

H.14

October 6, 1954

CAPITAL MARKET DEVELOPMENTS

Volume of security offerings small - The amount of large State and local government issues offered publicly for new capital during the week ending October 1 was 48 million dollars; only one large corporate offering with proceeds of 20 million was issued in this period. The volume of large public offerings to be floated this week is 108 million dollars for State and local governments and 37 million for corporations.

October outlook - The October estimate of corporate offerings for new capital is 750 million dollars, about 30 per cent greater than the total for October 1953 and 15 per cent greater than last month. Included in this estimate are the proceeds from two very large issues--the 131 million dollar common stock offering of National City Bank of New York, the subscription rights for which expire on October 22 and will therefore be counted in the October total, and the 100 million debenture issue of Continental Oil. The volume of large public issues is expected to be 343 million dollars or about 45 per cent of total new capital. A substantial volume of refunding issues is scheduled for offering this month.

The October volume of State and local government issues is estimated at 550 million dollars, 22 per cent larger than the October volume last year but 12 per cent under the September 1954 total. Large issues are expected to account for almost 70 per cent of the total estimate. The 100 million dollar revenue bond offering of the Department of Highways, Virginia, and a State of Massachusetts issue of 55 million dollars are included in the October calendar.

Bond yields remain stable - Yields on corporate Aaa and Baa, U. S. Government and high-grade municipal bonds did not change during the week ending October 1.

Stock prices decrease - The SEC index of 265 common stocks decreased moderately last week to 198.3 basis points.

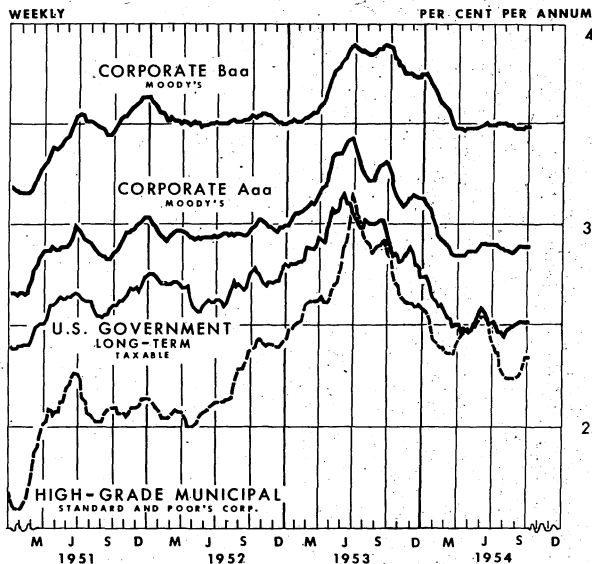
Further details on capital market developments available from exhibits - More detailed information concerning recent capital market developments will be found in the following exhibits which are attached hereto:

- A - Bond Yields
- B - Stock Market
- C - Corporate and State and Local Government Security Offerings and Placements
- D - Large Public Security Issues for New Capital (other than U. S. Treasury)
- E - Forthcoming Large Public Security Offerings for New Capital (other than U. S. Treasury)
- F - Yields on New and Outstanding Public Utility Bonds, rated Aa and A

Business Finance and Capital Markets Section,
Division of Research and Statistics,
Board of Governors of the Federal Reserve System.

EXHIBIT A

BOND YIELDS



Date	Corporate ^{1/}		U. S. Govt. long-term ^{2/}	Spread between Corporate Aaa and U. S. Govt.	High- grade Mun. ^{3/}
	Aaa	Baa			
(Per cent. per annum)					
1951 - High	3.03	3.63	2.74	.36	2.26
Low	2.65	3.16	2.38	.25	1.59
1952 - High	3.03	3.63	2.79	.37	2.43
Low	2.91	3.48	2.56	.19	2.00
1953 - High	3.42	3.89	3.15	.38	3.14
Low	2.99	3.50	2.74	.19	2.43
1954 - High	3.09	3.74	2.74	.43	2.56
Low	2.85	3.46	2.44	.33	2.23
September 3	2.88	3.47	2.50	.38	2.24
September 10	2.89	3.47	2.51	.38	2.26
September 17	2.89	3.47	2.51	.38	2.31
September 24	2.89	3.48	2.51	.38	2.33
October 1	2.89	3.48	2.51	.38	2.33

