

H. 14

September 29, 1954

CAPITAL MARKET DEVELOPMENTS

Heavy volume of security offerings - The volume of large corporate security offerings floated publicly for new capital during the week ending September 24 amounted to 265 million dollars; the volume of large State and local government issues was 197 million. Large public issues to be offered this week total 71 million dollars.

Bond yields - Yields on outstanding high-grade municipal bonds rose moderately during the week ending September 24. Corporate Baa bond yields increased slightly, and those on corporate Aaa and U. S. Government obligations did not change. The spread between corporate Aaa and Treasury bond yields was 38 points for the sixth consecutive week.

Stock prices reach new high - The SEC index of 265 common stocks rose to 199.3 last week, a new high for the series which extends back to 1939. The Standard and Poor's index of 480 common stocks, which is available for a longer period, surpassed the 1929 high for the first time. Prices of industrial stocks have been above the 1929 high for some time, but public utility and railroad stock prices are still well below the 1929 levels.

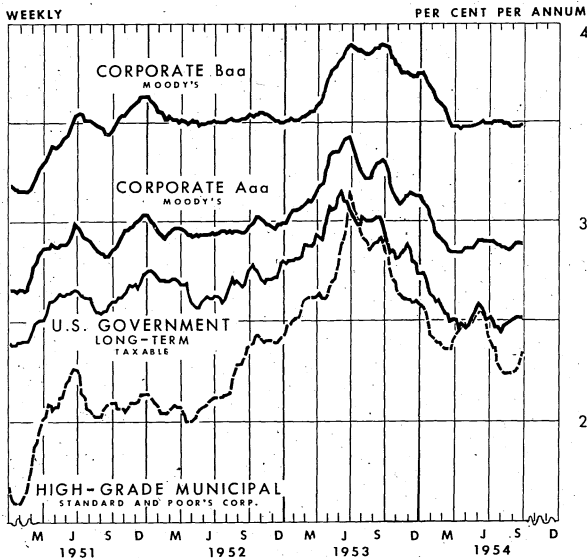
Further details on capital market developments available from exhibits - More detailed information concerning recent capital market developments will be found in the following exhibits which are attached hereto:

- A - Bond Yields
- B - Stock Market
- C - Corporate and State and Local Government Security Offerings and Placements
- D - Large Public Security Issues for New Capital (other than U. S. Treasury)
- E - Forthcoming Large Public Security Offerings for New Capital (other than U. S. Treasury)
- F - Yields on New and Outstanding Public Utility Bonds, rated Aa and A

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

EXHIBIT A

BOND YIELDS



| Date | Corporate ^{1/} | | U. S. Govt. long-term ^{2/} | Spread between Corporate, Aaa and U. S. Govt. | High- grade Mun. ^{3/} |
|----------------------|-------------------------|------|--|---|--------------------------------------|
| | Aaa | Baa | | | |
| (Per cent per annum) | | | | | |
| 1951 - High | 3.03 | 3.63 | 2.74 | .36 | 2.26 |
| 1951 - Low | 2.65 | 3.16 | 2.38 | .25 | 1.59 |
| 1952 - High | 3.03 | 3.63 | 2.79 | .37 | 2.43 |
| 1952 - Low | 2.91 | 3.48 | 2.56 | .19 | 2.00 |
| 1953 - High | 3.42 | 3.89 | 3.15 | .38 | 3.14 |
| 1953 - Low | 2.99 | 3.50 | 2.74 | .19 | 2.43 |
| 1954 - High | 3.09 | 3.74 | 2.74 | .43 | 2.56 |
| 1954 - Low | 2.85 | 3.46 | 2.44 | .33 | 2.23 |
| August 27 | 2.87 | 3.47 | 2.49 | .38 | 2.23 |
| September 3 | 2.88 | 3.47 | 2.50 | .38 | 2.24 |
| September 10 | 2.89 | 3.47 | 2.51 | .38 | 2.26 |
| September 17 | 2.89 | 3.47 | 2.51 | .38 | 2.31 |
| September 24 | 2.89 | 3.48 | 2.51 | .38 | 2.33 |

