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October 20, 1954

CAPITAL MARKET DEVELOPMENTS

Security volume small last week - Large State and local government security offerings for new capital amounted to 22 million dollars during the week ending October 15; no large corporate issues were offered. This week large public issues scheduled for flotation total 231 million dollars, including the 131 million dollar common stock offering of National City Bank of New York, the subscription rights for which expire on October 22.

Bond yields - Outstanding U. S. Government long-term bond yields increased one basis point last week, the first change in five weeks. Yields on corporate Aaa did not change and yields on corporate Baa and high-grade municipal bonds decreased one and two basis points respectively.

Customers' debit balances rise for seventh consecutive month - Customers' debit balances, excluding borrowings for carrying U. S. Government securities, of member firms of the New York Stock Exchange, increased 81 million dollars during September to a total of 2,048 million at the end of the month. Money borrowed on collateral other than U. S. Government, by member firms maintaining margin accounts, increased 100 million dollars and totaled 1,225 million dollars at the end of September. Customers' free credit balances which had been rising rather steadily increased only 14 million dollars in September.

Stock prices, as measured by the SEC index of 265 common stocks, decreased sharply during the week ending October 15 to 194.0 points, 5.7 points below the preceding closing price. Daily indexes indicate some recovery during the first part of this week.

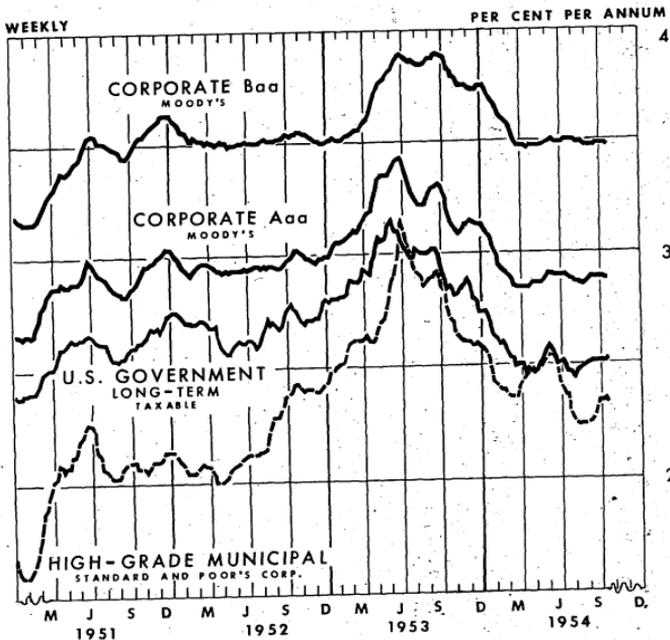
Further details on capital market developments available from exhibits - More detailed information concerning recent capital market developments will be found in the following exhibits which are attached hereto:

- 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 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
October 8	2.88	3.48	2.51	.37	2.34
October 15	2.88	3.47	2.52	.36	2.32

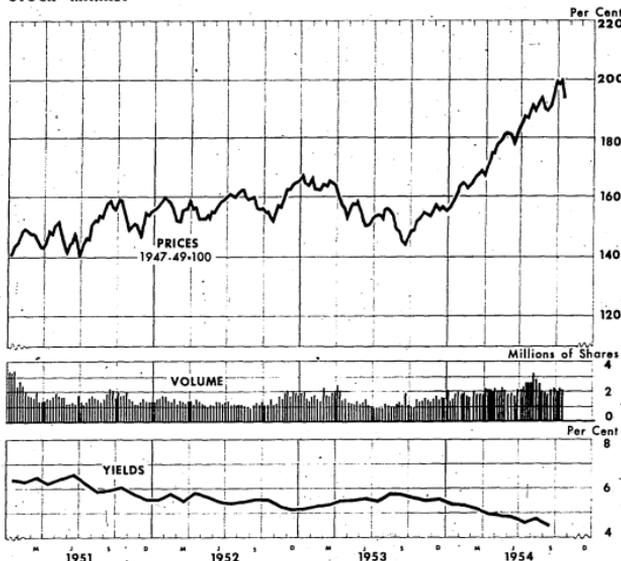
^{1/} Moody's Investors Service; weekly average of daily figures.

