

DECONTROLLED AFTER SIX MONTHS

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April 10, 1958.

CAPITAL MARKET DEVELOPMENTS

(Including Quarterly Review of State and
Local Government Security Financing)

Large public security offerings for new capital during the week ending April 4, totaled \$71 million for corporations and \$60 million for State and local governments. Foreign government issues with aggregate proceeds of \$93 million were also sold. The calendar for this week includes corporate offerings amounting to \$310 million and State and local government issues totaling \$44 million.

Bond yields - Bond yields showed little change last week. Yields on outstanding corporate bonds remained stable last week, while those for State and local government and U. S. Government obligations declined slightly.

Stock prices - Stock prices, as measured by the Standard and Poor's index of 500 common stocks, declined 2 per cent last week, closing at 41.48 on April 3. Prices increased, on balance, in the early part of this week, closing at 41.65 on Wednesday.

State and Local Government Security
Offerings in the First Quarter 1958

State and local governments sold \$2.3 billion of bonds during the first three months of 1958, a record first quarter volume and nearly one-fourth greater than last year. New issue volume was unusually large in January and February, but declined markedly in March as some congestion developed in the market. A number of issues postponed in late 1957 were successfully offered during the first quarter of this year, and despite some increase in interest rates in February and early March, postponements of announced offerings were less frequent than last year.

Purpose of issue - School construction was the most important purpose of financing as it has been in other recent years. However, the volume of \$779 million was only 3 per cent higher in the first quarter this year than a year earlier.

New financing for highways, bridges and tunnels showed the largest increase in the first three months of 1958 as compared to 1957. These issues, aggregating \$392 million, were more than twice as large in volume as in the corresponding period of 1957.

Long-Term Security Issues of State and Local Governments
First Quarter

(In millions of dollars)

	1958	1957	1956	1955	1954
Issuing authority:					
State	633	340	270	344	217
County and township	114	106	94	109	126
Municipality	615	604	444	333	412
School district	476	527	270	294	232
Special authority	420	252	253	167	258
Unidentified ^{1/}	--	--	186	162	139
Total	2,258	1,829	1,517	1,409	1,384
Purpose of issue:					
New capital total	<u>2,250</u>	<u>1,821</u>	<u>1,490</u>	<u>1,385</u>	<u>1,372</u>
Schools ^{2/}	779	753	401	449	405
Highways, bridges, and tunnels	392	164	280	176	145
Residential buildings	99	151	111	175	182
Hospitals and institutions	85	28	22	30	15
Sewer and water	292	252	264	159	186
Misc. public service enterprises	145	68	80	77	70
Veterans' aid	111	53	--	82	67
Other	348	351	147	79	167
Unidentified ^{1/}	--	--	186	159	137
Refunding	7	8	27	24	11
Total	2,258	1,829	1,517	1,409	1,384
Type of issue:					
General obligation	1,554	1,312	960	1,004	909
Revenue	560	385	441	286	354
Utility	411	289	n.a.	n.a.	n.a.
Quasi-Utility	33	24	n.a.	n.a.	n.a.
Special tax	62	31	n.a.	n.a.	n.a.
Rental	54	41	n.a.	n.a.	n.a.
Public Housing Authority	67	29	107	118	119
Federal Government loans ^{3/}	76	102	9	1	2
Total	2,258	1,829	1,517	1,409	1,384

^{1/} Issues of less than \$500,000 not further classified.

^{2/} Data for years prior to 1957 probably understate school issues by about one-fourth because of unclassified small issues.

^{3/} Coverage for 1957 and 1958 is broader than for earlier years.

Note.--Details may not add to totals because of rounding.

Source.--1954-1956, Bond Buyer and Federal Reserve; 1957-1958, Investment Bankers Association of America. Data for 1957 and 1958 not strictly comparable with data for earlier years.

n.a.--Not available.

Issues to obtain funds for hospitals and institutions, miscellaneous public service enterprises and veterans' aid also were sold in larger volume this year than last. Residential building bonds were the only major type of issue sold in smaller volume in the first quarter than a year earlier.

Type of issuer - States were the most important group of issuers during the first three months of 1958, selling bonds totaling \$633 million. This volume accounted for nearly 30 per cent of total offerings and was 85 per cent greater than in 1957. A larger volume of offerings for financing veterans' aid and highway construction accounted for most of the increase.

Offerings of special authorities also increased significantly, while issues of counties and townships and municipalities were in moderately larger volume than last year. Financing by school districts declined, however, as a larger proportion of educational issues were offered by municipalities and special authorities than in the first quarter 1957.

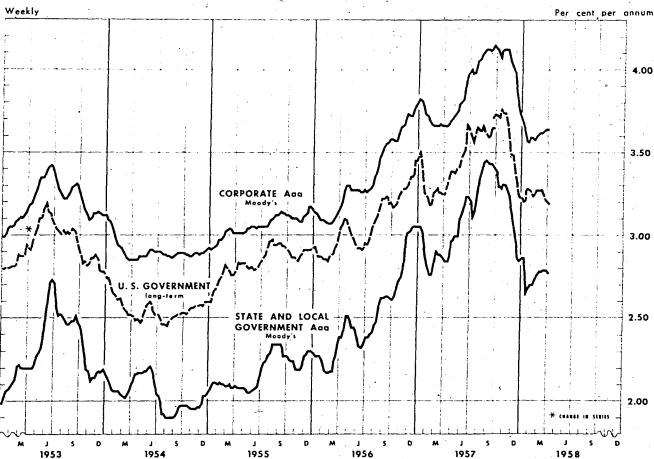
Type of issue - General obligations continued to be the most important type of issue. However, the proportion of total sales accounted for by such bonds declined from 72 per cent in the January-March 1957 period to 69 per cent this year as the share of revenue bond financing increased. Federal Government loans were in smaller volume this first quarter, while Public housing Authority offerings increased.

More detailed information concerning recent capital market developments is presented in the attached exhibits.

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. and	
				Corporate Aaa	State and Local Aaa
	(Per cent)				
1953 - High	3.42 (6/19)	3.19 (6/5)	2.73 (6/25)	.38	.83
Low	2.99 (1/9)	2.74 (12/31)	1.98 (1/8)	.20	.33
1954 - High	3.09 (1/8)	2.74 (1/8)	2.21 (6/10)	.43	.62
Low	2.85 (4/23)	2.45 (8/6)	1.90 (9/2)	.30	.30
1955 - High	3.17 (12/23)	2.97 (8/5)	2.34 (9/8)	.27	.76
Low	2.91 (1/7)	2.64 (1/7)	2.05 (5/26)	.11	.57
1956 - High	3.79 (12/28)	3.45 (12/28)	3.05 (12/27)	.44	.71
Low	3.07 (3/2)	2.84 (2/17)	2.17 (2/23)	.12	.32
1957 - High	4.14 (9/27)	3.76 (10/18)	3.45 (8/29)	.60	.47
Low	3.66 (4/12)	3.18 (2/8)	2.76 (2/21)	.27	.15
1958 - High	3.68 (1/3)	3.28 (1/31)	2.86 (1/9)	.46	.62
Low	3.56 (1/31)	3.19 (4/4)	2.65 (1/23)	.28	.34
March 7	3.62	3.27	2.78	.35	.49
March 14	3.62	3.27	2.78	.35	.49
March 21	3.63	3.24	2.79	.39	.45
March 28	3.64	3.21	2.79	.43	.42
April 4	3.64	3.19	2.77	.45	.42

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

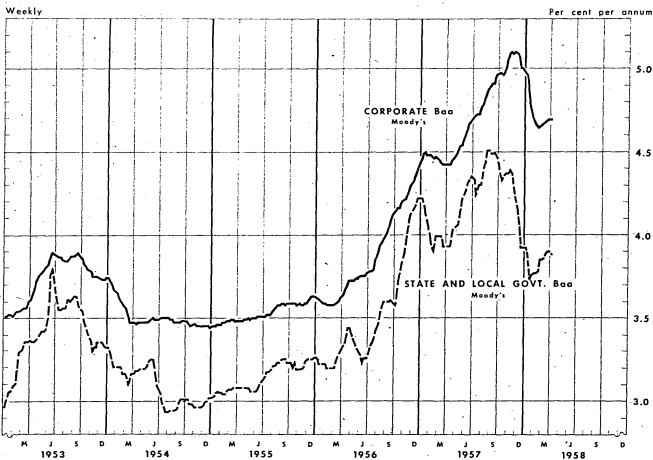
^{2/} Weekly average of daily figures. The series includes bonds due or callable in 10 years or more.

^{3/} Thursday figures. Only general obligations 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

EXHIBIT B



Date	Corporate Baa 1/	State and local govt. Baa 2/	Spread between Aaa and Baa	
			Corporate	State and local govt.
(Per cent)				
1953 - High	3.89 (9/18)	3.79 (6/25)	.69	1.21
Low	3.50 (1/2)	2.96 (1/8)	.42	.98
1954 - High	3.74 (1/8)	3.32 (1/7)	.68	1.16
Low	3.44 (12/31)	2.93 (6/5)	.52	.93
1955 - High	3.63 (12/30)	3.26 (12/29)	.54	1.03
Low	3.45 (1/14)	3.02 (1/6)	.45	.87
1956 - High	4.41 (12/28)	4.22 (12/27)	.63	1.17
Low	3.58 (3/9)	3.20 (3/8)	.42	.89
1957 - High	5.10 (11/29)	4.51 (8/29)	1.27	1.21
Low	4.42 (4/12)	3.90 (2/21)	.64	1.04
1958 - High	4.96 (1/3)	3.92 (1/2)	1.28	1.11
Low	4.64 (2/21)	3.73 (1/23)	1.04	1.02
March 7	4.66	3.85	1.04	1.07
March 14	4.67	3.86	1.05	1.08
March 21	4.68	3.89	1.05	1.10
March 28	4.69	3.90	1.05	1.11
April 4	4.69	3.88	1.05	1.11

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

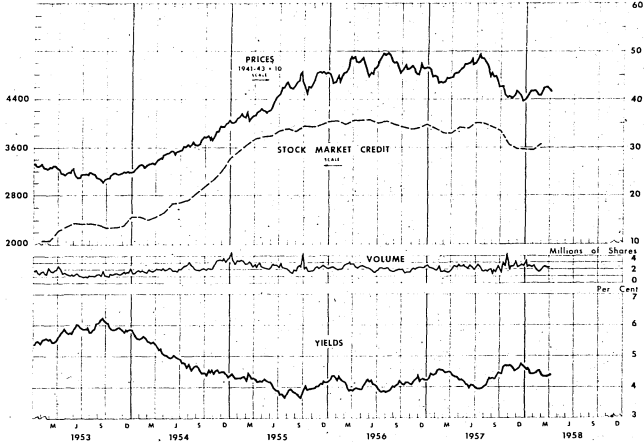
2/ Thursday figures. Only general obligation bonds are included; average term is 20 years.

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

STOCK MARKET

Millions of Dollars

1941-43 Average=10



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
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
Low	24.93 (1/8)	1.4	4.32	2,405	1,653	746
1955 - High	45.69 (12/9)	4.6	4.42	4,030	2,805	1,221
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
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	2,887	1,163
Low	39.48 (12/20)	1.4	3.91	3,576	2,482	1,054
1958 - High	42.42 (3/21)	2.5	4.58	3,679	2,580	1,198
Low	40.37 (1/10)	1.7	4.33	3,554	2,487	1,051
February	41.26	2.0	4.49	3,679	2,580	1,099
March	42.11	2.2	4.35	n.a.	n.a.	1,198
March 21	42.42	2.3	4.33	n.a.	n.a.	1,117
March 28	42.20	2.2	4.35	n.a.	n.a.	1,198
April 4	41.68	2.2	4.42	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.

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	e/800	1,063	573	812	742	404
February	e/875	1,071	712	952	572	696
March	e/1,500 ^{2/}	1,344	817	486	506	390
April	e/900	924	818	e/650	765	378
May		771	1,146		546	490
June		1,489	841		393	735
July		991	1,063		529	408
August		914	654		585	206
September		973	838		431	357
October		1,055	745		698	639
November		792	1,089 ^{3/}		633	347
December		1,086	1,088		698	409
1st quarter	e/3,175	3,479	2,102	2,250	1,820	1,490
2nd quarter		3,184	2,805		1,704	1,603
3rd quarter		2,878	2,556		1,544	974
4th quarter		2,933	2,922		2,029	1,395
1st half		6,662	4,907		3,524	3,093
Three quarters		9,540	7,463		5,069	4,054
Year		12,473	10,384		7,099	5,459
	Excluding finance companies ^{4/}					
1st quarter	e/2,875	3,268	1,647			
2nd quarter		2,924	2,541			
3rd quarter		2,560	2,246			
4th quarter		2,788	2,826			
Year		11,540	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 \$718.3 million AT&T convertible debenture issue.^{3/} Includes \$571.5 million AT&T common stock issue.^{4/} 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/
1957 - 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	--
December	399	439	--
1958 - January	318	506	215
February	605	629	15
March	1,093	264	--

Large Individual Issues Offered April 1 through 4

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Wisconsin Elec. Pwr. Co.	1st mtg. bds.	30.0	1988	4 1/8	3.98	Aa
Gen. American Transp. Corp.	E. T. ctf.s.	20.0	1978	4 1/8	4.13	A
General Telephone Corp.	Com. stk.	21.4				
<u>STATE AND LOCAL GOVERNMENT</u>						
Texas Veterans Land Board	G.O.	12.5	1966-88/68	2.89	2.05-3.00	Aa
Comm. of Puerto Rico	G.O.	18.3	1959-73	3.39	1.20-3.50	A
Los Angeles, California	Rev.-Ut.	13.5	1959-88	3.15	1.00-3.35	Aa
Lafayette Par. S.D.#1, La.	G.O.	7.0	1961-88/69	n.a.	n.a.	Baa
Tampa, Florida	Rev.-Ut.	8.4	1959-87/68	3.56	1.25-3.70	A
<u>OTHER</u>						
Ontario, Canada	Ext. deb.	25.0	1963	3 1/4	3.40	A
Ontario, Canada	Ext. deb.	50.0	1983	4	4.13	A
Edmonton, Alberta, Canada	Ext. deb.	18.0	1983	4 3/4	4.93	Baa

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 obligations; Rev.-Ut., revenue obligations secured only by income from public utilities; Rev.-Q.Ut., revenue bonds secured by revenue of quasi-utilities; Rev.-S.T., revenue bonds secured by revenue from specific taxes only; Rev.-Rent., revenue bonds secured solely by lease payments.

