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November 7, 1956

CAPITAL MARKET DEVELOPMENTS

The volume of large publicly offered securities was moderate during the week ending November 2. Two corporate offerings totaling \$43 million, one State and local government offering for \$7 million and a \$35 million Canadian issue were floated last week. The calendar for this election-shortened week indicates a small volume of underwritten issues, but includes expiration of subscription rights for the \$573 million AT&T common stock issue. Another corporate issue for \$45 million and State and local government offerings amounting to \$24 million are scheduled for sale.

Bond yields - Bond yields continued to move upward last week. Yields on all types of outstanding bonds established new highs for the year with State and local government yields passing their 1953 peaks for the first time.

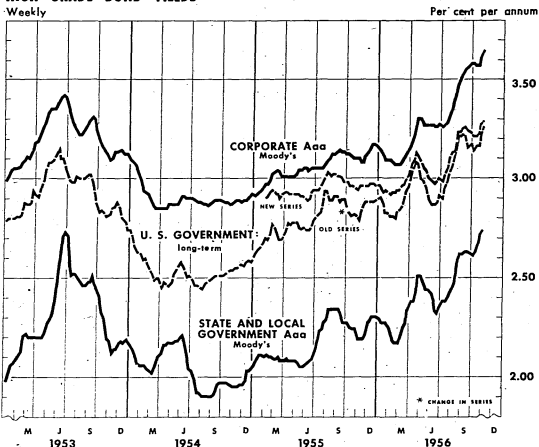
Stock prices - The SEC index of 265 common stock prices increased 3.0 points last week, closing at 278.0 on November 2. The volume of trading picked up, averaging 2.1 million shares a day. Stock prices increased on Monday, but lost most of this gain on the day after elections. Trading volume increased further; activity in recent days has been the highest since June.

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. (old series) and Corporate State and Local Aaa	
		Old series	New series			
(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	3.65 (11/2)	3.26 (11/2)	3.29 (11/2)	2.74 (11/1)	.44	.68
Low	3.07 (3/2)	2.80 (2/17)	2.92 (2/3)	2.17 (2/23)	.13	.45
October 5	3.58	3.14	3.21	2.61	.44	.53
October 12	3.57	3.16	3.21	2.63	.41	.53
October 19	3.57	3.16	3.22	2.68	.41	.48
October 26	3.61	3.22	3.27	2.72	.39	.50
November 2	3.65	3.26	3.29	2.74	.39	.52

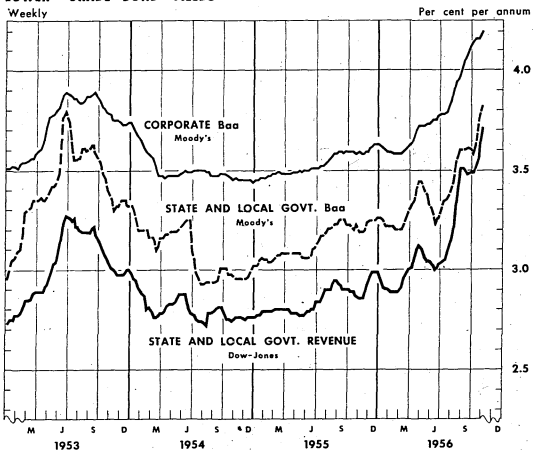
<sup>1/</sup> Weekly average of daily figures. Average term of bonds included is 25-26 years.

<sup>2/</sup> 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.

<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.

## 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	4.20 (11/2)	3.82 (11/1)	3.71 (11/2)
Low	3.58 (3/9)	3.20 (3/8)	2.89 (2/24)
October 5	4.14	3.58	3.49
October 12	4.16	3.62	3.52
October 19	4.16	3.71	3.56
October 26	4.18	3.77	3.64
November 2	4.20	3.82	3.71

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

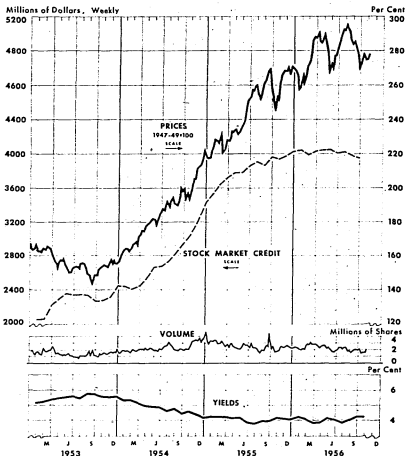
<sup>2/</sup> Thursday figures. Only general obligation bonds are included; average term is 20 years.

