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H.14

January 2, 1958

CAPITAL MARKET DEVELOPMENTS

The volume of large publicly offered securities continues to be small during these holiday-shortened weeks. During the week ending December 27, the only State and local Government issue sold was the \$250 million issue of the Chelan County Public Utility District No. 1, Washington. This week the only large offerings scheduled for flotation are two State and local government issues totaling \$18 million. No large corporate issues were sold last week and none are expected this week.

Bond yields - Yields on outstanding bonds declined further last week, except for lower-grade corporate and State and local government bond yields, which remained stable. Daily figures for the first two days of the week show a decline in both Aaa and Baa corporate bond yields.

Estimated January volume - Corporate security offerings for new capital are expected to total \$800 million in January, one-fifth less than the estimated December volume and one-fourth less than the volume in January of last year. Included in the estimate are large public issues totaling over \$350 million.

State and local governments are expected to offer \$700 million of bonds during January. This volume would be about one-sixth greater than the volume in December but slightly below that for January 1957.

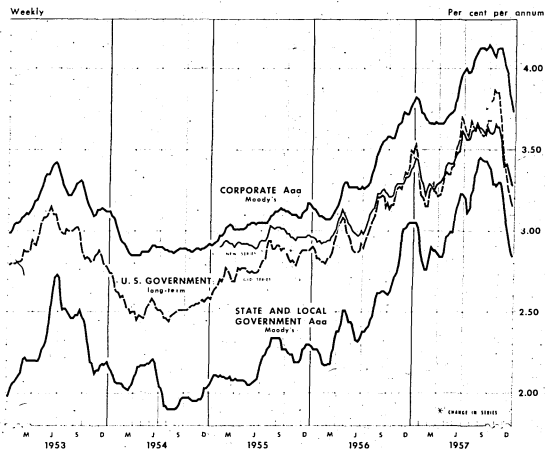
Stock prices - Stock prices, as measured by the Standard and Poor's Index of 500 common stocks increased slightly last week, closing at 39.78 on December 27. Prices declined on Monday, but increased on Tuesday, closing at 39.99 on December 31. Trading volume was unusually large on the last two days of the year, reaching a total of over 5 million shares in the final session.

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



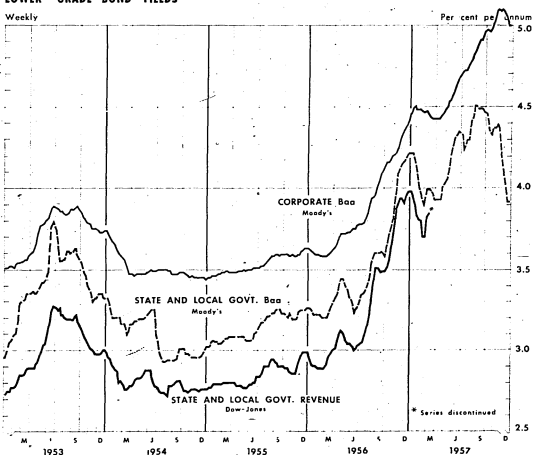
Date	Corporate Aaa ^{1/}	U. S. Govt., long-term ^{2/}		State and local govt. Aaa ^{3/}	Spread between U. S. Govt. (old series) and Corporate ^{1/} State and Aaa local Aaa	
		Old series	New series		Corporate Aaa	State and local Aaa
(Per cent)						
1953 - High	3.42 (6/19)	3.15 (6/6)	n.a.	2.73 (6/25)	.38	.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	3.79 (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	4.14 (9/27)	3.87 (10/18)	3.66 (10/18)	3.45 (8/29)	.65	.58
Low	3.66 (4/12)	3.15 (12/27)	3.22 (2/8)	2.76 (2/21)	.20	.14
November 29	4.02	3.44	3.40	3.16	.58	.28
December 6	3.97	3.32	3.41	3.03	.65	.29
December 13	3.84	3.25	3.35	2.94	.59	.31
December 20	3.77	3.18	3.29	2.86	.59	.32
December 27	3.73	3.15	3.28	2.84	.58	.31

n.a.--Not available.

^{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, including, beginning October 1957, the 4 per cent bond of 1969. 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	4.41 (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	5.10 (11/29)	4.51 (8/29)	3.98 (1/4)
Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
November 29	5.10	4.25	^{4/}
December 6	5.09	4.14	
December 13	5.06	4.03	
December 20	5.00	3.92	
December 27	5.00	3.92	

^{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.

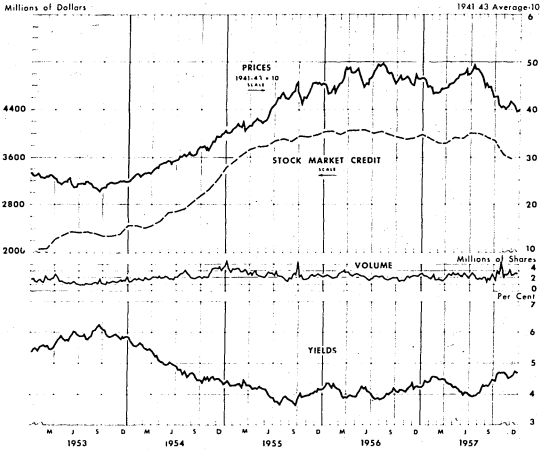
^{3/} Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

^{4/} Series discontinued, as of March 15.