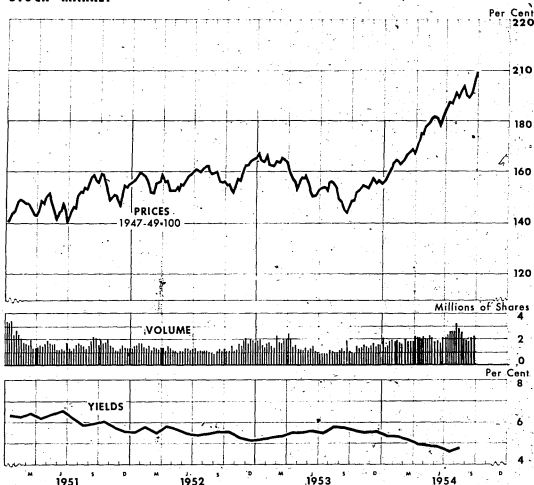
^{1/} Moody's Investors Service; weekly average of daily figures.

^{2/} Federal Reserve; weekly average of daily figures.

^{3/} Standard and Poor's Corporation; Wednesday figure.

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

STOCK MARKET



| Date | Stock price index ^{1/} (1947-49=100) | Trading volume ^{2/} (millions of shares) | Common stock yields ^{3/} (per cent per annum) | Customers' debit balances ^{4/} (millions of dollars) | Bank loans to "others" for purchases of securities ^{5/} (millions of dollars) |
|--------------|---|---|--|---|--|
| 1951 - High | 158.6 | 3.4 | 6.55 | 1,297 | 340 |
| Low | 140.3 | 1.1 | 5.55 | 1,219 | 260 |
| 1952 - High | 165.3 | 2.0 | 5.77 | 1,328 | 295 |
| Low | 151.7 | 0.9 | 5.13 | 1,241 | 250 |
| 1953 - High | 167.1 | 2.5 | 5.75 | 1,665 | 327 |
| Low | 144.0 | 0.9 | 5.35 | 1,314 | 252 |
| 1954 - High | 199.3 | 2.2 | 5.33 | 1,967 | 437 |
| Low | 156.5 | 1.1 | 4.61 | 1,653 | 328 |
| July | 188.1 | 2.5 | 4.61 | 1,893 | 412 |
| August | 191.4 | 2.6 | 4.75 | 1,967 | 418 |
| September 10 | 191.6 | 1.8 | n.a. | n.a. | 414 |
| September 17 | 195.5 | 2.1 | n.a. | n.a. | 420 |
| September 24 | 199.3 | 2.2 | n.a. | n.a. | 425 |

^{1/} S&P index of 200 common stocks, weekly closing price, 1939=100; converted to 1947-49=100 by Federal Reserve.

^{2/} Weekly averages of daily trading volume on New York Stock Exchange.

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

^{4/} End of month figures for member firms of New York Stock Exchange; excludes balances secured by U. S. Government securities.

^{5/} Wednesday figures for weekly reporting member banks in New York and Chicago; excludes loans for purchase of U. S. Government securities. On March 4, 1953, the last date on which figures for all reporting banks were available, New York and Chicago accounted for 45 per cent of such loans. In the past New York and Chicago loans have fluctuated more than total loans.

n.a.—Not available.

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

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Exhibit C

Corporate and State and Local Government Security Offerings and Placements

(In millions of dollars)

