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April 21, 1955

CAPITAL MARKET DEVELOPMENTS

Moderate volume of security issues last week - Two large State and local government bond offerings with proceeds of 121 million dollars and a 15 million corporate debenture issue were floated for new capital during the week ending April 15. Total proceeds from large security issues scheduled to be offered this week total 71 million dollars.

Bond yields - Yields on U. S. Government long-term and State and local government Aaa bonds declined one basis point last week. Corporate Aaa yields remained steady. Daily figures indicate that last week's decrease in Treasury bond yields was regained the first part of this week.

Lower-grade bond yields did not change during the week ending April 15.

Stock prices - Common stock prices, as measured by the SEC index of 265 common stocks, rose 3.3 points last week to 233.0, a new high. Average daily trading volume on the NYSE increased to 2.9 million shares. Daily indexes moved upward the first three days of this week.

Stock market credit - Customers' debit balances, excluding borrowings for carrying U. S. Government securities, of member firms of the New York Stock Exchange, increased 62 million dollars during March to total 2,652 million at the end of the month. Customers' debit balances for carrying U. S. Government securities decreased 14 million dollars. Free credit balances fell 41 million dollars in March. This was the first substantial decline in this item since July 1953.

The following are February and March 1955 figures for stock market credit outstanding:

(Millions of dollars)

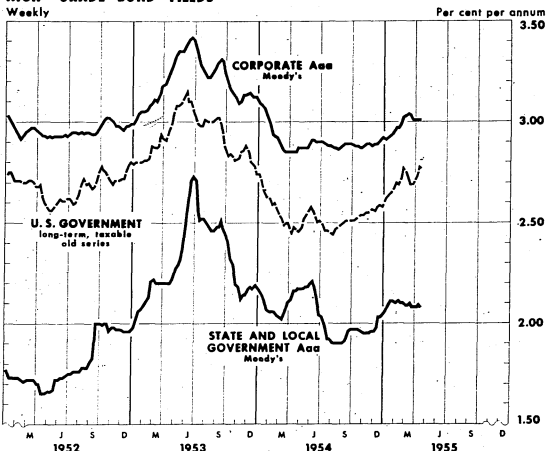
	February	March
Customers' debit balances - total	2,653	2,701
Customers' debit balances - excluding money borrowed for carrying Government obligations	2,590	2,652
Money borrowed by member firms maintaining margin accounts	1,779	1,939
Money borrowed, by member firms maintaining margin accounts, on collateral other than Government obligations	1,666	1,861
Customers' free credit balances	1,063	1,022
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)	1,053	1,080

More detailed information concerning recent capital market developments will be found in the attached exhibits.

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 (4/8)	2.11 (2/10)	.34	.68
Low	2.91 (1/7)	2.62 (1/7)	2.06 (1/6)	.24	.54
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
April 8	3.01	2.77	2.09	.24	.68
April 15	3.01	2.76	2.08	.25	.68

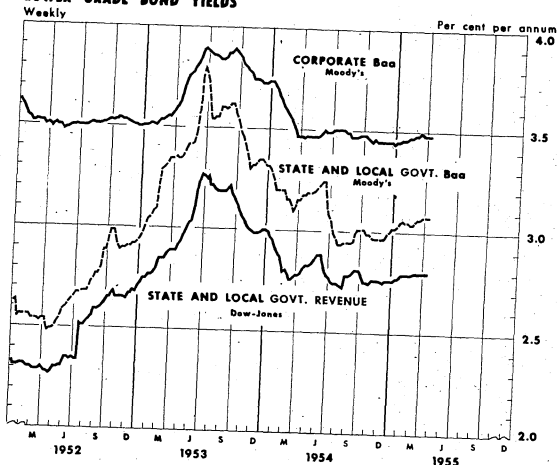
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

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.

## LOWER-GRADE BOND YIELDS



Date	Corporate Baa <sup>1/</sup>	State and local govt. Baa <sup>2/</sup>	State and local govt. rev. <sup>3/</sup>
	(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 (4/14)	2.80 (4/15)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
March 18	3.49	3.07	2.80
March 25	3.48	3.08	2.80
April 1	3.48	3.08	2.80
April 8	3.48	3.08	2.80
April 15	3.48	3.08	2.80

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

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

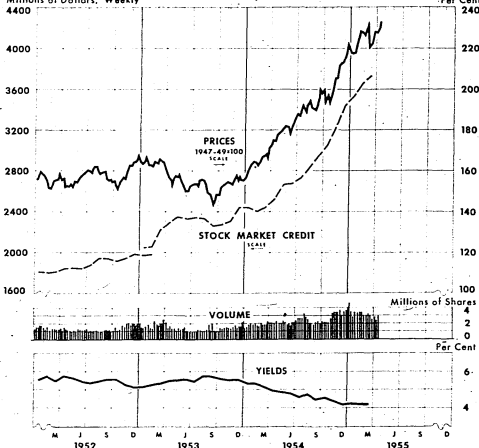
<sup>3/</sup> Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

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 bal- ances 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	233.0 (4/15)	4.6	4.22	3,732	2,652	1,080
Low	217.4 (1/14)	2.4	4.21	3,537	2,517	1,018
February	226.8	3.2	4.21	3,643	2,590	1,053
March	225.7	2.9	4.21	3,732	2,652	1,080
April 1	227.9	2.8	n.a.	n.a.	n.a.	1,080
April 8	229.7	2.4	n.a.	n.a.	n.a.	1,076
April 15	233.0	2.9	n.a.	n.a.	n.a.	n.a.

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/1,220	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 <sup>1/</sup>		877	774
1st quarter	e/2,055	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 <sup>1/</sup>		1,894	1,636
Year		7,561	8,495		6,789	5,477
Excluding finance companies <sup>2/</sup>						
1st quarter	e/1,655	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			

<sup>1/</sup> Includes 602.5 million dollar AT&T debenture issue.<sup>2/</sup> 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 - 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 April 1 to 15

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
National Gypsum	Common stk.	18.6				
General Dynamics Corp.	Conv. deb.	40.0	1975	3 1/2	2.72	Baa
Tennessee Gas Transmission	Deb.	25.0	1975	4	3.91	Baa
Fruehauf Trailer Co.	Conv. deb.	15.0	1975	3 3/4	3.57	Ba
<u>STATE AND LOCAL GOVERNMENT</u>						
San Francisco, Cal.	G.O.	6.9	1956-70	1.81	0.90-1.95	Aa
Detroit, Michigan	G.O.	11.4	1956-85	2.54	1.10-2.70	A
Los Angeles, Cal.	G.O.	9.2	1956-75	2.14	1.00-2.30	Aa
Public Housing Auth.	—	112.0	1956-95	2.42	1.00-2.55	—
<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.

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 15

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Philadelphia Electric	1st & ref. bds.	20.0	April 18
Pacific Lighting	Common stock	24.0	April 21
Pacific Northwest Pipeline	Interim notes	17.2	April 25
Transcontinental Gas Pipe Line	Pfd. stock	15.0	April 27
Southern California Gas Co.	Bonds	40.0	April
Public Service of Indiana, Inc.	Pfd. stock	21.3	May 9
American Trust Co.	Common stock	19.5	May 10
Ohio Edison Co.	1st mtg. bonds	30.0	May 17
Bethlehem Steel Co.	Conv. deb.	191.7	May 23
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
<u>STATE AND LOCAL GOVERNMENT</u>			
San Diego County, California	G.O.	8.4	April 19
Louisville, Kentucky	G.O.	7.5	April 20
Calcasieu Parish, Louisiana	G.O.	5.5	April 21

## Forthcoming Large Offerings, as of April 15 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
Henderson, Kentucky	Rev.	5.4	April 21
Wichita, Kansas	G.O.	7.4	April 26
*Lincoln, Nebraska	G.O.	10.0	April 26
State of California	G.O.	30.0	April 27
Philadelphia, Pennsylvania	G.O.	12.0	April 27
Shreveport, Louisiana	G.O.-Rev.	10.0	April 28
Cincinnati, Ohio	n.a.	19.7	May 10
Florida State Turnpike Authority	Rev.	74.0	Spring
Inter-American Center Auth., Fla.	Rev.	60.0	1955
Michigan Turnpike Authority	Rev.	186.0	1955
State of Louisiana	n.a.	80.0	1955
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>			
Kingdom of Norway	Bonds	15.0	April 20

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 25	3.14	7	3.23	9
March 10 16 31	3.17	8	3.27 3.30	12 15
April 6 7 13			3.32 3.27 3.33	17 12 18

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.