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H.14

October 3, 1957

#### CAPITAL MARKET DEVELOPMENTS

Large public security offerings for new capital issued during the week ending September 27 totaled \$50 million for corporations and \$36 million for State and local governments. The calendar for this week includes corporate offerings totaling \$195 million and State and local government issues aggregating \$51 million.

Bond yields - Changes in yields on outstanding bonds were mixed again last week. Yields on corporate bonds increased, while U. S. Government (old series) yields were stable and yields on State and local government and U. S. Government (new series) obligations declined.

An Aa-rated 30-year, first mortgage electric utility bond issue was offered to investors this week to yield 4.78 per cent -- 7 basis points below that for the last comparable issue, an offering made on September 6.

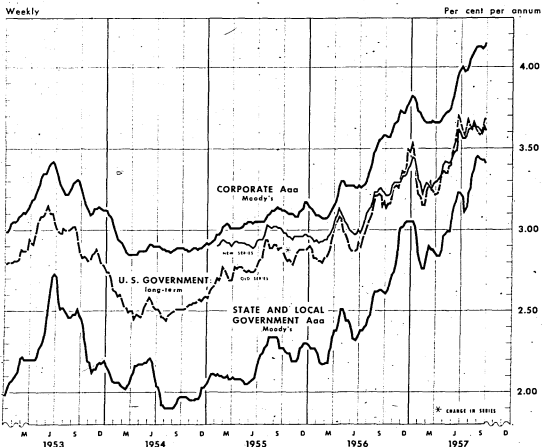
Stock prices - With this report, the stock price and yield indexes shown on Exhibit C have been changed to the Standard and Poor's series. The use of this price series, which is the most comprehensive one available, enables comparison to be made of daily figures with weekly closing prices. The yield series now shown on Exhibit C corresponds to the new price series in coverage, whereas previously the price and yield figures were for different series.

Stock prices, as measured by this Standard and Poor's index of 500 common stocks, declined last week, closing at 42.55 on September 27. On Wednesday of this week, the index stood at 43.10. Trading volume increased substantially last week, but has declined thus far this week.

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

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

## 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. (old series) and Corporate State and Aaa local Aaa	
		Old series	New series		Aaa	local Aaa
(Per cent)						
1953 - High	3.42 (6/19)	3.15 (6/6)	n.a.	2.73 (6/25)	.38	.84
Low	2.99 (1/9)	2.78 (12/26)	n.a.	1.98 (1/8)	.19	.30
1954 - High	3.09 (1/8)	2.74 (1/9)	n.a.	2.21 (6/10)	.43	.61
Low	2.85 (4/23)	2.44 (8/7)	n.a.	1.90 (9/2)	.32	.29
1955 - High	3.17 (12/23)	2.94 (8/5)	3.03 (8/5)	2.34 (9/8)	.34	.70
Low	2.91 (1/7)	2.62 (1/7)	2.89 (6/10)	2.05 (5/26)	.13	.54
1956 - High	3.79 (12/28)	3.49 (12/21)	3.39 (12/28)	3.05 (12/27)	.44	.68
Low	3.07 (3/2)	2.80 (2/17)	2.92 (2/3)	2.17 (2/23)	.13	.32
1957 - High	4.14 (9/27)	3.70 (6/21)	3.66 (8/16)	3.45 (8/29)	.54	.49
Low	3.66 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.25	.14
August 30	4.12	3.60	3.63	3.45	.52	.15
September 6	4.12	3.58	3.61	3.44	.54	.14
September 13	4.11	3.60	3.59	3.43	.51	.17
September 20	4.12	3.68	3.63	3.43	.44	.25
September 27	4.14	3.68	3.61	3.41	.46	.27

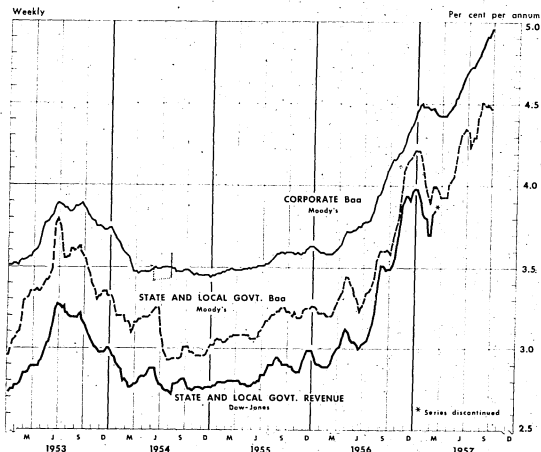
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

2/ Weekly averages of daily figures. The old series includes fully taxable, marketable 2 1/2 per cent bonds due or first callable after 12 years through September 1955, and those due or callable in 10-12 years thereafter; the average term to first call of the bonds included declined from 14 years in early 1953 to 11 1/2 years in early 1956. The new series is comprised of the 3 per cent bond of 1955 and the 3 1/4 per cent bond of 1978-83.

