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January 19, 1956

CAPITAL MARKET DEVELOPMENTS

The volume of large public security offerings for the week of January 13 was slightly greater than it has been the last few weeks, despite the fact that for the fourth consecutive week there was no corporate financing. State and local governments sold \$62 million of large offerings and are scheduled to float \$58 million this week. No large corporate issues were scheduled either last week or this week.

Not included in the above statistics since it is not a new issue is the offering by the Ford Foundation of 10.2 million shares of common stock in the Ford Motor Company. The stock was offered on January 17 at \$64.50 per share. Reports indicated that the stock was selling at a premium in the over-the-counter market.

Bond yields declined - Yields on outstanding bonds decreased generally during the week ending January 13. State and local government revenue bond yields dropped three basis points; other yields declined more moderately as can be seen in the attached exhibits. Yields on corporate Aaa, Baa and U. S. Government long-term bonds declined further the first two days of this week.

Stock market credit - Customer credit in the stock market rose \$45 million in December to total \$4,025 million at the end of the year. Customers' net debit balances accounted for \$27 million of the increase; bank loans to "others" for the remaining \$18 million. Money borrowed by brokers and dealers on customer collateral increased \$75 million to \$1,816 million.

The following table shows these and other data on stock market credit for November and December.

	End of month		Change
	November	December	
	(Millions of dollars)		
Customer credit			
Excluding U. S. Govt. securities - Total	3,980	4,025	+45
Net debit balances	2,759	2,786	+27
Bank loans to "others"	1,221	1,239	+18
Net debit balances secured by U. S. Govt. securities	38	34	-4
Bank loans to others for purchasing or carrying U. S. Govt. securities	27	32	+5
Broker and dealer credit			
Money borrowed except on U. S. Govt. securities	2,185	2,246	+61
On customer collateral	1,741	1,816	+75
Money borrowed on U. S. Govt. securities	75	51	-24
Customers' net free credit balances	876	895	+19

Stock prices - The SEC index of 265 common stocks decreased moderately to 266.2 during the week ending January 13. Stock prices declined on balance through Wednesday of this week.

More detailed information concerning recent capital market developments is presented 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 <u>1/</u>	U. S. Govt. long-term <u>2/</u>	State and local govt., Aaa <u>3/</u>	Spread between U. S. Govt. and	
				Corporate Aaa	State and local Aaa
(Per cent)					
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	3.17 (12/23)	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
December 16	3.17	2.88	2.30	.29	.58
December 23	3.17	2.88	2.30	.29	.58
December 30	3.16	2.89	2.30	.27	.59
January 6	3.14	2.90	2.29	.24	.61
January 13	3.13	2.88	2.27	.25	.61

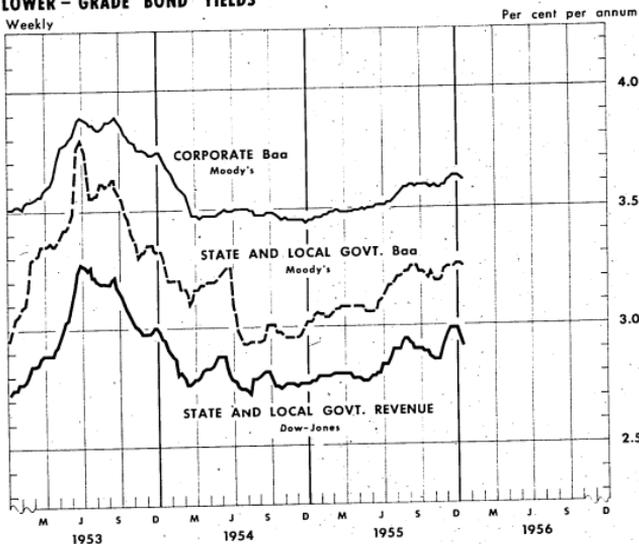
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

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.

LOWER - GRADE BOND YIELDS



Date	Corporate Baa ^{1/}	State and local govt. Baa ^{2/}	State and local govt. rev. ^{3/}
	(Per cent)		
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	3.63 (12/30)	3.26 (12/29)	2.99 (12/30)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
December 16	3.62	3.25	2.99
December 23	3.63	3.25	2.99
December 30	3.63	3.26	2.99
January 6	3.62	3.26	2.94
January 13	3.61	3.25	2.91

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

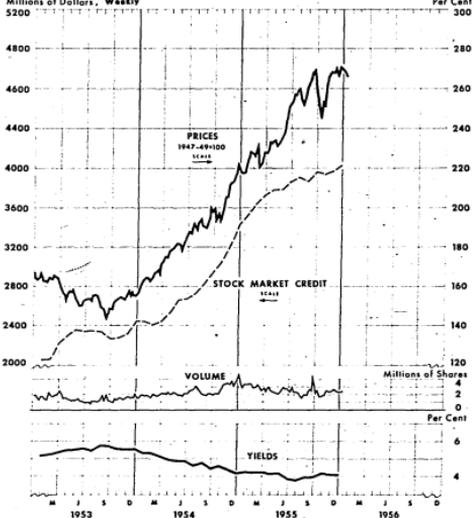
^{2/} Thursday figures. Only general obligation bonds are included; average term is 20 years.

