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March 31, 1955

CAPITAL MARKET DEVELOPMENTS

Moderate volume of security issues last week - Two State and local government security offerings totaling 80 million dollars and a manufacturing issue of 20 million were floated publicly for new capital during the week ending March 25. Large issues scheduled for offering this week total 35 million dollars for corporations and 87 million for State and local governments.

Revised exhibits on bond yields and stock market - Exhibits A, B, and C of this report are new exhibits designed to present more information on bond yields and the stock market than shown in Exhibits A and B of previous reports.

Data on high-grade bond yields are shown in Exhibit A. The series on long-term Government and Aaa corporate yields are the same as shown previously. Moody's series on Aaa-rated State and local government yields has been substituted for the Standard and Poor's corporate high-grade municipal series because the quality of the bonds included in the Moody's series is more homogeneous. The Standard and Poor's series included different numbers of bonds in each of the four investment grade ratings (Aaa, Aa, A, Baa). Moreover, the Moody's series presumably reflects both the level and the movement of those State and local bonds of the highest quality and therefore is more comparable with the Aaa-corporates.

Exhibit B presents yields on lower-grade bonds. The corporate Baa series is the same shown previously. Moody's Baa State and local government yield series has been substituted for the Standard and Poor's series for reasons similar to those noted above. The Dow-Jones series on revenue bond yields has been added because of the increasing importance of bonds of this type in the State and local bond market. The Moody's State and local series are composed of general obligation State and local issues only and do not include revenue bonds.

Exhibit C presents information on the stock market. The volume of stock market credit outstanding has been added to the chart, and data for its components are shown separately in the accompanying table.

Bond yields - high-grade - Yields on outstanding corporate Aaa bonds have risen steadily throughout the first quarter of 1955. During the last two weeks of March, however, they decreased slightly. U. S. Government long-term bond yields rose

in January and February and surpassed the 1954 high in the last week of February. Since then, yields have declined somewhat and stabilized in the last two weeks of this month. Yields on Aaa municipal bonds are well below the 1954 high. Although they increased slightly in January, a general decrease occurred throughout February and March.

Bond yields - lower-grade - The 1954 low for corporate Baa bond yields was established in the last week of the year. Since then yields have increased generally through mid-March. They decreased one basis point during the week ending March 25. Yields on Baa municipal bonds rose moderately in January, decreased slightly in February, and increased throughout March. The high for 1955 was reached last week. Revenue bond yields rose moderately during the first month of this year and remained steady in February. They increased one basis point at the beginning of March and have not changed in the last four weeks.

Stock prices - The SEC index of 265 common stocks rose 5.4 points to 228.1 during the week ending March 25. This is 3.6 points below the high for 1955 reached on March 4. Daily indexes indicate some decline through Wednesday of this week. Trading volume on the NYSE declined to a new low for the year last week when an average of 2.5 million shares were sold each day.

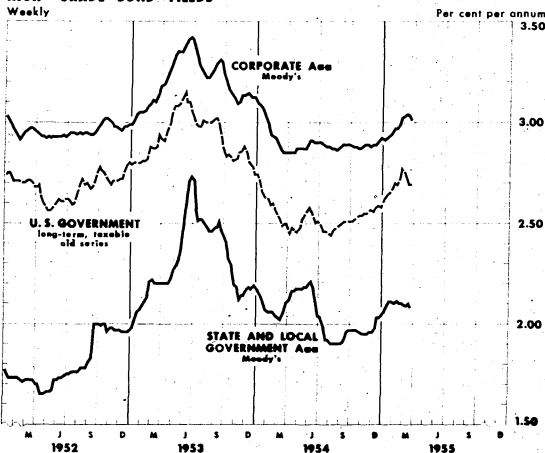
Further details on capital market developments available from exhibits - More detailed information concerning recent capital market developments will be found in the following exhibits which are attached hereto:

- A - High-Grade Bond Yields
- B - Lower-Grade Bond Yields
- C - Stock Market
- D - Corporate and State and Local Government Security Offerings and Placements
- E - Large Public Security Issues for New Capital (Other than U. S. Treasury)
- F - 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.