^{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	199.7	3.2	5.33	2,048	437
Low	156.5	1.4	4.46	1,653	328
August	191.4	2.6	4.75	1,967	418
September	194.0	2.0	4.46	2,048	421
October 1	198.3	1.9	n.a.	n.a.	430
October 8	199.7	2.2	n.a.	n.a.	433
October 15	194.0	2.1	n.a.	n.a.	434

^{1/} SEC index of 205 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/725	753	390	e/625	475	473
October	e/800	577	999	e/550	452	302
November		429	340		408	163
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/1,850	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/1,785	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 <u>2/</u>
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 October 1 through 15

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Public Service Co. of Colorado	1st mtg.bds.	20.0	1984	3 1/8	3.03	Aa
Indiana and Michigan Electric Co.	1st mtg.bds.	16.5	1984	3 1/8	3.04	Aa
<u>STATE AND LOCAL GOVERNMENT</u>						
Southeast Alabama Gas District	Rev.	19.5	1989	4.50	4.50	--
Mississippi River Bridge Authority, Louisiana	Rev.	65.0	1994	3.59	3.46	--
Kansas City, Missouri	Rev.	12.0	1961-84	2.45	1.35-2.55	Aa
Cleveland, Ohio	Rev.	5.0	1959-78	2.13	1.20-2.40	Aa
Cleveland, Ohio	Rev.	6.0	1959-83	2.54	1.25-2.63	A
State of Oklahoma Planning & Resources Bd.	Rev.	7.2	1984	n.a.	4.31	--
Ga. State Toll Br. Auth.	Rev.	6.7	1984	3.35	3.30	--
Alexandria, Virginia	Rev.	8.2	1960-76	3.19	1.90-3.20	--
<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.

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 15

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
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
Cortland Equipment Lessors, Inc.	Deb.	75.0	October 27
Continental Oil	Deb.	100.0	October 28
*Southern Railway	Coll. trust notes	15.0	October 28
Leclde Gas	1st mtg. bonds	20.0	November
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 AID LOCAL GOVERNMENT</u>			
Kentucky, State Property & Bldg. Comm.	Rev.	7.4	October 19
Newark, New Jersey	G.O.	10.0	October 19
Milwaukee, Wisconsin	G.O.	5.0	October 19
Greater Baton Rouge Port Comm., La.	G.R.	12.5	October 20
Colorado Springs, Colorado	Rev.	10.0	October 20

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

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
Lansing, Michigan	G.O.	6.0	October 25
*Puerto Rico	G.O.	10.0	October 25
State of Massachusetts	G.O.	59.8	October 26
Wichita, Kansas	n.a.	6.9	October 26
Philadelphia, Pennsylvania	G.O.	25.8	October 26
Florida State Board of Education	Rev.	16.5	October 26
Chicago, Illinois	G.O.	12.5	October 27
Department of Highways, Virginia	Rev.	79.3	October 27
*Pueblo County, Colorado	n.a.	5.3	October 28
*Abington Township, Pa., School Dist.	Rev.	6.0	November 4
*New York City	n.a.	21.6	November 4
Dallas, Texas	n.a.	10-15.0	November 29
Indiana Toll Road Commission.	n.a.	178.0	December
*Jefferson Parish and St. Tammany Parish, Louisiana	Rev.	45.0	December
Oklahoma Turnpike Authority	n.a.	175.0	1954
New Jersey Highway Authority	Rev.	30-50.0	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
Michigan Turnpike Authority	Rev.	186.0	Spring
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	3.00	4	3.14	-1
June	*3.00	1	3.14	-2
July	None	--	*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
October 5	3.03	4	3.12	-1
6	3.04	4		
6	3.04	4		
14			3.12	0

^{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.