

H.14

August 18, 1955

CAPITAL MARKET DEVELOPMENTS

Corporations publicly offered two large common stock issues with total proceeds of 66 million dollars for new capital purposes, and State and local governments floated offerings totaling 13 million dollars during the week ending August 12. This week two large issues are scheduled for offering--200 million dollars of debentures by General Motors Acceptance Corporation and one State and local government issue for 18 million.

Both bids on the 40 million dollar Cook County, Illinois expressway issue were rejected last week. The interest cost of the lowest bid was about 2.68 per cent. Apparently one factor in the rejection of these bids was the reduction of the issue's rating by Moody's Investors Service from Aa to A shortly before the offering date.

Bond yields - State and local government Aaa bond yields rose five basis points during the week ending August 12. Yields on corporate Aaa bonds increased one basis point, and U. S. Government long-term bond yields decreased one basis point.

Yields on the corporate Baa bonds increased one basis point. State and local government Baa and revenue bond yields did not change.

Daily yields on the corporate and Treasury obligations remained steady during the first part of this week.

Stock market credit - Customers' debit balances, excluding credit extended on U. S. Government obligations, of member firms of the New York Stock Exchange, rose 23 million dollars last month to total 2,734 million at the end of July. Money borrowed by member firms on collateral other than U. S. Government securities decreased 17 million dollars.

The table on the following page shows these and other data on stock market credit for June and July.

	End of month		Change
	June	July	
	(Millions of dollars)		
Customer credit			
Excluding U. S. Govt. securities - Total	3,871	3,911	+40
Net debit balances	2,711	2,734	+23
Bank loans to others	1,160	1,177	+17
Net debit balances secured by U. S. Govt. securities	46	45	-1
Bank loans to others for purchasing or carrying U. S. Govt. securities	31	29	-2
Broker and dealer credit			
Money borrowed except on U. S. Govt. securities	2,020	2,003	-17
Money borrowed on U. S. Govt. securities	73	77	+4
Customers' net free credit balances	917	918	+1

Stock prices - Stock prices, as measured by the SEC index of 265 common stocks, decreased one point during the week ending August 12 in the lowest average trading volume so far this year.

Daily indexes indicate further a decline in prices on Monday and Tuesday of this week but a slight increase on Wednesday.

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.

## 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 (2/4)	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	3.10 (8/12)	2.94 (8/5)	2.34 (8/11)	.34	.70
Low	2.91 (1/7)	2.62 (1/7)	2.05 (5/26)	.13	.54
July 15	3.05	2.83	2.23	.22	.60
July 22	3.05	2.90	2.24	.15	.66
July 29	3.07	2.94	2.27	.13	.67
August 5	3.09	2.94	2.29	.15	.65
August 12	3.10	2.89	2.34	.21	.55

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

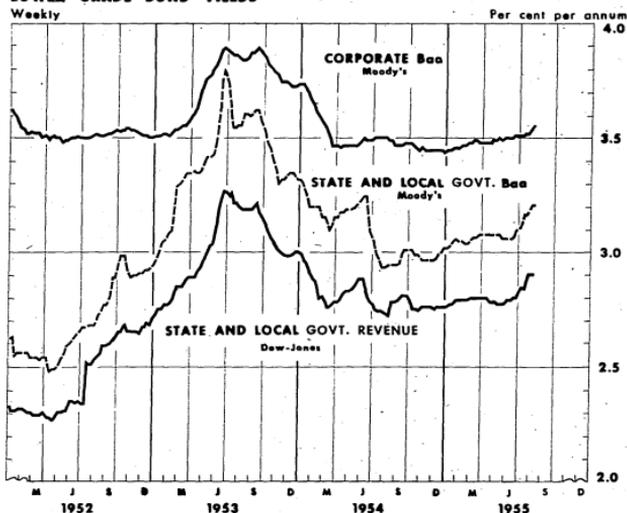
<sup>2/</sup> Weekly average of daily figures; old series. Average term to first call of bonds included is 13-14 years.

<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	3.56 (8/12)	3.21 (8/11)	2.90 (8/12)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
July 15	3.52	3.17	2.84
July 22	3.52	3.17	2.87
July 29	3.53	3.18	2.90
August 5	3.55	3.21	2.90
August 12	3.56	3.21	2.90

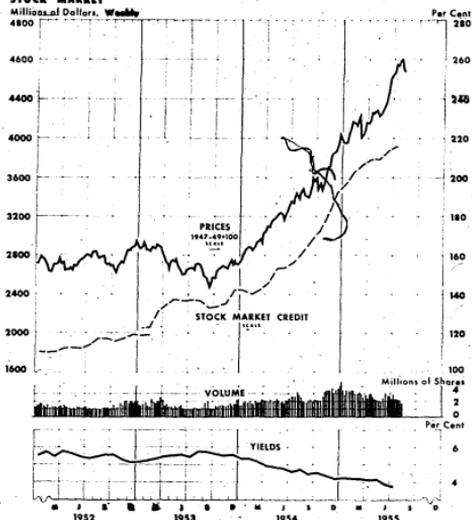
<sup>1/</sup> Weekly average of daily figures. Average term of bonds included is 25-26 years.