^{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

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)						
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	270.7 (12/30)	4.6	4.22	4,025	2,805	1,241
Low	217.4 (1/14)	1.5	3.78	3,537	2,517	1,018
November	265.0	2.3	4.09	3,980	2,759	1,221
December	269.2	2.4	4.06	4,025	2,786	1,239
December 30	270.7	2.3	n.a.	n.a.	n.a.	1,239
January 6	268.8	2.3	n.a.	n.a.	n.a.	1,253
January 13	266.2	2.4	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			
	1956	1955	1954	1956	1955	1954	
January	e/500	546	547	e/325	535	396	
February		436	426		312	411	
March		1,261	635		538	565	
April		494	497		427	734	
May		903	656		350	748	
June		697	842		641	853	
July		583	909		470	279	
August		654	335		249	261	
September		680	747		406	649	
October		1,138 ^{1/}	1,003		919	594	
November		601	290		e/625	423	
December		e/850	604		e/400	877	
1st quarter		2,243	1,608		1,385	1,372	
2nd quarter		2,094	1,995		1,418	2,334	
3rd quarter		1,917	1,991		1,124	1,188	
4th quarter		e/2,590	1,896		e/1,945	1,894	
Year		e/8,845	7,490		e/5,870	6,789	
		Excluding finance companies ^{2/}					
1st quarter		1,791	1,527				
2nd quarter		1,912	1,927				
3rd quarter		1,441	1,911				
4th quarter		e/2,390	1,792				
Year		e/7,535	7,158				

e/ Estimated.

^{1/} Includes \$637.2 million AT&T convertible 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

(Millions of dollars)

Month	Corporate	State and local government	Other <u>2/</u>
1954 - 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	--
November	269	396	25
December	215	205	50

Large Individual Issues Offered January 2 through 13

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
None						
<u>STATE & LOCAL GOVERNMENT</u>						
Wayne County Sewer System, Michigan	G.O.	6.7	1956-93	3.21	1.90-3.20	A
Platte County, Missouri	Rev.	5.4	1986	n.a.	3.75	n.a.
Allegheny Co., Pa.	G.O.	6.0	1957-86	2.53	1.75-2.60	A
Los Angeles, Calif.	G.O.	40.0	1957-76	2.58	1.80-2.65	Aa
State of Colorado	L.L.	8.0	1957-71	2.29	1.70-2.25	Aa
Detroit, Michigan	Rev.	8.0	1961-76	2.41	2.10-2.45	Aa
<u>OTHER</u>						
None						

n.a.--Not available.

1/ Includes corporate and other security offerings of \$15 million 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; 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 - 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	305	---	412	1,650	---
Nov. 30	215	230	50	230	756	50
Dec. 30	70	121	--	85	618	--

Forthcoming Large Offerings, as of January 13

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Commercial Credit Co.	Senior notes	50.0	January 25
Textron-American	Conv. deb.	30.0	January 26
Northwestern Bell Telephone	Deb.	25.0	February 1
Texas Utilities	Com. stock	15.0	February 1
Bell Telephone of Pennsylvania	Deb.	35.0	March 6
*New York Telephone	Ref. mtg. bds.	55.0	March 27
*Southern California Gas	Mtg. bds.	40.0	March
Sheraton Corporation of America	Deb.	15.0	1956
*Reynolds Metals	Pfd. stock	40.0	1956
<u>STATE AND LOCAL GOVERNMENT</u>			
*Gwinnett County, Georgia	L.L.	5.9	January 16
San Diego, California	G.O.	9.5	January 17
Springfield, Ohio	G.O.	5.2	January 17
State of Michigan	L.L.	20.0	January 17
Detroit, Michigan	G.O.	5.2	January 17
Caddo Parish, Louisiana	G.O.	5.0	January 18

Forthcoming Large Offerings, as of January 13 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)			
Louisiana State Building Authority	I.L.	7.6	January 19
*Milwaukee County, Wisconsin	G.O.	8.9	January 23
Philadelphia, Pennsylvania	G.O.	6.0	January 25
State of Maryland	n.a.	7.8	January 31
Tacoma, Washington	Rev.	5.0	January 31
*Walsenburg, Colorado	n.a.	21.0	February 2
Oklahoma City, Oklahoma	n.a.	13.2	February 7
*Public Housing Authorities	--	106.8	February 7
Rochester, New York	n.a.	7.4	February 21
Florida State Turnpike Authority	n.a.	185.0	Late spring
Inter-American Center Auth., Fla.	Rev.	25.0	1956
Oklahoma Turnpike Authority	Rev.	65.0	1956
Pennsylvania Turnpike Commission	Rev.	62.0	1956
Washington State Toll Bridge Auth.	Rev.	227.0	1956
Salt River Project, Arizona	n.a.	11.0	1956
Connecticut Expressway	Rev.	100.0	1956
<u>OTHER</u>			
None			

*--Included in table for first time.

1/ Includes corporate and other issues of \$15 million and over; State and local government issues of \$5 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues.