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H.14

February 1, 1956

CAPITAL MARKET DEVELOPMENTS

One large corporate debenture issue of \$20 million and two large State and local government security offerings with total proceeds of \$15 million were floated publicly for new capital during the week ending January 27. The volume of large issues scheduled to be offered this week is greater, totaling \$65 million for corporations and \$13 million for State and local governments.

February estimates - The volume of corporate financing for new capital in February is estimated at \$600 million, more than one-third greater than the total a year ago. Large public issues already scheduled account for about one-third of the expected volume this month while last year such offerings represented only one-seventh of the total.

The February estimate of State and local government security issues is \$525 million, compared to a total of \$312 million offered in February 1955. Included in this estimate, and accounting for most of the gain over last year's February volume, are the Public Housing Authorities issue of \$106.8 million and the Connecticut Expressway offering of \$100 million. The latter offering was previously scheduled in December 1955 but was postponed due to unfavorable market conditions.

Bond yields - Corporate Aaa and Baa bond yields decreased two and one basis points respectively during the week ending January 27. Other yields shown in the attached exhibits remained stable. During the first two days of this week, no change was recorded in corporate and U. S. Government bond yields.

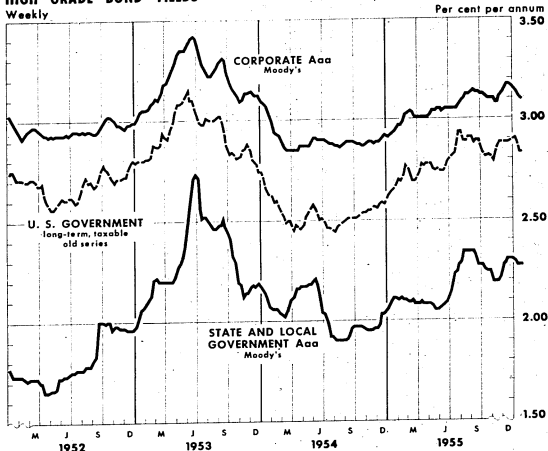
Stock prices increase - The SEC index of 265 common stocks rose moderately to 259.0 last week in an average daily trading volume of 2.1 million shares a day. Prices made further moderate increases on Monday, Tuesday and Wednesday of this week.

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 <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)					
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	3.17 (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
1956 - High	3.14 (1/6)	2.90 (1/6)	2.29 (1/5)	.28	.61
Low	3.09 (1/27)	2.83 (1/27)	2.27 (1/26)	.24	.56
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
January 20	3.11	2.83	2.27	.28	.56
January 27	3.09	2.83	2.27	.26	.56

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

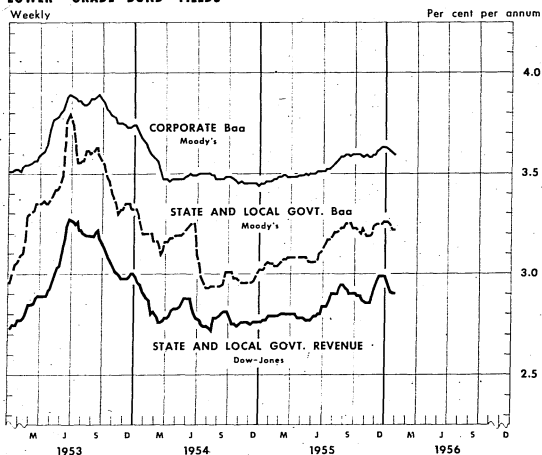
<sup>2/</sup> Weekly average of daily figures; old series. Average term to first call of bonds included is 11-14 years.

<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)		
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)
1956 - High	3.62 (1/6)	3.26 (1/5)	2.94 (1/6)
Low	3.59 (1/27)	3.22 (1/26)	2.90 (1/27)
December 30	3.63	3.26	2.99
January 6	3.62	3.26	2.94
January 13	3.61	3.25	2.91
January 20	3.60	3.22	2.90
January 27	3.59	3.22	2.90

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

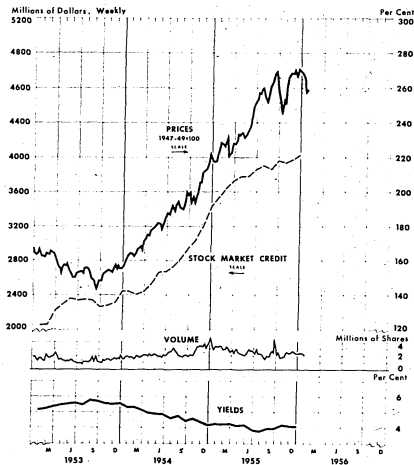
<sup>2/</sup> Thursday figures. Only general obligation bonds are included; average term is 20 years.

