

blaine
5/9

Not for Publication DECONTROLLED AFTER SIX MONTHS

H.14

May 4, 1955

CAPITAL MARKET DEVELOPMENTS

Moderate volume of issues last week - Large security issues publicly offered for new capital during the week ending April 29 totaled 72 million dollars for State and local governments and 32 million for corporations. Only one large issue is scheduled for flotation this week -- a 7 million dollar State and local government offering.

May outlook - The estimated volume of corporate offerings for new capital in May is 750 million dollars, half again as large as last month's total and 15 per cent above the May 1954 volume. Included in the estimate is the Bethlehem Steel Company 192 million dollar convertible debenture offering, subscription rights for which expire May 23.

The May volume for State and local government issues is estimated at 300 million dollars, considerably less than either last month's total or the May volume a year ago. No turnpike issues are definitely scheduled for sale this month; however, the financial press reports that several such issues may be offered sometime this spring.

Bond yields - No change occurred in the high-grade bond yields during the week ending April 29. Corporate Baa yields increased one basis point, but yields on other lower-grade bonds remained steady.

The only change in yields for which daily figures are available was a slight rise on May 3 in the corporate Aaa yields.

Stock prices - Stock prices, as measured by the SEC index of 265 common stocks, rose slightly last week to a new high for the series. Prices declined sharply on Tuesday but little change occurred on Wednesday of this week according to daily indexes.

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 (4/29)	2.11 (2/10)	.34	.69
Low	2.91 (1/7)	2.62 (1/7)	2.06 (1/6)	.24	.54
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
April 22	3.01	2.77	2.08	.24	.69
April 29	3.01	2.77	2.08	.24	.69

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

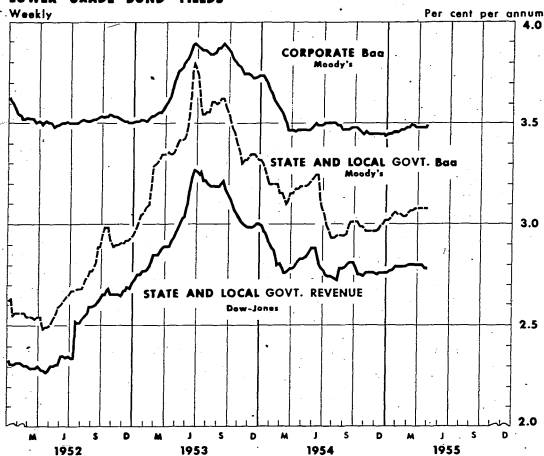
2/ Weekly average of daily figures; old series. Average term to first call of bonds included is 13-14 years.

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. revenue 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 (4/29)	3.08 (4/28)	2.80 (4/15)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
April 1	3.48	3.08	2.80
April 8	3.48	3.08	2.80
April 15	3.48	3.08	2.80
April 22	3.48	3.08	2.78
April 29	3.49	3.08	2.78

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

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

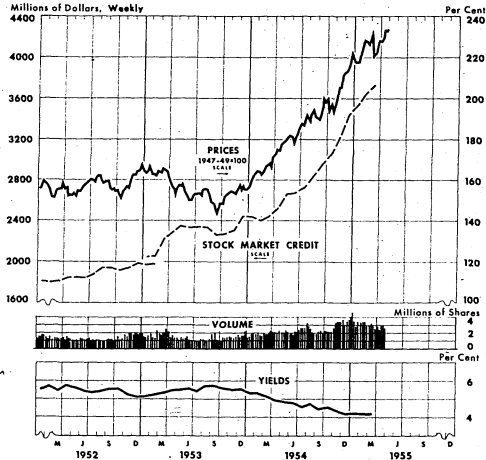
3/ Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

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 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	233.6 (4/29)	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
March	225.6	2.9	4.21	3,732	2,652	1,080
April	231.4	2.7	n.a.	n.a.	n.a.	n.a.
April 15	233.0	2.9	n.a.	n.a.	n.a.	1,076
April 22	232.9	2.9	n.a.	n.a.	n.a.	1,070
April 29	233.6	2.6	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 prices; 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	312	411	360
March	e/1,220	660	666	e/540	565	426
April	e/500	486	779	e/425	734	329
May	e/750	652	675	e/300	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/2,055	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 ^{1/}		1,894	1,636
Year		7,561	8,495		6,789	5,477
Excluding finance companies ^{2/}						
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			

^{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

(Billions of dollars)

Month	Corporate	State and local government	Other <u>2/</u>
1954 - 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	107	--
March	750	337	--
April	175	238	15

Large Individual Issues Offered during April

Issuer	Type <u>3/</u>	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
Philadelphia Electric	1st & ref. bds	20.0	1985	3 1/3	3.12	Aaa
Pacific Lighting	Common stk.	24.0				
Transcontinental Gas Pipe Line	Pfd. stk.	15.0				
Pacific Northwest Pipeline	Interim notes	17.2	1957	5 1/2	--	--
<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	--
San Diego County, Cal.	G.O.	8.4	1956-75	2.21	1.15-2.35	A
Louisville, Kentucky	G.O.	7.5	1956-95 <u>4/</u>	2.22	0.75-2.40	Aa
Calcasieu Parish, La.	G.O.	5.5	1956-85	2.99	1.20-3.00	Baa
Henderson, Kentucky	Rev.	5.4	1957-85	2.89	1.45-2.95	Baa
Lincoln, Nebraska	G.O.	10.0	1957-75	1.91	1.10-2.00	Aa

Large Individual Issues Offered during April--(Continued)

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> -- (Continued)						
State of California	G.O.	30.0	1957-81	2.05	1.10-2.90	Aa
Dallas, Texas	G.O.	10.0	1956-75	2.20	1.10-2.35	A
Philadelphia, Pennsylvania	G.O.	12.0	1957-80	2.36	1.30-2.90	A
Shreveport, Louisiana	G.O.-Rev.	10.0	1955-75	2.19	1.05-2.35	A-Aa
<u>OTHER</u>						
Kingdom of Norway	Bonds	15.0	1958-65	3 5/8- 4 1/4	3.63-4.25	--

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; and, L.L., limited liability obligations secured by pledge of designated revenues.

4/ Bonds maturing 1993-95 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 <u>2/</u>	Corporate	State and local govt.	Other <u>2/</u>
1954 - 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	--
Apr. 29	425	116	--	1,141	1,917	--

Forthcoming Large Offerings, as of April 29

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Public Service of Indiana, Inc.	Pfd. stock	21.3	May 9
*Pacific Northwest Pipeline	Common stock	15.5	May 9
American Trust Co.	Common stock	19.5	May 10
Ohio Edison Co.	1st mtg. bonds	30.0	May 17
W. R. Grace	Conv. sub. deb.	30.0	May 18
Bethlehem Steel Co.	Conv. deb.	191.7	May 23
Alabama Power	1st mtg. bonds	15.0	May 24
Southern California Edison	Conv. deb.	41.0	May
*Transamerica Corp.	Common stock	60.6	May
Consolidated Natural Gas	Common stock	25.1	June
American Telephone and Telegraph	Conv. deb.	650.9	1955
Southern California Gas Co.	Bonds	40.0	1955

Forthcoming Large Offerings, as of April 29 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
Wash Tp. - Marion Co., Indiana	Rev.	6.8	May 4
Cincinnati, Ohio	G.O.	19.7	May 10
*Los Angeles, California	Rev.	6.0	May 11
Louisiana State Building Authority	L.L.	9.9	May 12
*State of Maryland	n.a.	11.3	May 17
Memphis, Tennessee	n.a.	8.3	May 17
*St. Paul, Minnesota	n.a.	6.9	May 18
*Allegheny County, Pennsylvania	n.a.	5.5	May 24
Oakdale, California	Rev.	20.8	May 25
South San Joaquin, California	Rev.	20.8	May 25
Florida State Turnpike Authority	Rev.	74.0	1955
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>			
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.