

H.14

November 10, 1954

CAPITAL MARKET DEVELOPMENTS

Small volume of security offerings last week - Three State and local government offerings with total proceeds of 34 million dollars were the only large security issues floated for new capital during the week ending November 5. The sole large issue scheduled for flotation this week is the 180 million dollar offering of the Maryland State Roads Commission. Not all of the total proceeds will be used for new capital purposes, however; about 36 million dollars will be used to retire outstanding revenue bonds.

Bond yields - Yields on outstanding corporate Aaa and Baa bonds increased slightly last week. Yields on U. S. Government long-term and high-grade municipal bonds did not change.

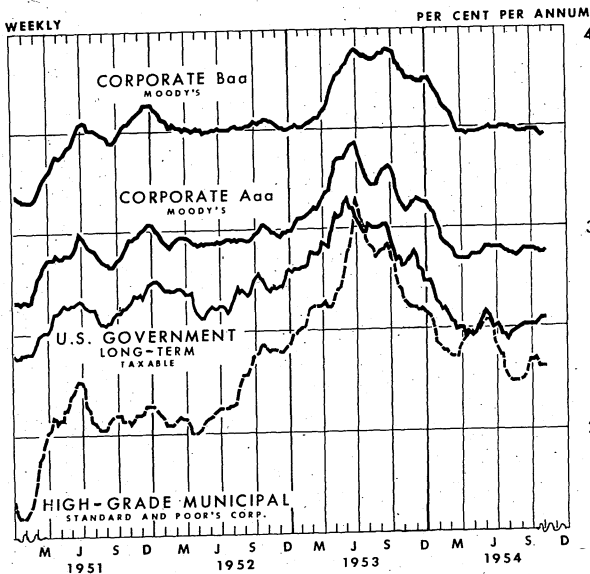
Stock prices increase - The SEC index of 265 common stocks rose to a new high of 199.9 during the week ending November 5. Daily indexes showed a sharp increase through November 9. The weekly average of daily trading volume on the New York Stock Exchange increased 0.5 million shares last week to 2.6 million shares. The volume had averaged 2.1 million or lower for the last 11 weeks.

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)

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 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
November 5	2.88	3.46	2.54	.34	2.30

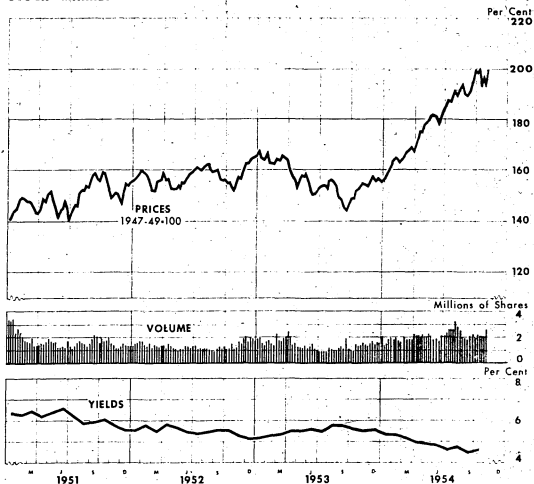
^{1/} Moody's Investors Service; weekly average of daily figures.

^{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" 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	199.9	3.2	5.33	2,048	450
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	4.57	n.a.	439
October 22	196.9	2.1	n.a.	n.a.	442
October 29	193.9	2.1	n.a.	n.a.	447
November 5	199.9	2.6	n.a.	n.a.	450

^{1/} SEI 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.

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/850	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 ^{1/}	2,335	1,410	1,474
3rd quarter	e/1,850	1,561	1,918	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

(Millions 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	435	455	—
October	413	388	—

Large Individual Issues Offered November 1 through 5

Issuer	Type ^{3/}	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
None						
<u>STATE AND LOCAL GOVERNMENT</u>						
Territory of Hawaii	G.O.	6.5	1957-74	2.19	1.10-2.40	A
Abington Township, Pa., School District	Rev.	6.0	1956-94	n.a.	1.00-2.75	Baa
New York City	G.O.	21.6	1955-57	1.13	0.80-1.10	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.

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 <u>2/</u>	Corporate	State and local govt.	Other <u>2/</u>
1953 - 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	—	444	2,158	—
Oct. 29	15	436	—	<u>c/135</u>	1,957	30

Forthcoming Large Offerings, as of November 5

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Kentucky Utilities	1st mtg. bonds	15.0	November
Long Island Lighting	1st mtg. bonds	20.0	December 7
Virginia Electric and Power Co.	Common stock	18.0	December 8
New England Telephone and Telegraph	Deb.	30.0	December 14
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>			
Maryland State Roads Commission	Rev.	142.0	November 9
New Jersey Highway Authority	Rev.	20.0	November 16
*Dane County, Wisconsin	G.O.	5.5	November 16
*Tulsa, Oklahoma	G.O.	7.9	November 16
State of North Carolina	G.O.	5.0	November 17
*Georgia State Bridge Building Auth.	n.a.	10.6	November 18
Dallas, Texas	n.a.	16.9	November 22
Oklahoma Turnpike Authority	n.a.	230.0	November
Jefferson Parish and St. Tammany Parish, Louisiana	Rev.	46.0	December 8

Forthcoming Large Offerings, as of November 5 (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 Dists., 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
OTHER			
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.

c/ Corrected

n.a.--Not available.

*--Included in table for first time.