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January 20, 1955

CAPITAL MARKET DEVELOPMENTS

Moderate volume of security offerings last week - Large State and local government offerings totaling 150 million dollars and a 50 million dollar debenture issue of a public utility company were publicly floated during the week ending January 14. Large corporate and State and local issues aggregating 111 million dollars are scheduled for offering this week.

Bond yields - Yields on outstanding corporate Aaa and long-term U. S. Government obligations rose slightly during the week ending January 14. An increase of four basis points occurred in high-grade municipal bond yields due in part to a heavy schedule of offerings and to continued rumors of a long-term Treasury bond issue. Corporate Baa yields remained unchanged last week but increased slightly in the first part of this week.

Further increase in customers' debit balances - Customers' debit balances, excluding borrowings for carrying U. S. Government securities, of member firms of the New York Stock Exchange, increased 185 million dollars during December, to total 2,388 million at the end of the month. The following are November and December 1954 figures for stock market credit outstanding:

(Millions of dollars)

	November	December
Customers' debit balances - total	2,242	2,429
Customers' debit balances - excluding money borrowed for carrying Government obligations	2,202	2,388
Money borrowed by member firms maintaining margin accounts	1,416	1,596
Money borrowed, by member firms maintaining margin accounts, on collateral other than Government obligations	1,353	1,529
Customers' free credit balances	972	1,019
Bank loans to others for purchasing and carrying securities (last Wednesday of month - weekly reporting member banks, excluding Governments for New York and Chicago reporting banks)	1,032	1,048

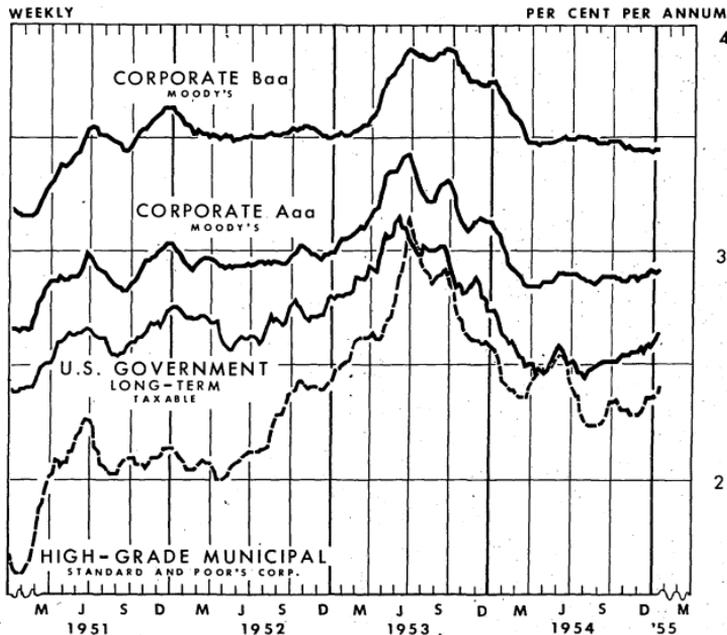
The SEC index of 265 common stocks decreased one point last week. Daily indexes indicated a drop on the first day of the week but a slight rise on January 18 and 19. Trading volume dropped to a daily average of 3.5 million shares last week and declined further early this week.

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)

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)				
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	3.44	2.44	.32	2.23
December 17	2.90	3.45	2.58	.32	2.34
December 23	2.91	3.45	2.59	.32	2.35
December 31	2.92	3.44	2.58	.34	2.35
1955 - January 7	2.91	3.45	2.62	.29	2.36
January 14	2.92	3.45	2.64	.28	2.40

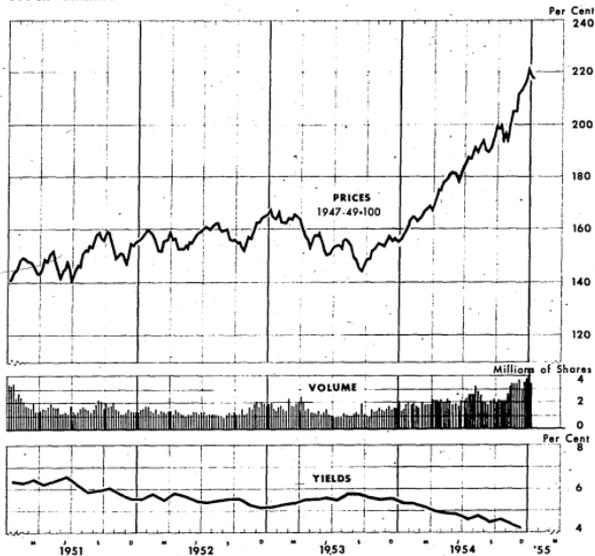
^{1/} Moody's Investors Service; weekly average of daily figures.

^{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' debt balances ^{4/} (millions of dollars)	Bank loans to "others" for purchases of securities ^{5/} (millions of dollars)
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	221.4	3.7	5.33	2,388	487
Low	156.5	1.4	4.20	1,653	328
November	205.3	3.2	4.39	2,202	461
December	216.1	3.5	4.20	2,388	477
December 31	221.4	3.7	n.a.	n.a.	482
1955 - January 7	217.5	4.6	n.a.	n.a.	482
January 14	217.4	3.5	n.a.	n.a.	483

^{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.

