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CAPITAL MARKET DEVELOPMENTS

The volume of large security issues offered publicly for new capital during the week ending October 28 totaled 546 million dollars for State and local governments and 58 million for corporations. This week, State and local governments expect to float 109 million dollars of large issues; no large corporate offerings are scheduled.

The 415 million dollar Illinois State Toll Highway issue, which was offered on October 25 was well received by investors, the entire issue having been sold by the following day. An offering of 122 million dollars of bonds issued by the Public Housing Authorities, floated the day after the turnpike offering, was less favorably received; only about one-half of the issue was sold the first day and a substantial amount remains in the syndicate account. This contributed to the reported rise in dealers' inventories last week, which are now greater than at any point since early July.

Expected November volume - The estimated volume of new capital for both corporate and State and local government issues in November is substantial, although well below the very large October totals. Corporate issues are expected to total 550 million dollars, almost twice the volume of last November's unusually low total. The estimate for State and local government offerings is also 550 million dollars, 30 per cent above the corresponding monthly total in 1954.

Bond yield changes mixed - Treasury obligation yields decreased slightly during the week ending October 28, while high-grade corporate and State and local government yields were stable.

Yields on State and local government Baa bonds rose three basis points. Corporate Baa and State and local government revenue bond yields decreased moderately.

The yield on an A-rated 30-year first mortgage electric power bond offered on October 27 was four basis points lower than yields on outstanding bonds of somewhat shorter maturity. This spread is near that of a similar issue offered the preceding week and substantially changed from mid-September when the yield of a newly-offered issue was 23 basis points above seasoned yields.

Stock prices - The SEC index of 265 common stocks decreased slightly to 251.6 during the week ending October 28. Prices were relatively stable during the first three days of this week in low trading volume.

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)	.43	.61
Low	2.85 (4/23)	2.44 (8/7)	1.90 (9/2)	.22	.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 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
October 21	3.10	2.82	2.24	.28	.58
October 28	3.10	2.81	2.24	.29	.57

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

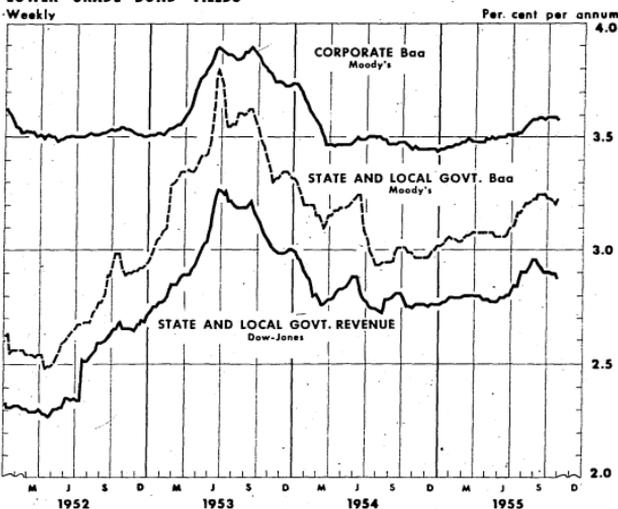
^{2/} Weekly average of daily figures; old series. Average term to first call of bonds included is 11-14 years.

^{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 ^{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	3.59 (10/21)	3.25 (9/22)	2.95 (9/2)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
September 30	3.59	3.23	2.90
October 7	3.59	3.23	2.90
October 14	3.59	3.22	2.89
October 21	3.59	3.20	2.89
October 28	3.58	3.23	2.87

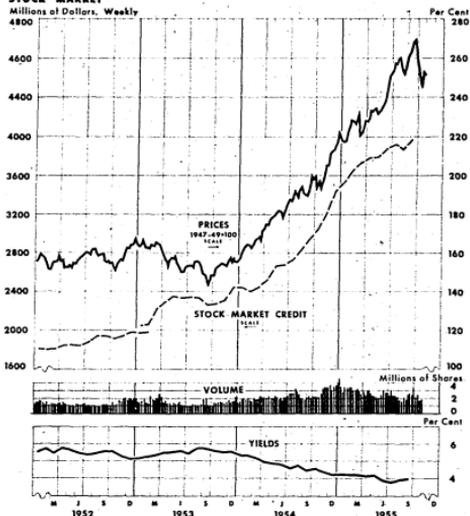
^{1/} Weekly average of daily figures. Average term of bonds included is 25-26 years.

^{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.

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	269.7 (9/23)	4.6	4.22	3,966	2,805	1,177
Low	217.4 (1/14)	1.5	3.78	3,537	2,517	1,018
September	263.6	2.9	3.93	3,966	2,805	1,161
October	250.4	2.0	n.a.	n.a.	n.a.	n.a.
October 14	245.9	2.4	n.a.	n.a.	n.a.	1,159
October 21	252.8	1.7	n.a.	n.a.	n.a.	1,150
October 28	251.6	1.8	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	531	909	483	470	279	519
August	639	335	325	e/235	261	259
September	e/750	747	753	e/390	649	475
October	e/1,250 ^{1/}	1,003	577	e/900	594	453
November	e/550	290	429 ^{2/}	e/550	423	408
December		604	1,438		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/1,920	1,991	1,561	e/1,095	1,188	1,253
4th quarter		1,896	2,444 ^{2/}		1,894	1,636
Year		7,490	8,495		6,789	5,477
	Excluding finance companies ^{3/}					
1st quarter	1,791	1,527	1,669			
2nd quarter	1,912	1,927	1,991			
3rd quarter	e/1,445	1,911	1,223			
4th quarter		1,792	2,344			
Year		7,158	7,227			

e/ Estimated.