<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	4,030	2,805	1,214
Low	217.4 (1/14)	1.5	3.78	3,537	2,517	1,018
1956 - High	295.5 (8/3)	3.1	4.24	4,047	2,810	1,267
Low	257.4 (1/20)	1.5	3.86	3,950	2,740	1,167
September	278.2	2.0	4.24	3,950	2,782	1,166
October	275.7	1.8	4.23	n.a.	n.a.	n.a.
October 19	274.8	1.6	n.a.	n.a.	n.a.	1,177
October 26	275.0	1.6	n.a.	n.a.	n.a.	1,171
November 2	278.0	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 1947-49=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	1954
January	579	535	547	404	535	396
February	704	407	426	696	312	411
March	790	1,223	635	390	538	565
April	816	478	497	377	427	734
May	1,144	886	656	490	350	748
June	830	687	842	735	641	853
July	e/1,120	597	909	376	470	279
August	e/700	644	335	199	249	261
September	e/850	670	747	e/350	406	649
October	e/800	1,162 <sup>1/</sup>	1,003	e/635	919	594
November	e/1,200	632	290	e/325	658	423
December		900	604		408	877
1st quarter	2,073	2,165	1,608	1,490	1,385	1,372
2nd quarter	2,790	2,052	1,995	1,603	1,418	2,334
1st half	4,863	4,217	3,603	3,093	2,803	3,706
3rd quarter	e/2,670	1,911	1,991	e/925	1,124	1,188
Three quarters	e/7,533	6,128	5,594	e/4,018	3,927	4,894
4th quarter		2,695	1,896		1,984	1,894
Year		8,821	7,490		5,911	6,789
	Excluding finance companies <sup>2/</sup>					
1st quarter	1,617	1,727	1,527			
2nd quarter	2,520	1,870	1,927			
3rd quarter	e/2,470	1,434	1,911			
4th quarter		2,554	1,792			
Year		7,569	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 consumer 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 - 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
July	592	164	--
August	217	35	37
September	558	184	--
October	386	383	35

Large Individual Issues Offered October 1 through November 2

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
United Aircraft Corp.	Conv. pfd.stk.	31.8				
Allegheny Ludlum Steel Corp.	Conv. deb.	16.3	1981	4	4.00	Baa
Columbia Gas System, Inc.	Deb.	25.0	1981	4 3/4	4.70	A
Southern Bell Tel. & Tel. Co.	Deb.	60.0	1983	4	3.90	Aaa
Pacific Finance Corp.	Deb.	15.0	1971	4 5/8	4.75	--
Texas Eastern Trans. Corp.	Pfd. stk.	15.0				
Long Island Lighting Co.	Conv. pfd. stk.	18.0				
Georgia Pacific Corp.	Common stk.	15.9				
Commonwealth Edison Co.	Pfd. stk.	40.0				
Johns-Manville Corp.	Common stk.	25.9				
Consolidated Edison Co.	1st & ref. mtg. bds.	40.0	1986	4 1/4	4.13	Aa
National Steel Corp.	1st mtg. bds.	55.0	1986	3 7/8	3.90	Aa
Ohio Power Company	1st mtg. bds.	28.0	1986	4 1/4	4.20	Aa
Allied Stores Corp.	S.F. deb.	15.0	1976	4 3/4	4.75	A

