

H.14

April 7, 1955

CAPITAL MARKET DEVELOPMENTS

Moderate volume of offerings last week - Proceeds from large public offerings floated for new capital during the week ending April 1 totaled 87 million dollars for State and local government issues and 35 million for two corporate common stock issues. This week 102 million dollars of large security issues are scheduled for offering.

April outlook - The estimate of the corporate volume for new capital in April is 550 million dollars, 13 per cent more than the volume last April but less than half the current estimate of the March 1955 total. The large public issues expected in April total 211 million dollars. Except in the case of the March estimate, when the GI and GIAC issues totaling 579 million dollars were known in advance, this expected forthcoming total is the largest it has been since October.

The State and local volume of security issues in April is estimated at 400 million dollars, 26 per cent less than the March total and 46 per cent less than the amount offered in April 1954. No large toll road offerings are currently scheduled for flotation this month.

Refunding programs - Security issues which include proceeds of 7.5 million dollars or more for refinancing since January 1, 1955, or scheduled for offering thereafter, are listed on pages 3 and 4. As in many of the refunding programs last year, a sizable portion of total proceeds from these issues will be used to refund high-interest offerings of the April-September period of 1953.

Although refinancing is heavy so far in the first quarter this year compared to that in the last three years, it has not reached the volume of the last three quarters of 1954, as shown in the table below.

Quarter	1955	1954	1953	1952
1st	320 ^{1/2}	80	93	50
2nd		495	69	209
3rd		640	36	228
4th		642	60	177

^{1/2} Estimate for February and March of issues over 7.5 million dollars by Federal Reserve.

Source.—Securities and Exchange Commission

Bond yields - Yields on outstanding U. S. Government long-term bonds increased 3 basis points during the week ending April 1. Daily figures show a further increase for the first two days of this week. Corporate and State and local Aaa yields did not change last week. No change occurred in the yields of the lower-grade bonds.

Prices lower last week - Stock prices, as measured by the SEC index of 285 common stocks, decreased slightly last week to 227.9. Daily indexes indicate some increase on Tuesday and Wednesday of this week after a small decline on Monday.

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)
- G - Yields on New and Outstanding Electric Power Bonds, Rated Aa and A

Business Finance and Capital Markets Section,
Division of Research and Statistics,
Board of Governors of the Federal Reserve System.

Corporate Refunding Issues, Offered or Proposed ^{1/}

Issuer	Type	Amt. (mill. doll.)	Term	Cou- pon rate	Date expected or offered	Current call price
Trans World Airlines - new to refund	*Gen'l mtg Deb	40.0 16.0	1969 1956	-- 3 1/4	Annncd. Jan. 4 December 1945	102 1/4
Duke Power - new to refund	1st & ref mtg Series bonds	40.0 35.0	1975 1983	3 3 3/4	January 11 September 1953	105.36
N.Y., Chicago & St. Louis - new to refund	Income deb Pfd stock	36.0 33.4	1989	4 1/2	January 13 Various	
U.S. Plywood new to refund	SF deb Deb	25.0 2.8	1980 1963	3.40 3 1/4	January 26 March 1948	n.a.
	Deb	2.5	1965	3	October 1950	n.a.
	Deb	4.2	1966	3 5/8	September 1951	n.a.
	Deb	4.8	1973	4 1/2	September 1953	n.a.
C. & P. Tel. of Balto. - new to refund	Deb Deb	25.0 15.0	1995 1984	3 1/4 3 1/2	February 2 August 1953	104.52
Continental Baking -- new to refund	Sub deb Cum pfd stock	13.0 13.2	1980	3 5/8	February 24 Various	
Union Oil new to refund	Conv deb Pfd stock	60.0 23.8	1975	3	March 2 July 1945	
	Purch money oblg	5.2	1968	3.70	1953	103.45
Maryland Casualty -- new to refund	Com stock Cum pfd stock	11.8 11.2			March 10 July 1946	
Pacific Finance new to refund	Sub cap deb Deb	14.0 9.0	1967 1973	4 1/2 5 1/2	March 16 November 1952	104 1/4
Chic., Rock Island & Pac. - new to refund	Income deb Conv pfd	65.0 61.9	1995	4 1/2	March 24 Various	
Arkansas Power & Lt. - new to refund	1st mtg bds 1st mtg bds	18.0 18.0	1985 1983	3 3/8 4 1/4	March 30 June 1953	105.18
Pure Oil new to refund	*Notes Cum pfd stock	50.0 44.2	n.a.	n.a.	Annncd. Mar. 31 September 1937	
Philadelphia Elec. new to refund	1st & ref bds 1st & ref bds	50.0 30.0	1985 1983	3 7/8	April 18 May 1953	105.30

Corporate Refunding Issues, Offered or Proposed ^{1/} (Cont'd)

Issuer	Type	Amt. (mill. doll.)	Term	Cou- pon rate	Date expected or offered	Current call price
Baltimore & Ohio	new	*Secd ser notes	1965		2/ 1947	—
	to refund	Coll trust bds	1965	4		
Jersey Central Power & Lt-	new	1st mtg bds	1985		May 10 April 1953	104.86
	to refund	1st mtg bds	1983	4		

^{1/} Includes issues with proceeds for refinancing purposes of 7.5 million dollars and over since January 1, 1955. Any difference between the volume of a new offering and the issue to be refunded will be applied towards new capital purposes.

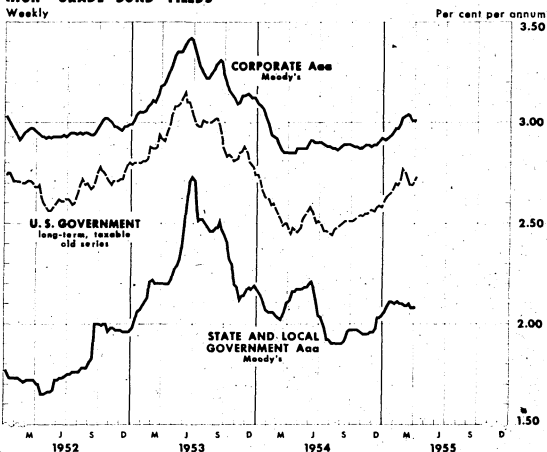
^{2/} Company plans to place privately in April to refund collateral trust bonds sold to the RFC in 1947.

*--Private placement.

n.a.--Not available.

EXHIBIT A

HIGH - GRADE BOND YIELDS



Date	Corporate Aaa <u>1/</u>	U. S. Govt. long-term <u>2/</u>	State and local govt., Aaa <u>3/</u>	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
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
April 1	3.01	2.73	2.08	.28	.65

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

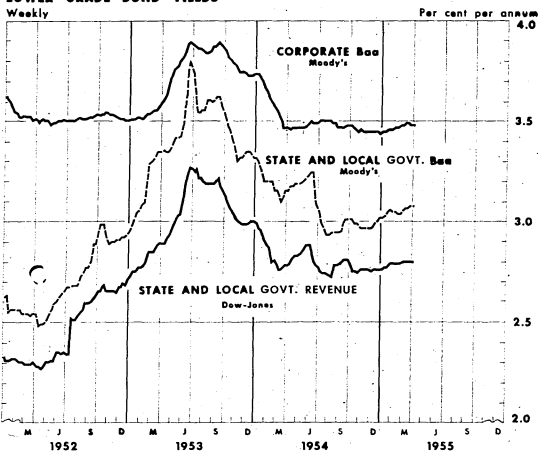
2/ Weekly average of daily figures. Old series. Average term to first call of bonds included is 13-14 years.

3/ Thursday figures. Only general obligation bonds are included; average term 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 (3/31)	2.80 (4/1)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
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	3.48	3.08	2.80
April 1	3.48	3.08	2.80

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

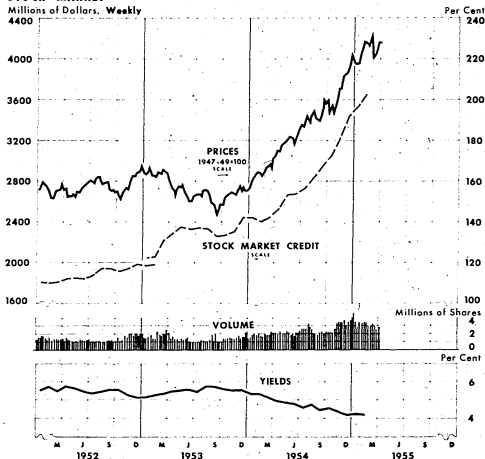
2/ Thursday figures. Only general obligation bonds are included; their average term is 20 years.

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.

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	552
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	1,073
Low	217.4 (1/14)	2.5	4.21	3,537	2,517	1,018
February	226.8	3.2	4.21	3,643	2,590	1,053
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.	1,073
April 1	227.9	2.8	n.a.	n.a.	n.a.	n.d.

^{1/} SEC Index of 265 common stocks, weekly closing prices, 1939-100; converted to 1947-49=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 Governments 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/1,170	660	666	e/540	565	426
April	e/550	486	779	e/400	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 ^{1/}		877	774
1st quarter	e/2,005	1,643	1,912	e/1,385	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 ^{1/}		1,894	1,636
Year		7,561	8,495		6,789	5,477
		Excluding finance companies ^{2/}				
1st quarter	e/1,605	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 <u>2/</u>
1954 - 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	—
March	750	337	—

Large Individual Issues Offered during March

Issuer	Type <u>3/</u>	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
Florida Power & Light Co.	Common stk.	19.4				
New England Tel. & Tel.	Common stk.	15.7				
<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

Large Individual Issues Offered during March (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)						
Hempstead & N. Hempstead, New York	G.O.	15.5	1955-84	3.08	1.10-3.13	Baa
Houston, Texas	G.O.	15.0	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. New York State	Rev. G.O.	34.0 50.7	1988 1957-2005	2.88 2.26	2.84 1.05-2.80	— Aaa
Georgia State School Building Authority	L.L.	29.2	1956-74	3.07	1.25-3.10	A
Springfield, Missouri	Rev.	11.1	1958-82	2.22	1.25-2.35	Aa
State of Massachusetts	G.O.	60.9	1956-85	2.06	1.00-2.30	Aaa
Passaic Valley Sewerage, New Jersey	L.L.	9.1	1956-74	2.35	1.15-2.50	A
Florida State Improve- ment Commission	Rev.	6.0	1957-83 ^{5/}	3.56	3.15-3.50	--
<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.

5/ Bonds maturing 1957-63 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 - 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	--
Mar. 31	211	208	--	922	2,009	--

Forthcoming Large Offerings, as of April 1

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
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
Pacific Northwest Pipeline	Interim notes	17.2	April 11
Fruehauf Trailer Co.	Conv. deb.	15.0	April 13
Philadelphia Electric	Bds.	20.0	April 18
Transcontinental Gas Pipe Line	Pfd. stock	15.0	April
*Pacific Lighting	Common stock	20.0	April
Public Service of Indiana, Inc.	Pfd. stock	21.3	May 9
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 April 1 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
San Francisco, California	G.O.	6.9	April 4
Detroit, Michigan	G.O.	11.4	April 5
Los Angeles, California	n.a.	9.2	April 12
Public Housing Authorities	G.O.	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
*Shreveport, Louisiana	n.a.	10.0	April 28
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.

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	3.16	13	3.35	12
1953 average	3.43	15	3.79	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		
February 24	3.14	7		
25			3.23	9
March 10	3.17	8		
16			3.27	12
31			3.30	15

^{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.