109 million, retire \$100 million now held by the Government's Securities Investment Account, and refund \$200 million directly with the Bank of Canada.

The terms of the \$400 million of new maturities (\$200 million to the Bank of Canada and \$200 million to the general public) are as follows:

- (1) 1-1/2 year, 3 per cent bonds at 98.75 to yield about 3.86 per cent to maturity;
- (2) 3-year, 4 per cent bonds, at 98.75, to yield 4.45 per cent to maturity.

Arrangements were also made with the Bank of Canada to refund in advance, \$200 million of 3 per cent bonds due December 1, 1961, for \$200 million of the above maturities.

There will be no further need for Canada's Government refinancing during the current fiscal year which ends March 31, 1961 other than the weekly roll-over of Treasury bills. Between April 1961 and March 1962, the principal maturities will be:

May 1, 1961, \$525 million;
December 1, 1961, \$820.5 million;
February 1, 1962, \$53.5 million.

The Finance Minister announced a new policy of making smaller and more frequent bond issues, in more manageable proportions. The press reported that this announcement was welcomed by investment dealers.

Chartered bank loans and money supply. General loans by the chartered banks again showed substantial increases on a seasonally adjusted basis. There was a \$48 million increase in November bringing total loans outstanding, seasonally adjusted, to \$5,019 million, exceeding the \$5,006 million high of August 1959. In the past 8 months beginning in March, general loans have grown by \$248 million. The money supply, excluding Government deposits, declined by \$321 million in November after rising \$809 million in the March-October period. The decline in November reflects in part large sales of new savings bonds and deliveries of the CNR issue. Government deposits increased by \$505 million, from \$204 million on October 26, to \$708 million on November 24. The liquid asset ratio of the chartered bank was reduced from an 18.3 per cent October average, to a 16.9 per cent average in the last week of November.

Foreign exchange. The spot rate on the Canadian dollar eased slightly through November from a high for the month of 102.88 (U.S. cents) on November 2, to a low of 102.02 (U.S. cents) on November 17 and closed at 102.23 (U.S. cents) on November 30. The rate on the 3-month forward Canadian dollar moved from a small premium in the first days of the month to a discount following sharp rises in Canadian interest rates and a widening spread of Canadian over U.S. yields.

In October there was a \$32.3 million increase in Canada's official gold and dollar holdings, to \$1,845.3 million. The increase was in U.S. dollar holdings, while gold holdings fell \$2.5 million.

Stock market. The price of industrial stock on the Canadian exchanges rose in the early weeks of November and eased some thereafter. On November 28 the Toronto index was about 1.5 per cent above the November 1 level and the Montreal index was up almost 1 per cent. The New York Standard and Poor index showed a rise of almost 4 per cent during this period.

	<u>Toronto</u>	<u>Montreal</u>	<u>New York Standard & Poor</u>
1960 - High	532.56	271.1	60.51
Low	472.38	250.3	55.98
November 1	489.25	263.6	57.22
4	492.25	263.1	58.26
10	499.81	264.5	59.71
15	500.09	265.1	59.31
18	498.19	265.2	59.29
23	494.25	265.2	59.17
28	496.44	264.1	59.45

The total value of stock sales on the Canadian exchanges declined through the month and fell below the October average in the later weeks of the month.

Value of sales

Average October	\$7.6 million
Week ending Nov. 4	9.3 "
" " " 11	8.9 "
" " " 18	7.4 "
" " " 25	6.9 "

British Commonwealth Section
 Division of International Finance
 Board of Governors of the Federal Reserve System

Selected Canadian Money Market and Related Data

-21-

	3-mo. Treas. bills			Canadian dollar			Net incen- tive to hold Can. bills/
	Canada a/	U.S. b/	Spread over U.S.	Spot c/	3-mo. forward	discount (-) premium (+) d/	
1959 - High	6.16	4.49	2.96	105.51	--	--	--
Low	3.25	2.80	0.30	102.58	--	--	--
1960 - High	5.14	4.63	1.62	105.27	--	0.99	1.19
Low	1.68	2.10	-0.82	101.31	--	-0.72	-0.57
Oct. 27	3.03	2.10	0.93	102.30	102.33	0.12	1.05
Nov. 3	3.22	2.21	1.01	102.80	102.70	-0.37	0.64
10	3.21	2.45	0.76	102.53	102.52	-0.06	0.70
17	3.48	2.40	1.08	102.02	101.94	-0.31	0.77
24	3.77	2.39	1.38	102.38	102.25	-0.49	0.89
Dec. 1	3.95	2.33	1.62	102.22	102.11	-0.43	1.19

a/ Average yield at weekly tender on Thursday.