<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



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)						
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
1956 - High	268.8 (1/6)	2.4	n.a.	n.a.	n.a.	1,253
Low	257.4 (1/20)	2.1	n.a.	n.a.	n.a.	1,211
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
January 13	266.2	2.4	n.a.	n.a.	n.a.	1,253
January 20	257.4	2.3	n.a.	n.a.	n.a.	1,241
January 27	259.0	2.1	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=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 loans for purchasing or carrying U. S. Government securities at banks in New York and Chicago. 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	54
January	e/600	546	547	e/360	535	396
February	e/600	436	426	e/525	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 <sup>1/</sup>	1,003		919	594
November		601	290		658	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/1,977	1,894
Year		e/8,845	7,490		e/5,904	6,789
		Excluding finance companies <sup>2/</sup>				
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			

<sup>e/</sup> Estimated.<sup>1/</sup> Includes \$637.2 million AT&T convertible debenture issue.<sup>2/</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 - 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 27

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Commercial Credit Co.	Sr. notes	75.0	1976	3 5/8	3.63	--
Textron-American	Conv. deb.	20.0	1971	5.00	5.00	Ba
<u>STATE &amp; 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
Gwinnett County, Ga.	L.L.	5.9	1959-84	n.a.	3.00-3.50	--
San Diego, Calif.	G.O.	9.5	1957-81	2.56	1.75-2.60	A
Springfield, Ohio	G.O.	5.2	1957-80	2.48	1.75-2.55	A

## Large Individual Issues Offered January 2 through 27 (Cont'd)

Issuer	Type <sup>3/</sup>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE &amp; LOCAL GOVERNMENT</u> (Cont'd)						
State of Michigan	L.L.	10.0	1957-78	2.37	1.70-2.40	Aa
State of Michigan	L.L.	10.0	1957-72	2.30	1.70-2.30	Aa
Detroit, Michigan	G.O.	5.2	1957-81	Var.	1.80-2.60	A
Caddo Parish, La.	G.O.	5.0	1957-76	2.57	1.80-2.60	A
La. State Building Auth.	L.L.	7.6	1961-85	3.06	2.50-3.05	Baa
Milwaukee Co., Wis.	G.O.	8.9	1957-64	1.96	1.55-1.90	Aaa
Philadelphia, Pa.	G.O.	6.0	1957-06	2.75	1.75-3.00	A
<u>OTHER</u>						
None						

Var.--Various.

n.a.--Not available.

<sup>1/</sup> Includes corporate and other security offerings of \$15 million and over; State and local government security offerings of \$5 million and over.

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

<sup>3/</sup> 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/

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/
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	--
Nov. 30	215	205	50	230	756	50
Dec. 30	70	121	--	85	618	--
1956 - Jan. 31	176	327	--	376	917	--

Forthcoming Large Offerings, as of January 27

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Northwestern Bell Telephone	Deb.	25.0	February 1
Reynolds Metals	Pfd. stock	40.0	February 1
Chemical Corn Exchange Bank	Com. stock	26.0	February 8
Southern California Edison	Pfd. stock	30.0	February 14
M. Lowenstein and Sons	Conv. sub. deb.	34.3	February 15
*West Coast Transmission	Sub. deb.	20.5	February 21
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	May
Sheraton Corporation of America	Deb.	15.0	1956
*Tennessee Gas Transmission	Pfd. stock	40.0	1956
*Koppers Co., Inc.	Com. stock	15.6	1956
<u>STATE AND LOCAL GOVERNMENT</u>			
State of Maryland	G.O.	7.8	January 31
Tacoma, Washington	Rev.	5.0	January 31
Oklahoma City, Oklahoma	n.a.	13.2	February 7
Public Housing Authorities	--	106.8	February 7
New Orleans, Louisiana	n.a.	11.5	February 8



## Forthcoming Large Offerings, as of January 27 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)			
Harris County, Texas	n.a.	5.5	February 14
Metropolitan Water Dist. of So. Cal.	n.a.	7.3	February 14
*Lubbock, Texas	n.a.	9.8	February 14
*New York State Thruway	n.a.	50.0	February 15
Rochester, New York	n.a.	7.4	February 21
Weber Basin Water Conservancy District, Utah	n.a.	5.4	February 23
*Fort Worth, Texas	n.a.	10.0	February 27
Connecticut Expressway	Rev.	100.0	February 28
Georgia Rural Roads Authority	Rev.	15.5	May
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
<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.