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October 11, 1956

CAPITAL MARKET DEVELOPMENTS

Large public security offerings issued for new capital during the week ending October 5 totaled \$73 million for corporations and \$59 million for State and local governments. This week, corporate security offerings are expected to total \$90 million and State and local government issues for \$55 million are scheduled for sale.

Pacific Finance Company's \$25 million debenture issue originally scheduled for sale in early May was reduced to \$15 million and offered for sale on October 9. The securities carried a 10-year no-call provision as did the recent offerings by CIT Financial Corporation and Commercial Credit Company. Another finance company offering--the Seaboard Finance Company's sinking fund note issue--originally scheduled for sale this week was postponed. This would have been the company's first issue sold publicly. All previous sales of notes have been through private placements with institutional investors.

Bond yields - Changes in yields on outstanding bonds were mixed last week. Yields on corporate Baa-rated bonds increased slightly while corporate Aaa-rated and State and local government revenue bond yields were stable and yields on State and local government Aaa- and Baa-rated bonds and U. S. Government obligations declined.

Offering yields on new issues continue to be relatively high. A new A-rated 30-year first mortgage electric utility issue was reoffered this week at a yield of 4.40 per cent--40 basis points above a similar offering made on August 1.

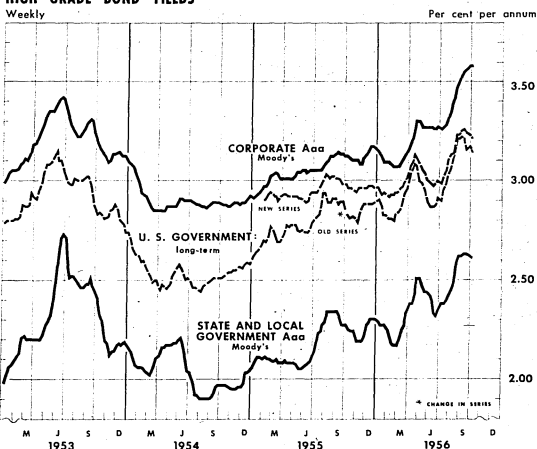
Stock prices - The SEC index of 265 common stock prices increased 5.9 points last week, closing at 275.2 on October 5. Daily figures through Wednesday of this week indicate some further increase in prices.

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.

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. (old series) and Corporate ^{1/} State and Aaa Local Aaa	
		Old series	New series		Corporate Aaa	State and 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	3.58 (10/5)	3.22 (9/7)	3.26 (9/14)	2.63 (9/20)	.44	.68
Low	3.07 (3/2)	2.80 (2/17)	2.92 (2/3)	2.17 (2/23)	.13	.45
September 7	3.53	3.22	3.25	2.62	.31	.60
September 14	3.55	3.21	3.26	2.63	.34	.58
September 21	3.56	3.15	3.24	2.63	.41	.52
September 28	3.58	3.17	3.23	2.62	.41	.55
October 5	3.58	3.14	3.21	2.61	.44	.53

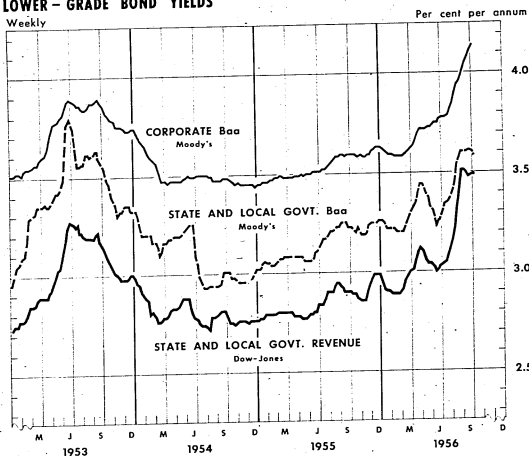
^{1/} Weekly average of daily figures. Average term of bonds included is 25-26 years.

^{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 ^{1/}	State and local govt. Baa ^{2/}	State and local govt. rev. ^{3/}
	(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	4.14 (10/5)	3.61 (9/20)	3.51 (9/7)
Low	3.58 (3/9)	3.20 (3/8)	2.89 (2/24)
September 7	4.01	3.60	3.51
September 14	4.05	3.60	3.50
September 21	4.09	3.61	3.48
September 28	4.12	3.60	3.49
October 5	4.14	3.58	3.49

^{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.