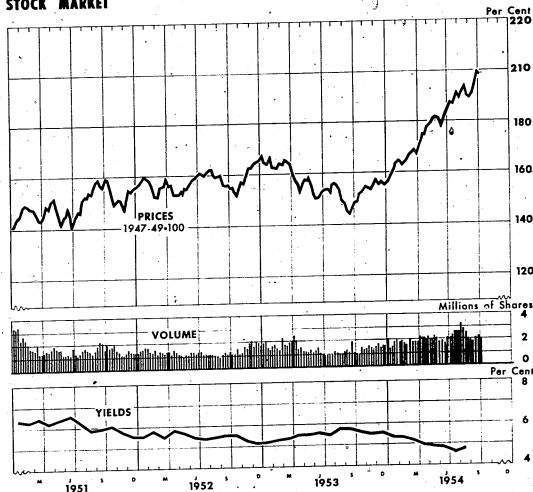
^{1/} Moody's Investors Service; weekly average of daily figures.

^{2/} Federal Reserve; weekly average of daily figures.

^{3/} Standard and Poor's Corporation; Wednesday figure.

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

STOCK MARKET



Date	Stock price index 1/ (1947-49=100)	Trading volume 2/ (millions of shares)	Common stock yields 3/ (per cent per annum)	Customers' debit balances 4/ (millions of dollars)	Bank loans to "others" for purchases of securities 5/ (millions of dollars)
1951 - High	158.6	3.4	6.55	1,297	340
Low	140.3	1.1	5.55	1,219	260
1952 - High	165.3	2.0	5.77	1,328	295
Low	151.7	0.9	5.13	1,241	250
1953 - High	167.1	2.5	5.75	1,665	327
Low	144.0	0.9	5.15	1,314	252
1954 - High	199.3	3.2	5.33	1,967	437
Low	156.5	1.4	4.61	1,653	328
August	191.4	2.6	4.75	1,967	418
September	194.0	2.0	n.a.	n.a.	421
September 17	195.5	2.1	n.a.	n.a.	420
September 24	199.3	2.2	n.a.	n.a.	425
October 1	198.3	1.9	n.a.	n.a.	430

1/ SEC index of 265 common stocks, weekly closing price, 1939=100; converted to 1947-49=100 by Federal Reserve.

2/ Weekly averages of daily trading volume on New York Stock Exchange.

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

4/ End of month figures for member firms of New York Stock Exchange; excludes balances secured by U. S. Government securities.

5/ Wednesday figures for weekly reporting, member banks in New York and Chicago; excludes loans for purchase of U. S. Government securities. On March 4, 1953, the last date on which figures for all reporting banks were available, New York and Chicago accounted for 45 per cent of such loans. In the past New York and Chicago loans have fluctuated more than total loans.

n.a.—Not available.

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

Exhibit C

Corporate and State and Local Government Security Offerings and Placements

(In millions of dollars)

	New capital					
	Corporate			State and local		
	1954	1953	1952	1954	1953	1952
January	544	623	615	396	388	357
February	439	623	413	411	359	300
March	660	666	951	565	426	146
April	486	779	870	734	328	454
May	652	675	990	748	648	394
June	859	1,123	769	853	434	625
July	e/725	483	1,237 ^{1/}	279	519	243
August	e/400	325	291	e/250	259	199
September	e/650	753	390	e/625	475	473
October	e/750	577	999	e/550	452	302
November		429	340		408	183
December		1,438 ^{2/}	851		774	395
1st quarter	1,643	1,912	1,979	1,372	1,173	802
2nd quarter	1,998	2,578	2,629	2,335	1,410	1,474
3rd quarter	e/1,775	1,561	1,918 ^{1/}	e/1,155	1,253	916
4th quarter		2,444 ^{2/}	2,191		1,635	880
Year		8,495 ^{2/}	8,716 ^{1/}		5,471	4,072
Excluding finance companies ^{3/}						
1st quarter	1,562	1,669	1,961			
2nd quarter	1,931	1,991	2,521			
3rd quarter	e/1,710	1,223	1,877			
4th quarter	/	2,344	2,094			
Year		7,227	8,452			

^{1/} Includes 490 million dollar American Telephone and Telegraph debenture issue.

^{2/} Includes 603 million dollar AT&T debenture issue.

^{3/} Total new capital issues excluding offerings of sales and personal finance companies.

e/--Estimated

Note.--Details may not add to totals due to rounding.

Exhibit D

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/
1953 - September	375	322	34
October	216	323	51
November	96	254	19
December	963	571	50
1954 - January	289	164	119
February	103	213	—
March	160	378	50
April	169	557	—
May	324	557	—
June	350	603	—
July	336	92	—
August	75	86	—
September	335	455	—

Large Individual Issues Offered during September

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Southern Bell Telephone and Telegraph Co.	Deb.	25.0	1989	3 1/8	3.02	Aaa
Tennessee Gas Transmission	Deb.	24.5	1974	4 1/4	4.10	Baa
American Tel. & Tel. Co.	Deb.	250.0	1984	3 1/4	3.12	Aa
Dayton Power & Light Co.	1st mtg. bds.	15.0	1984	3	3.00	Aa
Northern States Power Co.	1st mtg. bds.	20.0	1984	3 1/8	3.01	Aa
<u>STATE AND LOCAL GOVERNMENT</u>						
Cook County, Illinois	G.O.	7.6	1955-74	1.90	0.75-2.05	Aa
Los Angeles, California, Dept. of Water & Power	Rev.	19.5	1955-84	2.26	0.65-2.50	Aa
Jersey City Sewerage Authority, New Jersey	Rev.	22.0	1959-93	3.26	1.80-3.40	Baa
Louisville and Jefferson Co., Sewer Dist., Ky.	Rev.	8.0	1955-94 1/2	2.54	0.70-2.70	Aa
Texas Veterans Land Board	G.O.	10.0	1960-89 1/2	2.10	1.15-2.35	Aa

Large Individual Issues Offered during September (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> (Cont'd)						
Public Housing Authorities	--	135.9	1955-95	2.33	0.65-2.55	--
Wyandotte School Dis- trict, Michigan	G.O.	7.3	1955-72	2.23	0.90-2.10	A
Pittsburgh Public School District, Pennsylvania	G.O.	5.0	1955-79	2.02	0.70-2.25	A
State of South Carolina	G.O.	20.0	1955-74	1.77	0.70-2.00	Aa
State of Connecticut	G.O.	7.0	1955-84	1.72	0.65-2.25	Aaa
Detroit, Michigan	G.O.	5.2	1955-83	2.52	0.75-2.85	A
Kansas Turnpike	Rev.	160.0	1994 ^{5/}	3.44	3.40	--
State of Ohio	L.L.	30.0	1956-64 ^{5/}	1.38	0.95-1.50	Aa
State of Tennessee	G.O.	5.4	1961-65	1.60	1.40-1.60	A
Macon County, Illinois	G.O.	7.0	1955-73	1.94	0.75-2.10	Aa
Upper Moreland-Hatboro Joint Sewer Auth., Pa.	Rev.	5.4	1956-86	n.a.	1.25-3.15	--
<u>OTHER</u>						
None						

^{1/} Includes corporate and other security offerings of 15 million dollars 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; and, L.L., limited liability obligations secured by pledge of designated revenues.

^{4/} Bonds maturing 1988-89 not reoffered.

^{5/} Bonds maturing 1956 not reoffered.

n.a.--Not available.

Exhibit E

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/
1953 - Sept. 29	180	273	n.a.	1,016	1,182	n.a.
Oct. 30	73	283	n.a.	1,129	978	n.a.
Nov. 30	948	537	73	1,616	1,752	88
Dec. 31	232	179	123	669	1,238	138
1954 - Jan. 29	118	161	--	479	1,660	--
Feb. 26	108	498	50	690	1,916	50
Mar. 31	204	555	--	555	2,789	--
Apr. 30	323	525	27	647	2,322	27
May 28	332	596	--	526	1,971	--
June 30	336	86	--	532	1,524	--
July 30	100	54	--	303	1,553	--
Aug. 31	334	300	--	608	1,876	--
Sept. 30	343	383	--	414	2,158	--

Forthcoming Large Offerings, as of October 1

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Public Service Company of Colorado	1st mtg. bonds	20.0	October 4
Indiana and Michigan Electric Co.	1st mtg. bonds	16.5	October 5
Texas Power and Light Co.	1st mtg. bonds	15.0	October 18
New York Telephone Co.	Ref. mtg. bonds	40.0	October 19
National City Bank of New York	Common stock	131.3	October 22
Laclede Gas	1st mtg. bonds	20.0	October
Continental Oil	Deb.	100.0	October
Kentucky Utilities	1st mtg. bonds	15.0	November
Kansas City Power and Light	1st mtg. bonds	16.0	1954
Long Island Lighting	1st mtg. bonds	20.0	1954
Public Service of Oklahoma	1st mtg. bonds	20.0	January
<u>STATE AND LOCAL GOVERNMENT</u>			
Southeast Alabama Gas District	Rev.	19.5	October 4
Mississippi River Bridge Auth., La.	Rev.	65.0	October 5
Kansas City, Missouri	Rev.	12.0	October 6
Cleveland, Ohio	Rev.	11.0	October 7
Georgia State Toll Bridge Authority	Rev.	6.7	October 13
Department of Highways, Virginia	Rev.	100.0	October 14

Forthcoming Large Offerings, as of October 1 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
Alexandria, Virginia	Rev.	8.2	October 14
*Kentucky, State Property and Bldg. Comm.	n.a.	7.4	October 19
Milwaukee, Wisconsin	n.a.	5.0	October 19
Greater Baton Rouge Port Comm., La.	n.a.	12.5	October 20
Colorado Springs, Colorado	Rev.	10.0	October 20
State of Massachusetts	n.a.	55.0	October 20
Wichita, Kansas	n.a.	6.9	October 26
Philadelphia, Pennsylvania	n.a.	25.8	October 26
*Chicago, Illinois	G.O.	12.5	October 27
Florida State Board of Education	n.a.	25.7	October
Dallas, Texas	n.a.	10-15.0	November 29
Oklahoma Turnpike Authority	n.a.	175.0	1954
New Jersey Highway Authority	Rev.	30-50.0	1954
Lansing, Michigan	n.a.	6.0	1954
Dade County Port Authority, Fla.	Rev.	21.0	1954
Allegheny County, Pennsylvania			
Sanitary Authority	Rev.	85.0	1954
California Toll Bridge Authority	Rev.	235.0	1954
Maryland State Roads Commission	n.a.	70.0	1954
Warren, Ohio	n.a.	5.0	1954
Springfield, Illinois	n.a.	9.0	1954
Davenport, Iowa	n.a.	5.0	1954
New York Thruway	Rev.	50.0	1954
Indiana Toll Road Commission	n.a.	225.0	1954
*Michigan Turnpike Authority	Rev.	186.0	1955
New York State Power Authority	Rev.	315.0	1955
Metropolitan Water Dist. of So. Cal.	G.O.	8-10.0	1955
Los Angeles School Dist., Cal.	n.a.	20.0	1955
Los Angeles Dept. of Water & Power	Rev.	15-20.0	1955
Florida State Turnpike Authority	Rev.	89.0	1955
Jersey City Sewerage Auth., N. J.	Rev.	16.0	1955
*North Carolina Turnpike Authority	n.a.	200.0	1955
<u>OTHER</u>			
None			

1/ Includes corporate and other issues of 15 million dollars and over;
State and local government issues of 5 million and over.

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

n.a.—Not available.

*—Included in table for first time.

Exhibit F

Yields on New and Outstanding
Public Utility 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	3.18	14	3.37	12
1953 average	3.44	16	3.78	25
1953 - January	3.25	11	None	--
February	3.39	19	None	--
March	3.40	17	3.59	23
April	3.48	16	3.88	41
May	3.79	28	3.99	37
June	None	--	4.10	39
July	*3.68	29	*4.00	30
August	None	--	None	--
September	None	--	3.92	29
October	3.34	6	3.56	7
November	*3.28	7	3.42	2
December	*3.30	5	3.51	10
1954 - January	3.20	6	3.34	2
February	3.02	0	*3.20	-1
March	*2.93	0	3.05	-10
April	2.99	5	3.10	-6
May 5	3.00	4		
6	2.99	3	3.15	0
11			3.08	-6
20			3.13	-1
27			3.20	5
June 9			3.17	1
16			3.14	-2
17			3.13	-3
24			3.12	-3
25	3.00	1		
July 14			3.13	-1
August 18			3.06	-6
25			3.15	3
September 23	3.00	0		
29	3.05	6		
30	3.01	2	3.10	-3

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.

*--Single observation, not an average.