

H.14

October 19, 1955

## CAPITAL MARKET DEVELOPMENTS

The AT&T 637 million dollar subscription debenture issue was the sole large offering to be included in corporate proceeds for new capital during the week ending October 14. Large State and local government issues totaled 112 million dollars. The volume of large offerings on this week's calendar is 75 million dollars for corporations and 58 million for State and local governments.

Bond yields declined slightly - A two basis point decline occurred in Treasury obligation and State and local government Aaa bond yields last week. High-grade corporate and lower-grade municipal bond yields decreased slightly while corporate Baa yields remained steady. There has been little change in daily figures so far this week.

Stock market credit - Total stock market customer credit--debit balances and bank loans to "others"--increased 101 million dollars during September. Customers' net debit balances, excluding balances secured by U. S. Government securities, increased 95 million dollars to total a record 2,805 million dollars. This was the largest increase in a single month since December 1954. Money borrowed by NYSE members maintaining margin accounts, except on U. S. Government securities, increased 62 million dollars, the first increase since May. Only a small part of the increase, however, was to finance customer borrowing. Customers' net free credit balances also rose substantially during September--90 million dollars--the first major increase since January. The following table shows these and other data on stock market credit for August and September:

	End of month		Change
	August	September	
	(Millions of dollars)		
Customer credit			
Excluding U. S. Govt. securities - Total	3,865	3,966	+101
Net debit balances	2,710	2,805	+95
Bank loans to "others"	1,155	1,161	+6
Net debit balances secured by U. S. Govt. securities	43	43	--
Bank loans to others for purchasing or carrying U. S. Govt. securities	29	33	+4
Broker and dealer credit			
Money borrowed except on U. S. Govt. securities	1,994	2,056	+62
On customer collateral	1,685	1,705	+20
Money borrowed on U. S. Govt. securities	71	68	-3
Customers' net free credit balances	887	977	+90

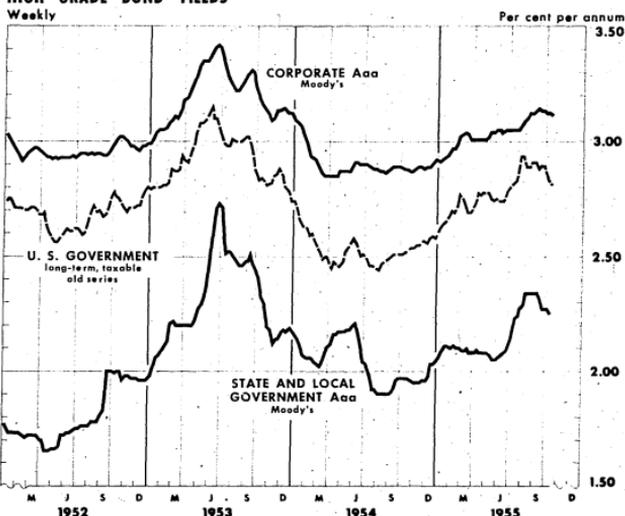
Stock prices - The SEC index of 265 common stocks decreased 5.3 points further during the week ending October 14. The index at this date totaled 245.9, almost 9 per cent below the 1955 high reached on September 23. Daily indexes indicate moderate price rises on Monday through Wednesday of this week.

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 1/	U. S. Govt. long-term 2/	State and local govt., Aaa 3/	Spread between U. S. Govt. and Corporate State and Aaa 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 (6/5)	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	3.14 (9/9)	2.94 (8/5)	2.34 (9/8)	.34	.70
Low	2.91 (1/7)	2.62 (1/7)	2.05 (5/26)	.13	.54
September 16	3.13	2.89	2.32	.24	.57
September 23	3.13	2.89	2.27	.24	.62
September 30	3.12	2.86	2.27	.26	.59
October 7	3.12	2.83	2.27	.29	.56
October 14	3.11	2.81	2.25	.30	.56

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

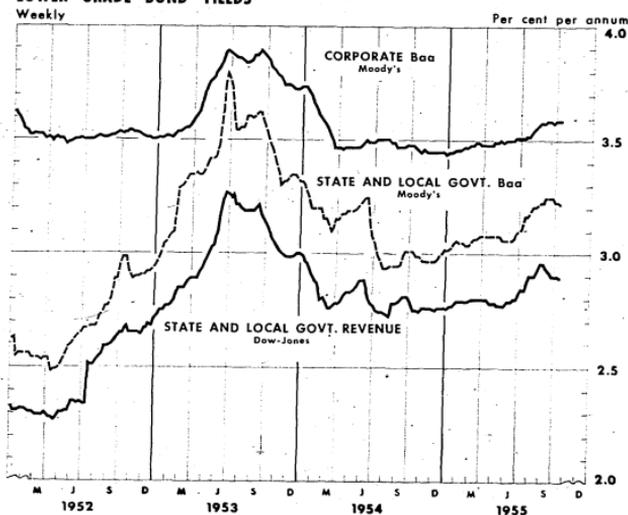
2/ Weekly average of daily figures; old series. Average term to first call of bonds included is 11-14 years.

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 <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	3.59 (10/14)	3.25 (9/22)	2.95 (9/2)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
September 16	3.59	3.25	2.92
September 23	3.58	3.25	2.90
September 30	3.59	3.23	2.90
October 7	3.59	3.23	2.90
October 14	3.59	3.22	2.89

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

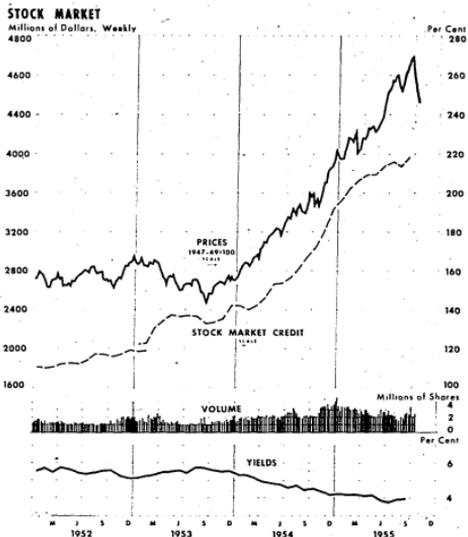
<sup>2/</sup> Thursday figures. Only general obligation bonds are included; average term is 20 years.

<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

occur on different dates for different series.

EXHIBIT C



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 customer 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
1952 - 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
1953 - 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
1954 - Low	156.5 (1/6)	1.4	4.20	2,405	1,653	746
1955 - High	269.7 (9/23)	4.6	4.22	3,966	2,805	1,177
1955 - Low	217.4 (1/14)	1.5	3.78	3,537	2,517	1,018
August	254.5	1.8	3.91	3,865	2,710	1,155
September	263.6	2.9	3.93	3,966	2,805	1,161
September 30	257.9	4.3	n.a.	n.a.	n.a.	1,161
October 7	251.2	2.1	n.a.	n.a.	n.a.	1,155
October 14	245.9	2.4	n.a.	n.a.	n.a.	n.a.

n.a.—Not available.

<sup>1/</sup> 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.

<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 balances secured by U. S. Government obligations.

<sup>5/</sup> 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	531	909	483	470	279	519
August	e/750	335	325	e/235	261	259
September	e/625	747	753	e/390	649	475
October	e/1,300 <sup>1/</sup>	1,003	577	e/1,050	594	453
November		290	429		423	408
December		604	1,438 <sup>2/</sup>		877	774
1st quarter	2,243	1,603	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/1,905	1,891	1,561	e/1,095	1,168	1,253
4th quarter		1,896	2,444 <sup>2/</sup>		1,894	1,636
Year		7,490	8,495		6,789	5,477
	Excluding finance companies <sup>3/</sup>					
1st quarter	1,791	1,527	1,669			
2nd quarter	1,912	1,927	1,991			
3rd quarter	e/1,730	1,911	1,223			
4th quarter		1,792	2,344			
Year		7,158	7,227			

e/ Estimated.

