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June 28, 1956

Capital Markets Development

The volume of publicly offered securities was quite large during the week ending June 23, and will be large again this week. State and local governments sold large bond issues totaling \$204 million last week, while corporate issues of \$13 million were offered. The largest issue of the week, the \$166 million Grant County Public Utility District issue, was favorably received by investors and was quoted at above the offering price on the day of offering. This week, ending June 29, a \$92 million Public Housing Authorities issue is scheduled for sale and rights expire on a \$20 million common stock offering.

Bond yields - Yield on outstanding bonds were stable or increased slightly during the week ending June 23, except for those on Aaa-rated State and local government bonds which decreased slightly. A new 30-year, first mortgage, electric utility bond issue was reoffered on June 20 at a yield 3.75 per cent, 27 basis points higher than yields on similar outstanding bonds of somewhat shorter maturity; a similar new offering on May 16 was made at about the same yield and spread.

Estimated July volume - The volume of corporate security issues for new capital during July is estimated at \$1,075 million, four-fifths larger than the volume a year ago and one-fourth greater than in June. Included in the total are expected large public issues totaling \$437 million, including the \$250 million AT&T debenture offering; smaller public offerings and take-downs of private placements are also expected to continue in substantial volume.

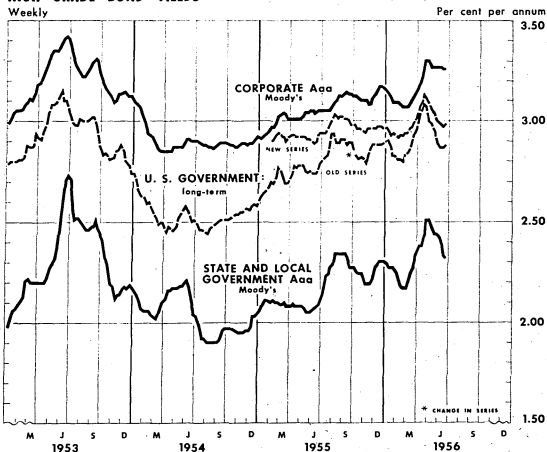
State and local government bond issues during July are expected to total \$400 million, 15 per cent less than in July 1955, and four-fifths smaller than in June of this year. The estimate for July does not include any very large issues in contrast to the June volume, of which almost two-fifths was accounted for by two large issues.

Stock prices - Common stock prices, as measured by the SEC index of 265 stocks, increased fractionally last week, closing on June 22 at 277.7. Trading volume averaged only 1.6 million shares per day, the smallest volume this year to date. Daily indexes indicate some further increase in stock prices through Wednesday of this week.

More detailed information concerning recent capital market developments is presented in the attached exhibits.

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 Corporate State and Local Aaa	
		Old series	New series		Corporate Aaa	State and 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)	.40	.68
Low	3.07 (3/2)	2.80 (2/17)	2.92 (2/3)	2.17 (2/23)	.13	.45
May 25	3.27	2.89	3.00	2.44	.38	.45
June 1	3.27	2.87	2.99	2.42	.40	.45
June 8	3.27	2.87	2.98	2.38	.40	.49
June 15	3.25	2.87	2.97	2.33	.39	.54
June 22	3.26	2.82	2.98	2.32	.38	.56

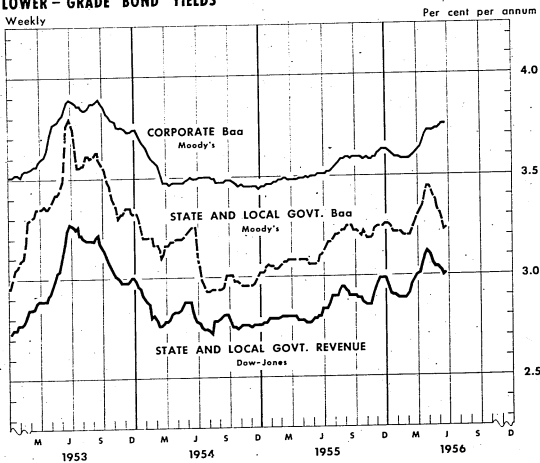
^{1/} Weekly average of daily figures. Average term of bonds included is 25-26 years.

