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May 26, 1955

CAPITAL MARKET DEVELOPMENTS

Volume of security issues heavy near end of month - Large public security offerings for new capital totaled 60 million dollars for corporations and 27 million for State and local governments during the week ending May 20. An unusually heavy volume of large issues is scheduled for flotation this week--312 million dollars of corporate offerings and 83 million of State and local issues. The corporate total included proceeds from the Bethlehem Steel Company 191.7 million dollar convertible debenture subscription issue, rights for which expired May 23.

Bond yields - Yields on outstanding long-term U. S. Government bonds and State and local government Aaa bonds decreased one and two basis points respectively during the week ending May 20. Corporate Aaa bond yields did not change. Yields on corporate Baa bonds declined one basis point, and State and local Baa bonds decreased two basis points during last week. State and local revenue yields remained steady. Daily figures showed little change in the corporate and Treasury yields this week.

Stock price rise - The SEC index of 265 common stocks increased 2.1 points to 233.3 last week in the lowest trading volume of the year. Prices dropped on Monday of this week, but had regained part of the loss by Wednesday, according to daily indexes.

Corporate Security Offerings  
in the First Quarter 1955

Net proceeds for new capital

Corporate security offerings for new capital were 2,243 million dollars in the first quarter of 1955, as shown in Table 1, almost 40 per cent larger than the volume offered in the corresponding period of 1954 and about one-fifth more than in the first quarter of 1953.

Manufacturing companies, which offered 778 million dollars of securities this year, floated more than any other type of issuer in contrast to the two previous years when public utilities issued the greatest volume. General Motors accounted for a major portion of the growth in the manufacturing total by its 325 million dollar common stock issue--the only very large offering made by a manufacturing company in the first three months. None of the manufacturing

Table 1

Corporate Security Offerings for New Capital  
by Type of Business of Issuer  
First quarter, 1953-1955 and Quarterly Average for 1953 and 1954

(Net proceeds in millions of dollars)

Type of business	First quarter			Quarterly average	
	1955	1954	1953	1954	1953
All corporate offerings	2,243	1,608	1,912	1,872	2,124
Manufacturing	778	261	612	511	532
Primary iron and steel	36	15	25	91	27
Primary nonferrous metals	9	20	15	36	18
Machinery	66	33	158	81	76
Motor vehicles and equipment	325	5	0	26	81
Chemicals	47	14	176	62	112
Petroleum	65	96	101	73	83
Foods	36	15	22	25	17
Other 1/	194	63	115	117	118
Electric, gas and water utilities	495	857	669	669	726
Communication	52	61	51	163	218
Railroad	53	85	89	53	67
Other transportation	29	59	68	72	71
Commercial and other	150	54	96	91	71
Mining	77	83	29	117	55
Financial and real estate	610	148	299	197	384
Consumer finance companies	452	81	244	83	317
Other	158	67	55	114	67

1/ Includes issues by foreign corporations not further classified in the manufacturing group: 43 million dollars in 1955; 1 million in 1954; and 5 million in 1953.

Note.—Details may not add to totals due to rounding.

Source.—Securities and Exchange Commission and Federal Reserve.

companies floated very sizable issues in 1954 during the first quarter. In 1953 however, both the chemical and the petroleum groups included proceeds from a 100 million dollar issue.

Electric, gas and water utilities offered 495 million dollars of securities during the first three months of 1955 compared to 857 million during that period last year. The difference was mainly in the offerings of public bond issues over 15 million dollars, which totaled about 460 million dollars in 1954 and about 225 million this year.

flotations of financial and real estate companies in the January to March period were 610 million dollars, substantially more than in the two years before. Consumer finance companies accounted for about three-fourths the volume of this group, and more than half the finance company total was made up of the 250 million dollar debenture issue of General Motors Acceptance Corporation. Although large in 1953 as a whole, the finance company volume did not begin to build up until February of that year. The total for the first three months of 1953 was 244 million dollars.

Commercial companies, as the result of a number of medium-sized issues, did substantially more financing during the first quarter this year than in the same period of the two previous years.

In terms of average quarterly volume of earlier years, total corporate offerings in the first quarter were 20 per cent more than the 1954 average but near that of 1953. The industrial companies, generally speaking, issued less than either quarterly average with the notable exception of the machinery group. The volume of real estate and financial company issues was greater and the electric, gas and water issues smaller during the first quarter than the averages for such offerings during 1953 and 1954.

#### Gross proceeds from total offerings

Gross proceeds from total corporate offerings were 2,593 million dollars in the first quarter, 1955 as shown in Table 2. The volume of refunding issues included in this total was 305 million dollars, much larger than the corresponding refinancing total in the two previous years. Total offerings in the first three months of 1954 were 1,730 million dollars and 2,039 million in 1953.

Public offerings accounted for a larger proportion of total issues in the first three months of this year than in the two earlier years. They totaled 1,784 million dollars, almost 70 per cent of the total. The percentage of public issues to total offering was 56 per cent in 1953 and 62 per cent in 1954.

Common stock issues were unusually large in volume--due to the 325 million dollar GM issue--and totaled 760 million in the first period this year. The volume in the same quarter of 1953 and

1954 was 356 and 296 million dollars respectively.

Debt offerings were larger than they were in the two prior years, but because of the increased stock volume, accounted for only 66 per cent of total offerings. This is about 10 per cent less than in earlier years. The lower ratio of debt to total offerings in part accounts for the increased importance of total public offerings noted above, since debt offerings are more frequently privately sold than equities. The slightly larger proportion of debt issues sold publicly in the first quarter of 1955 than before is the other factor in the increased importance of public issues.

Total corporate issues in the first quarter of 1955, as the result of the large volume of publicly offered securities, were larger than the quarterly average for either 1953 or 1954. The only type of issue to exceed the averages, however, was the common stock volume. The 760 million dollar first quarter total was well above the 332 and 303 million quarterly average for 1953 and 1954.

Table 2

Total Corporate Security Offerings by Type of Issue  
First Quarter, 1953-1955 and Quarterly Averages for 1953 and 1954

(Gross proceeds in millions of dollars)

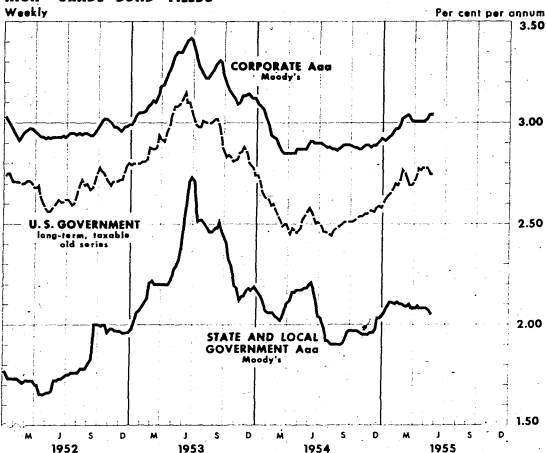
Type of issue	First quarter			Quarterly average	
	1955	1954	1953	1954	1953
Total corporate offerings	2,593	1,730	2,039	2,379	2,224
<u>Type of offering</u>					
Public	1,784	1,073	1,139	1,462	1,395
Private	809	656	899	917	830
<u>Type of security</u>					
Bonds and notes	1,718	1,318	1,524	1,872	1,771
Public	933	689	649	1,001	964
Private	786	629	875	871	807
Preferred stock	115	115	159	204	122
Common stock	760	296	356	303	332

Note.--Details may not add to totals due to rounding.

Source.--Securities and Exchange Commission.

EXHIBIT A

HIGH - GRADE BOND YIELDS



Date	Corporate Aaa <sup>1/</sup>	U. S. Govt. long-term <sup>2/</sup>	State and local govt., Aaa <sup>3/</sup>	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 (5/20)	2.77 (5/6)	2.11 (2/10)	.34	.69
Low	2.91 (1/7)	2.62 (1/7)	2.05 (5/20)	.24	.54
April 22	3.01	2.77	2.08	.24	.69
April 29	3.01	2.77	2.08	.24	.69
May 6	3.02	2.77	2.08	.25	.69
May 13	3.04	2.75	2.07	.29	.68
May 20	3.04	2.74	2.05	.30	.69

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

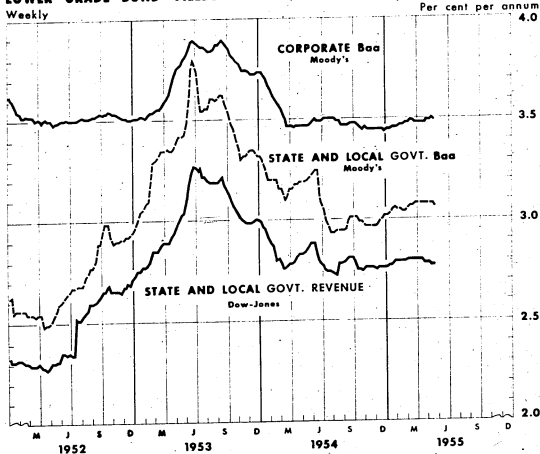
<sup>2/</sup> Weekly average of daily figures; old series. Average term to first call of bonds included is 13-14 years.

<sup>3/</sup> 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 <sup>1/</sup>	State and local govt. Baa <sup>2/</sup>	State and local govt. revenue <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	3.50 (5/13)	3.08 (5/12)	2.80 (4/15)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
April 22	3.48	3.08	2.78
April 29	3.49	3.08	2.78
May 6	3.49	3.08	2.78
May 13	3.50	3.08	2.77
May 20	3.49	3.06	2.77

<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; average term is 20 years.

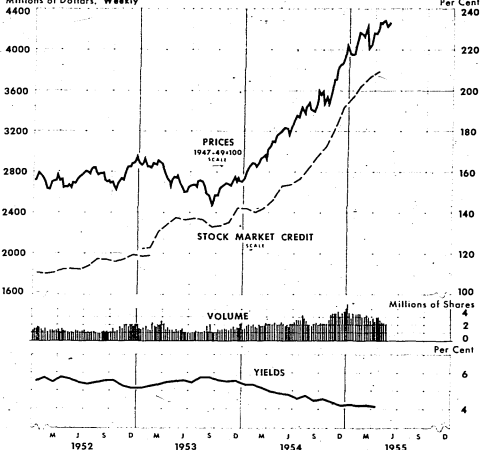
<sup>3/</sup> Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

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 <sup>1/</sup>	Trading volume <sup>2/</sup> (millions of shares)	Common stock yields <sup>3/</sup> (per cent)	Stock market credit		
				Total	Customers' debit balances <sup>4/</sup>	Bank loans to "others" <sup>5/</sup>
(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	5.35	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	234.0 (5/6)	4.6	4.22	3,785	2,704	1,085
Low	217.4 (1/14)	2.1	4.32	3,537	2,517	1,018
March	225.6	2.9	4.21	3,732	2,652	1,080
April	231.4	2.7	4.12	3,785	2,704	1,081
May 6	234.0	2.3	n.a.	n.a.	n.a.	1,083
May 13	231.2	2.2	n.a.	n.a.	n.a.	1,085
May 20	233.3	2.1	n.a.	n.a.	n.a.	n.a.

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

<sup>2/</sup> Averages of daily trading volume on the 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 the New York Stock Exchange which carry margin accounts; excludes money borrowed for carrying U. S. Government obligations.

<sup>5/</sup> 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	546	547	623	535	396	389
February	436	426	623	312	411	360
March	1,261	635	666	538	565	426
April	e/500	497	779	e/425	734	329
May	e/850	656	675	e/350	748	649
June		842	1,123		853	434
July		909	483		279	519
August		335	325		261	259
September		747	753		649	475
October		1,003	577		594	453
November		290	429		423	408
December		604	1,438 <sup>1/</sup>		877	774
1st quarter	2,243	1,608	1,912	1,385	1,372	1,176
2nd quarter		1,995	2,578		2,334	1,412
3rd quarter		1,991	1,561 <sup>1/</sup>		1,188	1,253
4th quarter		1,896	2,444 <sup>1/</sup>		1,894	1,636
Year		7,490	8,495		6,789	5,477
	Excluding finance companies <sup>2/</sup>					
1st quarter	1,791	1,527	1,669			
2nd quarter		1,927	1,991			
3rd quarter		1,911	1,223			
4th quarter		1,792	2,344			
Year		7,158	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 - April	166	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 May 2 through 20

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Public Service of Indiana, Inc.	Pfd. stock	21.3				
Pacific Northwest Pipeline	Com. stock	15.5				
American Trust Co. of San Francisco	Com. stock	19.5				
Transamerica Corp.	Com. stock	54.5				
Ohio Edison Co.	1st mtg. bds.	30.0	1985	3 1/4	3.22	Aa
W. R. Grace & Co.	Conv. sub.deb.	30.0	1975	3 1/2	3.40	Ba
<u>STATE AND LOCAL GOVERNMENT</u>						
Wash. Twp.-Marion Co., Sch. Bldg. Corp., Ind.	Rev.	6.6	1957-77	3.02	1.80-3.05	--
Cincinnati, Ohio	G.O.	19.7	1956-95	2.10	1.05-2.45	Aaa

## Large Individual Issues Offered May 2 through 20 (Cont'd)

Issuer	Type <sup>3/</sup>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)						
Los Angeles, California	Rev.	6.0	1956-85	2.28	1.05-2.40	Aa
Louisiana State Build- ing Authority	L.L.	9.9	1960-84	2.87	2.00-2.90	Baa
State of Maryland	G.O.	11.3	1958-70	1.77	1.25-1.80	Aaa
Memphis, Tennessee	G.O.	8.3	1956-85	2.09	1.00-2.25	Aa
St. Paul, Minnesota	G.O.	6.9	1956-85	2.06	1.00-2.20	Aa
<u>OTHER</u>						
None						

<sup>1/</sup> Includes corporate and other security offerings of 15 million dollars and over; State and local government security offerings of 5 million and over.

<sup>2/</sup> Includes foreign government and International Bank for Reconstruction and Development issues.

<sup>3/</sup> 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.

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 - 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 May 20

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Bethlehem Steel Co.	Conv. deb.	191.7	May 23
Alabama Power	1st mtg. bonds	15.0	May 24
Detroit Edison	Genl.&ref.mtg.bds.	60.0	May 24
General Telephone Corp.	Preferred stock	15.0	May 24
Lockheed Aircraft Corp.	Conv. sub. deb.	30.0	May 25
Virginia Electric and Power	1st & ref.mtg.bds.	25.0	June 7
Southern California Edison	Conv. deb.	41.0	June 14
*Baltimore Gas and Electric Co.	Common stock	20.1	June 21
*Southern New England Telephone and Telegraph	Deb.	20.0	June 21
Peoples Gas Light & Coke	Common stock	15.5	June 24
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 May 20 (Cont'd)

12

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
Port of New York Authority	Rev.	30.0	May 23
Chicago, Illinois	G.O.	6.0	May 24
Allegheny County, Pennsylvania	G.O.	5.5	May 24
Oakdale, California	Rev.	20.8	May 25
South San Joaquin, California	Rev.	20.8	May 25
*State of North Carolina	G.O.	11.0	June 1
*New York City Housing Authority	n.a.	27.2	June 1
*Houston, Texas	n.a.	12.5	June 1
*Galveston Co. Navigation Dist. Texas	G.O.	6.0	June 2
*Baltimore, Maryland	G.O.	24.7	June 2
Florida State Turnpike Authority	Rev.	74.0	June 7
Texas Turnpike Authority	Rev.	58.5	June 14
*Cleveland, Ohio	n.a.	13.2	June 21
*Tacoma, Washington	Rev.	15.0	June 21
*Dallas, Texas	n.a.	9.2	June 27
Maryland State Roads Commission	Rev.	25.0	June
Kansas City, Kansas	Rev.	7.0	June
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
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 <sup>1/</sup>

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	*3.15	13	None	—
February	*3.14	7	*3.23	9
March	*3.17	8	3.29	14
April	None	—	3.31	16
May 11			3.35	14
11			3.32	11
18	3.22	10		

<sup>1/</sup> 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.