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H.14

December 15, 1954

CAPITAL MARKET DEVELOPMENTS

Volume of security issues large last week - Large State and local government security issues totaling 224 million dollars, and large corporate offerings of 64 million were publicly floated for new capital during the week ending December 10. Of the proposed 214 million dollar Oklahoma Turnpike Authority issue, scheduled for offering last week, only 68 million was sold. Underwriters, in failing to bid on the remainder of the issue, stated that in their opinion the public had "absorbed as many turnpike bond issues as possible at the moment".

The volume of large corporate, State and local, and other issues scheduled for offering this week is 96 million dollars.

Bond yields - Yields on outstanding high-grade municipal bonds increased two basis points last week. U. S. Government long-term bond yields decreased two basis points, but a moderate rise occurred on December 13 and 14. Yields on corporate Aaa and Baa bonds remained unchanged.

Customers' debit balances increase further - Customers' debit balances, excluding borrowings for carrying U. S. Government securities, of member firms of the New York Stock Exchange, increased 107 million dollars during November to total 2,202 million at the end of the month. Money borrowed on collateral other than U. S. Governments, by member firms maintaining margin accounts, increased 58 million dollars and totaled 1,353 million at the end of the month.

The SEC index of 265 common stock prices rose to a new high of 213.3 during the week ending December 10. Daily figures indicate a slight decline in stock prices on December 14. The average daily trading volume on the NYSE reached a new high of 3.7 million shares last week, but dropped to 2.8 and 2.7 million shares on Monday and Tuesday respectively.

State and Local Government Security Offerings in the Third Quarter

State and local government security issues for new capital in the third quarter of 1954, as shown in the accompanying table, were 1,188 million dollars, somewhat less than the volume of that period last year. Offerings for new capital in the first nine months of this year totaled 4,894 million dollars, 27 per cent greater than in the corresponding months of 1953. The volume

of refunding issues was larger than in most recent years during the third quarter and totaled 44 million dollars. However, the refinancing total in the first three quarters of both 1953 and 1954 accounted for less than 2 per cent of all offerings.

Issues for school construction totaled 272 million dollars in the third quarter this year, just slightly less than the amount floated a year ago. Highway, bridge and tunnel issues represented the next largest group with 271 million dollars sold during this year's third quarter compared with 418 million during the same quarter of 1953. This comparison is somewhat distorted, however, by the New Jersey Highway Authority offering of 150 million dollars which was originally scheduled for sale in June but was postponed until July last year. Offering of other issues aggregating over 40 million dollars was also delayed from the second to the third quarter. Because of the heavy schedule of offerings of highway issues in the second quarter this year, the volume for the January to September period is considerably greater this year than last. Both sewer and water and residential building offerings were slightly above their corresponding volumes in the third period of 1953.

Each type of issuing authority offered more securities in the first nine months of 1954 than a year ago, even though some of the authorities offered less in this year's third quarter than in the earlier third period. The largest dollar increase was in State offerings which totaled 1,042 million dollars in contrast to 603 million in the first three quarters of 1953. County and township and municipal offerings showed large increases relative to the 1953 volume for the first nine months. The largest type of issuer in the third period only this year was special authorities with 354 million dollars. This is a decrease of 80 million dollars from the earlier third quarter. Municipalities floated 286 million dollars in the July to September period this year compared with 242 million in the same time last year.

Long-term Security Issues of State and Local Governments
Third Quarter and First Nine Months of 1953 and 1954

(In millions of dollars)

Type of issuer or purpose of issue	Third quarter		First nine months	
	1954	1953	1954	1953
<u>Issuing authority:</u>				
State	157	214	1,042	603
County and township	96	72	340	202
Municipality	286	242	1,164	857
School district	177	155	656	644
Special authority	354	434	1,358	1,189
Unidentified 1/	163	141	430	392
Total	1,232	1,258	4,988	3,887
<u>Purpose of issue:</u>				
New capital total	<u>1,188</u>	<u>1,253</u>	<u>4,894</u>	<u>3,844</u>
Schools	272	277	1,180	1,012
Highways, bridges, tunnels	271	418	1,484	885
Residential buildings	140	125	455	385
Hospitals and institutions	13	14	70	83
Sewer and water	154	139	501	507
Misc. public service enterprises	64	24	190	130
Recreation	8	5	25	32
Port and airport	20	13	66	23
Veterans aid	10	15	102	136
Industrial building	1	3	2	7
Other	79	79	398	252
Unidentified 1/	159	141	422	390
Refunding	44	5	94	46
Total	1,232	1,258	4,988	3,887

1/ Issues of less than \$500,000 not classified.