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 ^{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	26.54 (1/2)	2.5	6.25	2,455	1,665	780
1953 - Low	22.95 (9/18)	0.9	5.38	2,055	1,314	664
1954 - High	35.98 (12/31)	3.7	5.82	3,436	2,388	1,048
1954 - Low	24.93 (1/8)	1.4	4.32	2,405	1,653	746
1955 - High	45.89 (12/9)	4.6	4.42	4,030	2,805	1,241
1955 - Low	35.28 (1/14)	1.5	3.64	3,537	2,517	1,018
1956 - High	49.64 (8/3)	3.1	4.35	4,047	2,823	1,267
1956 - Low	43.22 (1/20)	1.5	3.82	3,914	2,740	1,155
1957 - High	49.08 (7/12)	4.2	4.72	4,031	2,867	1,163
1957 - Low	39.48 (12/20)	1.4	3.91	3,577	2,517	1,054
October	40.43	2.8	4.60	3,643	2,568	1,075
November	40.35	2.5	4.62	3,577	2,517	1,060
December 13	40.73	2.3	4.59	n.a.	n.a.	1,064
December 20	39.48	2.6	4.72	n.a.	n.a.	1,063
December 27	39.78	2.5	4.68	n.a.	n.a.	n.a.

n.a.--Not available.

^{1/} Standard and Poor's composite index of 500 common stocks, weekly closing prices, 1941-43=10. Monthly data are averages of daily figures rather than of Fridays' only. Highs and lows are for Friday's data only.

^{2/} Averages of daily trading volume on the New York Stock Exchange.

^{3/} Standard and Poor's composite stock yield based on Wednesday data converted to weekly closing prices by Federal Reserve.

^{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 70 per cent of loans to others. For further detail see Bulletin.

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

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Corporate and State and Local Government
Security Offerings and Placements

(In millions of dollars)

	New capital					
	Corporate			State and local 1/		
	1958	1957	1956	1958	1957	1956
January	800	1,063	573	700	742	404
February		1,071	712		572	696
March		1,344	817		506	390
April		924	818		765	378
May		771	1,146		546	490
June		1,489	841		395	735
July		991	1,063		529	408
August		914	654		584	206
September		973	838		430	357
October		1,014	745		695	639
November		e/900	1,089 ^{2/}		621	347
December		e/1,000	1,088	700	e/600	409
1st quarter		3,479	2,102		1,820	1,490
2nd quarter		3,184	2,805		1,706	1,603
3rd quarter		2,878	2,556		1,544	971
4th quarter		e/2,914	2,922		e/1,916	1,395
1st half		6,662	4,907		3,526	3,093
Three quarters		9,540	7,463		5,070	4,064
Year		e/12,454	10,384		e/6,987	5,459
	Excluding finance companies 3/					
1st quarter		3,268	1,647			
2nd quarter		2,924	2,541			
3rd quarter		2,560	2,246			
4th quarter		e/2,764	2,826			
Year		e/11,515	9,260			

e/ Estimated.

1/ Data through June 1956 are Bond Buyer data classified as new capital by Federal Reserve; later data are from the Investment Bankers Association of America and are somewhat more complete as to coverage than the earlier data, particularly for Federal Government loans.

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 - November	701	135	--
December	430	201	--
1957 - January	567	386	100
February	671	306	50
March	788	194	--
April	477	499	125
May	329	248	25
June	877	176	39
July	525	265	25
August	526	357	--
September	537	185	30
October	574	435	75
November	420	386	--

Large Individual Issues Offered December 1 through 27

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Virginia Elec. & Pwr. Co.	1st&ref.mtg.bds.	20.0	1987	4 1/2	4.47	Aa
Northern Natural Gas Co.	S.F. deb.	25.0	1977	4 5/8	4.63	A
Chesapeake & Potomac Tel. Co. of Maryland	Deb.	30.0	1993	4 1/8	3.98	Aaa
Commonwealth Oil Refining	Conv. sub.deb.	18.5	1972	6	6.00	--
Nat'l. Cylinder Gas Co.	Conv. sub.deb.	17.5	1977	5 1/8	5.13	Ba
Standard Oil Co. of N. J.	Common stk.	288.2				
<u>STATE AND LOCAL GOVERNMENT</u>						
Akron, Ohio	Water rev.	5.0	1959-78	3.36	2.50-3.40	A
Los Angeles Sch. Dists., Calif.	G.O.	15.0	1959-83	3.19	2.35-3.25	Aa
Indianapolis, Ind.	G.O.	5.1	1960-89	2.91	2.25-3.00	Aaa
State of Ohio	G.O.	25.0	1956-77/67	2.65	2.00-2.70	Aaa

