

H.14

November 17, 1955

CAPITAL MARKET DEVELOPMENTS

Only three large issues were floated for new capital during the week ending November 11—one 20 million dollar utility bond issue and two State and local offerings with total proceeds of 19 million. The volume of issues expected this week, however, is unusually large, totaling 137 million dollars for corporations and 187 million for State and local governments. The latter total includes proposed financing by the State of Massachusetts for 159.8 million dollars.

Bond yields - Changes in bond yields were mixed last week--U. S. Government long-term bond yields increased four basis points, yields on high- and lower-grade corporate bonds decreased moderately, and State and local government yields remained unchanged.

Daily figures indicate continued increases in Treasury obligation yields on Monday and Tuesday of this week; corporate yields remained steady.

Stock prices - The SEC index of 265 common stocks rose sharply to 265.4 (1947-49=100) during the week ending November 11 in moderately heavy trading. The Standard and Poor's index of 90 common stocks rose to a new high on Monday of this week, well above the previous high reached September 23. (The Dow-Jones series is still slightly below the September peak.) Prices fluctuated slightly on Tuesday and Wednesday of this week.

Stock market credit - Total stock market credit—including net debit balances with brokers and bank loans to "others"—decreased 22 million dollars during October. This is in contrast to a 101 million dollar increase in September. Customers' net debit balances, excluding balances secured by U. S. Government securities, declined 56 million dollars during October, but this decrease was partially offset by an increase of 34 million dollars in bank loans to "others".

Money borrowed by NYSE member firms maintaining margin accounts increased 32 million dollars, but only a small part of this increased borrowing was secured by customer collateral. Customers' net free credit balances declined 57 million dollars.

The table on the following page shows these and other data on stock market credit for September and October.

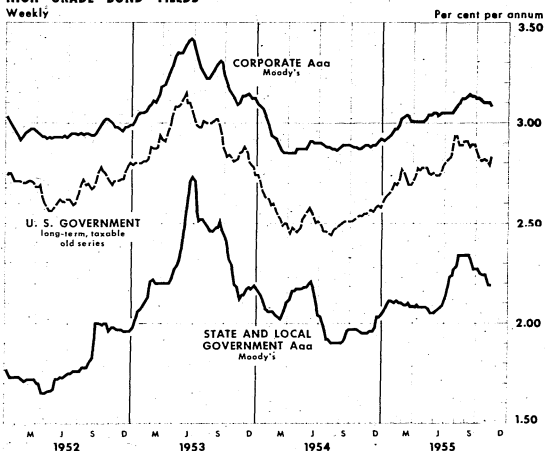
	End of month		Change
	September	October	
	(Millions of dollars)		
Customer credit			
Excluding U. S. Govt. securities - Total	3,966	3,944	-22
Net debit balances	2,805	2,749	-56
Bank loans to "others"	1,161	1,195	+34
Net debit balances secured by U. S. Govt. securities	43	40	-3
Bank loans to others for purchasing or carrying U. S. Govt. securities	33	29	-4
Broker and dealer credit			
Money borrowed except on U. S. Govt. securities	2,056	2,088	+32
On customer collateral	1,705	1,711	+6
Money borrowed on U. S. Govt. securities	68	71	+3
Customers' net free credit balances	977	920	-57

More detailed information concerning recent capital market developments will be found in the attached exhibits.

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

EXHIBIT A

HIGH-GRADE BOND YIELDS



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)					
1952 - High	3.03 (1/4)	2.79 (12/27)	2.00 (10/23)	.37	1.02
Low	2.91 (2/15)	2.56 (5/17)	1.65 (5/1)	.19	.71
1953 - High	3.42 (6/19)	3.15 (6/6)	2.73 (6/25)	.38	.84
Low	2.99 (1/9)	2.78 (12/26)	1.98 (1/8)	.19	.30
1954 - High	3.09 (1/8)	2.74 (1/9)	2.21 (6/10)	.43	.61
Low	2.85 (4/23)	2.44 (8/7)	1.90 (9/2)	.32	.29
1955 - High	3.14 (9/9)	2.94 (8/5)	2.34 (9/8)	.34	.70
Low	2.91 (1/7)	2.62 (1/7)	2.05 (5/26)	.13	.54
October 14	3.11	2.81	2.25	.30	.56
October 21	3.10	2.82	2.24	.28	.58
October 28	3.10	2.81	2.24	.29	.57
November 4	3.10	2.79	2.19	.31	.60
November 11	3.08	2.83	2.19	.25	.64