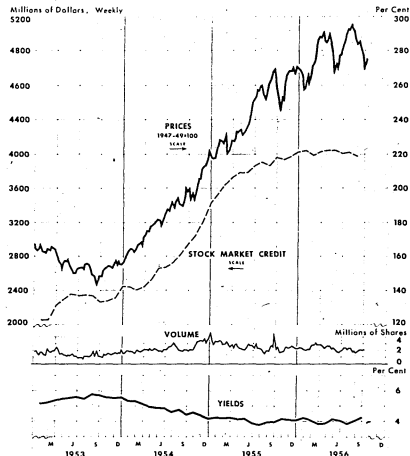
^{3/} Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

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

EXHIBIT C

STOCK MARKET

Millions of Dollars, Weekly
5200



Date.	Stock price index ^{1/}	Trading volume ^{2/} (millions of shares)	Common stock yields ^{3/} (per cent)	Stock market customer credit		
				Total	Customers' debit balances ^{4/}	Bank loans to "others" ^{5/}
(Millions of dollars)						
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	664
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	270.7 (12/30)	4.6	4.22	4,030	2,805	1,241
Low	217.4 (1/14)	1.5	3.78	3,537	2,517	1,018
1956 - High	295.5 (8/3)	3.1	4.21	4,047	2,810	1,267
Low	257.4 (1/20)	1.6	3.86	3,979	2,740	1,167
August	290.0	1.9	4.02	3,979	2,785	1,194
September	278.2	2.0	4.24	n.a.	n.a.	1,170
September 21	277.3	2.1	n.a.	n.a.	n.a.	1,167
September 28	269.3	2.0	n.a.	n.a.	n.a.	1,170
October 5	275.2	2.1	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 1947-49=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 loans for purchasing or carrying U. S. Government securities at banks in New York and Chicago. 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		
	1956	1955	1954	1956	1955	1954
January	579	535	547	404	535	396
February	704	407	425	696	312	411
March	790	1,223	635	390	538	565
April	816	478	497	377	427	734
May	1,144	886	656	490	350	748
June	830	687	842	735	641	853
July	e/1,120	597	909	e/380	470	279
August	e/700	644	335	e/215	249	261
September	e/850	670	747	e/350	406	649
October	e/850	1,162 ^{1/}	1,003	e/625	919	594
November		632	290		658	423
December		900	604		408	877
1st quarter	2,073	2,165	1,608	1,490	1,385	1,372
2nd quarter	2,790	2,052	1,995	1,603	1,418	2,334
3rd quarter	e/2,670	1,911	1,991	945	1,124	1,188
4th quarter		2,695	1,856		1,984	1,894
Year		8,621	7,490		5,911	6,789
	Excluding finance companies ^{2/}					
1st quarter	1,617	1,727	1,527			
2nd quarter	2,520	1,870	1,927			
3rd quarter	e/2,470	1,434	1,911			
4th quarter		2,554	1,792			
Year		7,569	7,158			

e/ Estimated.

^{1/} Includes \$637.2 million AT&T convertible debenture issue.

^{2/} 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>
1955 - September	328	234	--
October	805	716	--
November	221	401	25
December	263	227	50
1956 - January	95	192	--
February	212	444	--
March	278	163	--
April	395	157	50
May	623	233	--
June	185	463	20
July	592	164	--
August	217	35	37
September	558	184	--

Large Individual Issues Offered October 1 through 5

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
United Aircraft Corp.	Conv. pfd. stk.	31.8				
Allegheny Ludlum Steel Corp.	Conv. deb.	16.3	1981	.4	4.00	Baa
Columbia Gas System, Inc.	Deb.	25.0	1981	4 3/4	4.70	A
<u>STATE & LOCAL GOVERNMENT</u>						
Detroit, Michigan	G.O.	12.3	1957-81	3.09	2.20-3.20	A
State of California	G.O.	35.0	1958-77	2.80	2.15-2.85	Aa
Buffalo, New York	G.O.	11.4	1957-71	2.35	1.90-2.40	Aaa
<u>OTHER</u>						
None						