b/ Composite market yield for the U.S. Treasury bill on Thursday close of business.

c/ In U.S. cents.

d/ Spread between spot rate and 3-month forward Canadian dollar on Thursday closing, expressed as per cent per annum.

e/ Spread over U.S. Treasury bill (column 3), plus 3-month forward discount or premium (column 6).

Selected Government of Canada Security Yields

	6-mo. Treas. bills		Intermediate bonds (6 yr.)		Long-term bonds			
	Canada a/	Spread over U.S. b/	Canada c/	Spread over U.S. d/	(20 year)		(35 year)	
					Canada e/	Spread over U.S. f/	Canada g/	Spread over U.S. h/
1959 - High	6.24	--	5.27	--	5.30	--	5.05	--
Low	5.11	--	4.50	--	4.44	--	4.73	--
1960 - High	5.33	1.37	5.55	1.11	5.42	1.30	5.28	1.61
Low	1.99	-0.86	4.09	0.21	4.63	0.85	4.68	0.95
Oct. 27	3.34	0.84	4.55	0.76	4.92	1.04	4.93	1.16
Nov. 3	3.51	1.03	4.62	0.81	4.89	1.04	4.92	1.17
10	3.47	0.83	4.62	0.76	4.99	1.14	5.01	1.24
17	3.78	1.02	4.67	0.72	5.09	1.22	5.05	1.27
24	3.93	1.23	4.70	0.68	5.20	1.30	5.09	1.28
Dec. 1	4.07	1.37	4.72	0.72	5.21	1.28	5.16	1.34

a/ Average yield at weekly tender on Thursday.

b/ Spread between Canadian auction rate and composite market yield of U.S. bill on close of business Thursday.

c/ Government of Canada 2-3/4 per cent of June 1967-68.

d/ Spread over U.S. Government 2-1/2 per cent of 1963-68.

e/ Government of Canada 3-1/4 per cent of October 1979.

f/ Spread over U.S. Government 3-1/4 per cent of 1978-83.

g/ Government of Canada 3-3/4 per cent of September 1996 - March 1998.

h/ Spread over U.S. Government of 1995.

**Canada: Changes in Distribution of Holdings of Canadian
Government Direct and Guaranteed Securities**
(millions of Canadian dollars, par value)

1960	<u>Bank of Canada</u>		<u>Government</u> Total	<u>Chartered banks</u>		<u>General public</u>		
	<u>Treas.</u> bills	<u>Bonds</u>		<u>Treas.</u> bills	<u>Bonds</u>	<u>Savings</u> bonds	<u>Treas.</u> bills	<u>Bonds</u>
January	- 89	- 1	- 24	+ 81	+ 4	+ 3	+ 19	+ 95
February	+ 55	-103	- 23	-115	+ 79	- 29	+ 59	+165
March	+141	- 64	- 54	- 11	+ 17	- 31	- 78	+ 98
April	+ 69	+ 23	- 9	- 40	- 4	- 26	- 11	+ 30
May	- 9	+ 14	- 8	+ 78	+ 9	- 29	- 97	- 18
June	- 74	+ 77	- 40	- 59	+ 27	- 31	- 8	+ 46
July	+ 19	+ 40	+ 51	- 3	- 28	- 19	- 58	- 54
August	- 23	+ 34	+ 78	+ 36	- 12	- 26	- 42	- 80
September	- 43	- 2	+ 6	+ 90	+ 45	- 14	- 41	- 36
October	+ 66	+ 6	+ 37	- 54	+126	- 5	0	+ 72
November	- 8	+ 1	+ 15	- 44	+ 29	+630	+ 55	- 46

Source: Bank of Canada, Weekly Financial Statistics.

