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November 3, 1954

CAPITAL MARKET DEVELOPMENTS

Heavy volume of security issues last week - Large State and local government issues with total proceeds of 221 million dollars were offered during the week ending October 29. Large corporate security offerings were 190 million dollars and included the Continental Cil debenture issue of 100 million dollars. This week 34 million dollars of large State and local issues are scheduled for offering; no large corporate issues are listed.

November outlook - The corporate new capital estimate for November is 300 million dollars, only one-third as large as last month's volume and 30 per cent below the November total last year. Only one public issue over 15 million dollars is scheduled and that only tentatively. The schedule for later dates is also light. The volume of proceeds from forthcoming large issues expected during the remainder of this year and through spring of 1955 is only 155 million dollars, the smallest total since such tabulations were begun in May 1953. Several large refunding programs have been announced, but proceeds from these are not included in the new capital estimate.

The November volume of State and local issues is estimated at 600 million dollars, slightly less than the total last month but almost half again as large as the volume a year ago. Almost three-fourths of the expected volume is made up of large issues over 5 million dollars.

Bond yields - Yields on outstanding U. S. Government long-term obligations rose one point last week. Yields on corporate Aaa and on high-grade municipal bonds did not change. Corporate Baa yields decreased slightly.

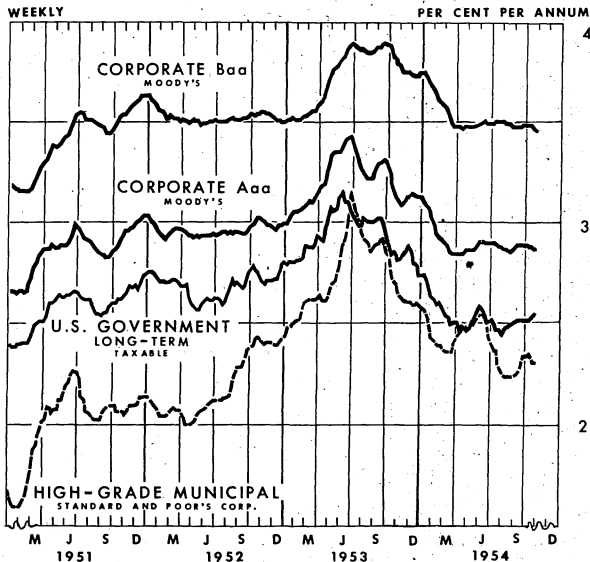
Stock prices - The SEC index of 265 common stocks dropped to 193.9 during the week ending October 29. Daily indexes showed a further small decline on November 1.

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.

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	3.45	2.44	.33	2.23
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
October 22	2.87	3.46	2.53	.34	2.30
October 29	2.87	3.45	2.54	.33	2.30

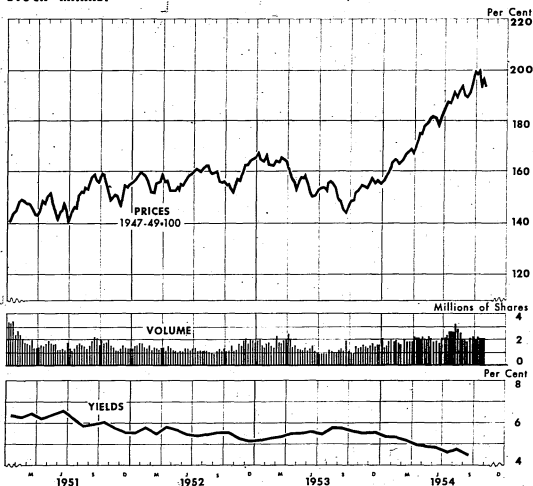
^{1/} Moody's Investors Service; weekly average of daily figures.

^{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" debit 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	447
Low	156.5	1.4	4.46	1,653	328
September	194.0	2.0	4.46	2,048	421
October	196.6	2.1	n.a.	n.a.	439
October 15	194.0	2.1	n.a.	n.a.	434
October 22	196.9	2.1	n.a.	n.a.	442
October 29	193.9	2.1	n.a.	n.a.	447

^{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/} Woody'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	261	259	199
September	e/725	753	390	e/625	475	473
October	e/800	577	999	e/610	452	302
November	e/300	429	340	e/600	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/1,850	1,561	1,918 ^{1/}	e/1,165	1,253	916
4th quarter		2,444 ^{2/}	2,191 ^{1/}		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.