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/
1957 - 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	415	498	25
July 31	525	252	--	811	514	--
Aug. 30	578	243	30	845	439	30
Sept. 30	576	370	--	647	587	15
Oct. 31	458	369	30	815	573	45
Nov. 29	383	387	18	1,193	589	63
Dec. 31	378	383	150	1,161	614	165
1958 - Jan. 31	498	429	--	1,378	546	--
Feb. 28	1,123	175	--	1,208	389	--
Mar. 31	555	340	110	670	372	110

Forthcoming Large Offerings, as of April 4

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Duquesne Light Co.	1st mtg. bds.	15.0	Apr. 10
Joseph E. Seagram & Sons, Inc.	Deb.	40.0	Apr. 10
American Can Co.	Deb.	40.0	Apr. 10
Douglas Aircraft Co.	S.F. deb.	60.0	Apr. 11
Aluminum Co. of America	Deb.	125.0	Apr. 11
Pacific Petroleum Ltd.	S.F. deb.	30.0	Apr. 11
Richfield Oil Corp.	Conv. sub. deb.	19.0	Apr. 14 (rights expire)
Commonwealth Edison Co.	1st mtg. bds.	50.0	Apr. 16
Diamond Gardner Corp.	S.F. deb.	25.0	Apr. 16
Mississippi Power & Light Co.	1st mtg. bds.	15.0	Apr. 17
Southern Counties Gas Co.	1st mtg. bds.	15.0	Apr. 24
*Central Hudson Gas & Electric Corp.	1st mtg. bds.	18.0	Apr. 24
*Philadelphia Electric Co.	1st mtg. bds.	40.0	Apr. 30
*Potomac Electric Power Co.	Conv. deb.	19.7	May 6 (rights expire)

Forthcoming Large Offerings, as of April 4 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE (Cont'd)</u>			
Consolidated Edison Co. of New York	1st ref. mtg. bds.	50.0	June 4
Commerce Oil Refining Corp.	Deb., bds. & common	45.0	1958
Natural Gas Pipeline Co. of America	1st mtg. bds.	40.0	1958
Tennessee Gas Transmission Co.	Deb.	30.0	1958
<u>STATE AND LOCAL GOVERNMENT</u>			
Anne Arundel Co., Maryland	G.O.	5.0	Apr. 8
State of Maryland	G.O.	24.6	Apr. 8
Chicago, Illinois	G.O.	7.5	Apr. 9
Erie Co. Water Authority, N. Y.	Rev.-Ut.	6.5	Apr. 10
*San Francisco, California	G.O.	24.2	Apr. 14
*Washington Sub. San. Dist., Md.	G.O.	10.0	Apr. 15
State of Massachusetts	G.O.	96.9	Apr. 16
Louisiana State University	Rev.-Q.Ut.	7.5	Apr. 17
*Babylon U. P. Sch. Dist. No. 3, N.Y.	G.O.	5.5	Apr. 17
*Burbank, California	G.O.	5.6	Apr. 22
State of California	G.O.	100.0	Apr. 23
*Washington Toll Bridge Auth.	Rev.-Ut.	5.2	Apr. 24
Philadelphia, Pa.	G.O.	31.9	Apr. 30
State of Ohio	Rev.-S.T.	32.0	May 20
<u>OTHER</u>			
Belgian Congo	Ext. loan bds.	15.0	Apr. 17
*Commonwealth of Australia	Bonds	25.0	Apr. 23

*--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 - 1957				
High	5.00(8/14/57)	87	5.50(11/7/57)	123
Low	2.93(3/31/54)	-3	3.00(3/17/54)	-15
1958 - January				
8			4.07	9
9			4.10 ² /	13
17			3.85	-3
21			3.80	-8
23	3.60	-8		
February				
5			3.90	-3
14	3.80	13		
20	3.80 ² /	12		
21			3.92	-3
25	3.95	28		
26	4.00	33		
28				
March				
4			4.40	35
5	4.15	44	4.25	6
6	4.22	50		
12	4.00	28		
19	4.00	26		
21				
25	4.05	31	4.07	-7
April				
1	3.98	23		
2	4.00	25		

*--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.

2/ Provides for a 5-year period during which issue may not be called for refunding at a lower coupon rate. Other issues have no such provision.