

H.14

February 24, 1955

CAPITAL MARKET DEVELOPMENTS

Small volume of new capital last week - Two large corporate offerings with aggregate proceeds of 50 million dollars and two large State and local government issues totaling 16 million were floated publicly for new capital during the week ending February 18. This week the volume of large issues expected is 211 million dollars for State and local governments and includes the Texas Turnpike Authority's 140 million offering; no large corporate issues are scheduled.

Proposes large bond offering - American Telephone and Telegraph Company will seek approval of its stockholders on April 20 to float 650 million dollars of convertible debentures for new capital purposes. The proposed offering would be the largest single financing ever made by a corporation. In December 1953 AT&T offered 602.5 million dollars of convertible debentures, and last September it floated a debenture issue with proceeds of 250 million.

Bond yields - Corporate Aaa and U. S. Government long-term bond yields rose moderately last week. Yields on corporate Baa and high-grade municipal bonds did not change. Substantial increases occurred in the yields on Treasury obligations on Monday and Wednesday of this week.

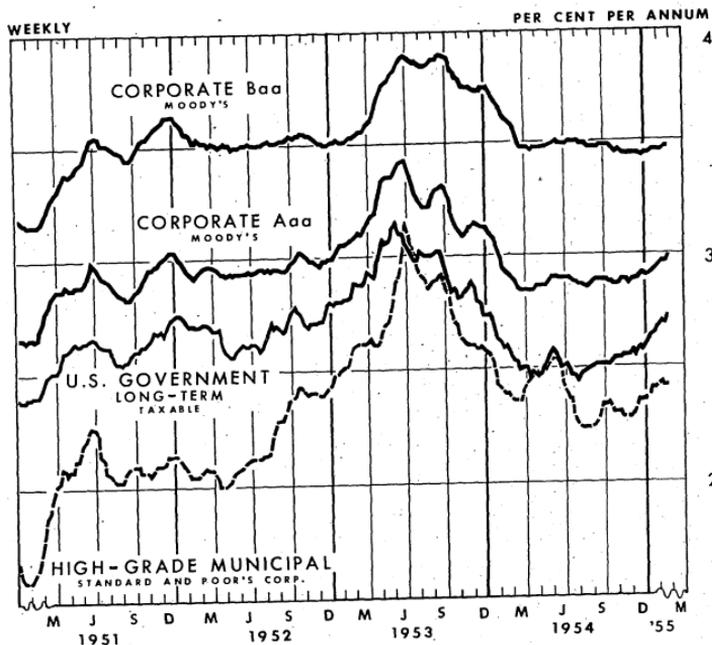
Stock prices decrease - Stock prices, as measured by the SEC index of 265 common stocks, declined slightly to 227.6 during the week ending February 18. Daily indexes indicate small increases on February 21 and 23.

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 <sup>1/</sup>		U. S. Govt. long-term <sup>2/</sup>	Spread between Corporate Aaa and U. S. Govt.	High- grade Mun. <sup>3/</sup>
	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
1955 - High	2.99	3.47	2.72	.29	2.43
Low	2.91	3.45	2.62	.27	2.36
January 21	2.93	3.46	2.65	.28	2.40
January 28	2.94	3.46	2.67	.27	2.43
February 4	2.97	3.46	2.70	.27	2.36
February 11	2.97	3.47	2.69	.28	2.41
February 18	2.99	3.47	2.72	.27	2.41

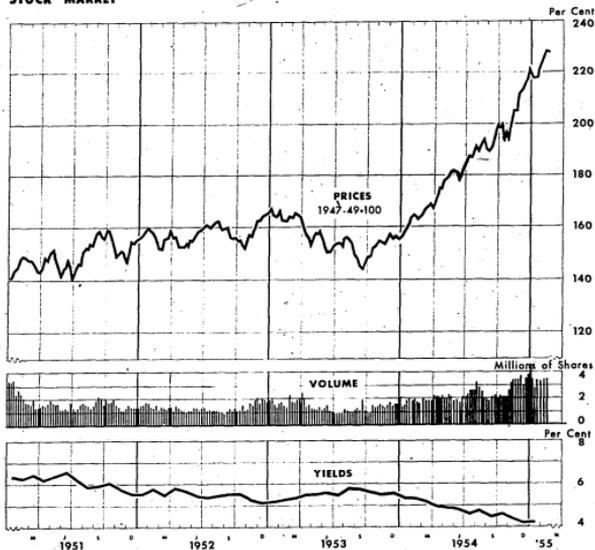
<sup>1/</sup> Moody's Investors Service; weekly average of daily figures.

<sup>2/</sup> Federal Reserve; weekly average of daily figures.

<sup>3/</sup> Standard and Poor's Corporation; Wednesday figure.