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

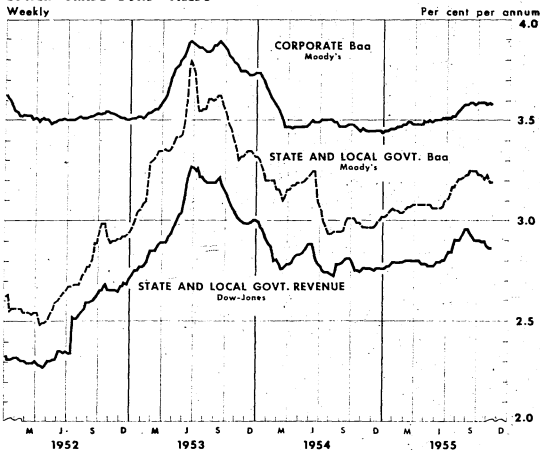
2/ Weekly average of daily figures; old series. Average term to first call of bonds included is 11-14 years.

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 B

LOWER-GRADE BOND YIELDS



Date	Corporate Baa 1/	State and local govt. Baa 2/	State and local govt. rev. 3/
	(Per cent)		
1952 - High	3.63 (1/4)	2.98 (10/23)	2.69 (12/19)
Low	3.48 (5/16)	2.48 (4/17)	2.27 (4/25)
1953 - High	3.89 (9/18)	3.79 (6/25)	3.27 (6/26)
Low	3.50 (1/2)	2.96 (1/8)	2.71 (1/2)
1954 - High	3.74 (1/8)	3.32 (1/7)	3.00 (1/1)
Low	3.44 (12/31)	2.93 (8/5)	2.72 (8/13)
1955 - High	3.59 (11/4)	3.25 (9/22)	2.95 (9/2)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
October 14	3.59	3.22	2.89
October 21	3.59	3.20	2.89
October 28	3.58	3.23	2.87
November 4	3.59	3.19	2.86
November 11	3.58	3.19	2.86

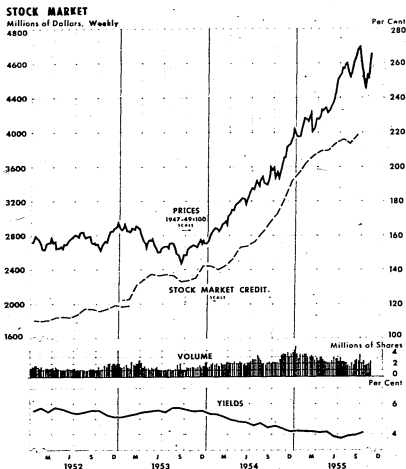
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

