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H.14

February 14, 1957

CAPITAL MARKET DEVELOPMENTS

The volume of large publicly offered securities was moderate during the week ending February 8. Corporate offerings totaling \$62 million, State and local government issues amounting to \$76 million and a \$50 million Canadian issue were floated last week. The calendar for this week includes issues totaling \$76 million for corporations and \$75 million for State and local governments.

Bond yields - Bond yields declined last week for all categories of outstanding bonds, except those for corporate Baa-rated bonds which remained stable. The decline was slight for corporate Aaa's and State and local government revenue bonds, but it was substantial for State and local government Aaa's and Baa's and U. S. Government obligations.

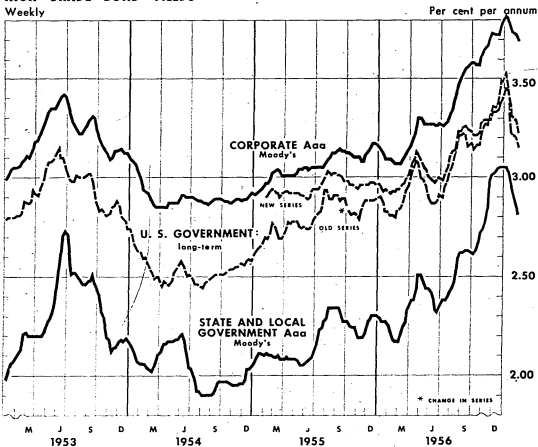
Stock prices - Stock prices, as measured by the SEC index of 265 common stocks, declined sharply last week, closing at 260.3 on February 8, bringing prices down to the level of January 1956. Daily figures through Wednesday of this week indicate a very sharp drop in prices on Monday, with partial recovery on Wednesday.

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/State and 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	3.79 (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	3.82 (1/4)	3.53 (1/4)	3.45 (1/4)	3.05 (1/10)	.54	.48
Low	3.69 (2/8)	3.15 (2/8)	3.22 (2/8)	2.81 (2/7)	.29	.26
January 11	3.81	3.45	3.44	3.05	.36	.40
January 18	3.78	3.30	3.37	3.02	.48	.28
January 25	3.73	3.22	3.31	2.96	.51	.26
February 1	3.72	3.20	3.29	2.87	.52	.33
February 8	3.69	3.15	3.22	2.81	.54	.34

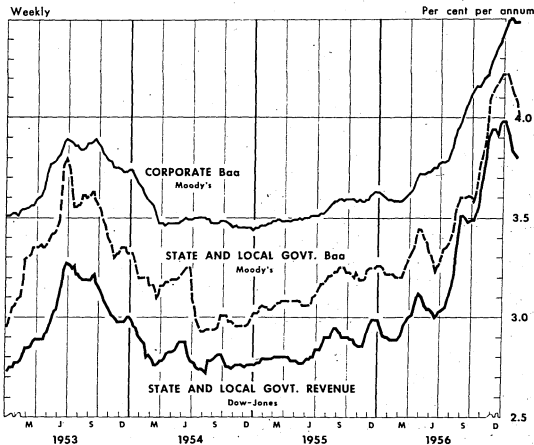
^{1/} Weekly average of daily figures. Average term of bonds included is 25-26 years.

^{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	4.50 (1/18)	4.22 (1/10)	3.98 (1/4)
Low	4.46 (1/4)	4.00 (2/7)	3.80 (2/8)
January 11	4.49	4.22	3.95
January 18	4.50	4.17	3.90
January 25	4.46	4.13	3.84
February 1	4.48	4.08	3.81
February 8	4.48	4.00	3.80

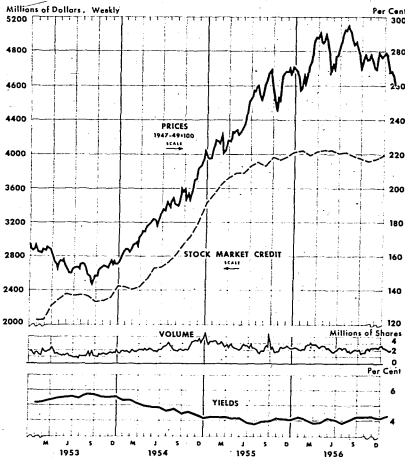
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

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.

STOCK MARKET



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	1,224
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	2,823	1,267
Low	257.4 (1/20)	1.5	3.86	3,914	2,740	1,155
1957 - High	279.2 (1/4)	2.7	n.a.	n.a.	n.a.	1,163
Low	260.3 (2/8)	1.8	n.a.	n.a.	n.a.	1,141
December	277.7	2.4	4.13	3,984	2,823	1,161
January	273.0	2.2	4.31	n.a.	n.a.	1,141
January 25	268.2	2.1	n.a.	n.a.	n.a.	1,141
February 1	266.3	1.8	n.a.	n.a.	n.a.	1,141
February 8	260.3	2.1	n.a.	n.a.	n.a.	n.a.

n.a.—Not available.

^{1/} S&P 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.