<sup>1/</sup> Includes 637.2 million dollar AT&T convertible debenture issue.<sup>2/</sup> Includes 602.5 million dollar AT&T convertible debenture issue.<sup>3/</sup> 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

(Millions of dollars)

Month	Corporate	State and local government	Other 2/
1954 - 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	173	238	15
May	483	152	--
June	175	403	--
July	101	278	--
August	405	65	--
September	328	234	--

Large Individual Issues Offered October 1 through 14

Issuer	Type 3/	Amount of (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Public Service Electric and Gas	Deb.	35.0	1975	3 1/2	3.35	A
American Tel. & Tel.	Conv. deb.	637.2	1967	3 7/8	3 7/8	Aa
<u>STATE AND LOCAL GOVERNMENT</u>						
Cook County, Illinois	G.O.	40.0	1956-75	2.54	2.25-2.45	A
State of Tennessee	G.O.	8.6	1966-67	2.19	2.10	A
Monterey Co., Calif.	G.O.	7.0	1957-95	2.70	1.60-2.95	A
N. Y. State Thruway Auth.	G.R.	50.0	1985-95	2.52	2.35-2.50	Aaa
Orleans Parish, La.	G.O.	6.0	1961-95	2.80	2.15-2.85	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 - 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	---
Sept. 30	605	643	---	909	2,205	---

Forthcoming Large Offerings, as of October 14

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Southern Bell Telephone & Telegraph	Deb.	30.0	October 17
Burlington Industries	Sub. conv. deb.	30.0	October 19
New York State Electric and Gas	1st mtg. bds.	15.0	October 19
Pacific Gas and Electric	Pfd. stock	25.0	October 25
Long Island Lighting	1st mtg. bds.	15.0	October 26
Southern New England Telephone and Telegraph	Common stock	17.9	October 28
United Gas	1st mtg. bds.	20.0	November 9
New England Telephone & Telegraph	Deb.	30.0	November 15
Southern Co.	Common stock	30.0	November 22
Southern California Gas	Bonds	40.0	November
New Jersey Bell Telephone	Deb.	25.0	December 14
<u>STATE AND LOCAL GOVERNMENT</u>			
Philadelphia, Pennsylvania	G.O.	39.9	October 18
Jersey City Sewerage Authority	Rev.	13.0	October 19
Corning, New York	G.O.	5.1	October 19
Illinois Turnpike Authority	Rev.	415.0	October 25

## Forthcoming Large Offerings, as of October 14 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)			
Public Housing Authorities	--	122.3	October 26
Texas Turnpike Company	Rev.	137.0	October 26
Cleveland, Ohio	Rev.	9.0	October 27
*West Palm Beach, Florida	Rev.	14.3	October 27
Florida State Board of Education	n.a.	10.6	November 1
Los Angeles, California	n.a.	25.0	November 1
State of California	n.a.	60.0	November 2
*Dallas, Texas	n.a.	10.0	November 10
*St. Louis Bd. of Education, Missouri	n.a.	6.5	November 15
*Onondaga Co. Water Authority, N. Y.	Rev.	12.6	November 15
Territory of Hawaii	n.a.	7.5	November 16
Commonwealth of Massachusetts	n.a.	159.9	November 16
*State of Colorado	n.a.	8.0	December 6
California Toll Bridge Authority	Rev.	46.0	December 13
Connecticut Expressway	Rev.	100.0	1955
Inter-American Center Auth., Fla.	Rev.	25.0	1955
Michigan Turnpike Authority	Rev.	185.0	1955-56
California Toll Bridge Authority	Rev.	235.0	1955-56
Louisiana Turnpike Commission	Rev.	100.0	1955-56
Oklahoma Turnpike Authority	Rev.	146.0	1955-56
Pennsylvania Turnpike Commission	Rev.	62.0	1955-56
Washington State Toll Bridge Auth.	Rev.	227.0	1956
<u>OTHER</u>			
None			

n.a.--Not available.

\*--Included in table for first time.

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.