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May 10, 1956

### CAPITAL MARKET DEVELOPMENTS

The volume of large publicly offered securities was moderate during the week ending May 4. Corporate issues totaling \$60 million and \$64 million of State and local government issues were sold. This week, ending May 8, \$21 million of large State and local issues and \$46 million of corporate securities are scheduled for sale. In addition subscription rights expire on two convertible debenture issues with aggregate proceeds of \$77 million.

Bond yields - Pressure on bond prices appears to have moderated somewhat last week, and yields on outstanding corporate and general obligation State and local bonds were unchanged from previous week's level. Yields on U. S. Government and State and local revenue bonds declined. For the Aaa corporate yields, this was the first week since March 9 that they have not increased; during this period yields have risen 23 basis points. Yields on Aaa-rated State and local bonds have also increased practically without interruption since late February; the increase in these yields has been 34 basis points.

Pressure on new offering yields also seems to have moderated somewhat, although no clear pattern has emerged from this week's flotations. Two electric utility mortgage bond issues were reoffered on Wednesday, May 9; one, rated Aa, was priced to yield 3.55 per cent while the other, rated A, was priced to yield 3.80 per cent. Reception of both issues was reported to be slow. The Aa reoffered yield was 22 basis points below the yield on the last previous issue of April 25, while the A-rated issue was offered at 13 basis points above the latest earlier offering of April 11.

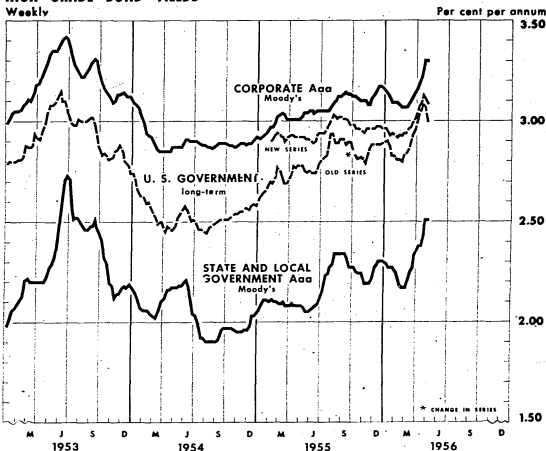
Stock prices - Common stock prices, as measured by the SEC index of 265 stocks, increased 3.2 points to end the week of May 4 at 290.0. Daily indexes indicate some decline on balance through Wednesday of this week.

More detailed information concerning recent 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 1/	U. S. Govt., long-term 2/		State and local govt. Aaa 3/	Spread between U. S. Govt. (old series) and	
		Old series	New series		Corporate	State and
					Aaa	local Aaa
(Per cent)						
1953 - High	3.42 (6/19)	3.15 (6/6)	n.a.	2.73 (6/25)	.38	.84
Low	2.99 (1/9)	2.78 (12/26)	n.a.	1.98 (1/8)	.19	.30
1954 - High	3.09 (1/8)	2.74 (1/9)	n.a.	2.21 (6/10)	.43	.61
Low	2.85 (4/23)	2.44 (8/7)	n.a.	1.90 (9/2)	.32	.29
1955 - High	3.17 (12/23)	2.94 (8/5)	3.03 (8/5)	2.34 (9/8)	.34	.70
Low	2.91 (1/7)	2.62 (1/7)	2.89 (6/10)	2.05 (5/26)	.13	.54
1956 - High	3.30 (5/4)	3.08 (4/20)	3.13 (4/20)	2.51 (5/3)	.31	.68
Low	3.07 (3/2)	2.80 (2/17)	2.92 (2/3)	2.17 (2/23)	.13	.48
April 6	3.16	3.03	3.07	2.38	.13	.65
April 13	3.21	3.06	3.09	2.38	.15	.68
April 20	3.27	3.08	3.13	2.43	.19	.65
April 27	3.30	3.07	3.11	2.51	.23	.56
May 4	3.30	2.99	3.08	2.51	.31	.48

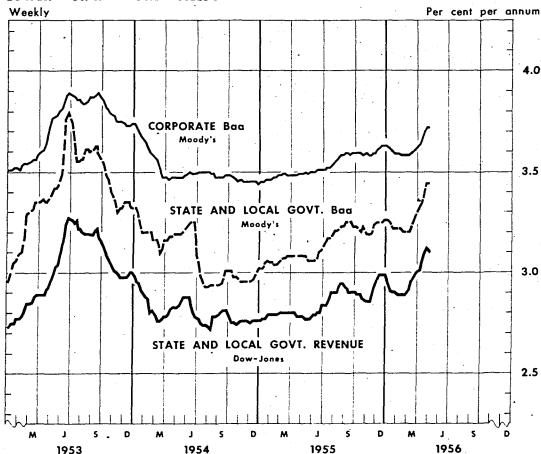
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

2/ Weekly averages of daily figures. The old series includes fully taxable, marketable 2 1/2 per cent bonds due or first callable after 12 years through September 1955, and those due or callable in 10-12 years thereafter; the average term to first call of the bonds included declined from 14 years in early 1953 to 11 1/2 years in early 1956. The new series is comprised of the 3 per cent bond of 1955 and the 3 1/4 per cent bond of 1978-83.

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 <u>1/</u>	State and local govt. Baa <u>2/</u>	State and local govt. rev. <u>3/</u>
	(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	3.72 (5/4)	3.44 (5/3)	3.12 (4/27)
Low	3.58 (3/9)	3.20 (3/8)	2.89 (2/24)
April 6	3.64	3.33	3.01
April 13	3.67	3.35	3.06
April 20	3.70	3.40	3.10
April 27	3.72	3.44	3.12
May 4	3.72	3.44	3.10

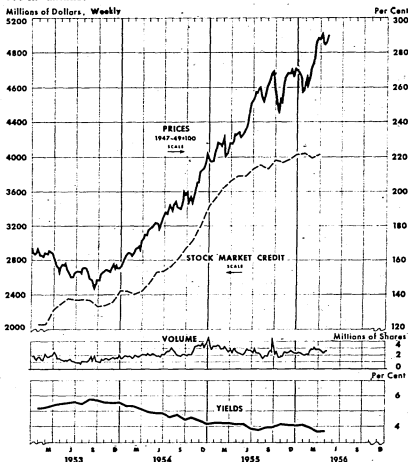
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

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' debt bal- ances 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	4,030	2,805	1,241
Low	217.4 (1/14)	1.5	3.78	3,537	2,517	1,018
1956 - High	290.8 (4/6)	3.1	4.08	4,040	2,786	1,267
Low	257.4 (1/20)	2.0	3.68	3,991	2,740	1,249
March	283.2	2.7	3.68	4,038	2,786	1,252
April	286.8	2.6	3.69	n.a.	n.a.	1,255
April 20	284.6	2.3	n.a.	n.a.	n.a.	1,260
April 27	286.2	2.5	n.a.	n.a.	n.a.	1,255
May 4	290.0	2.6	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 1917-49-100 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 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	1954
January	487	546	547	404	535	396
February	708	436	426	696	312	411
March	e/875	1,261	635	e/375	538	565
April	e/800	494	497	e/350	427	734
May	e/1,050	903	656	e/375	350	748
June		697	842		641	853
July		583	909		470	279
August		654	335		249	261
September		680	747		406	649
October		1,207 <sup>1/</sup>	1,003		919	594
November		631	290		658	423
December		921	604		408	877
1st quarter	e/2,070	2,243	1,608	e/1,475	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		2,760	1,896		1,984	1,894
Year		9,014	7,490		5,911	6,789
Excluding finance companies <sup>2/</sup>						
1st quarter	e/1,670	1,791	1,527			
2nd quarter		1,912	1,927			
3rd quarter		1,441	1,911			
4th quarter		2,619	1,792			
Year		7,762	7,158			

e/ 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>
1955 - April	173	238	15
May	483	152	--
June	175	403	--
July	101	278	--
August	405	65	--
September	328	234	--
October	805	716	--
November	221	r/401	25
December	263	r/227	50
1956 - January	95	192	--
February	212	r/444	--
March	278	163	--
April	395	157	50

Large Individual Issues Offered May 1 through 4

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Duke Power	1st & ref. mtg. bds.	30.0	1986	3 5/8	3.50	Aaa
Kaiser Aluminum & Chem.	Conv. pref. stk.	30.0				
<u>STATE &amp; LOCAL GOVERNMENT</u>						
Allegheny Co. Sanitary Auth., Pa.	Rev.	25.0	1961-96	3.35	2.75-3.35	--
Baltimore, Maryland	G.O.	25.0	1958-82	2.81	2.10-2.80	Aa
La Mesa, Lemon Grove & Spring Valley Irrigation Dist., Cal.	G.O.	5.2	1966-96	3.90	3.30-3.85	Baa
Los Angeles, Calif. Dept. of Water & Pwr.	Rev.	9.0	1957-86	2.94	2.10-2.95	Aa
Chesapeake Bay Ferry Dist. Commission, Va.	Rev.	20.0	1986	n.a.	n.a.	--

OTHER

None

r/ Revised.

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/
1955 - 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. 31	70	121	--	85	618	--
1956 - Jan. 31	176	327	--	376	917	--
Feb. 29	123	220	--	233	785	--
Mar. 30	380	132	--	1,013	811	--
Apr. 30	568	173	--	818	832	--

Forthcoming Large Offerings, as of May 4

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
General Telephone	Conv. deb.	53.0	May 7 (rights expire)
California Oregon Power	1st mtg. bds.	16.0	May 9
General American Transportation	Conv. deb.	23.8	May 9 (rights expire)
Niagara Mohawk Power	Gen'l. mtg. bds.	30.0	May 9
General Electric	Deb.	300.0	May 15
Northern Illinois Gas	1st mtg. bds.	15.0	May 16
Consolidated Edison	1st & ref. mtg. bds.	30.0	May 23
Southern California Gas	1st mtg. bds.	40.0	May 23
*Lockheed Aircraft	Deb.	30.0	May 23
*Pacific Finance	Deb.	25.0	May
American Telephone and Telegraph	Deb.	250.0	June



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

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
Great Falls, Montana	G.O.	5.0	May 7
Pasadena, Calif.	G.O.	11.0	May 8
Tulsa, Oklahoma	Rev.	5.0	May 8
Salt River Project, Arizona	n.a.	11.0	May 15
Toledo, Ohio	Rev.	5.0	May 16
Dade Co., Florida, Special Tax School Dist. No. 1	G.O.	15.0	May 16
Orleans Parish, La.	G.O.	5.0	May 16
*Omaha, Nebraska	G.O.	20.0	May 21
*State of Minnesota	G.O.	10.0	May 22
Cleveland, Ohio	G.O.	16.2	May 22
Georgia Rural Roads Authority	Rev.	15.5	May
*Denver, Colorado	G.O.	5.3	June 6
*Tallahassee, Florida	Rev.	6.0	June 7
State of California	G.O.	50.0	June 13
Florida State Turnpike Auth.	Rev.	185.0	Summer
Oklahoma Turnpike Authority	Rev.	65.0	1956
Pennsylvania Turnpike Commission	Rev.	62.0	1956
Washington State Toll Bridge Auth.	Rev.	227.0	1956
Inter-American Center Auth., Fla.	Rev.	70.0	1956
<u>OTHER</u>			
None			

\*--Included in table for first time.

n.a.--Not available.

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.