

Not for publication DECONTROLLED AFTER SIX MONTHS

H.14

January 4, 1957

CAPITAL MARKET DEVELOPMENTS

No large security issues were publicly offered during the holiday-shortened week, ending December 28. The only large offerings scheduled for flotation this week are two State and local government issues, each for \$5 million.

Bond yields - Changes in yields on outstanding bonds were mixed but minor last week. Yields on corporate aaa's and Baa's, State and local government Baa's and U. S. Government (new series) obligations increased slightly while those for State and local government Aaa's remained stable and U. S. Government (old series) bond yields declined one basis point.

January estimates - The corporate volume of new capital issues for January is estimated at \$1,050 million, about 5 per cent above the December estimate and four-fifths above the corresponding total last year. Included in the total are expected large public issues totaling between \$450 and \$500 million. A substantial volume in take-downs of private placements is also expected.

State and local governments are expected to offer \$500 million of bonds during January. This would be more than one-third greater than the volume estimated for December and about one-fourth above last January's volume.

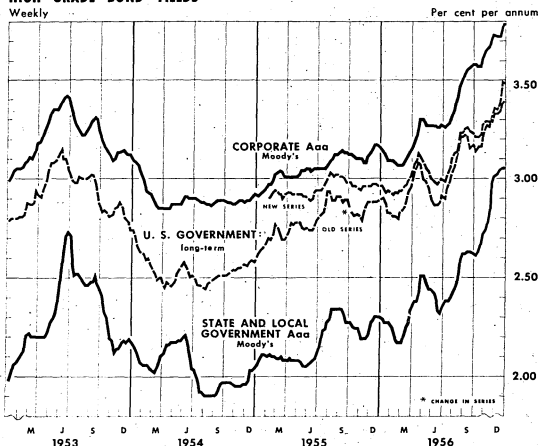
Stock prices - Stock prices, as measured by the S&C index of 265 common stocks, increased 1.6 points last week, closing at 277.3 on December 28. The volume of trading picked up, averaging 2.6 million shares a day. Daily figures through Thursday of this week indicate a further increase in prices.

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 Aaa		
		Old series	New series		State and local 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	3.79 (12/28)	3.49 (12/21)	3.39 (12/28)	3.05 (12/27)	.44	.66	
Low	3.07 (3/2)	2.80 (2/17)	2.92 (2/3)	2.17 (2/23)	.13	.32	
November 30	3.73	3.36	3.33	3.01	.37	.35	
December 7	3.72	3.35	3.33	3.02	.37	.33	
December 14	3.72	3.38	3.34	3.04	.34	.34	
December 21	3.76	3.49	3.38	3.05	.27	c/.44	
December 28	3.79	3.48	3.39	3.05	.31	.43	

^{c/} Corrected.

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

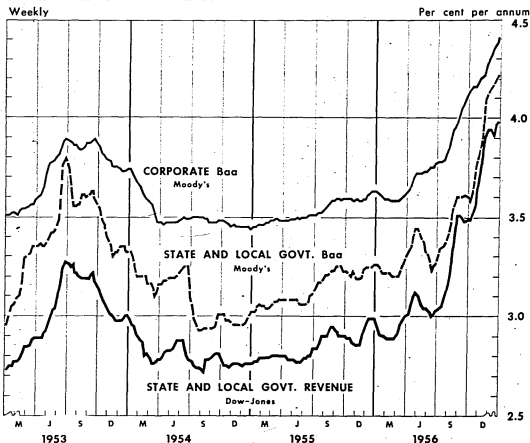
^{2/} Weekly averages of daily figures. The old series includes fully taxable, marketable 2 1/2 per cent bonds due or first callable after 12 years through September 1955, and those due or callable in 10-12 years thereafter; the average term to first call of the bonds included declined from 14 years in early 1953 to 11 1/2 years in early 1956. The new series is comprised of the 3 per cent bond of 1995 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.