**Changes in New Issues of Canadian Government, Local
Government and Private Securities**
(millions of Canadian dollars)

	<u>Total new</u> <u>issues</u>	<u>Less</u> <u>short-term</u>	<u>Total</u> <u>long-term</u>	<u>Issues sold</u> <u>in the</u> <u>United States</u>
Jan. 1 - Feb. 1	950.7	510.0	440.7	31.8
Feb. 1 - Mar. 28	1,008.6	580.0	418.6	98.5
Mar. 28 - May 2	56.4	645.0	208.4	25.6
May 2 - May 30	626.6	480.0	136.6	2.0
May 30 - June 27	670.8	480.0	191.8	66.3
June 27 - July 6	901.7	480.0	421.7	0.0
July 6 - Aug. 29	646.4	600.0	46.4	0.2
Aug. 29 - Sept. 28	814.1	480.0	334.1	0.0
Sept. 28 - Oct. 24	554.1	490.0	64.1	0.0
Oct. 24 - Nov. 21	1,034.2	450.0	584.2	0.0

Source: A. E. Ames & Co., Weekly Bond Sales Summary.

Total Currency Outside Banks and Bank Deposits
Excluding Government Deposits
(millions of Canadian dollars)

	<u>Currency</u>	<u>Deposits</u>	<u>Total</u>	<u>Change</u>
Dec. 31, 1959	1,789	10,956	12,745	--
March 31, 1960	1,715	10,936	12,651	- 94
June 30, 1960	1,767	11,126	12,893	+ 242
Sept. 30, 1960	1,767	11,513	13,280	+ 387
Oct. 26, 1960	1,760	11,621	13,381	+ 101
Nov. 24, 1960	1,766	11,294	13,060	- 321

Source: Bank of Canada Statistical Summary.

General Bank Loans Seasonally Adjusted
(millions of Canadian dollars)

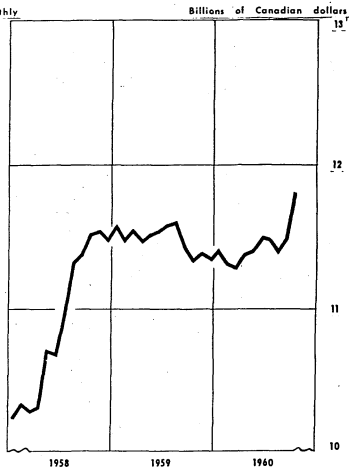
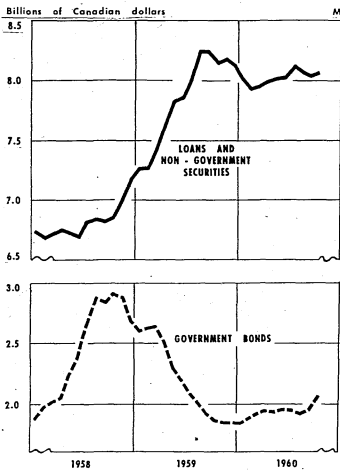
	<u>Total outstanding</u>	<u>Change from previous period</u>
1959 - Aug.	5,006 *	--
1960 - Feb.	4,771	- 235
March	4,786	+ 15
June	4,866	+ 80
Sept.	4,971	+ 105
Oct.	4,971	0
Nov.	5,019	+ 48

Source: Bank of Canada.