Large Individual Issues Offered December 1 through 27 (Cont'd)

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u> (Continued)						
Greater Baton Rouge Port Comm., Louisiana	Rev.	19.4	1960-77/67	3.36	2.60-3.40	Baa
Bergen Co., New Jersey	G.O.	7.2	1959-82	2.70	2.10-2.80	Aa
Phoenix, Arizona	Wtr. rev.	16.0	1959-87/68	3.51	2.50-3.50	A
State of Texas	G.O.	12.5	1966-86/67	2.70	2.10-2.70	Aa
Minneapolis and St. Paul Met. Airport Comm., Minn.	G.O.	13.0	1961-88/73	2.79	2.25-2.90	Aa
Atlanta, Georgia	G.O.	15.0	1958-86	2.96	2.00-2.90	Aa
Mobile, Alabama	Wtr. rev.	6.0	1961-91/68	3.93	2.90-4.00	Baa
Richmond, Virginia	G.O.	6.8	1959-78	2.48	2.00-2.50	Aaa
Chicago Bd. of Educ., Ill.	C.O.	25.0	1960-77	3.07	2.50-3.10	A
Chelan Co. Pub. Ut. Dist. No. 1, Washington	Rev.	250.0	2013	5.20	5.00	--
<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 obligations; 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/

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 - 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
Feb. 28	740	153	--	795	631	--
Mar. 29	461	290	25	486	862	25
Apr. 30	187	179	25	258	396	25
May 31	525	97	--	525	388	--
June 28	370	172	25	445	498	25
July 31	526	252	--	811	514	--
Aug. 30	578	243	30	845	439	30
Sept. 30	576	370	--	647	587	15
Oct. 31	458	369	30	845	573	45
Nov. 29	383	387	18	1,193	589	63

Forthcoming Large Offerings, as of December 27

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Washington Water Power Company	1st mtg. bds.	20.0	Jan. 9
Connecticut Lt. & Pwr. Co.	1st mtg. bds.	30.0	Jan. 9
Commercial Credit Co.	Notes	50.0	Jan. 9
*Commonwealth Edison Co.	S.F. deb.	50.0	Jan. 15
*Pacific Power & Light Co.	1st mtg. bds.	15.0	Jan. 16
West Virginia Pulp & Paper Co.	Deb.	40.0	Jan. 16
*Alabama Power Co.	1st mtg. bds.	23.0	Jan. 17
*Pacific Gas & Electric Co.	1st & ref. mtg. bds.	75.0	Jan. 22
Commerce Oil Refining Corp.	Deb. bds. & common	45.0	Jan.
*Royal Dutch Petroleum Co.	Common stk.	3/	Feb. 10 (rights expire)
Indiana & Michigan Electric Co.	1st mtg. bds.	25.0	Feb. 14
American Telephone & Telegraph Co.	Conv. deb.	718.0	March 12 (rights expire)
Natural Gas Pipeline Co. of America	1st mtg. bds.	40.0	winter

Forthcoming Large Offerings, as of December 27 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
University of Minnesota Minneapolis-St. Paul Met. Airport Comm., Minn.	Rev.	5.0	Dec. 30
Caddo Parish Sch. Dist., La.	G.O.	13.0	Dec. 30
Los Angeles, California	G.O.	7.5	Jan. 7
Dade Co., Florida	G.O.	25.0	Jan. 7
Des Moines Ind. Sch. Dist., Iowa	G.O.	14.5	Jan. 8
State of New York	G.O.	5.7	Jan. 9
*Georgia Rural Roads Auth.	G.O.	37.5	Jan. 14
*State of Missouri	Rev.	17.5	Jan. 14
New York, New York	G.O.	55.0	Jan. 15
State of North Carolina	G.O.	25.5	Jan. 15
Penna. State Highway & Bridge Auth.	G.O.	10.0	Jan. 16
State of California	Rev.	20.0	Jan. 17
Florida State Board of Education	G.O.	150.0	Jan. 22
Los Angeles, California	G.O.	7.9	Jan. 28
*State of New Hampshire	Water rev.	9.0	Jan. 29
*No. Hempstead Sch. Dist. No. 9, N.Y.	G.O.	28.4	Jan. 30
East Baton Rouge Par. S.D. No.1, La.	G.O.	7.4	Feb. 4
Denver, Colorado	G.O.	10.0	Feb. 4
Wichita, Kansas School Dist., No. 1	Water rev.	20.0	Feb. 5
New York State Thruway Auth.	G.O.	5.0	Feb. 6
Pennsylvania Turnpike Commission	Rev.	40.0	Winter
Inter-American Center Auth., Fla.	Rev.	62.0	Winter
	Rev.	20.0	Winter
<u>OTHER</u>			
Int'l. Bank for Reconstruction and Development	Bds.	150.0	Jan. 15
Union of South Africa	Ext. loan bds.	15.0	winter

*--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/ The net proceeds are expected to total \$200-\$250 million; however, the amount to be offered in the United States is as yet indeterminate.

Note.--Deletions for reasons other than sale of issue: None.