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.

## LOWER - GRADE BOND YIELDS



Date	Corporate Baa <u>1/</u>	State and local govt. Baa <u>2/</u>	State and local govt. rev. <u>3/</u>
	(Per cent)		
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	3.63 (12/30)	3.26 (12/29)	2.99 (12/30)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
1956 - High	4.41 (12/28)	4.22 (12/27)	3.98 (12/28)
Low	3.58 (3/9)	3.20 (3/8)	2.89 (2/24)
1957 - High	4.96 (9/27)	4.51 (8/29)	3.98 (1/4)
Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
August 30	4.87	4.51	<u>4/</u>
September 6	4.91	4.49	
September 13	4.91	4.49	
September 20	4.94	4.49	
September 27	4.96	4.47	

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.

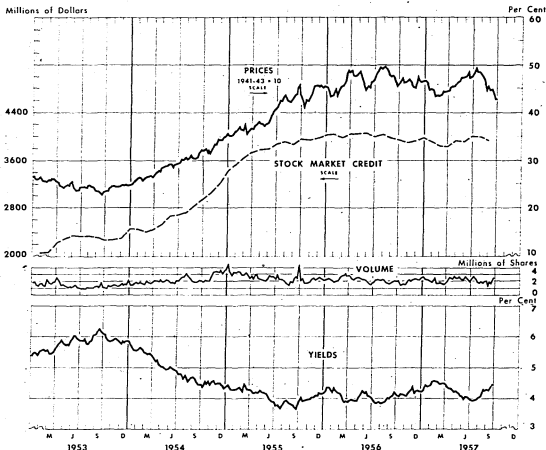
3/ Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

4/ Series discontinued, as of March 15.

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

## EXHIBIT C

## STOCK MARKET



Date	Stock price index <sup>1/</sup>	Trading volume <sup>2/</sup> (millions of shares)	Common stock yields <sup>3/</sup> (per cent)	Stock market customer credit		
				Total	Customers' debit balances <sup>4/</sup>	Bank loans to "others" <sup>5/</sup>
(Millions of dollars)						
1953 - High	26.54 (1/2)	2.5	6.25	2,455	1,665	780
Low	22.95 (9/18)	0.9	5.38	2,055	1,314	664
1954 - High	35.98 (12/31)	3.7	5.82	3,436	2,388	1,048
Low	24.93 (1/8)	1.4	4.32	2,405	1,653	746
1955 - High	45.89 (12/9)	4.6	4.42	4,030	2,805	1,224
Low	35.28 (1/14)	1.5	3.64	3,537	2,517	1,018
1956 - High	49.64 (8/3)	3.1	4.35	4,047	2,823	1,267
Low	43.22 (1/20)	1.5	3.82	3,914	2,740	1,155
1957 - High	49.08 (7/12)	2.7	4.55	4,031	2,887	1,163
Low	42.55 (9/27)	1.4	3.91	3,832	1,713	1,092
July	48.51	2.2	3.94	4,004	2,885	1,119
August	45.84	1.9	4.15	3,929	2,833	1,096
September 13	44.80	1.8	4.24	n.a.	n.a.	1,092
September 20	43.69	1.6	4.34	n.a.	n.a.	1,105
September 27	42.55	2.5	4.45	n.a.	n.a.	n.a.

n.a.--Not available.

<sup>1/</sup> 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 Friday's data only.

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

<sup>3/</sup> Standard and Poor's composite stock yield based on Wednesday data converted to weekly closing prices by Federal Reserve.

<sup>4/</sup> 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.

<sup>5/</sup> Wednesday figures for weekly reporting member banks. Excludes loans for purchasing or carrying U.S. Government securities 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.

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 <sup>1/</sup>		
	1957	1956	1955	1957	1956	1955
January	1,063	573	535	742	1,104	535
February	1,071	712	1,107	573	616	312
March	1,344	817	1,223	506	390	533
April	924	818	1,178	765	376	1,127
May	771	1,116	866	546	1,190	350
June	1,489	611	687	394	735	612
July	e/1,075	1,063	597	524	1,108	1,170
August	e/900	654	614	572	206	219
September	e/1,000	838	670	e/1,150	357	1,106
October	e/1,000	745 <sup>3/</sup>	1,162 <sup>2/</sup>	e/600	639	919
November		1,089	632		317	658
December		1,088	900		1,109	1,108
1st quarter	3,479	2,102	2,165	1,821	1,190	1,385
2nd quarter	3,184	2,805	2,052	1,705	1,603	1,416
3rd quarter	e/2,975	2,556	1,911	e/1,546	971	1,124
4th quarter		2,922	2,695		1,395	1,984
1st half	6,663	4,907	4,216	3,526	3,093	2,802
Three quarters	e/9,638	7,163	6,127	e/5,072	4,064	3,927
Year		10,384	8,821		5,459	5,911
Excluding finance companies <sup>4/</sup>						
1st quarter	3,268	1,617	1,727			
2nd quarter	2,924	2,511	1,870			
3rd quarter	e/2,675	2,216	1,444			
4th quarter		2,826	2,544			
Year		9,259	7,595			

e/ Estimated.