CANADA

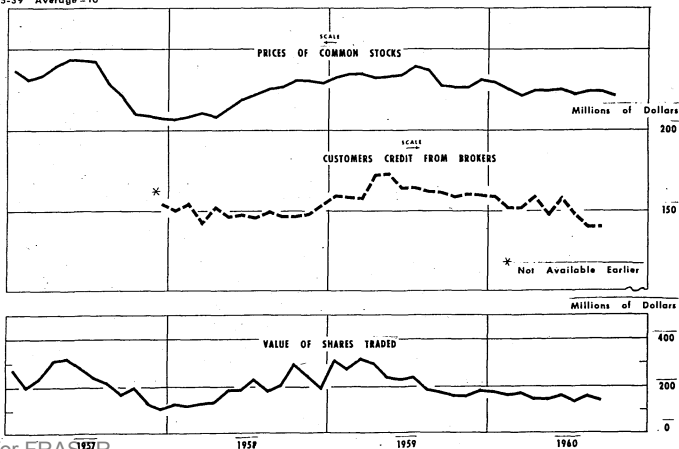
SELECTED CHARTERED BANK ASSETS

BANK DEPOSITS - LESS FLOAT



STOCK MARKET

1935-39 Average = 10

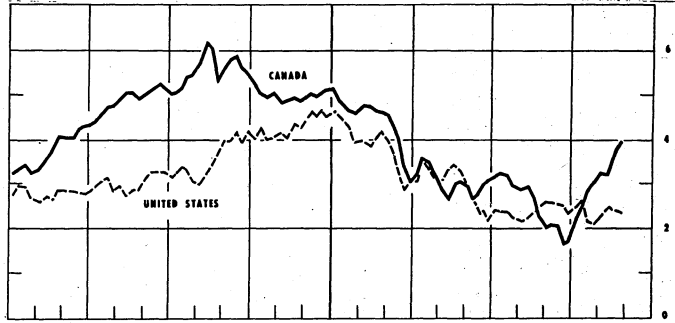


CANADA - UNITED STATES

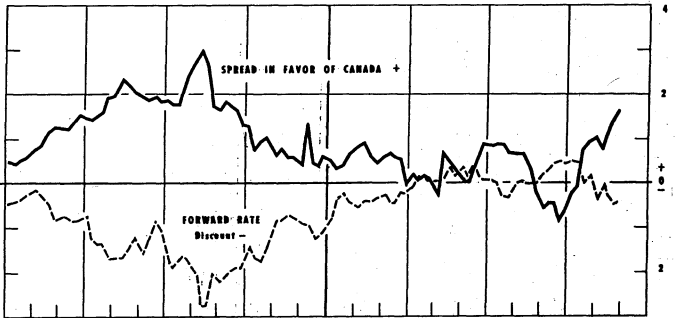
THREE-MONTH TREASURY BILL RATES

Thursday figures

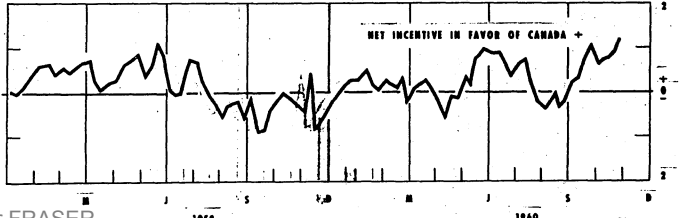
Per cent per annum



RATE DIFFERENTIAL AND FORWARD CANADIAN DOLLAR



RATE DIFFERENTIAL WITH FORWARD EXCHANGE COVER



December 5, 1960

Appendix I

Japan: Recent Developments in Money and Capital Markets

The Japanese stock market reacted sharply in November to the U.S. presidential directive curbing overseas spending. Average prices on the Tokyo exchange fell 2.6 per cent between November 14 and November 29. After an uninterrupted three-month advance, however, the market was due for some correction and it would appear that the news was utilized as a basis for profit-taking.

During October, Japanese holdings of Euro-dollar deposits rose only \$2 million and the value of the yen in foreign exchange markets eased as dollar demand increased. In August and September Japanese holdings of Euro-dollars rose \$49 and \$19 million respectively. Nonetheless, Japanese international reserves rose \$59 million in October reflecting in part the conversion of \$16 million in Euro-dollar deposits into non-resident free yen and the extension of a large volume of unsecured dollar loans from foreign banks to Japanese overseas foreign exchange banks. Effective August 31, 1960, the Japanese Government abolished the \$53 million ceiling on such borrowing.

Money market conditions were easier in October as the Government made seasonally heavy purchases of rice under its official support program and heavy foreign exchange inflow continued. Nominal money rates, which declined in August under the influence of the reduction in the Bank of Japan's discount rate, were relatively unchanged in October.

With the lowering of official discount rates in the United States and Europe, the Ministry of Finance is urging Japanese banks to lower the interest rates charged on loans. A reduction in the rates paid on deposits is not being urged, current bank profits being considered more than ample by the Ministry.

