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November 9, 1955

CAPITAL MARKET DEVELOPMENTS

State and local governments sold 94 million dollars of large security issues during the week ending November 4. No large public corporate issues were floated last week, and only one such offering of 20 million dollars is scheduled in this abbreviated week. Two State and local government issues totaling 19 million dollars are also expected.

Bond yields - Yields on U. S. Government long-term and State and local government Aaa, Baa and revenue bonds declined last week, as can be seen from the attached exhibits. Corporate bond yields with Aaa ratings were unchanged and those with Baa ratings increased slightly.

According to daily figures, yields on Government bonds rose moderately and yields on corporate Aaa bonds decreased moderately on Monday of this week.

The decline in yields during October represented a continuation of the drop which began in early September for most types of issues outstanding. State and local government Baa and revenue obligation yields are now four basis points lower than they were during the first week of October and six to nine points below the September high. Yields on State and local government Aaa bonds have dropped eight basis points over the last month and 15 since early September. The change in corporate securities has been more moderate. Corporate Aaa bond yields are two basis points less than a month ago and four points below the September high. There has been no change in corporate Baa yields since September.

Stock prices rise - Stock prices rose sharply during the week ending November 4. The SEC index of 265 common stocks increased 7.5 points to 259.1, with trading volume moderate. The increase has continued into this week although at a more moderate rate.

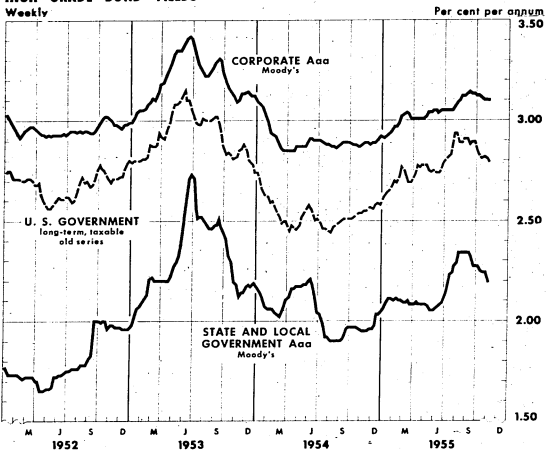
Common stock yields were 4.12 per cent at the end of October, the highest they have been since May. The unusually large increase last month--19 basis points--resulted from a considerable rise in dividend rates as well as the sharp drop in prices.

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	3.14 (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
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
November 4	3.10	2.79	2.19	.31	.60

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

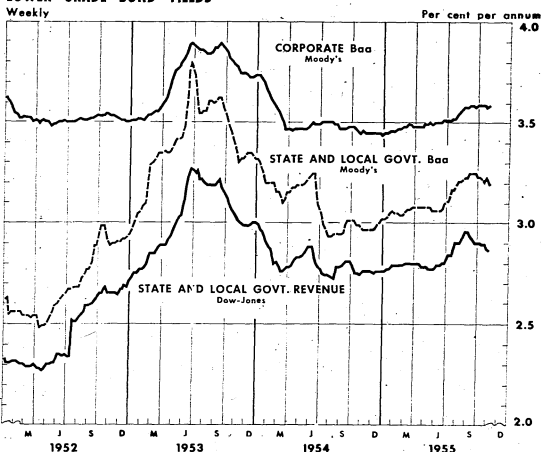
<sup>2/</sup> Weekly average of daily figures; old series. Average term to first call of bonds included is 11-14 years.

<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	3.59 (11/4)	3.25 (9/22)	2.95 (9/2)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
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
November 4	3.59	3.19	2.86

<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.

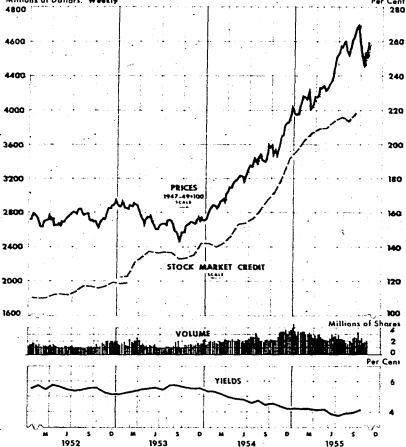
<sup>3/</sup> Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

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 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	1,605	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	1,195
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	4.12	n.a.	n.a.	1,195
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.	1,195
November 4	259.1	1.9	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=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	583	909	483	470	279	519
August	654	335	325	e/235	261	259
September	680	747	753	e/390	649	475
October	e/1,200 <sup>1/</sup>	1,003	577	e/900	594	453
November	e/550	290	429	e/550	423	408
December		604	1,438 <sup>2/</sup>		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	1,917	1,991	1,561 <sup>2/</sup>	e/1,095	1,188	1,253
4th quarter		1,896	2,444		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/1,445	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 <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 November 1 through 4

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
None						
<u>STATE AND LOCAL GOVERNMENT</u>						
Florida State Board of Education	Rev.	10.6	1957-76	var.	1.90-2.82	A
State of California	G.O.	60.0	1957-81	var.	1.50-2.30	Aa
Territory of Hawaii	G.O.	7.5	1958-75	2.44	1.80-2.50	A
Port of New Orleans, La.	G.O.	10.0	1960-90	2.62	2.00-2.70	A
Hamilton County, Ohio	G.O.	5.6	1957-81	n.a.	1.50-2.10	Aaa
<u>OTHER</u>						
None						

var. - various.

n.a. - not available

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.

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	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	805	843	—	909	2,205	—
Oct. 31	202	330	—	412	1,650	—

Forthcoming Large Offerings, as of November 4

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
United Gas	1st & coll. bds.	20.0	November 9
New England Telephone & Telegraph	Deb.	30.0	November 15
National Tea Company	Conv. SF deb.	15.0	November 15
Pacific Lighting	Pfd. stock	20.0	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
*San Diego Gas and Electric Co.	1st mtg. bds.	18.0	November 29
Wheeling Steel	Deb.	19.1	November 30
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	Conv. deb.	100.0	December
Sheraton Corporation	Deb.	15.0	1956
<u>STATE AND LOCAL GOVERNMENT</u>			
State of Oklahoma	G.O.	9.0	November 9
Dallas, Texas	G.O.	10.0	November 10
St. Louis Bd. of Education, Missouri	G.O.	6.5	November 15

## Forthcoming Large Offerings, as of November 4 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
Maryland State Roads Commission	Rev.	15.0	November 15
Commonwealth of Massachusetts	G.O.	159.8	November 16
Sonoma Co. Flood Control and Water Conservation Dist., Calif.	G.O.	5.7	November 17
Georgia Rural Roads Authority	n.a.	14.5	November 22
*Orlando, Florida	Rev.	5.4	November 22
*New York, New York	G.O.	50.0	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.