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

3/ Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

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

EXHIBIT C



Date	Stock price index 1/	Trading volume 2/ (millions of shares)	Common stock yields 3/ (per cent)	Stock market customer credit		
				Total	Customers' debit bal- ances 4/	Bank loans to "others" 5/
(Millions of dollars)						
1952 - High	165.3 (12/26)	2.0	5.77	1,986	1,332	656
Low	151.7 (10/24)	0.9	5.13	1,804	1,241	552
1953 - High	167.1 (1/2)	2.5	5.75	2,445	1,665	780
Low	144.0 (9/18)	0.9	5.15	2,055	1,314	644
1954 - High	221.4 (12/31)	3.7	5.33	3,436	2,388	1,048
Low	156.5 (1/6)	1.4	4.20	2,405	1,653	746
1955 - High	269.7 (9/23)	4.6	4.22	3,966	2,805	1,215
Low	217.4 (1/14)	1.5	3.78	3,537	2,517	1,018
September	263.6	2.9	3.93	3,966	2,805	1,161
October	250.4	2.0	4.12	n.a.	n.a.	1,195
October 21	252.8	1.7	n.a.	n.a.	n.a.	1,150
October 28	251.6	1.8	n.a.	n.a.	n.a.	1,195
November 4	259.1	1.9	n.a.	n.a.	n.a.	1,215
November 11	265.4	2.3	n.a.	n.a.	n.a.	n.a.

n.a.—Not available.

1/ SEC index of 265 common stocks, weekly closing prices, 1939=100; converted to 1917-49=100 by Federal Reserve. The conversion factor is 123.91.

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

3/ Moody's 200 common stocks; end of month figures.

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 all loans for purchasing or carrying U. S. Governments for 1952; since 1953 only these loans at banks in New York and Chicago are excluded. Weekly reporting banks account for about 72 per cent of loans to others.

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

Corporate and State and Local Government
Security Offerings and Placements

(In millions of dollars)

	New capital					
	Corporate			State and local		
	1955	1954	1953	1955	1954	1953
January	546	547	623	535	396	390
February	436	426	623	312	411	360
March	1,261	635	666	538	565	426
April	494	497	779	427	734	329
May	903	656	675	350	748	649
June	697	842	1,123	641	853	434
July	583	909	483	470	279	519
August	654	335	325	249	261	259
September	680	747	753	e/390	649	475
October	e/1,200 ^{1/}	1,003	577	e/900	594	453
November	e/550	290	429	e/550	423	408
December		604	1,438 ^{2/}		877	774
1st quarter	2,243	1,608	1,912	1,385	1,372	1,176
2nd quarter	2,094	1,995	2,578	1,418	2,334	1,412
3rd quarter	1,917	1,991	1,561	e/1,109	1,188	1,253
4th quarter		1,896	2,444 ^{2/}		1,894	1,636
Year		7,490	8,495		6,789	5,477
Excluding finance companies ^{3/}						
1st quarter	1,791	1,527	1,669			
2nd quarter	1,912	1,927	1,991			
3rd quarter	e/1,445	1,911	1,223			
4th quarter		1,792	2,344			
Year		7,158	7,227			

e/ Estimated.

^{1/} Includes 637.2 million dollar AT&T convertible debenture issue.^{2/} Includes 602.5 million dollar AT&T convertible debenture issue.^{3/} Total new capital issues excluding offerings of sales and personal finance companies.

Note.--Details may not add to totals due to rounding.

Large Public Security Issues for New Capital
(Other than U. S. Treasury) 1/

Proceeds of Large Issues Offered

(Millions of dollars)

Month	Corporate	State and local government	Other <u>2/</u>
1954 - October	433	388	—
November	0	268	—
December	121	689	30
1955 - January	141	341	35
February	63	107	—
March	750	337	—
April	173	238	15
May	483	152	—
June	175	403	—
July	101	278	—
August	405	65	—
September	328	234	—
October	805	716	—

Large Individual Issues Offered November 1 through 11

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
United Gas	1st & coll. bds.	20.0	1975	3 3/8	3.25	A
<u>STATE AND LOCAL GOVERNMENT</u>						
Florida State Board of Education	Rev.	10.6	1957-76	Var.	1.90-2.82	A
State of California	G.O.	60.0	1957-81	Var.	1.50-2.30	Aa
Territory of Hawaii	G.O.	7.5	1958-75	2.44	1.80-2.50	A
Port of New Orleans, La.	G.O.	10.0	1960-90	2.62	2.00-2.70	A
Hamilton County, Ohio	G.O.	5.6	1957-81	n.a.	1.50-2.10	Aaa
State of Oklahoma	G.O.	9.0	1956-61	1.75	1.35-1.65	Aa
Dallas, Texas	G.O.	10.0	1956-75	2.38	1.50-2.45	A
<u>OTHER</u>						
None						

Var.--Various.

n.a.--Not available.