Money market. The bulk of the short-term commercial paper in Japan consists mainly of commercial bank loans on bills and discounted commercial bills. To meet very short-term liquidity needs, commercial banks rely strongly on the call money market. Call loans, however, constitute only about 1 to 2 per cent of the loans and discounts of all banks. Treasury bills are issued only rarely and currently there are no issues outstanding. Even when issued, the Treasury bill yield is pegged 1 to 2 percentage points below prevailing market rates for high quality short-term paper. The only other short-term government securities issued are the food bills, which are used primarily to finance the Government's price support program for rice producers, and the foreign exchange bills used to finance operations of the Government's foreign exchange fund. At the end of September food and foreign exchange bills constituted 7 per cent of bank loans and discounts, and 96 per cent of the bills were held either by government agencies or the Bank of Japan.

The general level of interest rates has been declining during the 1950's and since early 1958 has tended to move in roughly the same direction as the Bank of Japan discount rate. (See chart) The standard or prime commercial rate

since 1958 has been pegged at the same level as the discount rate, which is currently 6.935 per cent. The interest rate on most commercial paper is, of course, above the prime rate; the most frequent current rate for loans on bills is 8.0 per cent and for discounted commercial bills it is 7.7 per cent. The table below indicates the changes in the discount rate and a composite rate for commercial bank credit since 1955.

Japan: Discount and Interest Rates
(per cent per annum)

<u>Date</u>	<u>Bk. of Japan Discount Rate</u>	<u>Composite Int. Rate</u>
Aug. 1955 ---	7.30 ^{1/2}	8.90
Mar. 1957 ---	7.67	8.22
May 1957 ---	8.40	8.28
June 1958 ---	7.67	8.61
Sept. 1958 ---	7.30	8.41
Feb. 1959 ---	6.94	8.25
Dec. 1959 ---	7.30	8.11
Aug. 1960 ---	6.94	8.20

^{1/2} Since October 1951 rate had been 5.84 per cent.

Interest rates on time deposits are relatively high compared to the United States and many European countries. Three- and six-months time deposits currently yield 4.3 and 5.5 per cent respectively. The yield on one-year time deposits is 6 per cent.

The generally high level of interest rates has attracted during 1960 relatively large amounts of foreign short-term capital. Since early in the year, foreign branches of Japanese banks have acquired Euro-dollar deposits which in part have been invested in Japan. The cost of these funds has been about 4-1/2 per cent, the funds then being re-lent at rates of 7 per cent or higher. This process was facilitated by the introduction of non-resident convertible yen accounts on July 1, 1960. The total level of dollar deposits attracted from Europe rose from \$3 million at the end of January 1960 to \$227 million at the end of October and the level of free yen accounts, fed mainly by these accounts, reached \$176 million at the end of October.

Recently the rise in the level of Euro-dollar deposits has slowed considerably, increasing only \$19 and \$2 million in September and October, respectively, compared to monthly increases of \$44 million or higher in the June-August period. It is possible that the slower rate reflects primarily a diminution in the supply of Euro-dollar availabilities.

Bond market. Yields on public and private debentures do not appreciably reflect shifts in market demand and supply in Japan because of government regulation of the market. Average yields on government and public corporation bonds

have remained at 6.324 and 7.269 per cent per annum, respectively, since the last half of 1957. Similarly, the yield on bank debentures for three years prior to June 1960 was 7.621 per cent but since July has been at 7.610 per cent. Yields on local government bonds and corporate debentures have changed only slightly during the same period and in September 1960 were 7.715 and 7.911 per cent respectively.

The volume of bond issues in September was high, reflecting the general uptrend since the beginning of the current economic boom in mid-1958. During the first nine months of 1960, issues of bank debentures, industrial debentures, and public corporation debentures showed a net increase over the rise in first nine months of 1959 of ¥84 billion, ¥15 billion, and ¥18 billion, or 35 per cent, 11 per cent, and 59 per cent, respectively.

Interest rates. Most short-term interest rates in Japan are subject to ceilings set by the Federation of Bankers Associations. Because of the tight money market conditions in the past two years, interest rates have remained generally at the established maximum levels. The call market money rate has generally been at the maximum of 8.39 per cent per annum since August of 1959. Demand for call money in late July 1960 was so strong, however, that the maximum rate was exceeded temporarily, rising to 10.2 per cent. During August-October the market has not been as tight.

A composite interest rate of total bank loans and discounts indicates that rates remained unchanged during April-July this year but dropped slightly in August from 8.22 to 8.20 per cent per annum probably reflecting reduction in the Bank of Japan discount rate in August. The most frequent interest rate for loans on bills in September was 8.03 per cent and for discount of commercial bills it was 7.67 per cent. The standard, or prime rate, for discount of commercial bills eligible for rediscount at the Bank of Japan is pegged at the same level as the Bank of Japan discount rate. The prime rate was lowered in August when the Bank of Japan discount rate was changed from 7.300 to 6.935 per cent per annum. The average interest rate for loans on deeds dropped from 9.49 per cent in August, where it had held steady for two years, to 9.13 per cent in September.

Bank loans and discounts. Bank loans and discounts rose somewhat more rapidly in 1960 than in 1959 as indicated in the table below. In the first and second quarter in 1960, the rise was 3.3 and 3.2 per cent, respectively, compared to 2.9 and 2.6 in the first and second quarters of 1959. The rise in the third quarter of 1960 was 5.4 per cent which was considerably above the 4.6 per cent rise in the third quarter of 1959.

Increase in Loans and Discounts: All Banks
(In billions of yen)

	<u>1958</u>	<u>%</u>	<u>1959</u>	<u>%</u>	<u>1960</u>	<u>%</u>
I	125	2.5	168	2.9	225	3.3
II	146	2.8	157	2.6	227	3.2
III	235	4.4	281	4.6	395	5.4
IV	283	5.1	384	6.0		

The proportion of loans and discounts extended for financing equipment purchases in contrast to providing operating funds has risen steadily since 1955. At the end of September 1960, the ratio of equipment funds to total loans and discounts was 16.5 per cent compared 15.8 and 15.1 per cent one and two years earlier, respectively.

Stock market. Stock prices in October and the first half of November continued the general rise which began in early 1958. On November 14, 1960, the Dow Jones average of 225 issues rose to an all-time high of ¥1,321. This is 52 per cent above the year's low of ¥869 in January, and 178 per cent above the ¥475 level in early 1958 when the current upward movement in stock prices began.

After the announcement on November 17 of President Eisenhower's directive cutting back U.S. overseas spending, the Dow Jones average dropped rather sharply. From a peak of ¥1,321 on November 14, the average fell 2.6 per cent to ¥1,287 on November 30. The news apparently helped to set off an overdue technical correction after an uninterrupted three-month advance.

Dow Jones Average of 225 Stocks
Tokyo Stock Exchange

Sept. 28	¥1,213	1960 High ¥1,321
Oct. 5	1,235	Low ¥ 869
12	1,243	
19	1,258	
26	1,257	
Nov. 2	1,272	
9	1,301	
16	1,314	
24	1,305	
30	1,287	

Foreign exchange. With the tapering off in the availability of Euro-dollars, there was a weakening of the yen in November. The spot rate rose from ¥359.60 per dollar on November 4 to ¥361.80 per dollar on November 25. The discount on three-month forward exchange widened, reaching a 2 per cent per annum differential on November 25.

Customer's Exchange Rates of
Bank of Tokyo

<u>Date</u>	<u>Spot rate</u> ^{1/}	<u>Discount on</u> <u>3-month</u> <u>Forward</u> <u>Exchange</u> ^{2/}	<u>Discount on</u> <u>3-month</u> <u>Forward</u> <u>Exchange</u> ^{3/}
Oct. 28	359.60	.10	0.11
Nov. 4	359.60	.10	0.11
11	360.50	1.20	1.33
18	360.20	1.00	1.11
25	361.80	1.80	1.99

^{1/} Customers' T.T. selling rate in Tokyo.

^{2/} Spread between spot and 3-month T.T. buying rate forward in Tokyo.

^{3/} Spread between spot and forward rates in per cent per annum.

Far Eastern Section,
Division of International Finance,
Board of Governors of the Federal Reserve System.

JAPAN — RECENT INTEREST RATE TRENDS