^{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 4 1/2 years in early 1953 to 1 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 ^{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)
1956 - High	3.75 (6/22)	3.44 (5/3)	3.12 (4/27)
Low	3.58 (3/9)	3.20 (3/8)	2.89 (2/24)
May 25	3.73	3.33	3.04
June 1	3.74	3.31	3.03
June 8	3.75	3.28	3.02
June 15	3.75	3.23	3.00
June 22	3.75	3.24	3.01

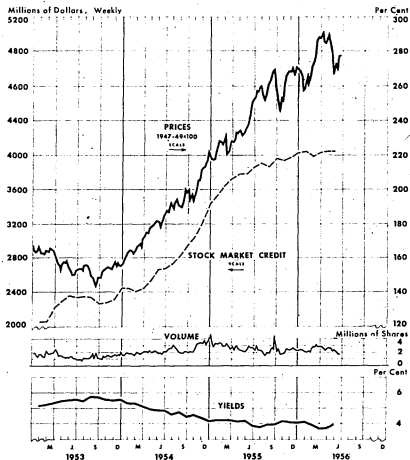
^{1/} Weekly average of daily figures. Average term of bonds included is 25-26 years.

^{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)						
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	1,214
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	4,047	2,810	1,267
Low	257.4 (1/20)	1.6	3.68	3,991	2,740	1,217
April	286.8	2.6	3.69	4,043	2,788	1,255
May	280.1	2.4	3.97	4,047	2,810	1,237
June 8	269.8	2.0	n.a.	n.a.	n.a.	1,232
June 15	277.0	1.7	n.a.	n.a.	n.a.	1,217
June 22	277.7	1.6	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 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 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	579	535	547	404	535	396
February	704	407	426	696	312	411
March	790	1,223	635	e/375	538	565
April	e/890	478	497	e/350	427	734
May	e/1,100	886	656	e/500	350	748
June	e/875	667	842	e/700	644	853
July	e/1,075	597	909	e/400	470	279
August		644	335		249	261
September		670	747		406	649
October		1,162 ^{1/}	1,003		919	594
November		632	290		658	423
December		900	604		408	877
1st quarter	2,073	2,165	1,608	e/1,475	1,385	1,372
2nd quarter	e/2,865	2,052	1,995	e/1,550	1,418	2,334
3rd quarter		1,911	1,991		1,124	1,188
4th quarter		2,695	1,896		1,984	1,894
Year		8,821	7,490		5,911	6,789
	Excluding finance companies ^{2/}					
1st quarter	1,617	1,727	1,527			
2nd quarter	e/2,665	1,870	1,927			
3rd quarter		1,434	1,911			
4th quarter		2,554	1,792			
Year		7,569	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>
1955 - May	483	152	--
June	175	403	--
July	101	278	--
August	405	65	--
September	328	234	--
October	805	716	--
November	221	401	25
December	263	227	50
1956 - January	95	192	--
February	212	444	--
March	278	163	--
April	395	157	50
May	623	233	--

Large Individual Issues Offered June 1 through 22

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Commonwealth Edison	1st mtg. bds.	40.0	1986	3 1/2	3.50	Aaa
U. S. Plywood	Deb.	15.0	1981	4 1/4	4.25	Baa
Household Finance	Deb.	50.0	1978	4	4.60	--
Boston Edison	Pfd. stk.	18.0		4.25		
Combustion Eng'g.	Conv. sub.deb.	15.0	1981	3 3/8	3.38	Baa
Halliburton Oil Well Cementing Co.	Common stk.	27.6				

Large Individual Issues Offered June 1 through 22 (Cont'd)