Large Public Security Issues for New Capital
(other than U. S. Treasury) 1/

Proceeds of Large Issues Offered

(billions of dollars)

Month	Corporate	State and local government	Other 2/
1953 - 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	--
October	413	388	--

Large Individual Issues Offered during October

Issuer	Type 3/	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
Texas Power & Light Co.	1st mtg.bds.	15.0	1984	3 1/8	3.00	Aa
New York Telephone Co.	Ref.mtg.bds.	40.0	1989	3	2.95	Aaa
Nat'l. City Bank of N.Y.	Common stk.	131.3				
Cortland Equipment Lessors, Inc.	Deb.	75.0	1955-69	3-4 1/4	4.00-4.25	Baa
Continental Oil	Deb.	100.0	1984	3	2.94	Aa
Southern Railway	Coll.tr.notes	15.0	1964	n.a.	n.a.	--

Large Individual Issues Offered during October (Cont'd)

Issuer	Type ^{3/}	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE & 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 Plan- ning & Resources Bd.	Rev.	7.2	1984	n.a.	4.31	--
Ga. State Toll Bridge Auth.	Rev.	6.7	1984	3.35	3.30	--
Alexandria, Virginia	Rev.	8.2	1960-76	3.19	1.90-3.20	—
Newark, New Jersey	G.O.	10.0	1955-74	2.36	0.90-2.55	Baa
Milwaukee, Wisconsin	G.O.	5.0	1955-74	1.62	0.70-1.85	Aaa
Greater Baton Rouge Port Commission, La.	G.R.	12.5	1961-94	2.76	1.50-2.85	Baa
Colorado Springs, Colo.	Rev.	10.0	1957-82	2.14	1.00-2.35	Aaa
Lansing, Michigan	G.O.	6.0	1957-76	1.69	0.85-1.90	Aaa
Puerto Rico	G.O.	10.0	1955-66	2.16	0.80-2.27	A
State of Massachusetts	G.O.	59.8	1955-89	1.91	0.65-2.35	Aaa
Philadelphia, Pennsylvania	G.O.	25.8	1956-85	2.38	0.90-2.90	A
Florida State Board of Education	Rev.	16.5	1956-75	Var.	1.00-2.60	A
Chicago, Illinois	G.O.	12.5	1957-74	2.00	1.00-2.20	A
Dept. of Highways, Va.	Rev.	79.3	1994	3.06	3.03	—
Pueblo County, Colorado	G.O.	5.3	1956-79	n.a.	0.90-2.55	A
Pittsburgh Parking Auth- ority, Pennsylvania	Rev.	5.8	1956-94	n.a.	1.20-3.00	A
<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 - Oct. 30	73	283	n.a.	1,129	978	n.a.
Nov. 30	94.8	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	—
Oct. 29	15	436	—	155	1,957	30

Forthcoming Large Offerings, as of October 29

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Kentucky Utilities	1st mtg. bonds	15.0	November
*Virginia Electric and Power Co.	Common stock	18.0	December 8
New England Telephone and Telegraph	Deb.	30.0	December 14
Laclede Gas	1st mtg. bonds	20.0	December
Long Island Lighting	1st mtg. bonds	20.0	December
Kansas City Power and Light	1st mtg. bonds	16.0	1954
Public Service of Oklahoma	1st mtg. bonds	20.0	January
New England Telephone and Telegraph	Common stock	15.8	March
<u>STATE AND LOCAL GOVERNMENT</u>			
Territory of Hawaii	G.O.	6.5	November 4
Abington Township, Pa., School Dist.	Rev.	6.0	November 4
New York City	G.O.	21.6	November 4
Maryland State Roads Commission	Rev.	146.0	November 9
New Jersey Highway Authority	Rev.	20.5	November 16
*State of North Carolina	n.a.	5.0	November 17
Oklahoma Turnpike Authority	n.a.	230.0	November
Dallas, Texas	n.a.	16.9	December 1
Jefferson Parish and St. Tammany Parish, Louisiana	Rev.	46.0	December 8

Forthcoming Large Offerings, as of October 29 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
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
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
*Inter-American Center Auth., Fla.	Rev.	60.0	Spring
Michigan Turnpike Authority	Rev.	186.0	Spring
State of Louisiana	n.a.	80.0	Spring
*Texas Turnpike Authority	n.a.	59.0	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>			
*Kingdom of Belgium	Bonds	30.0	December

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.

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	None	--	3.11	-1
September	3.02	3	*3.10	-3
October 5	3.03	4	3.12	-1
6	3.04	4		
6	3.04	4		
14			3.12	0
15			3.10	-2
19	3.00	1		
21			3.08	-3
26			3.07	-4
28			3.08	-4

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.