## Large Individual Issues Offered October 1 through November 2 (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>						
Detroit, Michigan	G.O.	12.3	1957-81	3.09	2.20-3.20	A
State of California	G.O.	35.0	1958-77	2.80	2.15-2.85	Aa
Buffalo, New York	G.O.	11.4	1957-71	2.35	1.90-2.40	Aaa
State of South Carolina	G.O.	15.0	1957-76	2.64	2.00-2.65	Aa
San Bernardino Co., Cal.	G.O.	6.0	1957-76	2.80	2.10-2.85	Aa
Territory of Hawaii	Hwy. rev.	12.5	1958-86	3.84	2.70-3.80	A
Baltimore Co., Md.	G.O.	21.0	1959-96	3.15	2.50-3.25	A
Washington Co., Md.	G.O.	8.0	1957-81	2.98	2.10-3.00	Aa
Hagerstown, Md.	G.O.	5.8	1957-81	2.99	2.10-3.00	Aa
Charlotte, N. C.	G.O.	5.2	1958-95	2.99	2.30-3.40	A
State of Massachusetts	G.O.	57.6	1957-96	2.93	1.90-2.95	Aa
Ft. Pierce, Florida	Elec. & water rev.	5.1	1959-88	4.36	3.20-4.20	Baa
St. Louis School						
District, Missouri	G.O.	5.5	1958-76	2.69	2.00-2.75	Aa
New Jersey Highway Auth.	Rev.	25.0	1988	4.53	4.38	--
Flint, Michigan	G.O.	5.4	1958-86	3.13	2.15-3.20	Aa
Philadelphia, Pa.	G.O.	58.8	1958-87	2.60	1.90-2.70	A
Boston, Massachusetts	G.O.	5.8	1957-76	3.63	2.25-3.20	A
Territory of Hawaii	G.O.	12.0	1959-76	2.53	2.10-2.50	A
State of Maryland	G.O.	8.7	1959-71	3.75	2.60-3.75	Aaa
Orlando, Utility	Elec. &					
Commission, Fla.	water rev.	7.5	1957-77	4.09	3.10-4.00	Aa
Salt River Project & Agricultural Improve- ment & Pwr. Dist., Ariz.	G.R.	10.0	1960-87	2.94	2.20-3.00	A
State of Ohio	Rev.	25.0	1957-72	2.90	2.00-3.00	Aa
Cook Co. High School						
Dist. #212, Ill.	G.O.	5.0	1957-76	4.00	2.75-3.90	Baa
Purdue University, Ind.	Rev.	12.4	1959-96	4.17	n.a.	n.a.
Dallas, Texas	Airport rev.	6.5	1957-81	4.54	3.00-4.40	Baa
<u>OTHER</u>						
Quebec Hydro-Elec. Comm.	Deb.	35.0	1981	4 1/4	4.32	A

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.

4/ 1986-96 maturities not reoffered.

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 - 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 29	437	81	--	567	690	--
July 31	247	--	37	1,096	726	37
Aug. 31	369	131	--	1,202	958	--
Sept. 28	315	359	--	1,009	1,197	--
Oct. 31	683	162	--	990	955	--

Forthcoming Large Offerings, as of November 2

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
American Tel. & Tel. Co.	Common stk.	572.6	November 5 (rights expire)
Northspan Uranium Mines, Ltd.	Gen. mtg. bds.	45.0	November 8
Public Service Electric & Gas Co.	1st & ref. mtg. bds.	50.0	November 15
Sinclair Oil Corp.	Conv. sub. deb.	170.6	December 3 (rights expire)
Seaboard Finance Co.	S.F. notes	15.0	Winter
J. P. Stevens & Co.	S.F. deb.	28.7	Winter
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	25.0	Winter
Southern New England Telephone Co.	Common stk.	20.4	Winter
Pacific Lighting Corp.	Conv. pfd.	20.0	Winter
<u>STATE AND LOCAL GOVERNMENT</u>			
Los Angeles, Calif.	Elec. rev.	13.5	November 8
Trenton, New Jersey	G.O.	5.3	November 8
San Antonio, Texas	G.O.	5.0	November 8
Chicago, Ill.	Water rev.	5.0	November 13
Newark, New Jersey	G.O.	12.5	November 13



## Forthcoming Large Offerings, as of November 2 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)			
Chicago Bd. of Education, Ill.	G.O.	10.0	November 14
Cleveland, Ohio	water rev.	10.0	November 14
State of Oregon	G.O.	5.7	November 14
*Houston, Texas	G.O.	20.0	November 14
Long Beach, Calif.	G.O.	5.0	November 20
Florida State Bd. of Education	G.O.	9.3	November 27
State of Connecticut	Expressway rev.	75.0	November
Pennsylvania Turnpike Commission	Rev.	62.0	Winter
Washington State Toll Bridge Auth.	Rev.	227.0	Winter
Inter-American Center Auth., Fla.	Rev.	20.0	Winter
New York State Thruway Authority	G.O.	50.0	Winter
Jacksonville Expressway Authority	Rev.	42.0	Winter
Florida State Turnpike Authority	Rev.	185.0	Winter
Memphis, Tennessee	Elec. rev.	135.0	Winter
Oklahoma Turnpike Authority	Rev.	65.0	Winter
<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.

Note.--Deletions for reasons other than sale of issue: Harris County, Texas, \$6.0 million issue--reduced to less than \$5 million.

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
July 3			3.82	28
18	3.62	26		
25	3.70	33		
August 1			4.00	43
30	4.07	52		
September 11	4.20	62		
13	4.17	58		
25	4.01	37		
October 10			4.40	63
31	4.20	48		

\*--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. Average maturity for the seasoned issues varies from 26 to 28 years.