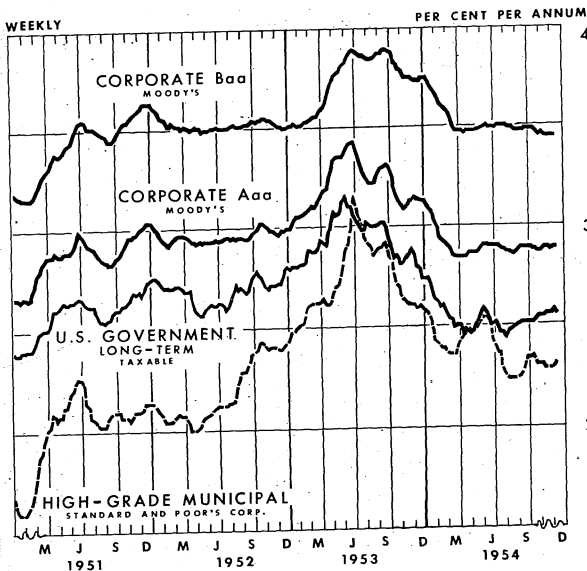
Note.--Details may not add to totals because of rounding.
Sources.--Bond Buyer and Federal Reserve.

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	3.31
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	.32	2.23
November 12	2.89	3.45	2.55	.34	2.28
November 19	2.89	3.45	2.55	.34	2.28
November 26	2.88	3.45	2.56	.32	2.28
December 3	2.89	3.45	2.57	.32	2.29
December 10	2.89	3.45	2.55	.34	2.31

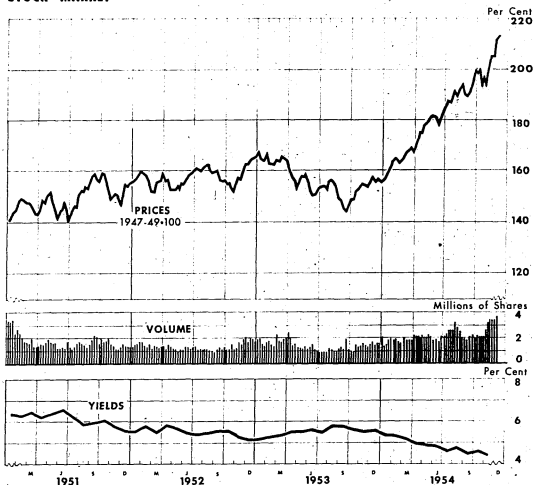
^{1/} Moody's Investors Service; weekly average of daily figures.

^{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	213.3	3.7	5.33	2,202	472
Low	156.5	1.4	4.39	1,653	328
October	196.6	2.1	4.57	2,095	439
November	205.3	3.2	4.39	2,202	461
November 26	211.1	3.4	n.a.	n.a.	471
December 3	212.7	3.4	n.a.	n.a.	472
December 10	213.3	3.7	n.a.	n.a.	466

^{1/} SIC 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	389	358
February	439	623	413	411	360	300
March	660	666	951	565	426	156
April	486	779	870	734	329	455
May	652	675	990	748	649	392
June	859	1,123	769	853	434	630
July	898	483	1,237 ^{1/}	279	519	244
August	346	325	291	261	259	201
September	776	753	390	649	475	474
October	895	577	999	e/610	453	303
November	e/300	429	340	e/400	408	183
December	e/575	1,438 ^{2/}	851	e/775	774	398
1st quarter	1,643	1,912	1,979	1,372	1,176	815
2nd quarter	1,998	2,578	2,629	2,334	1,412	1,477
3rd quarter	2,021	1,561	1,918 ^{1/}	1,188	1,253	919
4th quarter	e/1,770	2,444 ^{2/}	2,191	e/1,785	1,636	885
Year	e/7,385	8,495 ^{2/}	8,716 ^{1/}	e/6,680	5,477	4,096
	Excluding finance companies ^{3/}					
1st quarter	1,562	1,669	1,961			
2nd quarter	1,931	1,991	2,521			
3rd quarter	1,941	1,223	1,877			
4th quarter	e/1,720	2,344	2,094			
Year	e/7,130	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 - 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	--
November	0	268	--

