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September 1, 1955

CAPITAL MARKET DEVELOPMENTS

Corporations offered 122 million dollars, and State and local governments 33 million of large public security issues for new capital during the week ending August 26. This week two large State and local government issues totaling 12 million dollars are scheduled for sale.

Estimates for September - Corporate offerings for new capital in September are estimated at 525 million dollars, about 30 per cent less than the volume last September. This estimate does not include 635 million dollars of convertible debentures which AT&T is currently offering to stockholders however. The proceeds from this entire issue will be counted in the October volume, since subscription rights do not expire until October 13, although much of the impact of this issue on the market will probably occur in September.

The third quarter estimate for corporate new capital totals 1,525 million dollars--about one-fourth below that for the same period of 1954. The difference can be accounted for by two very large issues, however--300 million dollars of U. S. Steel serial debentures and 250 million of AT&T debentures which were floated in July and September 1954 respectively.

The State and local government estimate for September is 400 million dollars, about 40 per cent less than the corresponding volume a year ago. Two issues with proceeds of more than 100 million dollars were included in last September's total, but no issue of that size is currently scheduled this year. Total State and local offerings for the third quarter are estimated to be 1,095 million dollars just slightly less than in the same period a year ago.

Bond yields - U. S. Government long-term bond yields rose two basis points during the week ending August 26. Yields on corporate Aaa and State and local government Aaa bonds did not change.

State and local government revenue bond yields increased two basis points last week, while yields on both corporate and State and local government Baa bonds rose one basis point.

Daily figures show little change in corporate and Treasury yields in the first three days of this week.

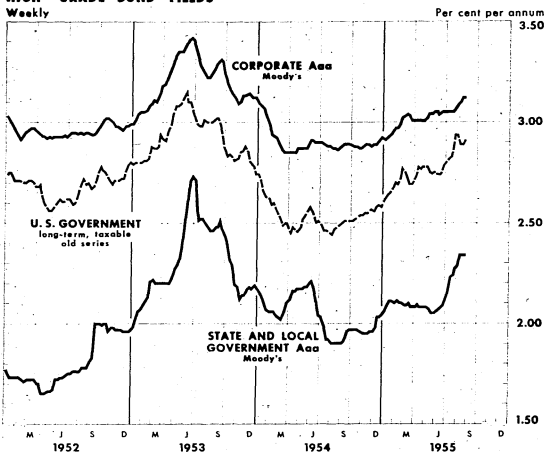
Stock prices - The SEC index of 265 common stock prices increased 5.4 points last week to total 257.4 on August 26 in somewhat heavier trading than that of the two preceding weeks. According to daily indexes, prices decreased slightly on Monday and Tuesday of this week but more than recovered the loss 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.

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)	.13	.61
Low	2.85 (4/23)	2.44 (8/7)	1.90 (9/2)	.32	.29
1955 - High	3.12 (8/26)	2.94 (8/5)	2.34 (8/25)	.34	.70
Low	2.91 (1/7)	2.62 (1/7)	2.05 (5/26)	.13	.54
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
August 19	3.12	2.89	2.34	.23	.55
August 26	3.12	2.91	2.34	.21	.57

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

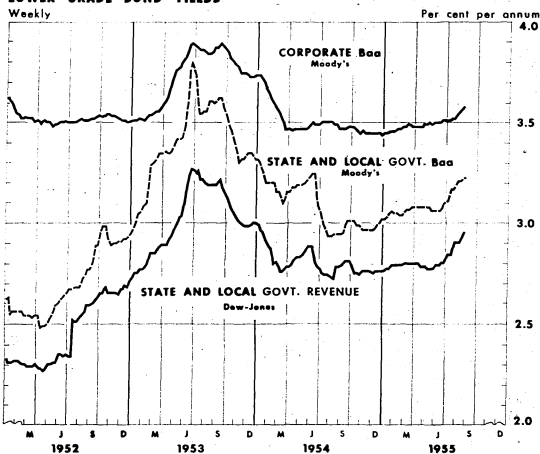
^{2/} Weekly average of daily figures; old series. Average term to first call of bonds included is 13-14 years.

^{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. rev. ^{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	3.58 (8/26)	3.23 (8/25)	2.95 (8/26)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
July 29	3.53	3.18	2.90
August 5	3.55	3.21	2.90
August 12	3.56	3.21	2.90
August 19	3.57	3.22	2.93
August 26	3.58	3.23	2.95

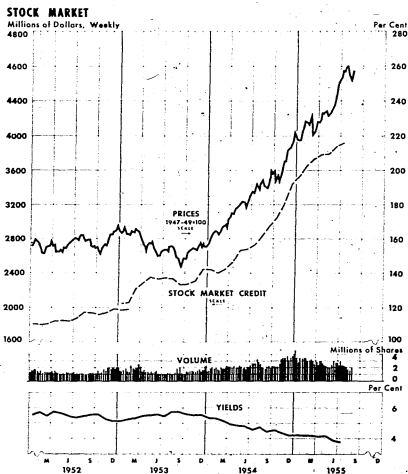
^{1/} Weekly average of daily figures. Average term of bonds included is 25-26 years.

^{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



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 (9/15)	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)	1.5	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
August 12	253.7	1.7	n.a.	n.a.	n.a.	1,171
August 19	252.0	1.5	n.a.	n.a.	n.a.	1,169
August 26	257.4	2.0	n.a.	n.a.	n.a.	n.a.

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	494	497	779	427	734	329
May	903	656	675	350	748	649
June	697	842	1,123	641	853	434
July	e/400	909	483	e/460	279	519
August	e/600	335	325	e/235	261	259
September	e/525	747	753	e/400	619	475
October		1,003	577		594	453
November		290	429		423	408
December		604	1,438 ^{1/}		877	774
1st quarter	2,243	1,608	1,912	1,385	1,372	1,176
2nd quarter	2,094	1,995	2,578	1,418	2,334	1,412
3rd quarter	e/1,525	1,991	1,561	e/1,095	1,188	1,253
4th quarter		1,896	2,444 ^{1/}		1,894	1,635
Year		7,490	8,495		6,789	5,477
	Excluding finance companies ^{2/}					
1st quarter	1,791	1,527	1,669			
2nd quarter	1,912	1,927	1,991			
3rd quarter	e/1,150	1,911	1,223			
4th quarter		1,792	2,344			
Year		7,158	7,227			

e/ Estimated.

^{1/} Includes 602.5 million dollar AT&T debenture issue.^{2/} Total new capital issues excluding offerings of sales and personal finance companies.

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 - 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 26

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				
G.E.A.C.	Deb.	200.0	1975	3 5/8	3.75	--
American Natural Gas	Common stk.	35.7				
Pacific Tel. & Tel.	Deb.	67.0	1991	3 5/8	3.50	Aa
St. Louis-San Francisco Railway	1st mtg. bds.	19.5	1980	4	4.05	Baa
<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
Amarillo, Texas	Rev.	5.2	1963-79	3.07	2.60-3.05	A

Large Individual Issues Offered August 1 through 26 (Cont'd)

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)						
Duval Co., Florida	L.L.	8.0	1956-70	2.95	1.70-2.90	A
Los Angeles, Calif.	G.O.	12.0	1956-75	2.64	1.50-2.70	Aa
Chicago Board of Education, Illinois	G.O.	12.5	1958-75	2.71	2.00-2.85	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 - 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	--
May 31	160	339	--	850	1,861	--
June 30	67	344	--	830	1,845	--
July 29	407	100	--	1,135	2,018	--
Aug. 31	222	184	--	920	1,971	--

Forthcoming Large Offerings, as of August 26

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
*CIT Financial	Deb.	100.0	September
Utah Power and Light	1st mtg. bds.	15.0	September 13
*Tennessee Gas Transmission	1st mtg. PL bds.	50.0	September 14
Ohio Power	1st mtg. bds.	17.0	September 20
*Columbia Gas	Deb.	40.0	September 21
Public Service Electric and Gas	Pfd. stock	25.0	October 4
Public Service Electric and Gas	Deb.	35.0	October 4
American Telephone and Telegraph	Conv. deb.	635.0	October 13
*New York State Electric and Gas	1st mtg. bds.	25.0	October 19
Southern California Gas	Bonds	40.0	November
*Tennessee Gas Transmission	Common stk.	16.0	November
Freedom Insurance Company	Common stk.	22.0	1955
<u>STATE AND LOCAL GOVERNMENT</u>			
-Denver, Colorado	G.O.	5.4	August 30
Nueces County, Texas	G.O.	6.9	September 1
*Volusia County, Florida	n.a.	8.0	September 5
Essex County, New Jersey	G.O.	8.8	September 8

Forthcoming Large Offerings, as of August 26 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
State of Delaware	G.O.	7.0	September 8
Middlesex Co. Sewerage Auth., N. J. Buffalo, New York	Rev.	25.0	September 8
Los Angeles, California	n.a.	12.8	September 13
Richmond-Petersburg Turnpike Auth.	Rev.	18.0	September 21
Chicago Regional Port Dist., Ill.	Rev.	67.5	Sept ember
*Sedgwick County, Kansas	Rev.	24.0	Sept ember
Texas Turnpike Company	G.O.	5.8	September
Connecticut Expressway	Rev.	130.0	October
Inter-American Center Auth., Fla.	Rev.	100.0	1955
Michigan Turnpike Authority	Rev.	25.0	1955
State of Louisiana	Rev.	186.0	1955
Illinois Turnpike Authority	n.a.	80.0	1955
California Toll Bridge Authority	Rev.	390.0	1955
Louisiana Turnpike Commission	Rev.	235.0	1955
California Toll Bridge Authority	Rev.	100.0	1955
New York State Thruway Authority	Rev.	43.0	1955
Oklahoma Turnpike Authority	G.R.	125.0	1955
Washington State Toll Bridge Auth.	Rev.	146.0	1955
	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.