EXHIBIT B

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	4.41 (12/28)	4.22 (12/27)	3.98 (12/28)
Low	3.58 (3/9)	3.20 (3/8)	2.89 (2/24)
November 30	4.30	4.12	3.94
December 7	4.32	4.15	3.94
December 14	4.35	4.17	3.91
December 21	4.38	4.20	3.97
December 28	4.41	4.22	3.98

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

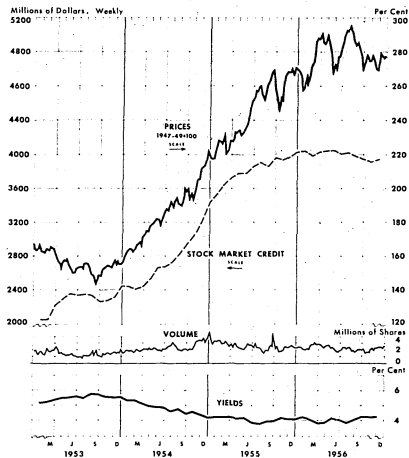
^{2/} Thursday figures. Only general obligation bonds are included; average term is 20 years.

^{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

Billions of Dollars, Weekly
\$200

Date	Stock price index ^{1/}	Trading volume ^{2/} (millions of shares)	Common stock yields ^{3/} (per cent)	Stock market customer credit		
				Total	Customers' ^{4/} debit bal- ances	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	4.25	4,047	2,810	1,267
Low	257.4 (1/20)	1.5	3.86	3,914	2,740	1,155
October	275.7	1.8	4.23	3,914	2,748	1,166
November	273.1	2.2	4.25	3,946	2,784	1,162
December 14	277.4	2.4	n.a.	n.a.	n.a.	1,155
December 21	276.2	2.3	n.a.	n.a.	n.a.	1,163
December 28	277.8	2.6	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		
	1957	1956	1955	1957	1956	1955
January	e/1,050	579	535	e/500 ¹	404	535
February		704	407		696	312
March		790	1,223		390	538
April		816	478		377	427
May		1,144	886		490	350
June		830	687		735	641
July		1,066	597		376	470
August		669	644		199	249
September		836	670		333	406
October		778	1,162 ^{1/}		e/635	919
November		e/1,050 ^{2/}	632		e/325	658
December		e/1,000	900		e/370	408
1st quarter		2,073	2,165		1,490	1,385
2nd quarter		2,790	2,052		1,603	1,418
3rd quarter		2,571	1,911		908	1,124
4th quarter		e/2,828	2,695		e/1,330	1,984
1st half		4,863	4,217		3,093	2,803
Three quarters		7,434	6,128		4,001	3,927
Year		e/10,262	8,821		e/5,331	5,911
	Excluding finance companies ^{3/}					
1st quarter		1,617	1,727			
2nd quarter		2,520	1,870			
3rd quarter		2,263	1,434			
4th quarter		e/2,703	2,554			
Year		e/9,103	7,569			

e/ Estimated.

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

^{2/} Includes \$571.5 million AT&T common stock issue.

^{3/} 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 2/
1955 - 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	--
October	386	383	35
November	701	135	--

Large Individual Issues Offered December 1 through 28

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering Yield	Rating
<u>CORPORATE</u>						
Sinclair Oil Corp.	Conv. sub.deb.	167.2	1986	4 3/8	4.38	A
Chase Manhattan Bank	Cap. stk.	47.0				
Michigan Bell Tel.	Deb.	30.0	1991	4 3/8	4.25	Aaa
Long Island Lighting Co.	1st mtg. bds.	20.0	1986	4 3/4	4.58	Aaa
Public Service Elec. & Gas Co.	Common stk.	31.2				
General Telephone Corp.	Common stk.	31.1				
Texas Eastern Trans- mission Corp.	Deb.	30.0	1976	5 1/2	5.50	Bu
Florida Power & Light Co.	1st mtg. bds.	15.0	1986	4 3/8	4.30	Aa
Burroughs Corp.	Conv. sub. deb.	30.2	1981	4 1/2	4.50	Baa
National Cash Register Co.	Conv. sub. deb.	28.2	1981	4 1/2	4.50	Baa

Large Individual Issues Offered December 1 through 28 (Cont'd)

Issuer	Type ^{3/}	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE & LOCAL GOVERNMENT</u>						
Prince Georges Co., Md.	G.O.	5.0	1957-81	4.28	3.00-4.25	Baa
Maryland State Roads Commission	G.O.	15.0	1958-72	3.60	2.75-3.50	Aa
Milwaukee, Wisconsin	G.O.	8.4	1957-76	2.81	2.20-2.85	Aaa
Florida State Board of Education	L.L.	9.3	1958-77	3.79	5/	n.a.
Memphis, Tennessee	Elec. rev.	163.2	1963-92	4.47	3.50-4.20	A
<u>OTHER</u>						
None						

n.a.--Not available.

