

Shane  
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H.L.H

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CAPITAL MARKET DEVELOPMENTS

The volume of large publicly offered securities was moderate last week, but is expected to be substantial this week, particularly for corporate securities. During the week ending February 15, corporations sold large issues totaling \$66 million and State and local government offerings amounted to \$75 million. This week subscription rights expire on Socony Mobil Oil Company's \$199 million stock issue and two corporate debt issues with aggregate proceeds of \$57 million are expected. State and local government offerings totaling \$75 million are also scheduled for sale.

Bond yields - Yields declined last week for outstanding corporate and State and local government bonds, while those for U. S. Government (old series) obligations remained stable and U. S. Government (new series) bond yields increased. The decline was sharp for State and local bond yields.

Reoffering yields on new corporate issues showed little change. A new Aa-rated, 30 year first mortgage electric utility issue was reoffered this week at a yield of 4.25 per cent--only 4 basis points below a similar offering made on February 5.

Stock market credit - Customer credit in the stock market (excluding U. S. Government securities) declined during January, totaling \$3,903 million at the end of the month. This is the smallest amount outstanding since August 1955. The decline of \$81 million resulted from a decline of \$61 million in net debit balances and a continuing decline, amounting to \$20 million, in bank loans to "others." Borrowing by member firms of the NYSE maintaining margin accounts, except borrowings on U. S. Government securities, declined \$168 million, principally in borrowing on customer collateral. Customers' net free credit balances also declined. These and other data on stock market credit for January and December are shown in the following table.

	End of Month		Change
	January	December	
	(millions of dollars)		
<b>Customer credit</b>			
Excluding U. S. Govt. securities - total	3,903	3,984	- 81
Net debit balances	2,762	2,823	- 61
Bank loans to "others"	1,141	1,161	- 20
Net debit balances secured by U. S. Govt. securities	29	33	- 4
Bank loans to others for purchasing or carrying U. S. Govt. securities	41	41	0
<b>Broker and dealer credit</b>			
Money borrowed except on U. S. Govt. securities	1,964	2,132	-168
On customer collateral	1,734	1,852	-118
Money borrowed on U. S. Govt. securities	42	46	- 4
Customers' net free credit balances	866	880	- 14

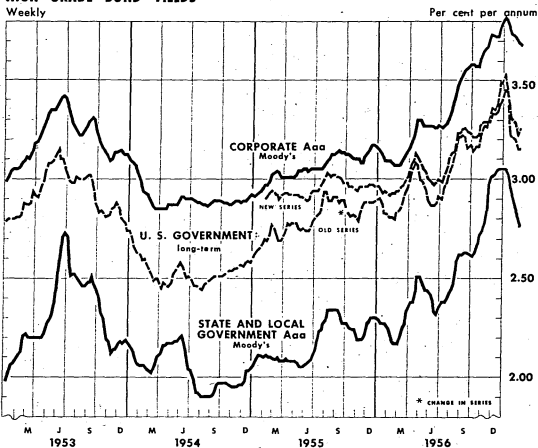
Stock prices - Stock prices, as measured by the SEC index of 265 common stocks, increased 1.2 points last week, closing at 261.5 on February 15. Daily figures through Wednesday of this week indicate little change in price.

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 <sup>1/</sup>	U. S. Govt., long-term <sup>2/</sup>		State and local govt. Aaa <sup>3/</sup>	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 (3/23)	.13	.32
1957 - High	3.82 (1/4)	3.53 (1/4)	3.45 (1/4)	3.05 (1/10)	.54	.88
Low	3.67 (2/15)	3.15 (2/15)	3.22 (2/8)	2.76 (2/14)	.29	.26
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
February 15	3.67	3.15	3.26	2.76	.52	.39

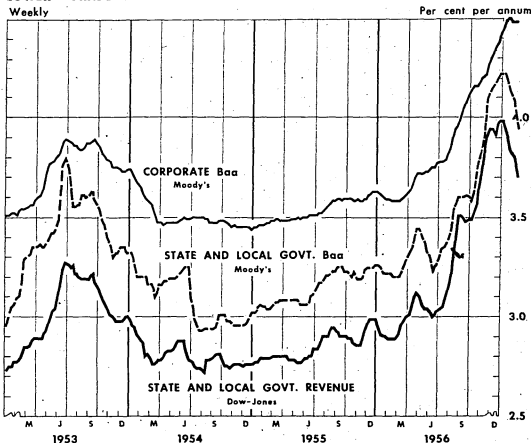
<sup>1/</sup> Weekly average of daily figures. Average term of bonds included is 25-26 years.

<sup>2/</sup> 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.

<sup>3/</sup> 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 <sup>1/</sup>	State and local govt. Baa <sup>1/</sup>	State and local govt. rev. <sup>3/</sup>
	(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)	3.94 (2/14)	3.70 (2/15)
January 18	4.50	4.17	3.90
January 25	4.48	4.13	3.84
February 1	4.48	4.08	3.81
February 8	4.48	4.00	3.80
February 15	4.47	3.94	3.70

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

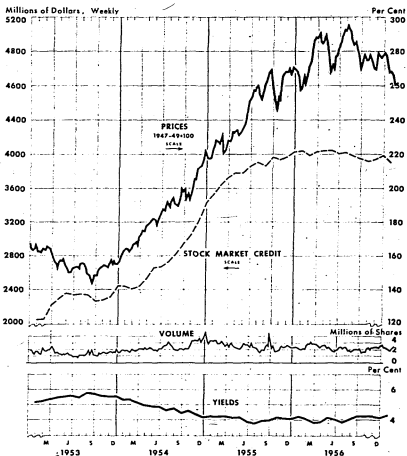
<sup>2/</sup> Thursday figures. Only general obligation bonds are included; average term is 20 years.