Issuer	Type ^{3/}	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE & LOCAL GOVERNMENT</u>						
Wash. Toll Bridge Auth.	Rev.	6.0	1956-96	n.a.	^{4/}	--
Cincinnati, Ohio.	G.O.	8.5	1957-96	2.35	1.70-2.50	Aaa
New York, N. Y.	G.O.	30.0	1957-71	2.80	2.00-2.80	A
Denver, Colorado	G.O.	5.3	1967-95	2.50	2.10-2.55	Aa
Chicago, Illinois	G.O.	22.0	1958-75	2.61	2.10-2.65	A
Tallahassee, Florida	Elec. rev.	4.0	1959-78	3.13	2.60-3.15	Baa
Tallahassee, Florida	Util. tax rev.	1.5	1958-82	3.07	2.25-3.10	A
Pa. Gen. State Auth.	Rev.	20.0	1958-82	2.66	2.10-2.70	--
Georgia Rural Roads Auth.	Rev.	15.5	1958-72	2.81	2.20-2.75	A
State of California	G.O.	50.0	1958-77	2.30	1.80-2.35	Aa
Hudson County, N. J.	G.O.	5.1	1958-81	2.74	2.00-2.75	A
Alexandria, La.	Util. rev.	8.3	1959-86	3.24	2.40-3.25	A
Long Beach, Calif.	G.O.	5.9	1958-81	2.46	1.90-2.52	Aa
Wash. Sub. San? Dist., Md.	G.O.	8.5	1957-95	3.12	2.50-3.60	Baa
State of Vermont	G.O.	7.6	1957-56	1.98	1.65-2.00	Aaa
Pwr. Auth. of the State of N. Y.	Rev.	7.3	1961-85	2.86	2.30-3.00	--
Grant Co. Pub. Util. Dist., Wash.	Rev.	166.0	2005	4.05	3.92	--
<u>OTHER</u>						
None						

^{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.

^{4/} No reoffering.

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 - 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	--	375	917	--
Feb. 29	123	220	--	233	785	--
Mar. 30	380	132	--	1,013	811	--
Apr. 30	568	173	--	818	832	--
May 31	198	332	--	448	941	--
June 30	437	81	--	567	690	--

Forthcoming Large Offerings, as of June 22

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
National Gypsum	Common stk.	19.6	June 25 (rights expire)
Pacific Gas and Electric	Common stk.	36.6	July 2 (rights expire)
Florida Power Corp.	1st mtg. bds.	20.0	July 2
American Telephone and Telegraph	Deb.	250.0	July 10
*Union Electric Co. of Mo.	1st.mtg. bds.	40.0	July 17
*Sperry Rand	Common stk.	60.0	July 25 (rights expire)
*Tennessee Gas Transmission	Deb.	30.0	July
Consolidated Natural Gas	Deb.	30.0	Summer
CIT Financial	Deb.	75.0	1956
Pacific Finance	Deb.	25.0	1956

Forthcoming Large Offerings, as of June 22 (Cont'd)

Issuer	Type	Amount (millions or dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
Public Housing Authorities	--	91.8	June 27
State of Massachusetts	G.O.	38.0	July 11
* Dearborn School District	G.O.	14.0	July 18
* Maryland State Road Commission	G.O.	15.0	July 24
* Jacksonville, Florida	Elec.rev.bds.	14.0	July 24
Florida State Turnpike Authority	Rev.	185.0	Fall
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>			
British Columbia Power Commission	SF deb.	20.0	June 27

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.

*--Included in table for first time.

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
1955 average	3.23	9	3.33	12
1956 - January	None	--	None	--
February	*3.15	3	3.23	-5
March 8	3.19	5		
16			3.35	7
23	3.37	18		
30			3.55	25
April 4			3.57	23
4			3.60	26
11			3.67	29
25	3.77	40		
May 9			3.80	32
16			3.73	24
24	3.53	19		
June 8	3.52	18		
20			3.75	27

*--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 A-rated issues were included. Average maturity for the seasoned issues varies from 26 to 28 years.