| | New capital | | | | | |
|-------------|---|---------------------|---------------------|-----------------|-------|-------|
| | Corporate | | | State and local | | |
| | 1954 | 1953 | 1952 | 1954 | 1953 | 1952 |
| January | 544 | 623 | 615 | 396 | 388 | 357 |
| February | 439 | 623 | 413 | 411 | 359 | 300 |
| March | 660 | 666 | 951 | 565 | 426 | 446 |
| April | 486 | 779 | 870 | 734 | 328 | 454 |
| May | 652 | 675 | 990 | 748 | 648 | 394 |
| June | 859 | 1,123 | 769 | 853 | 434 | 625 |
| July | e/725 | 483 | 1,237 ^{1/} | e/250 | 519 | 243 |
| August | e/400 | 325 | 291 | e/250 | 259 | 199 |
| September | e/650 | 753 | 390 | e/625 | 475 | 473 |
| October | | 577 | 999 | | 452 | 302 |
| November | | 429 | 340 | | 408 | 183 |
| December | | 1,438 ^{2/} | 851 | | 774 | 395 |
| 1st quarter | 1,643 | 1,912 | 1,979 | 1,372 | 1,173 | 802 |
| 2nd quarter | 1,998 | 2,578 | 2,629 | 2,335 | 1,410 | 1,474 |
| 3rd quarter | e/1,775 | 1,561 | 1,918 ^{1/} | e/1,125 | 1,253 | 916 |
| 4th quarter | | 2,444 ^{2/} | 2,191 | | 1,635 | 880 |
| Year | | 8,495 ^{2/} | 8,716 ^{1/} | | 5,471 | 4,072 |
| | Excluding finance companies ^{3/} | | | | | |
| 1st quarter | 1,562 | 1,669 | 1,961 | | | |
| 2nd quarter | 1,931 | 1,991 | 2,521 | | | |
| 3rd quarter | e/1,735 | 1,223 | 1,877 | | | |
| 4th quarter | | 2,344 | 2,094 | | | |
| Year | | 7,227 | 8,452 | | | |

^{1/} Includes 490 million dollar American Telephone and Telegraph debenture issue.

^{2/} Includes 603 million dollar AT&T debenture issue.

^{3/} Total new capital issues excluding offerings of sales and personal finance companies.

e/--Estimated.

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

Exhibit D

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 ^{2/} |
|----------------|-----------|----------------------------|---------------------|
| 1953 - August | 115 | 111 | -- |
| September | 375 | 322 | 34 |
| October | 216 | 323 | 51 |
| November | 96 | 254 | 19 |
| December | 963 | 571 | 50 |
| 1954 - January | 289 | 164 | 119 |
| February | 103 | 213 | -- |
| March | 160 | 370 | 50 |
| April | 169 | 557 | -- |
| May | 324 | 557 | -- |
| June | 350 | 603 | -- |
| July | 336 | 92 | -- |
| August | 75 | 86 | -- |

Large Individual Issues Offered from September 1 through 24

| Issuer | Type ^{3/} | Amount (millions of dollars) | Maturity | Coupon rate or net interest cost | Offering yield | Rating |
|---|--------------------|------------------------------|----------|----------------------------------|----------------|--------|
| <u>CORPORATE</u> | | | | | | |
| Southern Bell Telephone and Telegraph Co. | Deb. | 25.0 | 1989 | 3 1/8 | 3.02 | Aaa |
| Tennessee Gas Transmission | Deb. | 24.5 | 1974 | 4 1/4 | 4.10 | Baa |
| American Tel. & Tel. Co. | Deb. | 250.0 | 1984 | 3 1/4 | 3.12 | Aa |
| Dayton Power & Light Co. | 1st mtg. bds. | 15.0 | 1984 | 3 | 3.00 | Aa |
| <u>STATE AND LOCAL GOVERNMENT</u> | | | | | | |
| Cook County, Illinois | G.O. | 7.6 | 1955-74 | 1.90 | 0.75-2.05 | Aa |
| Los Angeles, California, Dept. of Water & Power | Rev. | 19.5 | 1955-84 | 2.26 | 0.65-2.50 | Aa |
| Jersey City Sewerage Authority, New Jersey | Rev. | 22.0 | 1959-93 | 3.26 | 1.80-3.40 | Baa |
| Louisville and Jefferson Co., Sewer Dist., Ky. | Rev. | 8.0 | 1955-74 | 2.54 | 0.70-2.70 | Aa |
| Texas Veterans Land Board | G.O. | 10.0 | 1960-89 | 2.10 | 1.15-2.35 | Aa |