<sup>3/</sup> 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



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	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	2,823	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.	1,120
December	277.7	2.4	4.13	3,984	2,823	1,161
January	273.0	2.2	4.31	3,903	2,762	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.	1,120
February 15	261.5	2.4	n.a.	n.a.	n.a.	n.a.

n.a.--Not available.

<sup>1/</sup> 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.

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

<sup>3/</sup> Moody's 200 common stocks; end of month figures.

<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 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/1,100	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 <sup>1/</sup>		645	919
November		1,088 <sup>2/</sup>	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/1,341	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 <sup>3/</sup>				
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.

<sup>1/</sup> Includes \$637.2 million AT&T convertible debenture issue.<sup>2/</sup> Includes \$571.5 million AT&T common stock issue.<sup>3/</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) <sup>1/</sup>

Proceeds of Large Issues Offered

(Millions of dollars)

Month	Corporate	State and local government	Other <sup>2/</sup>
1956 - January	95	192	--
February	212	444	--
March	276	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 15

Issuer	Type <sup>3/</sup>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est 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	4/	--
Potomac Electric Power Co.	Deb.	18.0	1982	4 5/8	4.45	A
Trans-Canada Pipe Lines, Ltd.	Deb. & Common	20.8	1987	5.60	4/	--
Ohio Edison Co.	Common stk.	27.0				

## Large Individual Issues Offered February 1 through 15 (Cont'd)

Issuer	Type <sup>3/</sup>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<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 Fresno Unified Sch. Dist., California	G.O.	25.2	1958-66	2.89	2.25-3.00	A
Public Housing Authorities State of Missouri	G.O.	5.5	1958-77	2.79	2.10-2.85	Aa
Alleggheny Co. Sanitary Auth., Pennsylvania	--	28.6	1958-97	2.82	1.95-2.85	Aaa
State of New York	G.O.	20.0	1958-77	2.39	1.80-2.40	Aaa
	Swr. rev.	15.0	1961-96	3.21	2.60-3.22	--
	G.O.	40.4	1959-2007	2.67	2.00-2.90	Aaa
<u>OTHER</u>						
Quebec Hydro-Electric Commission	Deb.	50.0	1977	4 3/8	4.47	A

<sup>1/</sup> Includes corporate and other security offerings of \$15 million and over; State and local government security offerings of \$5 million and over.

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

<sup>3/</sup> 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.

<sup>4/</sup> 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	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
1957 - Jan. 31	591	153	35	966	648	35

Forthcoming Large Offerings, as of February 15

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Southern California Edison Co.	1st&ref. mtg. bds.	37.5	February 19
Socony Mobil Oil Co.	Common stk.	199.3	February 19
Colorado Fuel & Iron Corp.	Conv. S.F. deb.	19.9	(rights expire) February 20
Phillips Petroleum Co.	Conv. deb.	171.8	(rights expire) February 25
Illinois Bell Telephone Co.	1st mtg. bds.	40.0	(rights expire) February 27
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
Columbus & Southern Ohio Electric Co.	1st mtg. bds.	16.0	(rights expire) March 6

## Forthcoming Large Offerings, as of February 15 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE (Cont'd)</u>			
*Connecticut Light & Power Co.	Common stk.	15.3	March 6
Southern Counties Gas Co.	1st mtg. bds.	15.0	(rights expire) March 7
*Texas Eastern Transmission Corp.	1st mtg. P.L. bds.	40.0	March 7
*Commonwealth Edison Co.	1st mtg. bds.	50.0	March 12
Central & South West Co.	Common stk.	20.0	March 13
American Natural Gas Co.	Common stk.	28.0	March 14
Consolidated Edison Co.	Conv. deb.	55.1	(rights expire) March 15
*Appalachian Electric Power Co.	1st mtg. bds.	29.0	(rights expire) March 20
*Consumers Power Co.	Common stk.	24.0	March 22
*Lone Star Gas Co.	Conv. pfd. stk.	15.5	(rights expire) March 25
American Tel. & Tel. Co.	Deb.	250.0	(rights expire) March 26
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	25.0	Winter
<u>STATE AND LOCAL GOVERNMENT</u>			
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 Auth.	Rev.	12.0	February 20
Commonwealth of Massachusetts	G.O.	83.2	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
*State of Delaware	G.O.	10.8	February 28
Houston Ind. Sch. Dist., Texas	G.O.	16.8	March 1
Seattle, Washington	G.O.	6.5	March 1
*University of Illinois	Rev.	6.8	March 5
Broward Co. Spec. Tax Sch. Dist., Fla.	G.O.	6.0	March 14
*Dade Co. Tax Dist. No. 1, Fla.	G.O.	10.0	March 20
*Fort Worth, Texas	Wtr.&swr. rev.	6.0	March 25
*Fort Worth, Texas	G.O.	4.0	March 25

## Forthcoming Large Offerings, as of February 15 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
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.