<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.

## STOCK MARKET



Date	Stock price index 1/	Trading volume 2/ (millions of shares)	Common stock yields 3/ (per cent)	Stock market customer 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	259.9 (7/29)	4.6	4.22	3,911	2,734	1,177
Low	217.4 (1/14)	1.7	3.78	3,537	2,517	1,018
June	244.5	2.7	3.87	3,871	2,711	1,160
July	257.3	2.4	3.78	3,911	2,734	1,177
July 29	259.9	2.2	n.a.	n.a.	n.a.	1,177
August 5	254.7	2.1	n.a.	n.a.	n.a.	1,161
August 12	253.7	1.7	n.a.	n.a.	n.a.	n.a.

1/ Revised.

n.a. Not available.

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 balances secured by U. S. Government obligations.

5/ Wednesday figures for weekly reporting member banks. Excludes all loans for purchasing or carrying U. S. Governments for 1952; since 1953 only these loans at banks in New York and Chicago are excluded. Weekly reporting banks account for about 72 per cent of loans to others.

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	390
February	436	426	623	312	411	360
March	1,261	635	666	538	565	426
April	e/500	497	779	427	734	329
May	e/900	656	675	e/350	748	649
June	e/675	842	1,123	e/630	853	434
July	e/400	909	483	e/460	279	519
August	e/650	335	325	e 225	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/2,075	1,995	2,578	e/1,405	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.

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 - July	411	92	--
August	75	86	--
September	364	455	--
October	433	388	--
November	0	268	--
December	121	689	30
1955 - January	141	341	35
February	63	107	--
March	750	337	--
April	175	238	15
May	483	152	--
June	182	409	--
July	101	278	--

Large Individual Issues Offered August 1 through 12

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Consumer Power	Common stk.	16.9				
Goodyear Tire & Rubber	Common stk.	45.6				
Western Union Telegraph	Common stk.	20.7				
<u>STATE AND LOCAL GOVERNMENT</u>						
Mobile, Alabama	Rev.	14.5	1995	3.80	3.70	Ba
Fairfax Co., Virginia	G.O.	7.1	1958-89	3.18	2.00-3.20	Baa
Springfield, Ohio	Rev.	5.8	1959-87	3.09	2.20-3.10	A
<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 - 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	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	--
May 31	160	339	--	850	1,861	--
June 30	67	344	--	830	1,845	--
July 29	407	100	--	1,135	2,018	--

Forthcoming Large Offerings, as of August 12

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
General Motors Acceptance Corp.	Deb.	200.0	August 17
American Natural Gas	Common stock	35.7	August 23
Pacific Telephone and Telegraph	Deb.	67.0	August 23
St. Louis-San Francisco Railway	1st mtg. bds.	19.5	August 24
Utah Power and Light	1st mtg. bds.	15.0	September 13
*Ohio Power	1st mtg. bds.	17.0	September 20
*Public Service Electric and Gas	Pfd. stock	25.0	October 4
American Telephone and Telegraph	Conv. deb.	635.0	October 13
*Public Service Electric and Gas	Deb.	35.0	October
Southern California Gas	Bonds	40.0	1955
Freedom Insurance Company	Common stock	22.0	1955
<u>STATE AND LOCAL GOVERNMENT</u>			
Amarillo, Texas	Rev.	5.2	August 17
Duval County, Florida	G.O.	8.0	August 22
Florida State Board of Education	Rev.	10.6	August 23
Los Angeles, California	G.O.	12.0	August 23

## Forthcoming Large Offerings, as of August 12 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
Chicago, Illinois, Bd. of Education	G.O.	12.5	August 24
Denver, Colorado	n.a.	5.4	August 30
*Nueces County, Texas	n.a.	6.6	September 1
*Essex County, New Jersey	n.a.	8.8	September 8
*Buffalo, New York	n.a.	12.8	September 12
Los Angeles, California	Rev.	18.0	September 21
Richmond-Petersburg Turnpike Auth.	Rev.	67.5	September
Connecticut Expressway	Rev.	100.0	1955
Inter-American Center Auth., Fla.	Rev.	25.0	1955
Michigan Turnpike Authority	Rev.	186.0	1955
State of Louisiana	n.a.	80.0	1955
Illinois Turnpike Authority	Rev.	390.0	1955
Texas Turnpike Company	Rev.	140.0	1955
California Toll Bridge Authority	Rev.	235.0	1955
Louisiana Turnpike Commission	Rev.	100.0	1955
California Toll Bridge Authority	Rev.	43.0	1955
New York State Thruway Authority	G.R.	125.0	1955
Oklahoma Turnpike Authority	Rev.	146.0	1955
Washington State Toll Bridge Auth.	Rev.	227.0	1956
<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.