Corporate and State and Local Government
Security Offerings and Placements

(In millions of dollars)

	New capital					
	Corporate			State and local		
	1955	1954	1953	1955	1954	1953
January	e/500	544	623	e/750	396	389
February		439	623		411	360
March		660	666		565	426
April		486	779		734	329
May		652	675		748	649
June		859	1,123		853	434
July		898	483		279	519
August		346	325		261	259
September		776	753		649	475
October		895	577		594	453
November		e/300	429 ^{1/}		e/400	408
December		e/750	1,438 ^{1/}		e/800	774
1st quarter		1,643	1,912		1,372	1,176
2nd quarter		1,998	2,578		2,334	1,412
3rd quarter		2,021	1,561 ^{1/}		1,188	1,253
4th quarter		e/1,945	2,444 ^{1/}		e/1,795	1,636
Year		e/7,607	8,495		e/6,690	5,477
	Excluding finance companies 2/					
1st quarter		1,562	1,669			
2nd quarter		1,931	1,991			
3rd quarter		1,941	1,223			
4th quarter		e/1,614	2,344			
Year		e/7,048	7,227			

^{1/} Includes 603 million dollar AT&T debenture issue.

^{2/} 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 - 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	—
December	94	689	30

Large Individual Issues Offered January 1 through 14

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Commonwealth Edison	SF Deb.	50.0	2004	3.13	3.13	Aa
<u>STATE AND LOCAL GOVERNMENT</u>						
State of California	G.O.	60.0	1957-76 ^{4/}	2.03	0.75-2.20	Aa
Caddo Parish School District, Louisiana	G.O.	5.0	1956-75 ^{5/}	2.27	0.80-2.45	A
Public Housing Auth. Los Angeles School Districts, California	—	118.1	1956-95	2.34	0.75-2.55	—
St. Louis, Missouri	G.O.	20.0	1956-80	2.30	0.90-2.50	Aa
	G.O.	11.7	1960-75	1.51	1.25-2.00	Aa
<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 1976 not publicly reoffered.

5/ Bonds maturing 1974-75 not publicly reoffered.

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 - 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
Dec. 31	184	567	—	216	2,144	35

Forthcoming Large Offerings, as of January 14

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Duquesne Light	Common stock	15.7	January 17
New England Power	1st mtg. bonds	25.0	January 18
Marine Midland Corp. of Buffalo	Pfd. stock	20.2	January 24
Consumer Power Company	1st mtg. bonds	30.0	January 25
Kansas City Power and Light	1st mtg. bonds	16.0	February 15
General Motors Corp.	Common stock	325.0	March 7
New England Telephone and Telegraph	Common stock	15.8	March
Public Service of Oklahoma	1st mtg. bonds	20.0	Winter
*Alabama Power	1st mtg. bonds	15.0	May 31
<u>STATE AND LOCAL GOVERNMENT</u>			
State of Michigan	L.L.	5.0	January 18
New York City	G.O.	65.2	January 19
Harris County, Texas	G.O.	16.0	January 25
Philadelphia, Pennsylvania	G.O.	12.0	January 25

Forthcoming Large Offerings, as of January 14 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
*Fairfield, Connecticut	n.a.	5.0	January 26
Southeastern Oakland County Water Authority, Michigan	Rev.	5.4	January 26
Los Angeles Dept. of Water & Power	Rev.	18.0	January 26
Texas Turnpike Company	Rev.	125-150.0	January
Sam Houston Company	Rev.	150.0	January
Allegheny County, Pennsylvania	n.a.	7.2	February 1
San Antonio, Texas	G.O.	6.0	February 1
Florida State Turnpike Authority	Rev.	74.0	February 1
Milwaukee County, Wisconsin	n.a.	15.5	February 7
Long Beach Unified S. D., Cal.	n.a.	16.3	February 8
Florida State Board of Education	n.a.	9.2	February 8
*Louisiana State Building Authority	n.a.	9.9	February 17
Houston, Texas	n.a.	15.0	March 4
Metropolitan Water Dist. of So. Cal.	G.O.	10.0	March 9
New Jersey Turnpike Authority	n.a.	30.0	Winter
Connecticut Expressway	Rev.	100.0	Winter
Texas Turnpike Authority	Rev.	58.5	Winter
Los Angeles, California	n.a.	5-10.0	April 6
San Diego County, Cal.	n.a.	8.4	Spring
Inter-American Center Auth., Fla.	Rev.	60.0	Spring
Michigan Turnpike Authority	Rev.	186.0	Spring
State of Louisiana	n.a.	80.0	Spring
Illinois Turnpike Authority	Rev.	390.0	Spring
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
Jersey City Sewerage Auth., N. J.	Rev.	16.0	1955
North Carolina Turnpike Authority	n.a.	200.0	1955
<u>OTHER</u>			
Montreal	Deb.	35.0	January 26

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.