STOCK MARKET

EXHIBIT B



Date	Stock price index <sup>1/</sup> (1947-49=100)	Trading volume <sup>2/</sup> (millions of shares)	Common stock yields <sup>3/</sup> (per cent per annum)	Customers' debit balances <sup>4/</sup> (millions of dollars)	Bank loans to "others" for purchases of securities <sup>5/</sup> (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
December	216.1	3.5	n.a.	2,388	477
1955 - High	228.1	4.6	n.a.	n.a.	489
Low	217.4	2.8	n.a.	n.a.	475
January	218.4	3.6	4.22	2,517	481
February 4	225.4	3.3	n.a.	n.a.	486
February 11	228.1	3.4	n.a.	n.a.	488
February 18	227.6	3.4	n.a.	n.a.	489

<sup>1/</sup> SEC index of 265 common stocks, weekly closing price, 1939=100; converted to 1947-49=100 by Federal Reserve. The conversion factor is 123.91.

<sup>2/</sup> Weekly averages of daily trading volume on New York Stock Exchange.

<sup>3/</sup> Moody's 200 common stocks; end of month figures.

<sup>4/</sup> End of month figures for member firms of New York Stock Exchange; excludes balances secured by U. S. Government securities.

<sup>5/</sup> 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 or 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/450	544	623	e/535	396	389
February	e/350	439	623	e/540	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		1,008	577		594	453
November		298	429		423	408
December		592	1,438 <sup>1/</sup>		877	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		1,899	2,444 <sup>1/</sup>		1,894	1,636
Year		7,561	8,495		6,789	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		1,795	2,344			
Year		7,229	7,227			

1/ Includes 602.5 million dollar AT&amp;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/
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
1955 - January	141	341	35

Large Individual Issues Offered February 1 through 18

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Allied Stores	Common stk.	16.4				
Hilton Hotels	Deb.	39.9	1970	4 1/2; 4 3/4	n.a.	n.a.
Kansas City Power & Light	1st mtg. bds.	16.0	1985	3.25	3.12	Aaa
<u>STATE AND LOCAL GOVERNMENT</u>						
Allegheny Co., Pa.	G.O.	7.2	1956-85	2.37	0.90-2.55	A
Miami, Florida	L.L.	6.0	1956-81	3.09	1.20-3.10	Baa
Milwaukee County, Wis.	G.O.	15.5	1956-62	1.43	0.85-1.45	Aaa
Long Beach Unified School District, Cal.	G.O.	16.3	1956-75	2.48	0.90-2.50	A
Florida State Board of Education	L.L.	9.2	1956-75	Var.	1.00-2.75	A
San Antonio, Texas	G.O.	6.0	1957-70	2.36	1.20-2.55	Baa

## Large Individual Issues Offered February 1 through 18 (Cont'd)

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)						
Huntington, New York	G.O.	5.6	1955-8 <sup>1/2</sup> <sub>4/</sub>	2.49	1.10-3.00	Baa
Baltimore County, Md.	G.O.	10.0	1958-95 <sup>1/2</sup> <sub>4/</sub>	2.42	1.20-2.70	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.

4/ Bonds maturing 1990-95 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/
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
1955 - Jan. 31	16	682	—	422	1,961	—

Forthcoming Large Offerings, as of February 18

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
May Department Store	SF deb.	25.0	March 2
Union Oil Company	Conv. deb.	21.0	March 2
General Motors Corp.	Common stock	328.6	March 7
New England Telephone and Telegraph	Common stock	15.7	March
Pacific Gas and Electric Co.	1st & ref. mtg. bds.	50.0	March
General Motors Acceptance Corp.	Deb.	250.0	March
Alabama Power	1st mtg. bonds	15.0	May 31
*American Telephone and Telegraph	Conv. deb.	650.0	1955
<u>STATE AND LOCAL GOVERNMENT</u>			
Fort Worth, Texas	G.O.—Rev.	8.5	February 21
Milwaukee, Wisconsin	G.O.	7.0	February 23
Sam Houston Turnpike Corp.	Rev.	46.0	February 24
Texas Turnpike Company	Rev.	140.0	February 24
Washington Suburban Sanitary District, Maryland	G.O.	9.8	February 24

## Forthcoming Large Offerings, as of February 18 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
Florida State Turnpike Authority	Rev.	74.0	February 28
Portland, Oregon	G.O.	8.0	March 1
State of Louisiana	G.O.	10.0	March 3
*Hempstead, North Hempstead, N. Y.	n.a.	15.5	March 3
Houston, Texas	G.O.	15.0	March 4
Multnomah County, Oregon	n.a.	15.5	March 8
Metropolitan Water Dist. of So. Cal.	G.O.	10.0	March 9
*New York Bridge Authority	n.a.	21.0	March 9
*State of South Carolina	n.a.	20.0	March 9
St. Petersburg, Florida	Rev.	14.0	March 10
*State of Mississippi	Rev.	5.2	March 15
Illinois Turnpike Authority	Rev.	390.0	March
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, 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
Sam Houston Company	Rev.	100.0	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
Jersey City Sewerage Auth., N. J.	Rev.	16.0	1955
North Carolina Turnpike Authority	n.a.	200.0	1955
<u>OTHER</u>			
None			

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.