^{1/} Includes 637.2 million dollar AT&T convertible debenture issue.

^{2/} Includes 602.5 million dollar AT&T convertible debenture issue.

^{3/} 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 <u>2/</u>
1954 - 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	--
October	805	716	--

Large Individual Issues Offered during October

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
CORPORATE						
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
Southern Bell Tel. & Tel.	Deb.	30.0	1995	3 1/4	3.20	Aaa
Burlington Industries	Sub.conv.deb.	30.0	1975	4 1/4	4.25	Ba
N.Y. State Electric & Gas	1st mtg. bds.	15.0	1985	3 3/8	3.25	A
Pacific Gas & Electric	Pfd. stk.	25.0				
Long Island Lighting	1st mtg. bds.	15.0	1985	3 3/8	3.30	A
Southern New England Tel. & Tel.	Com. stk	17.9				
STATE AND LOCAL GOVERNMENT						
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

Large Individual Issues Offered during October (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)						
Orleans Parish, La.	G.O.	6.0	1961-95	2.80	2.15-2.85	A
Philadelphia, Pa.	G.O.	39.9	1957-81	2.58	1.80-2.65	A
Jersey City Sewerage Auth.	Rev.	13.0	1959-93	3.35	2.35-3.35	Baa
Corning, New York	G.O.	5.1	1956-04	2.27	1.45-2.35	Aa
Illinois Turnpike Auth.	Rev.	415.0	1995	3.83	3.75	--
Public Housing Auths.	--	122.3	1957-96	2.40	1.50-2.50	Aaa
Cleveland, Ohio	Rev.	9.0	1960-83	2.57	2.00-3.42	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 - Oct. 29	15	435	—	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	805	843	—	909	2,205	—
Oct. 31	202	330	—	412	1,650	—

Forthcoming Large Offerings, as of October 28

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
United Gas	1st mtg. bds.	20.0	November 9
New England Telephone & Telegraph	Deb.	30.0	November 15
National Tea Company	Deb.	15.0	November 15
Michigan Consolidated Gas	1st mtg. bds	30.0	November 16
Commonwealth Edison	Common stock	41.6	November 16
Southern Co.	Common stock	26.4	November 22
*Wheeling Steel	Deb.	19.1	November
*Pacific Lighting	Pfd. stock	20.0	November
*Consolidated Edison Co. of New York	1st & ref. bds.	70.0	December 6
New Jersey Bell Telephone	Deb.	25.0	December 14
*Radio Corporation of America	Deb.	100.0	December
*Sheraton Corporation	Deb.	15.0	1956
<u>STATE AND LOCAL GOVERNMENT</u>			
Florida State Board of Education	Rev.	10.6	November 1
State of California	G.O.	60.0	November 2
Territory of Hawaii	G.O.	7.5	November 2
Port of New Orleans, Louisiana	G.O.	10.0	November 3

Forthcoming Large Offerings, as of October 28 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
Hamilton County, Ohio	G.O.	6.7	November 3
*West Palm Beach, Florida	Rev.	14.3	November 3
*State of Oklahoma	G.O.	9.0	November 9
Dallas, Texas	G.O.	10.0	November 10
St. Louis Bd. of Education, Missouri	n.a.	6.5	November 15
*Maryland State Roads Commission	n.a.	15.0	November 15
Commonwealth of Massachusetts	n.a.	159.9	November 16
*Sonoma Co. Flood Control and Water Conservation Dist., Calif.	n.a.	5.7	November 17
*Georgia Rural Roads Authority	n.a.	14.5	November 22
Onondaga Co. Water Authority, N. Y.	Rev.	12.6	December 6
Los Angeles, California	n.a.	20.0	December 6
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
Texas Turnpike Company	Rev.	137.0	1955
Michigan Turnpike Authority	Rev.	186.0	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
*Port of New York Authority	n.a.	16.0	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.

Yields on New and Outstanding
Electric Power Bonds, Rated Aa and A 1/

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	3.46	16	3.78	26
1954 average	3.03	3	3.12	-3
1954 - January	3.19	6	*3.35	2
February	3.01	-1	*3.20	-1
March	*2.93	0	3.05	-10
April	2.95	5	3.10	-6
May	3.06	4	3.14	0
June	*3.00	1	3.14	-2
July	None	--	*3.11	-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	*3.22	10	3.35	14
June	*3.20	7	*3.30	10
July	None	--	None	--
August 31			3.57	30
September 14			3.50	23
21	3.32	10		
October 19	3.25	7		
20			3.25	-7
27			3.30	-4

* Single observation, not an average.

1/ 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. The number of new issues included in the monthly averages varies from 2 to 4 except for October 1954 when 6 issues were included. Average maturity for the seasoned issues varies from 26 to 28 years.