<sup>1/</sup> Data through June 1956 are Bond Buyer data classified as new capital by Federal Reserve; later data are from the Investment Bankers Association of America and are somewhat more complete as to coverage than the earlier data, particularly for Federal Government loans.

<sup>2/</sup> Includes \$637.2 million AT&T convertible debenture issue.

<sup>3/</sup> Includes \$571.5 million AT&T common stock issue.

<sup>4/</sup> Total new capital issues excluding offerings of sales and consumer 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>
1956 - August	217	35	37
September	558	184	--
October	386	383	35
November	701	135	--
December	430	201	--
1957 - January	567	386	100
February	671	306	50
March	788	194	--
April	477	499	125
May	329	248	25
June	877	176	39
July	525	265	25
August	526	357	--

Large Individual Issues Offered September 1 through 27

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Tampa Electric Co.	1st mtg. bds.	18.0	1987	5	4.85	Aa
Duke Power Co.	S.F. deb.	50.0	1982	4 7/8	4.74	Aa
El Paso Natural Gas Co.	Conv. deb.	60.0	1977	5 1/4	5.25	Baa
Texas Eastern Trans. Co.	1st mtg. P.L. bds.	30.0	1977	5 5/8	5.71	Baa
New Jersey Bell Tel. Co.	Deb.	30.0	1993	4 7/8	4.75	Aaa
Sperry Rand Corp.	S.F. deb.	110.0	1982	5 1/2	5.50	Baa
Lehigh Portland Cement Co.	S.F. deb.	30.0	1979	4 7/8	4.88	A
Philadelphia Elec. Co.	1st ref. mtg. bds.	40.0	1987	4 5/8	4.63	Aaa
Niagara Mohawk Pwr. Co.	Gen. mtg. bds.	50.0	1987	4 7/8	4.82	Aa
Consolidated Nat. Gas Co.	Deb.	30.0	1982	5	4.86	Aaa
Pacific Power & Light Co.	1st mtg. bds.	20.0	1987	5 3/4	5.70	Baa
Consumers Power Co.	1st mtg. bds.	35.0	1987	4 3/4	4.71	Aaa
Utah Power & Light Co.	1st mtg. bds.	15.0	1987	5 1/4	5.10	A

## Large Individual Issues Offered September 1 through 27 (Cont'd)

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE &amp; LOCAL GOVERNMENT</u>						
Santa Monica U.S.D., Calif.	G.O.	5.0	1958-77	3.60	2.50-3.65	Aa
Dade Co., Spec. Tax S.D. No. 1, Florida	G.O.	9.5	1959-76/66	4.30	3.10-4.25	A
Houston, Texas	Water rev.	10.0	1958-91/67	4.59	3.00-4.50	Baa
Winnebago Co. S.D. No. 205, Illinois	G.O.	5.5	1958-73	3.44	2.50-3.45	Aa
Cook Co., Illinois	G.O.	10.0	1958-77	3.78	2.60-3.80	A
Los Angeles, Calif.	G.O.	5.0	1958-77	3.68	2.60-3.75	Aa
Baltimore Co., Md.	G.O.	23.6	1959-97	3.90	2.80-4.75	A
Wichita, Kansas	Water rev.	41.8	1962-87/70	4.49	3.50-4.50	A
Springfield, Mass.	G.O.	5.2	1958-82	3.09	2.30-3.15	Aaa
Penna. Gen. State Auth.	Rev.	25.0	1959-83/57	3.79	2.80-3.85	--
Buffalo, New York	G.O.	8.4	1958-72	2.96	2.35-3.00	Aaa
Oakland U.S.D., Calif.	G.O.	10.0	1958-82	3.43	2.50-3.50	Aa
Colorado Springs, Colo.	Util. rev.	5.5	1958-79/72	3.53	2.50-3.50	Aa
Territory of Hawaii	Hwy. rev.	12.5	1959-87/66	4.85	3.25-4.80	A
State of Colorado	Hwy. rev.	8.0	1959-73	3.23	2.60-3.20	Aa
<u>OTHER</u>						
Kingdom of Belgium	Ext.S.F.deb.	30.0	1972	5 1/2	5.75	--

1/ Includes corporate and other security offerings of \$15 million 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; G.R., general obligations additionally secured by facilities revenues; L.L., limited liability obligations secured by pledge of designated revenues.

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/
1956 - Sept. 28	315	359	--	1,009	1,197	--
Oct. 31	683	162	--	990	955	--
Nov. 30	436	48	23	481	979	23
Dec. 31	476	280	100	796	763	100
1957 - Jan. 31	591	153	35	966	648	35
Feb. 28	740	153	--	795	631	--
Mar. 29	461	290	25	486	862	25
Apr. 30	187	179	25	258	396	25
May 31	525	97	--	525	388	--
June 28	370	172	25	415	498	25
July 31	526	252	--	811	514	--
Aug. 30	578	243	30	845	439	30
Sept. 30	576	370	--	647	587	15

Forthcoming Large Offerings, as of September 27

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Pacific Telephone & Telegraph Co.	Common stk.	18.9	Sept. 30 (rights expire)
Gulf States Utilities Co.	1st mtg. bds.	17.0	Oct. 1
Southwestern Bell Tel. Co.	Deb.	100.0	Oct. 2
Northern Natural Gas Co.	Pfd. stk.	16.0	Oct. 2
Shamrock Oil & Gas Corp.	Conv. sub. deb.	17.5	Oct. 3
Columbia Gas System, Inc.	Deb.	25.0	Oct. 4
Chemical Corn Exchange Bank	Capital stk.	48.4	Oct. 7 (rights expire)
Commonwealth Edison Co.	Pfd. stk.	25.0	Oct. 9
Consolidated Edison Co.	1st ref. mtg. bds.	60.0	Oct. 22
American Telephone & Telegraph Co.	Deb.	250.0	Oct. 29
National Cylinder Gas Co.	Conv. sub. deb.	17.5	Oct.
*Consumers Power Co.	Conv. deb.	35.2	Nov. 1 (rights expire)
Southern New England Tel. Co.	Common stk.	35.0	Nov. 8 (rights expire)

## Forthcoming Large Offerings, as of September 27 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
State of New York	C.O.	24.0	Oct. 1
State of Oregon	G.O.	26.6	Oct. 1
City & Co. of San Francisco, Calif.	G.O.	28.9	Oct. 7
State of Ohio	Highway rev.	31.0	Oct. 8
Cincinnati, Ohio	G.O.	5.3	Oct. 8
*Chicago Park Dist., Ill.	G.O.	6.0	Oct. 8
*Mecklenburg Co., N.C.	G.O.	5.0	Oct. 8
*Los Angeles Dept. of Wtr. & Pwr., Calif.	Rev.	18.0	Oct. 9
Dayton City Sch. Dist., Ohio	G.O.	8.0	Oct. 10
San Diego Unified Sch. Dist., Calif.	G.O.	10.0	Oct. 15
Commonwealth of Massachusetts	G.O.	65.0	Oct. 15
Pittsburgh, Pa.	G.O.	6.6	Oct. 16
Maryland State Roads Commission	C.O.	15.0	Oct. 16
Washington Toll Bridge Auth.	Rev.	30.5	Oct. 17
Milwaukee, Wisconsin	G.O.	5.5	Oct. 22
State of California	G.O.	85.0	Oct. 23
State of Missouri	G.O.	30.0	1957
State of Texas	G.O.	12.5	1957
Jacksonville, Florida	Utilities rev.	30.0	1957
University System Bldg. Auth., Ga.	Rev.	12.0	1957
Pennsylvania Turnpike Commission	Rev.	62.0	1957
Inter-American Center Auth., Fla.	Rev.	20.0	1957
New York State Thruway Authority	G.O.	50.0	1957
<u>OTHER</u>			
Union of South Africa	Ext. loan bds.	15.0	1957

\*--Included in table for first time.

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

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

Note.--Deletions for reasons other than sale of issue: None.

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 - 1956				
High	4.30(12/12/56)	62	4.58(12/6/56)	70
Low	2.93(3/31/54)	- 3	3.00(3/17/54)	-15
1957 - January	4.44	57	4.62	64
February	4.25	44	None	
March	None		4.50	45
April 3	4.29	50		
10			4.60	59
12			4.50	49
May 10			4.53	52
15			4.53 2/	52
16	4.50	65	4.70	69
21	4.38 2/	51		
23			5.00	98
29			5.25	123
June 5	4.63	75		
7			5.10	106
11	4.78	87		
July 3			4.80 2/	64
10	4.57	48	4.88 2/	74
11	4.77	68		
16	4.65	56		
17			4.90	71
August 14	5.00	75		
September 5	4.80	51		
6	4.85	56		
25			5.10	51

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. Other issues have no such provision.