Large Individual Issues Offered from September 1 through 24 (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) | | | | | | |
| Public Housing Authorities | -- | 135.9 | 1955-95 | 2.33 | 0.65-2.55 | -- |
| Wyandotte School Dis- trict, Michigan | G.C. | 7.3 | 1955-72 | 2.23 | 0.90-2.10 | A |
| Pittsburgh Public School District, Pennsylvania | G.O. | 5.0 | 1955-79 | 2.02 | 0.70-2.25 | A |
| State of South Carolina | G.O. | 20.0 | 1955-74 | 1.77 | 0.70-2.00 | Aa |
| State of Connecticut | G.O. | 7.0 | 1955-84 | 1.72 | 0.65-2.25 | Aaa |
| Detroit, Michigan | G.O. | 5.2 | 1955-83 | 2.52 | 0.75-2.85 | A |
| Kansas Turnpike | Rev. | 160.0 | 1994 | 3.44 | 3.40 | -- |
| <u>OTHER</u> | | | | | | |
| None | | | | | | |

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; G.R., general obligations additionally secured by facilities revenues; and, L.L., limited liability obligations secured by pledge of designated revenues.

4/ Bonds maturing 1988-89 not reoffered.

Exhibit E

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/ |
| 1953 - Aug. 31 | 490 | 226 | n.a. | 1,398 | 1,460 | n.a. |
| Sept. 29 | 180 | 273 | n.a. | 1,016 | 1,182 | n.a. |
| Oct. 30 | 73 | 283 | n.a. | 1,129 | 978 | n.a. |
| Nov. 30 | 948 | 537 | 73 | 1,616 | 1,752 | 88 |
| Dec. 31 | 232 | 179 | 123 | 669 | 1,238 | 138 |
| 1954 - Jan. 29 | 118 | 161 | -- | 479 | 1,660 | -- |
| Feb. 26 | 108 | 498 | 50 | 690 | 1,916 | 50 |
| Mar. 31 | 204 | 555 | -- | 555 | 2,789 | -- |
| Apr. 30 | 323 | 525 | 27 | 647 | 2,322 | 27 |
| May 28 | 332 | 596 | -- | 526 | 1,971 | -- |
| June 30 | 336 | 86 | -- | 532 | 1,524 | -- |
| July 30 | 100 | 54 | -- | 303 | 1,553 | -- |
| Aug. 31 | 334 | 300 | -- | 608 | 1,876 | -- |

Forthcoming Large Offerings, as of September 24

| Issuer | Type | Amount (millions of dollars) | Approximate date of offering |
|-------------------------------------|-----------------|------------------------------|------------------------------|
| <u>CORPORATE</u> | | | |
| Northern States Power | 1st mtg. bonds | 20.0 | September 28 |
| Public Service Company of Colorado | 1st mtg. bonds | 20.0 | October 4 |
| Indiana and Michigan Electric Co. | 1st mtg. bonds | 16.5 | October 5 |
| Texas Power and Light Co. | 1st mtg. bonds | 15.0 | October 18 |
| New York Telephone Co. | Ref. mtg. bonds | 40.0 | October 19 |
| National City Bank of New York | Common stock | 131.3 | October 22 |
| Kentucky Utilities | 1st mtg. bonds | 15.0 | October |
| Laclede Gas | 1st mtg. bonds | 20.0 | October |
| *Continental Oil | Deb. | 100.0 | October |
| Kansas City Power and Light | 1st mtg. bonds | 16.0 | 1954 |
| Long Island Lighting | 1st mtg. bonds | 20.0 | 1954 |
| Public Service of Oklahoma | 1st mtg. bonds | 20.0 | January |
| <u>STATE AND LOCAL GOVERNMENT</u> | | | |
| State of Ohio | L.L. | 30.0 | September 28 |
| State of Tennessee | G.O. | 5.4 | September 28 |
| Macon County, Illinois | G.O. | 7.0 | September 29 |
| Alexandria, Virginia | Rev. | 8.2 | September |
| Mississippi River Bridge Auth., La. | Rev. | 65.0 | October 5 |
| Kansas City, Missouri | Rev. | 12.0 | October 6 |
| *Cleveland, Ohio | Rev. | 11.0 | October 7 |