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.

4/ Part not reoffered.

5/ 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/
1955 - 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	--
Oct. 31	683	162	--	990	955	--
Nov. 30	436	48	23	481	979	23
Dec. 31	476	280	100	796	763	100

Forthcoming Large Offerings, as of December 28

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Idaho Power Co.	1st mtg. bds.	20.0	January 8
Standard Oil Co. of Ohio	S.F. deb.	25.0	January 8
Aluminum Co. of America	Deb.	125.0	January 9
New England Tel. & Tel. Co.	Deb.	35.0	January 9
Interstate Oil Pipe Line Co.	S.F. deb.	25.0	January 10
Sears Roebuck Acceptance Corp.	Deb.	50.0	January 11
Pacific Petroleum, Ltd.	Conv. sub. deb.	15.0	January 14
*Household Finance Corp.	Deb.	30.0	January 16
Louisiana Power & Light Co.	1st mtg. bds.	20.0	January 16
Oklahoma Gas & Electric Co.	1st mtg. bds.	20.0	January 18
Armco Steel Corp.	Common stk.	65.0	January 24
Niagara-Mohawk Power Co.	Conv. deb.	46.2	(rights expire) January 28
American Tel. & Tel. Co.	Deb.	250.0	(rights expire) March
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	25.0	Winter
Southern New England Telephone Co.	Common stk.	20.4	Winter
May Stores Realty Corp.	Gen. mtg. bds.	25.0	Winter

Forthcoming Large Offerings, as of December 28 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
*San Antonio Ind. Sch. Dist., Texas	G.O.	5.0	January 3
Fort Worth Ind. Sch. Dist., Texas	G.O.	5.0	January 4
Los Angeles, Calif.	G.O.	18.0	January 8
Fort Lauderdale, Florida	Wtr. & swr. rev.	11.0	January 8
Caddo Parish School District, La.	G.O.	5.0	January 9
Dallas, Texas	G.O.	10.0	January 14
Dallas, Texas	Rev.	5.0	January 14
Orange County Flood District, Calif.	G.O.	10.0	January 15
State of Michigan ^{3/}	L.L.	27.0	January 15
Georgia Rural Roads Authority	Rev.	17.5	January 15
Spokane Co. School District No. 81, Washington	G.O.	6.0	January 15
*State of Colorado	Hwy. rev.	8.0	January 15
*King Co. Sch. Dist. No. 1, Wash.	G.O.	10.0	January 16
State of California	G.O.	85.0	January 16
San Antonio, Texas	Elec. & gas rev.	20.0	January 17
*Wichita Sch. Dist. No. 1, Kansas	G.O.	6.0	January 17
Denver, Colorado	G.O.	20.0	January 18
Birmingham, Alabama	G.O.	6.7	January 23
*San Diego Unified Sch. Dist., Calif.	G.O.	5.0	February 5
Pennsylvania Turnpike Commission	Rev.	62.0	Winter
Inter-American Center Auth., Fla.	Rev.	20.0	Winter
New York State Thruway Authority	G.O.	50.0	Winter
Jacksonville Expressway Authority	Rev.	42.0	Winter
Florida State Turnpike Authority	Rev.	185.0	Winter
Oklahoma Turnpike Authority	Rev.	65.0	Winter
State of Connecticut	Expressway rev.	54.0	Winter
<u>OTHER</u>			
International Bank for Reconstruction & Development	Bonds	100.0	January

*--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.

3/ Reduced from \$52 million and rescheduled with higher maximum permissible interest cost after failing to receive bids on December 4.

Note.--Deletions for reasons other than sale of issue: Washington State Toll Bridge Authority, \$227.0 million revenue bond issue--toll highway project dropped by the Authority.