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July 5, 1956CAPITAL MARKET DEVELOPMENTS

The relatively small volume of new large security issues offered publicly during the week ending June 29 was dominated by a bond issue totaling \$91.8 million offered by the Public Housing Authorities. Of this total, \$86 million was reoffered publicly and appears to have met a fair reception, with approximately \$50 million left in account near the end of the week. This issue brought large state and local offerings to a total of \$463 million for June--the highest monthly volume in over a year.

The week's only addition to June corporate offerings came through the expiration of subscription rights to a \$19.6 million issue of industrial common stock. This brought the total of new large corporate security issues to a modest \$185 million for the month. The only other large offering during the week was a \$20 million British Columbia sinking fund debenture.

For the week ending July 6, including the July 4 holiday, no large state or local public offerings and only one \$20 million corporate issue are scheduled. A substantial increase is reported, however, among new issues now scheduled for offering later in the month as can be noted in Exhibit F.

Bond Yields - Last week was marked by a slight upward trend in yields generally, carrying the yield on corporate Baa's to 3.77--a new 1956 high. On July 2, a \$20 million issue of 30-year A-rated first mortgage electric utility bonds was sold to yield 3.82. This was 7 basis points above a comparable offering during the week of June 20.

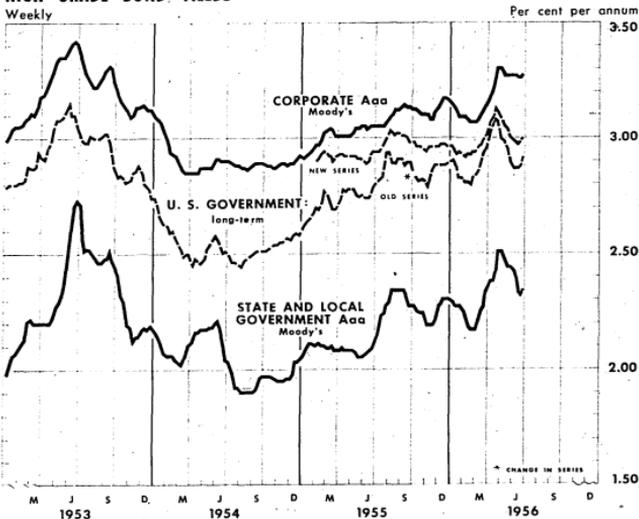
Stock Prices - The SEC index of 265 common stock prices recorded a rise of 2.4 points during the week ending June 29. This brought the index to 280.1 by the end of the week--equal to the average level for May though still well below April highs. Trading volume, though still light, was up 0.2 million from the year's low of 1.6 million the preceding week. Daily indexes indicate that the beginning of the steel strike had a moderately adverse effect on the market Monday, but the recovery on July 3, carried the index to a level slightly higher than the close on Friday, June 29.

More detailed information concerning the 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 1/	U. S. Govt., long-term 2/		State and local govt. Aaa 3/	Spread between U. S. Govt. (old series) and Corporate Aaa and 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
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	3.26	2.87	2.97	2.33	.39	.54
June 22	3.26	2.88	2.98	2.32	.38	.56
June 29	3.27	2.92	3.00	2.34	.35	.58

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

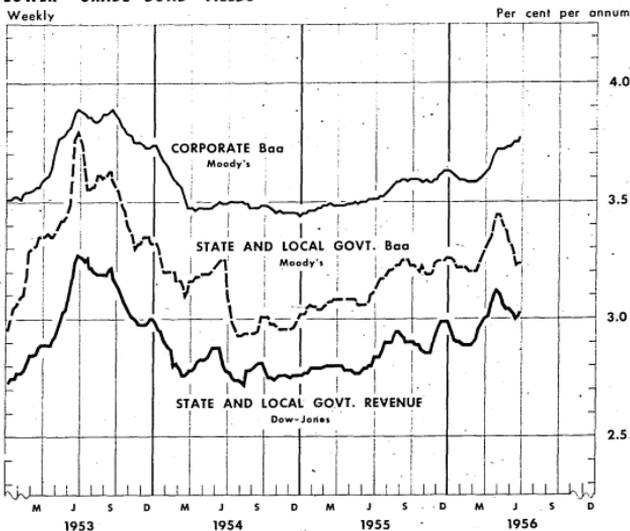
2/ Weekly averages of daily figures. The old series includes fully taxable, marketable 2 1/2 per cent bonds due or first callable after 12 years through September 1955, and those due or callable in 10-12 years thereafter; the average term to first call of the bonds included declined from 14 years in 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.

EXHIBIT B

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 (1/3)	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	3.77 (6/29)	3.44 (5/3)	3.12 (4/27)
Low	3.58 (3/9)	3.20 (3/8)	2.89 (2/24)
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
June 29	3.77	3.24	3.03

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.

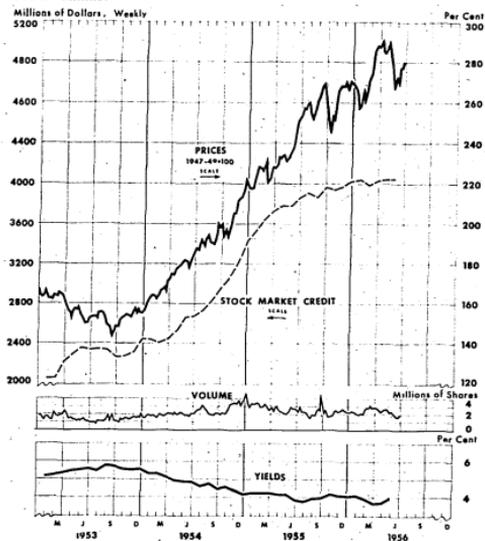
3/ Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

Note.--Highs and lows are for individual series and may

occur on different dates for different series.

EXHIBIT C

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 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	4,047	2,810	1,267
Low	257.4 (1/20)	1.6	3.68	3,991	2,740	1,217
May	280.1	2.4	3.97	4,047	2,810	1,237
June	275.5	1.8	n.a.	n.a.	n.a.	n.a.
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.	1,222
June 29	280.1	1.8	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	390	538	565
April	e/890	478	497	377	427	734
May	e/1,100	886	656	e/500	350	748
June	e/875	687	842	e/730	641	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	1,490	1,385	1,372
2nd quarter	e/2,865	2,052	1,995	e/1,607	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 - 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	---
June	185	463	20

Large Individual Issues Offered during June

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	4.00	--
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				
National Gypsum	Common stk.	19.6				

Large Individual Issues Offered During June (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.	<u>4/</u>	--
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	1957-66	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	--
Public Housing Authority	--	91.8	1957-96	2.48	1.75-2.55	Aaa
<u>OTHER</u>						
British Columbia Power Commission	S.F. Deb	20.0	1986	3 3/4	3.84	A

^{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 - 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	--
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 29

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
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)
*Illinois Power	1st mtg. bds.	20.0	July 25
Tennessee Gas Transmission	Deb.	30.0	July
*Food Machinery and Chemicals	Deb.	30.0	July
*Champion Paper	Deb.	16.5	July
*Inland Steel	1st mtg. bds.	50.0	July
*Superior Oil of Calif.	Deb.	45.7	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 29 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
*New Jersey Highway Authority	Rev.	25.0	July 10
State of Massachusetts	G.O.	38.5	July 11
*State of Michigan	Rev.	16.0	July 17
*New York State Thruway Authority	G.O.	50.0	July 17
*Tulsa, Okla. Ind. Sch. Dist.	G.O.	5.5	July 17
Dearborn, Mich. 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
*Jacksonville Expressway Authority	Rev.	42.0	Sept.
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

OTHER

None

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.