Forthcoming Large Offerings, as of September 24 (Cont'd)

| Issuer | Type | Amount (millions of dollars) | Approximate date of offering |
|--|------|------------------------------------|---------------------------------|
| <u>STATE AND LOCAL GOVERNMENT (Cont'd)</u> | | | |
| Georgia State Toll Bridge Authority | n.a. | 6.7 | October 13 |
| Department of Highways, Virginia | Rev. | 100.0 | October 14 |
| Milwaukee, Wisconsin | n.a. | 5.0 | October 19 |
| Greater Baton Rouge Port Comm., La. | n.a. | 12.5 | October 20 |
| *Colorado Springs, Colorado | Rev. | 10.0 | October 20 |
| Wichita, Kansas | n.a. | 6.9 | October 26 |
| Florida State Board of Education | n.a. | 25.7 | October |
| *Southeast Alabama Gas District | Rev. | 20.0 | October |
| *Philadelphia, Pennsylvania | n.a. | 25.3 | October |
| Dallas, Texas | n.a. | 10-15.0 | November 29 |
| Oklahoma Turnpike Authority | n.a. | 175.0 | Fall |
| New Jersey Highway Authority | Rev. | 30-50.0 | Fall |
| Lansing, Michigan | n.a. | 6.0 | Fall |
| Dade County Port Authority, Fla. | Rev. | 21.0 | 1954 |
| New York State Power Authority | Rev. | 315.0 | 1954 |
| Allegheny County, Pennsylvania | | | |
| Sanitary Authority | Rev. | 85.0 | 1954 |
| California Toll Bridge Authority | Rev. | 235.0 | 1954 |
| Maryland State Roads Commission | n.a. | 70.0 | 1954 |
| Warren, Ohio | n.a. | 5.0 | 1954 |
| Springfield, Illinois | n.a. | 9.0 | 1954 |
| State of Massachusetts | n.a. | 65.0 | 1954 |
| Davenport, Iowa | n.a. | 5.0 | 1954 |
| New York Thruway | Rev. | 50.0 | 1954 |
| *Indiana Toll Road Commission | n.a. | 225.0 | 1954 |
| Metropolitan Water Dist. of So. Cal. | G.O. | 8-10.0 | 1955 |
| Los Angeles School Dist., Cal. | n.a. | 20.0 | 1955 |
| Los Angeles Dept. of Water & Power | Rev. | 15-20.0 | 1955 |
| Florida State Turnpike Authority | Rev. | 89.0 | 1955 |
| Jersey City Sewerage Auth., N. J. | Rev. | 16.0 | 1955 |
| <u>OTHER</u> | | | |
| None | | | |

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.

n.a.--Not available.

*--Included in table for first time.

Exhibit F

Yields on New and Outstanding
Public Utility 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 average | 3.18 | 14 | 3.37 | 12 |
| 1953 average | 3.44 | 16 | 3.78 | 25 |
| 1953 - January | 3.25 | 11 | None | -- |
| February | 3.39 | 19 | None | -- |
| March | 3.40 | 17 | 3.59 | 23 |
| April | 3.43 | 16 | 3.88 | 41 |
| May | 3.79 | 28 | 3.99 | 37 |
| June | None | -- | 4.10 | 39 |
| July | *3.68 | 29 | *4.00 | 30 |
| August | None | -- | None | -- |
| September | None | -- | 3.92 | 29 |
| October | 3.34 | 6 | 3.56 | 7 |
| November | *3.28 | 7 | 3.42 | 2 |
| December | *3.30 | 5 | 3.51 | 10 |
| 1954 - January | 3.20 | 6 | 3.34 | 2 |
| February | 3.02 | 0 | *3.20 | -1 |
| March | *2.93 | 0 | 3.05 | -10 |
| April | 2.99 | 5 | 3.10 | -6 |
| May 5 | 3.00 | 4 | | |
| 6 | 2.99 | 3 | 3.15 | 0 |
| 11 | | | 3.08 | -6 |
| 20 | | | 3.13 | -1 |
| 27 | | | 3.20 | 5 |
| June 9 | | | 3.17 | 1 |
| 16 | | | 3.14 | -2 |
| 17 | | | 3.13 | -3 |
| 24 | | | 3.12 | -3 |
| 25 | 3.00 | 1 | | |
| July 14 | | | 3.13 | -1 |
| August 18 | | | 3.06 | -6 |
| 25 | | | 3.15 | 3 |
| September 23 | 3.00 | 0 | | |

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.

*--Single observation, not an average.