Notes.—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/1,100	579	535	e/660	404	535
February	e/1,000	704	407	e/525	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		747	1,162 ^{1/}		645	919
November		1,088 ^{2/}	632		311	658
December		1,094	900		e/425	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		2,929	2,695		e/1,371	1,984
1st half		4,863	4,217		3,093	2,803
Three quarters		7,434	6,128		4,001	3,927
Year		10,363	8,821		e/5,332	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/2,804	2,554			
Year		e/9,204	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/}
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	--
December	430	201	--
1957 - January	567	386	100

Large Individual Issues Offered February 1 through 8

Issuer	Type ^{3/}	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Carrier Corp.	Conv. sub. deb.	18.0	1982	4 1/8	4.03	Baa
Douglas Aircraft Co.	Conv. sub. deb.	27.9	1977	4	3.89	Baa
Stanrock Uranium Mines, Ltd.	1st mtg. bds.	16.0	1963	5 3/4	^{1/}	--
<u>STATE AND LOCAL GOVERNMENT</u>						
Milwaukee Co., Wisconsin	G.O.	11.2	1958-67	2.48	2.00-2.45	Aaa
San Diego Unified Sch. Dist., California	G.O.	5.0	1959-78	3.07	2.35-3.10	A
New York, New York	G.O.	25.2	1958-66	2.89	2.25-3.00	A
Fresno Unified Sch. Dist., California	G.O.	5.5	1958-77	2.79	2.10-2.85	Aa
Public Housing Authorities	--	28.6	1958-97	2.82	1.95-2.85	Aaa

Large Individual Issues Offered February 1 through 8 (Cont'd)

Issuer	Type ^{3/}	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>OTHER</u>						
Quebec Hydro-Electric Commission	Deb.	50.0	1977	4 3/8	4.47	A

^{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/} Offered in units with common stock.

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 - 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	61	--	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
1957 - Jan. 31	591	153	35	966	648	35

Forthcoming Large Offerings, as of February 8

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Potomac Electric Power Co.	Deb.	18.0	February 14
Trans-Canada Pipe Lines, Ltd.	Deb. & common stk.	31.3	February 15
Ohio Edison Co.	Common stk.	27.0	February 15 (rights expire)
Southern California Edison Co.	1st&ref. mtg. bds.	37.5	February 19
Socony Mobil Oil Co.	Common stk.	199.3	February 19 (rights expire)
Colorado Fuel & Iron Corp.	Conv. S.F. deb.	19.9	February 23 (rights expire)
Phillips Petroleum Co.	Conv. deb.	171.8	February 25 (rights expire)
*Illinois Bell Telephone Co.	1st mtg. bds.	40.0	February 27

Forthcoming Large Offerings, as of February 8 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE (Cont'd)</u>			
United Gas Corp.	1st & coll. tr.	35.0	February 28
Potomac Electric Power Co.	Preferred stk.	15.0	February 28
Anaconda Co.	Common stk.	86.7	March 5 (rights expire)
*Columbus & Southern Ohio Electric Co.	1st mtg. bds.	16.0	March 6
*Southern Counties Gas Co.	1st mtg. bds.	15.0	March 7
American Natural Gas Co.	Common stk.	28.0	March 14 (rights expire)
Consolidated Edison Co.	Conv. deb.	55.1	March 15 (rights expire)
American Tel. & Tel. Co.	Deb.	250.0	March 26
*Central & South West Co.	Common stk.	20.0	March
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	25.0	Winter
<u>STATE AND LOCAL GOVERNMENT</u>			
State of Missouri	G.O.	20.0	February 13
Allegheny Co. Sanitary Auth., Pa.	Swr. rev.	15.0	February 14
State of New York	G.O.	40.4	February 14
San Francisco (City & Co.), Calif.	G.O.	23.6	February 18
St. Louis, Missouri	G.O.	12.1	February 19
*Montgomery Co., Md.	G.O.	6.0	February 19
*Elizabeth, New Jersey	G.O.	5.0	February 19
El Paso Co. Sch. Dist. No. 11, Colo.	G.O.	6.9	February 20
Los Angeles, California	Wtr. rev.	9.0	February 20
*Puerto Rico Aqueduct & Sewer Authority	Rev.	12.0	February 20
Commonwealth of Massachusetts	G.O.	80.2	February 26
Jacksonville, Florida	Elec. rev.	8.0	February 26
*Dallas Ind. Sch. Dist., Texas	G.O.	7.5	February 27
*Georgia Farmers Market Authority	Rev.	10.0	February 27
Houston Ind. Sch. Dist., Texas	G.O.	16.8	March 1
Seattle, Washington	G.O.	6.5	March 1
*Broward Co. Spec. Tax Sch. Dist., Fla.	G.O.	6.0	March 14
Pennsylvania Turnpike Commission	Rev.	62.0	Winter
Inter-American Center Auth., Florida	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>			
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: 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 average	3.16	13	3.35	11
1953 average	3.46	16	3.78	26
1954 average	3.02	2	3.12	-3
1955 average	3.23	9	3.33	12
1956 average	3.81	35	3.73	27
1956 - January	None	--	None	--
February	*3.15	3	3.23	-6
March	3.28	11	3.45	15
April	*3.77	40	3.61	26
May	*3.53	19	3.77	28
June	*3.52	18	*3.75	27
July 3			3.82	28
18	3.62	26		
25	3.70	33		
August 1			4.00	43
30	4.07	52		
September 11	4.20	62		
13	4.17	58		
25	4.01	37		
October 10			4.40	63
31	4.20	48		
November 21	4.30	52		
December 6			4.58	70
12	4.30	47		
1957 - January 8	4.50	62		
16			4.67	70
18	4.43	56		
22			4.56	57
24	4.40	53		
February 5	4.29	45		

*--Single observation, not an average.

^{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.