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) 1/4

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/
1955 - Sept. 30	805	843	--	909	2,205	--
Oct. 31	202	330	--	412	1,650	--
Nov. 30	215	205	50	230	756	50
Dec. 30	70	121	--	85	618	--
1956 - Jan. 31	176	327	--	376	917	--
Feb. 29	123	220	--	233	785	--
Mar. 30	380	132	--	1,013	811	--
Apr. 30	568	173	--	818	832	--
May 31	198	332	--	448	941	--
June 29	437	81	--	567	690	--
July 31	247	--	37	1,096	726	37
Aug. 31	369	131	--	1,202	958	--
Sept. 28	315	359	--	1,009	1,197	--

Forthcoming Large Offerings, as of October 5

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Southern Bell Tel. & Tel. Co.	Deb.	60.0	October 9
Pacific Finance Corp.	Deb.	15.0	October 9
Texas Eastern Transmission Corp.	Pfd. stk.	15.0	October 11
Long Island Lighting Co.	Conv. pfd. stk.	18.0	October 15 (rights expire)
Georgia Pacific Corp.	Common stk.	15.0	October 16
Johns-Manville Corp.	Common stk.	25.9	October 17 (rights expire)
Consolidated Edison Co.	1st & ref. mtg. bds.	40.0	October 23
*National Steel Corp.	1st mtg. bds.	55.0	October 25
Ohio Power Co.	1st mtg. bds.	28.0	October 30
American Tel. & Tel. Co.	Common stk.	572.6	November 5 (rights expire)
Seaboard Finance Co.	S.F. notes	15.0	1956
J. P. Stevens & Co.	S.F. deb.	28.7	1956
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	25.0	1956
Commonwealth Edison Co.	Pfd. stk.	40.0	1956

Forthcoming Large Offerings, as of October 5 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
State of South Carolina	G.O.	15.0	October 10
San Bernardino Co., Calif.	G.O.	6.0	October 10
Territory of Hawaii	Highway rev.	12.5	October 10
Baltimore Co., Md.	G.O.	21.0	October 11
Washington Co., Md.	G.O.	8.0	October 16
Hagerstown, Md.	G.O.	5.8	October 16
Charlotte, N. C.	G.O.	5.2	October 16
State of Massachusetts	G.O.	57.6	October 17
Ft. Pierce, Florida	Elec. & water rev.	5.1	October 17
St. Louis Bd. of Education, Mo.	G.O.	5.5	October 18
New Jersey Highway Authority	Rev.	25.0	October 18
*Flint, Michigan	G.O.	5.4	October 22
Philadelphia, Pennsylvania	G.O.	58.8	October 23
*Boston, Massachusetts	G.O.	5.8	October 23
*Territory of Hawaii	G.O.	12.0	October 23
*State of Maryland	G.O.	8.7	October 23
*Orlando, Util. Comm., Fla.	Elec. & water rev.	7.5	October 24
*Salt River Project & Agricultural Improvement & Power Dist., Ariz.	G.O.	10.0	October 24
State of Ohio	L.L.	25.0	October 25
State of Connecticut	Expressway rev.	75.0	October 30
Harris Co., Texas	G.O.	6.0	November 9
Chicago Bd. of Education, Ill.	G.O.	10.0	November 14
*Florida State Bd. of Education	G.O.	9.3	November 27
Jacksonville Expressway Authority	Rev.	42.0	Fall
Florida State Turnpike Authority	Rev.	185.0	Fall
Memphis, Tennessee	Elec. rev.	135.0	Winter
Oklahoma Turnpike Authority	Rev.	65.0	1956
Pennsylvania Turnpike Commission	Rev.	62.0	1956
Washington State Toll Bridge Auth.	Rev.	227.0	1956
Inter-American Center Auth., Fla.	Rev.	31.0	1956
New York State Thruway Authority	G.O.	50.0	1956

OTHER

None

*--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: Southern New England Telephone Company, \$20.4 million issue--canceled because of disagreement with the Connecticut Public Utilities Commission as to price.