1/ Includes corporate and other security offerings of 15 million dollars and over; State and local government security offerings of 5 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues.

3/ In the case of State and local government securities, G.O. denotes general obligation; Rev., revenue bonds.

4/ 1960-61 maturities not reoffered.

Forthcoming Large 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/
1954 - Oct. 29	15	436	—	135	1,957	30
Nov. 30	94	661	30	246	2,682	30
Dec. 31	184	567	—	216	2,144	35
1955 - Jan. 31	16	682	—	422	1,961	—
Feb. 28	710	524	—	1,395	1,978	—
Mar. 31	211	208	—	922	2,009	—
Apr. 29	425	116	—	1,141	1,917	—
May 31	160	339	—	850	1,861	—
June 30	67	344	—	830	1,845	—
July 29	407	100	—	1,135	2,018	—
Aug. 31	222	184	—	920	1,971	—
Sept. 30	805	843	—	909	2,205	—
Oct. 31	202	330	—	412	1,650	—

Forthcoming Large Offerings, as of November 11

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
New England Telephone & Telegraph	Deb.	30.0	November 15
National Tea Company	Conv. SF deb.	15.0	November 15
Pacific Lighting	Pfd. stock	20.0	November 15
Michigan Consolidated Gas	1st mtg. bds.	30.0	November 16
Commonwealth Edison	Common stock	41.6	November 16
Southern Co.	Common stock	26.4	November 22
San Diego Gas and Electric Co.	1st mtg. bds.	18.0	November 29
Wheeling Steel	Conv. deb.	19.1	November 30
*Baltimore Gas and Electric	1st & ref. bds.	30.0	November 30
Radio Corporation of America	Conv. deb.	100.0	December 5
Consolidated Edison Co. of New York	1st & ref. bds.	70.0	December 6
New Jersey Bell Telephone	Deb.	25.0	December 14
Sheraton Corporation of America	Deb.	15.0	1956
<u>STATE AND LOCAL GOVERNMENT</u>			
St. Louis Bd. of Education, Missouri	G.O.	6.5	November 15
Maryland State Roads Commission	L.L.	15.0	November 15
Commonwealth of Massachusetts	G.O.	159.8	November 16

Forthcoming Large Offerings, as of November 11 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)			
Sonoma Co. Flood Control and Water Conservation Dist., Calif.	G.O.	5.7	November 17
Georgia Rural Roads Authority	L.L.	14.5	November 22
Orlando, Florida	Rev.	5.4	November 22
New York, New York	G.O.	50.0	November 22
Onondaga Co. Water Authority, N. Y.	Rev.	12.6	December 6
Los Angeles, California	n.a.	20.0	December 6
State of Colorado	n.a.	8.0	December 6
California Toll Bridge Authority	Rev.	46.0	December 15
Connecticut Expressway	Rev.	100.0	1955
Inter-American Center Auth., Fla.	Rev.	25.0	1955
Texas Turnpike Company	Rev.	137.0	1955
Michigan Turnpike Authority	Rev.	186.0	1955-56
California Toll Bridge Authority	Rev.	235.0	1955-56
Louisiana Turnpike Commission	Rev.	100.0	1955-56
Oklahoma Turnpike Authority	Rev.	146.0	1955-56
Pennsylvania Turnpike Commission	Rev.	62.0	1955-56
Washington State Toll Bridge Auth.	Rev.	227.0	1956
Port of New York Authority	n.a.	16.0	1956
<u>OTHER</u>			
*Union of South Africa	Bonds	25.0	November 30

n.a.--Not available.

*--Included in table for first time.

1/ Includes corporate and other issues of 15 million dollars and over; State and local government issues of 5 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues.