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June 22, 1955

CAPITAL MARKET DEVELOPMENTS

Volume of new capital moderate last week - The proceeds from large security issues floated publicly for new capital during the week ending June 17 totaled 84 million dollars for State and local governments and 41 million for one public utility offering. State and local governments expect to offer 98 million dollars, and corporations are scheduled to float 58 million dollars of large issues this week.

Bond yields increase - Yields on outstanding high-grade corporate and State and local government bonds and on U. S. Government long-term obligations rose one basis point during the week ending June 17. The Treasury yields increased further on Monday and Tuesday of this week.

Lower-grade corporate and State and local government bond yields also increased one basis point last week.

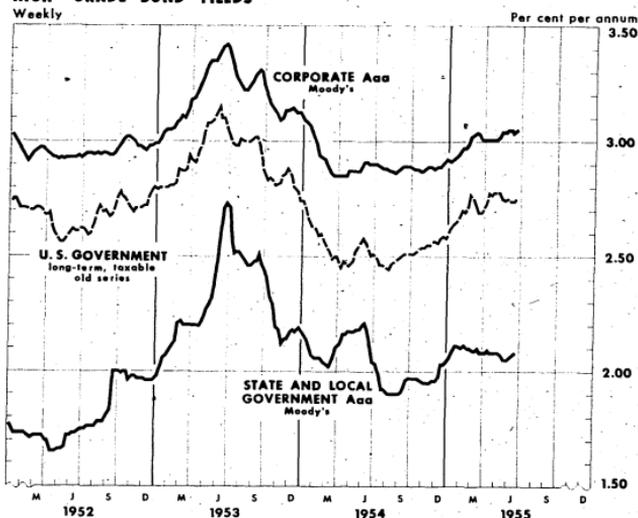
Stock prices gain - The SEC index of 265 common stocks was 247.4 last week, 5.5 points above the previous week's index, which was itself an all time high. Daily figures indicated a moderate increase in prices on Tuesday of this week.

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 <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	3.05 (6/17)	2.77 (5/6)	2.11 (2/10)	.34	.70
Low	2.91 (1/7)	2.62 (1/7)	2.05 (5/26)	.24	.54
May 20	3.04	2.74	2.05	.30	.69
May 27	3.05	2.75	2.05	.30	.70
June 3	3.05	2.74	2.06	.31	.68
June 10	3.04	2.74	2.07	.30	.67
June 17	3.05	2.75	2.08	.30	.67

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

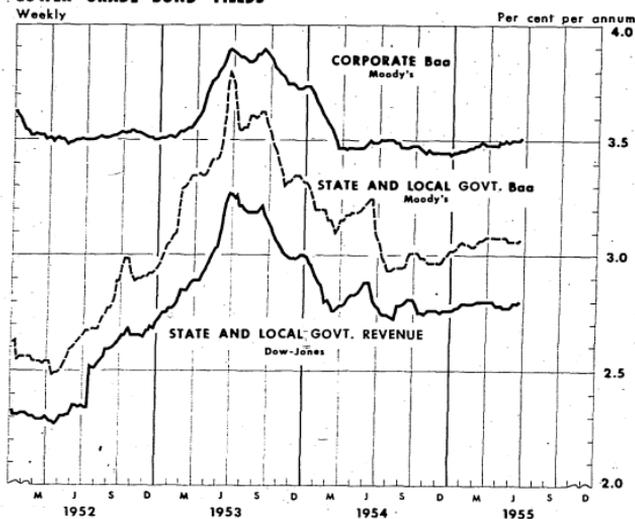
<sup>2/</sup> Weekly average of daily figures; old series. Average term to first call of bonds included is 13-14 years.

<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. 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	3.51 (6/17)	3.08 (5/12)	2.80 (6/17)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
May 20	3.49	3.06	2.77
May 27	3.50	3.06	2.77
June 3	3.50	3.06	2.79
June 10	3.50	3.06	2.79
June 17	3.51	3.07	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; average term is 20 years.

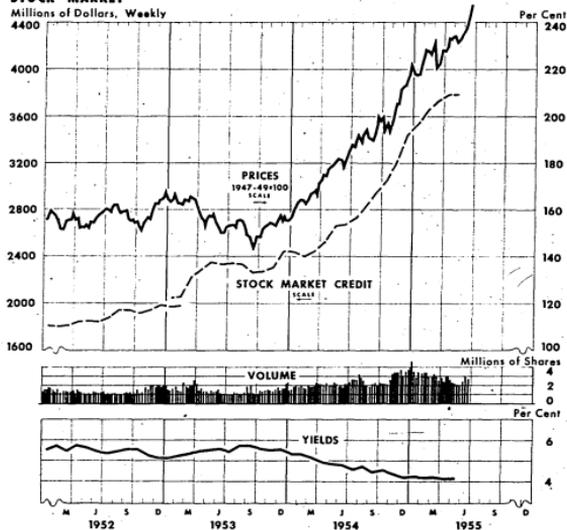
<sup>3/</sup> Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

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' <sup>4/</sup> loans to banks	Bank "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	1,801	1,211	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	247.4 (6/17)	4.6	4.22	3,787	2,704	1,150
Low	217.4 (1/14)	2.0	4.12	3,537	2,517	1,018
April	231.4	2.7	4.12	3,785	2,704	1,081
May	233.3	2.2	4.14	3,787	2,684	1,103
June 3	237.5	2.4	n.a.	n.a.	n.a.	1,126
June 10	241.9	2.9	n.a.	n.a.	n.a.	1,150
June 17	247.4	2.7	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> Woody'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	r/390
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/900	656	675	e/350	748	649
June	e/650	842	1,123	e/675	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	e/2,050	1,995	2,578	e/1,450	2,334	1,412
3rd quarter		1,991	1,561		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	e/2,000	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.

r/ Revised.

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 - May	324	557	--
June	350	603	--
July	r/411	92	--
August	75	86	--
September	r/364	1,555	--
October	r/433	388	--
November	0	268	--
December	r/121	689	30
1955 - January	141	341	35
February	72	107	--
March	750	337	--
April	175	238	15
May	483	r/152	--

Large Individual Issues Offered June 1 through 17

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Virginia Electric and Power Company	1st & ref. bds.	25.0	1985	3.25	3.20	Aa
Southern California Edison	Conv. deb.	41.0	1970	3.25	3.25	A
<u>STATE AND LOCAL GOVERNMENT</u>						
Houston, Texas	G.O.	12.5	1956-80	2.47	1.20-2.65	A
New York City Housing Authority	G.R.	27.2	1958-03	3.01	1.75-2.78	A
State of North Carolina	G.O.	11.0	1957-75	1.96	1.20-2.05	Aa
Baltimore, Maryland	G.O.	24.7	1956-84	2.15	1.05-2.30	Aa
Galveston Co. Navigation District, Texas	G.O.	6.0	1957-91	2.93	1.40-3.00 <sup>4/</sup>	A

## Large Individual Issues Offered June 1 through 17 (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)						
Minneapolis, Minnesota	G.O.	5.2	1956-75	--	1.15-2.10	Aa
Florida Turnpike Auth.	Rev.	74.0	1995	3.32	3.25	--
Texas Turnpike Authority	Rev.	58.5	1980-95	2.93	2.80-2.90	--
Kansas City, Kansas	Rev.	7.0	1956-70	2.06	1.15-2.10	Aa
Prince George's Co., Md.	G.O.	6.0	1956-75	2.77	1.25-3.05	Baa
Dade County Port Auth., Florida	Rev.	12.1	1979	3.23	3.15	--
<u>OTHER</u>						
None						

r/ Revised.

<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; G.R., general obligations additionally secured by facilities revenues; and, L.L., limited liability obligations secured by pledge of designated revenues.

<sup>4/</sup> Subject to award.

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 - 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	—	444	2,158	—
Oct. 29	15	436	—	135	1,957	30
Nov. 30	94	651	30	246	2,682	30
Dec. 31	184	567	—	216	2,444	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	—	1,441	1,917	—
May 31	160	339	—	850	1,861	—

Forthcoming Large Offerings, as of June 17

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Southern New England Telephone and Telegraph	Deb.	20.0	June 21
Oklahoma Gas and Electric	1st mtg. bds.	15.0	June 21
Consolidated Natural Gas	Common stock	22.9	June 21
Baltimore Gas and Electric	Common stock	17.4	June 22
Peoples Gas Light & Coke	Common stock	15.7	June 24
Merritt-Chapman & Scott Corp.	Deb.	25.0	June
American Natural Gas	Common stock	37.0	July
American Telephone and Telegraph	Conv. deb.	650.9	1955
Southern California Gas	Bonds	40.0	1955
Goodyear Tire and Rubber	Common stock	50.0	1955
*Freedom Insurance Co.	Common stock	22.0	1955
<u>STATE AND LOCAL GOVERNMENT</u>			
Cleveland, Ohio	G.O.	13.2	June 21
Tacoma, Washington	Rev.	15.0	June 21
State of Connecticut	G.O.	20.0	June 21
Pennsylvania General State Auth.	L.L.	50.0	June 22

## Forthcoming Large Offerings, as of June 17 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
Dallas, Texas	G.O.	10.0	June 27
Maryland State Roads Commission	L.L.	25.0	June 28
*Sioux Falls, Arizona	n.a.	12.0	June 28
*Springfield, Massachusetts	n.a.	13.0	June 29
*Nassau County, New York	G.O.	19.2	June 29
Dayton, Ohio, School District	G.O.	12.0	June 30
New York State Thruway	G.R.	125.0	July 12
*Pierce Co., Wash., Tacoma Sch. Dist.	n.a.	8.3	July 14
*Public Housing Authorities	—	110.0	July 20
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 Company	Rev.	140.0	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.