Large Individual Issues Offered December 1 through 10

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Long Island Lighting	1st mtg. bds.	15.0	1984	3 1/4	3.10	A
Virginia Electric & Power	Common stk.	17.4				
Tennessee Gas Transmission	1st mtg. bds.	32.0	1975	3 1/2	3.40	A
<u>STATE AND LOCAL GOVERNMENT</u>						
State of Michigan	G.O.	60.0	1956-70	1.83	0.75-1.90	Aa
New York Thruway	Rev.	50.0	1964-94	2.68	1.60-2.72	--
Greater New Orleans Expressway	Rev.	46.0	1957-94 1/2	4.09	4.00	--
Oklahoma Turnpike Auth.	Rev.	68.0	1962-93	3.81	3.10-3.75	--
<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 1957-73 not publicly reoffered.

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 - 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	--
Oct. 29	15	436	--	135	1,957	30
Nov. 30	94	661	30	246	2,682	30

Forthcoming Large Offerings, as of December 10

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
New England Telephone and Telegraph	Deb.	30.0	December 14
Commonwealth Edison	Conv. deb.	50.0	January 11
*Duquesne Light	Common stock	15.0	January 17
New England Power	1st mtg. bonds	25.0	January 18
*Marine Midland Corp. of Buffalo	Pfd. stock	20.4	January 24
Consumer Power Company	Bonds	30.0	January 25
Public Service of Oklahoma	1st mtg. bonds	20.0	January
Public Service Electric & Gas Co.	Pfd. stock	25.0	January
Kansas City Power and Light	1st mtg. bonds	16.0	February 15
New England Telephone and Telegraph	Common stock	15.8	March
<u>STATE AND LOCAL GOVERNMENT</u>			
Spokane County, Washington	G.O.	5.0	December 14
Tampa, Florida	Rev.	10.0	December 14
Puerto Rico Water Resources Auth.	Rev.	12.5	December 14
New Orleans, Louisiana	G.O.	8.1	December 15

Forthcoming Large Offerings as of December 10 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
New York State Power Authority	Rev.	335.0	December 21
*Chicago Calumet Skyway Toll Bridge	Rev.	88.0	December 22
State of California	n.a.	60.0	January 5
Public Housing Authorities	n.a.	135.0	January 11
*Connecticut Expressway	Rev.	100.0	January 18
Los Angeles Dept. of Water & Power	Rev.	18.0	January 26
Illinois Turnpike Authority	Rev.	390.0	January
Texas Turnpike Company	Rev.	200.0	January
Sam Houston Company	Rev.	150.0	January
Los Angeles School Dist., Cal.	n.a.	20.0	January
Inter-American Center Auth., Fla.	Rev.	60.0	Spring
Michigan Turnpike Authority	Rev.	186.0	Spring
State of Louisiana	n.a.	80.0	Spring
Metropolitan Water Dist. of So. Cal.	G.O.	8-10.0	Spring
New York State Bridge Authority	Rev.	15.9	1955
Dade County Port Authority, Fla.	Rev.	21.0	1955
Springfield, Illinois	n.a.	9.0	1955
Allegheny County, Pennsylvania			
Sanitary Authority	Rev.	85.0	1955
California Toll Bridge Authority	Rev.	235.0	1955
Texas Turnpike Authority	n.a.	59.0	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 15

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
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 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	r/3.35	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	r/0
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	3.03	3	3.10	-2
November	None	--	None	--
December 1			3.11	0
8			3.10	-1

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.

*--Single observation, not an average.

r/ Revised.