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January 27, 1955

CAPITAL MARKET DEVELOPMENTS

Moderate volume of security offerings last week - Large State and local government issues totaling 70 million dollars and large corporate issues with gross proceeds of 41 million were publicly offered for new capital purposes during the week ending January 21. This week 142 million dollars of large offerings, including a 35 million dollar debenture offering by Montreal, Canada, are scheduled to be issued.

Bond yields - Yields on outstanding corporate Aaa, Baa and U. S. Government long-term bonds rose one basis point last week. Daily figures show increases through January 26 for the Treasury obligations. High-grade municipal bond yields did not change last week.

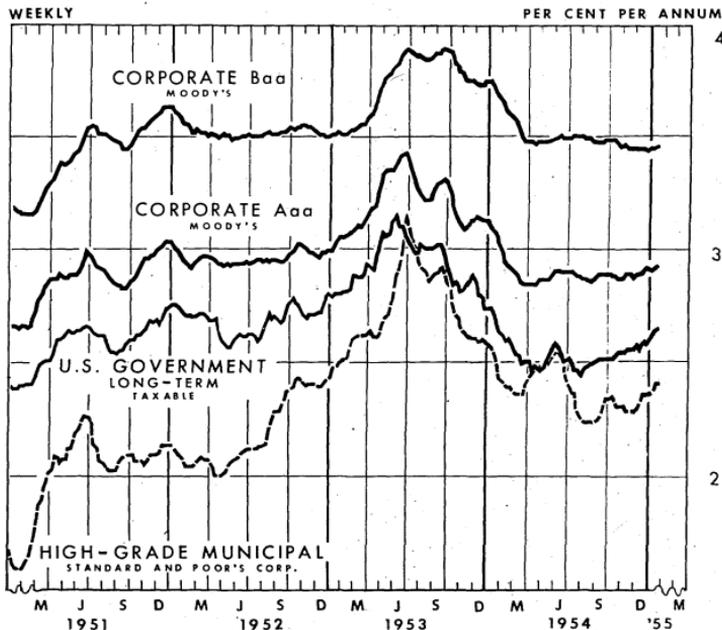
As indicated in Exhibit F, yields on newly-offered 30-year first mortgage electric power bonds with Aa rating were 13 basis points above yields on similarly rated outstanding bonds of somewhat shorter maturity. The increase in the difference between newly-offered and seasoned yields may be due in part to continued rumors of plans for long-term financing by the Treasury, resulting in underwriters experiencing some difficulty in moving new issues.

Stock prices rise - Stock prices, as measured by the SEC index of 265 common stocks, rose two points to 217.6 during the week ending January 21. Little change occurred during the first two days of this week, but a sharp increase was indicated on January 26. Trading volume dropped to an average of 2.8 million shares per day in the week ending January 21.

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 Electric Power Bonds, Rated Aa and 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)				
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 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
January 21	2.93	3.46	2.65	.28	2.40

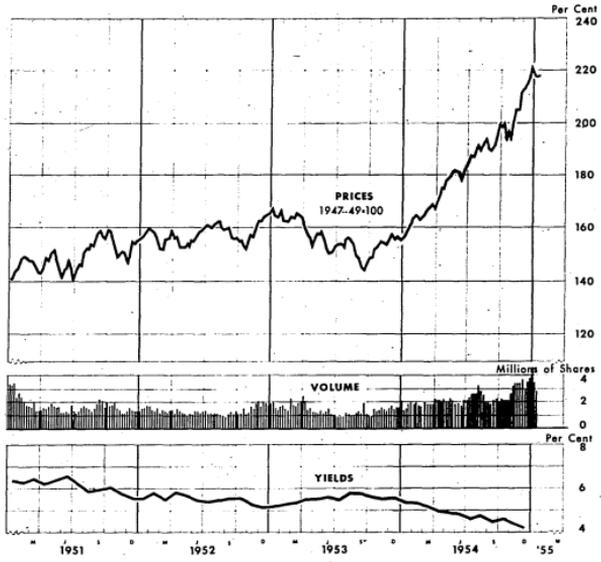
^{1/} Moody's Investors Service; weekly average of daily figures.

^{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' debit 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	5.23	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
1955 - January 7	217.5	4.6	n.a.	n.a.	482
January 14	217.4	3.5	n.a.	n.a.	483
January 21	217.6	2.8	n.a.	n.a.	475

^{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/525	396	389
February		439	623		411	360
March		660	666		565	426
April		486	779		734	329
May		652	675		748	549
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		423	408
December		e/750	1,438		p/862	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		1,188	1,253
4th quarter		e/1,945	2,444		p/1,879	1,636
Year		e/7,605	8,495		p/6,773	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/1,840	2,344			
Year		e/7,275	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 21

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
Duquesne Light	Common stk.	15.7				
New England Power	1st mtg. bds.	25.0	1985	3.25	3.15	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
State of Michigan	G.O.	11.7	1960-75	1.51	1.25-2.00	Aa
New York City	L.L.	5.0	1956-74	2.09	1.00-2.25	Aa
	G.O.	65.2	1956-80	2.41	1.00-2.80	A

Large Individual Issues Offered January 1 through 21 (Cont'd)

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
None	<u>OTHER</u>					

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 2/	Corporate	State and local govt.	Other 2/
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	2,709	---
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 21

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
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
Alabama Power	1st mtg. bonds	15.0	May 31
<u>STATE AND LOCAL GOVERNMENT</u>			
Harris County, Texas	G.O.	16.0	January 25
Philadelphia, Pennsylvania	G.O.	12.0	January 25
Fairfield, Connecticut	G.O.	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
Allegheny County, Pennsylvania	G.O.	7.2	February 1
San Antonio, Texas	G.O.	6.0	February 1

Forthcoming Large Offerings, as of January 21 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
*Miami, Florida	Rev.	6.0	February 2
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
Florida State Turnpike Authority	Rev.	74.0	February 28
*State of Louisiana	n.a.	10.0	March 3
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
Texas Turnpike Company	Rev.	125-150.0	Winter
Sam Houston Company	Rev.	150.0	Winter
Los Angeles, California	n.a.	5-10.0	April 6
San Diego County, California	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.

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	r/3.16	r/13	r/3.35	12
1953 average	r/3.43	r/15	r/3.79	r/27
1954 average	3.04	3	3.12	-3
1954 - January	3.20	6	*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	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	None	--	3.11	0
1955 - January 19	3.15	13		

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.

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