EXHIBIT A

HIGH - GRADE BOND YIELDS



Date	Corporate Aaa 1/	U. S. Govt. long-term 2/	State and local govt., Aaa 3/	Spread between U. S. Govt. and	
				Corporate Aaa	State and local Aaa
(Per cent)					
1952 - High	3.03 (1/4)	2.79 (12/27)	2.00 (10/23)	.37	1.02
Low	2.91 (2/15)	2.56 (5/17)	1.65 (5/1)	.19	.71
1953 - High	3.42 (6/19)	3.15 (6/6)	2.73 (6/25)	.38	.84
Low	2.99 (1/9)	2.78 (12/26)	1.98 (1/8)	.19	.30
1954 - High	3.09 (1/8)	2.74 (1/9)	2.21 (6/10)	.43	.61
Low	2.85 (4/23)	2.44 (8/7)	1.90 (9/2)	.32	.29
1955 - High	3.04 (3/11)	2.77 (2/25)	2.11 (2/10)	.34	.67
Low	2.91 (1/7)	2.62 (1/7)	2.06 (1/6)	.25	.54
February 25	3.02	2.77	2.10	.25	.67
March 4	3.03	2.75	2.09	.28	.66
March 11	3.04	2.72	2.09	.32	.63
March 18	3.03	2.69	2.10	.34	.59
March 25	3.01	2.69	2.08	.32	.61

1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

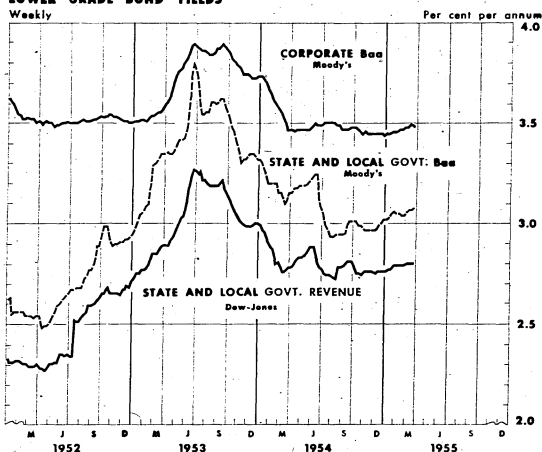
2/ Weekly average of daily figures. Old series. Average term to first call of bonds included is 13-14 years.

3/ Thursday figures. Only general obligation bonds are included. Average term of bonds included is 20 years.

Note.--Highs and lows are for individual series and may be on different dates for different series.

EXHIBIT B

LOWER-GRADE BOND YIELDS



Date	Corporate Baa 1/	State and local govt. Baa 2/	State and local govt. rev. 3/
	(Per cent)		
1952 - High	3.63 (1/4)	2.98 (10/23)	2.69 (12/19)
Low	3.48 (5/16)	2.48 (4/17)	2.27 (4/25)
1953 - High	3.89 (9/18)	3.79 (6/25)	3.27 (6/26)
Low	3.50 (1/2)	2.96 (1/8)	2.71 (1/2)
1954 - High	3.74 (1/8)	3.32 (1/7)	3.00 (1/1)
Low	3.44 (12/31)	2.93 (8/5)	2.72 (8/13)
1955 - High	3.49 (3/18)	3.08 (3/24)	2.80 (3/18)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
February 25	3.49	3.04	2.79
March 4	3.48	3.06	2.80
March 11	3.49	3.07	2.80
March 18	3.49	3.07	2.80
March 25	3.46	3.08	2.80

1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

2/ Thursday figures. Only general obligation bonds are included; their average term is 20 years.

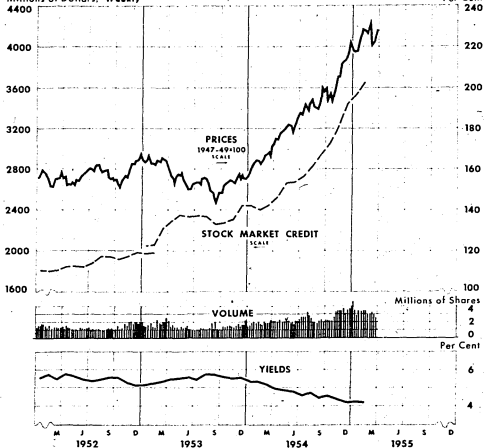
3/ Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

Note.—Highs and lows are for individual series and may be on different dates for different series.

EXHIBIT C

STOCK MARKET

Millions of Dollars, Weekly



Date	Stock price index 1/	Trading volume 2/ (millions of shares)	Common stock yields 3/ (per cent)	Stock market credit		
				Total	Customers' debit balances 4/	Bank loans to "others" 5/
(Millions of dollars)						
1952 - High	165.3 (12/26)	2.0	5.77	1,986	1,332	656
Low	151.7 (10/24)	0.9	5.13	1,804	1,241	562
1953 - High	167.1 (1/2)	2.5	5.75	2,445	1,665	780
Low	144.0 (9/18)	0.9	5.15	2,055	1,314	664
1954 - High	221.4 (12/31)	3.7	5.33	3,436	2,388	1,048
Low	156.5 (1/6)	1.4	4.20	2,405	1,653	746
1955 - High	231.0 (3/4)	4.6	4.22	3,643	2,590	1,053
Low	217.4 (1/14)	2.5	4.21	3,537	2,517	1,018
January	218.4	3.6	4.22	3,537	2,517	1,020
February	226.8	3.2	4.21	3,643	2,590	1,053
March 11	220.8	3.2	n.a.	n.a.	n.a.	1,045
March 18	222.7	2.9	n.a.	n.a.	n.a.	1,052
March 25	228.1	2.5	n.a.	n.a.	n.a.	n.a.

1/ SEC index of 265 common stocks, weekly closing prices, 1939=100; converted to 1917-49=100 by Federal Reserve. The conversion factor is 123.91.

2/ Averages of daily trading volume on the New York Stock Exchange.

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

4/ End of month figures for member firms of the New York Stock Exchange which carry margin accounts; excludes money borrowed for carrying U. S. Government obligations.

5/ Wednesday figures for weekly reporting member banks. Excludes all loans on U. S. Governments for 1952; since 1953 only loans secured by Government at banks in New York and Chicago are excluded. Weekly reporting banks account for about 72 per cent of loans to others.

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/486	544	623	535	396	389
February	e/350	439	623	e/310	411	360
March	e/1,225	660	666	e/500	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 ^{1/}		423	408
December		592	1,438 ^{1/}		877	774
1st quarter	e/2,061	1,643	1,912	e/1,345	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		1,899	2,444 ^{1/}		1,894	1,636
Year		7,561	8,495		6,789	5,477
Excluding finance companies 2/						
1st quarter	e/1,661	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&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 - 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
February	72	101	—

Large Individual Issues Offered March 1 through 25

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
May Department Store	SF deb.	25.0	1980	3 1/4	3.25	A
Central & South West Corp.	Common stk.	20.1				
Union Oil Company	Conv. deb.	21.0	1975	3	3.00	Baa
Pacific Gas & Electric Co.	1st & ref mtg bds	50.0	1987	3 3/8	3.30	Aa
General Motors Acceptance Corp.	Deb.	250.0	1960;1972	3;3 1/2	3.00;3.50	—
General Motors Corp.	Common stk.	328.6				
Joy Manufacturing Co.	SF deb.	20.0	1975	3 5/8	3.63	Baa
<u>STATE AND LOCAL GOVERNMENT</u>						
Portland, Oregon	G.O.	8.0	1958-75	2.01	1.15-2.20	Aa
State of Louisiana	G.O.	10.0	1960-70	2.23	1.50-2.35	A
Hempstead & N. Hempstead, New York	G.O.	15.5	1955-84	3.08	1.10-3.13	Baa

Large Individual Issues Offered March 1 through 25 (Cont'd)

Issuer	Type ^{3/}	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)						
Houston, Texas	G.O.	15.0 ^{4/}	1956-85	2.59	1.00-3.10	A
Multnomah County, Oregon	G.O.	12.0 ^{4/}	1956-75	2.02	0.95-2.20	Aa
Metropolitan Water Dis- trict of Southern Cal.	G.O.	8.0	1956-80	2.19	0.95-2.35	Aa
New York Bridge Authority	Rev.	16.0	1956-89	2.64	1.00-2.69	A
State of South Carolina	G.O.	20.0	1956-75	1.95	0.95-2.10	Aa
St. Petersburg, Florida	L.L.	14.0	1956-77	3.50	1.75-3.43	Ba
Oyster Bay, New York	G.O.	5.8	1955-83	2.97	1.00-3.05	Baa
State of Mississippi	Rev.	5.2	1971-75	2.53	2.25-2.50	A
State of New Jersey	G.O.	6.6	1957-90	2.19	1.10-2.40	Aa
New Jersey Turnpike Auth.	Rev.	34.0	1988	2.88	2.84	—
New York State	G.O.	50.7	1957-2005	2.26	1.05-2.80	Aaa
Georgia State School Building Authority	L.L.	29.2	1956-74	3.07	1.25-3.10	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.

^{4/} 3.5 million dollars not reoffered pending settlement of taxpayers' litigation.

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 - 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	—
Feb. 28	710	524	—	1,395	1,978	—

Forthcoming Large Offerings, as of March 25

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
*Florida Power and Light Co.	Common stock	19.4	March 30
New England Telephone and Telegraph	Common stock	15.7	March 31
National Gypsum	Common stock	18.6	April 4
General Dynamics Corp.	Conv. deb.	40.0	April 5
Tennessee Gas Transmission	Deb.	25.0	April 6
Southern California Gas Co.	Bonds	40.0	April 11
*Fruehauf Trailer Co.	Conv. deb.	15.0	April 13
Philadelphia Electric	Bds.	20.0	April 25
Pacific Northwest Pipeline	Interim notes	17.2	April
*Transcontinental Gas Pipe Line	Pfd. stock	15.0	April
Public Service of Indiana, Inc.	Pfd. stock	21.3	April
Alabama Power	1st mtg. bonds	15.0	May 24
Consolidated Natural Gas	Common stock	24.4	June
American Telephone and Telegraph	Conv. deb.	650.9	1955

Forthcoming Large Offerings, as of March 25 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
Springfield, Missouri	Rev.	11.1	March 29
State of Massachusetts	G.O.	60.9	March 29
*Passaic Valley Sewerage, N. J.	L.L.	9.1	March 31
Florida State Improvement Comm.	Rev.	6.0	March 31
San Francisco, California	G.O.	6.9	April 4
*Detroit, Michigan	n.a.	11.6	April 5
Los Angeles, California	n.a.	5-10.0	April 6
*Public Housing Authorities	--	112.0	April 13
San Diego County, California	n.a.	8.4	April 19
Louisville, Kentucky	n.a.	7.5	April 20
Calcasieu Parish, Louisiana	n.a.	5.5	April 21
Wichita, Kansas	n.a.	7.4	April 26
*State of California	n.a.	30.0	April 27
Inter-American Center Auth., Fla.	Rev.	60.0	Spring
Michigan Turnpike Authority	Rev.	186.0	Spring
State of Louisiana	n.a.	80.0	Spring
Florida State Turnpike Authority	Rev.	74.0	Spring
Illinois Turnpike Authority	Rev.	390.0	1955
Connecticut Expressway	Rev.	100.0	1955
Texas Turnpike Authority	Rev.	58.5	1955
Sam Houston Turnpike Corp.	Rev.	146.0	1955
Texas Turnpike Company	Rev.	140.0	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.