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Not for Publication DECONTROLLED AFTER SIX MONTHS

H.14

November 28, 1956

#### CAPITAL MARKET DEVELOPMENTS

The volume of large publicly offered securities was quite small last week and is expected to be even smaller this week. During the week ending November 23, two State and local government offerings totaling \$28 million were floated. A local government offering for \$6.4 million is the only issue scheduled for sale this week. No large corporate issues were sold last week or are scheduled for sale this week.

Bond yields - Bond yields increased sharply last week for all categories of outstanding bonds, except that for U. S. Government (new series) obligations, which remained stable. Corporate yields increased four basis points, while the series customarily used here in reporting developments in State and local government bond yields (Moody's) increased thirteen basis points for the Aaa-rated bonds and those for the Baa's rose ten points. It should be noted that other State and local government bond yield series did not increase as sharply as did the Moody's series.

Stock prices - Stock prices, as measured by the SEC index of 265 common stocks, declined 3.0 points last week, closing at 269.9 on November 23. The volume of trading picked up, averaging 2.3 million shares a day. Daily figures through Wednesday of this week indicate a further decline in prices.

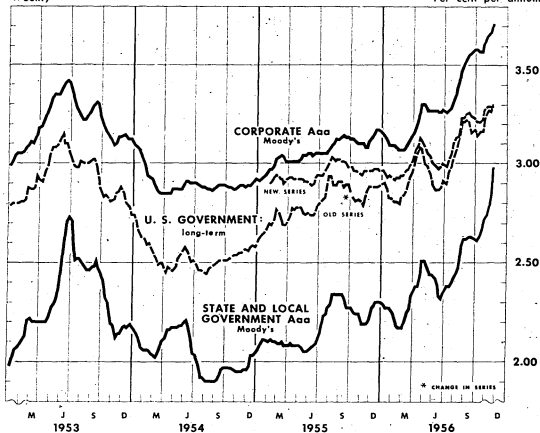
More detailed information concerning recent capital market developments is presented in the attached exhibits.

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

Weekly Per cent per annum



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		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
1953 - 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
1954 - 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
1955 - Low	2.91 (1/7)	2.62 (1/7)	2.89 (6/10)	2.05 (5/26)	.13	.54
1956 - High	3.71 (11/23)	3.30 (11/23)	3.29 (11/23)	2.98 (11/22)	.44	.68
1956 - Low	3.07 (3/2)	2.80 (2/17)	2.92 (2/3)	2.17 (2/23)	.13	.32
October 26	3.61	3.22	3.27	2.72	.39	.50
November 2	3.65	3.26	3.29	2.74	.39	.52
November 9	3.66	3.27	3.29	2.79	.39	.48
November 16	3.67	3.26	3.29	2.85	.41	.41
November 23	3.71	3.30	3.29	2.98	.41	.32

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

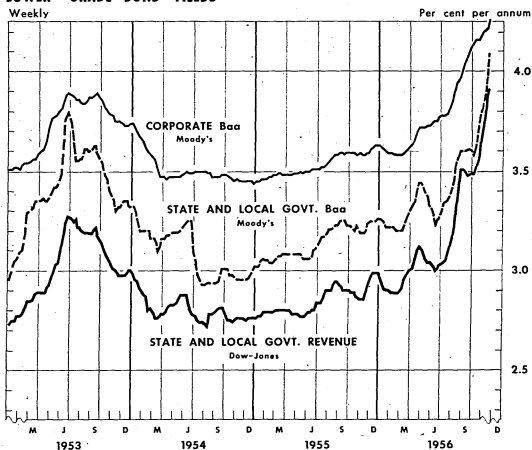
<sup>2/</sup> Weekly averages of daily figures. The old series includes fully taxable, marketable 2 1/2 per cent bonds due or first callable after 12 years through September 1955, and those due or callable in 10-12 years thereafter; the average term to first call of the bonds included declined from 14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

## 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	4.26 (11/23)	4.09 (11/22)	3.91 (11/23)
Low	3.58 (3/9)	3.20 (3/8)	2.89 (2/24)
October 26	4.18	3.77	3.64
November 2	4.20	3.82	3.71
November 9	4.21	3.89	3.80
November 16	4.22	3.99	3.87
November 23	4.26	4.09	3.91

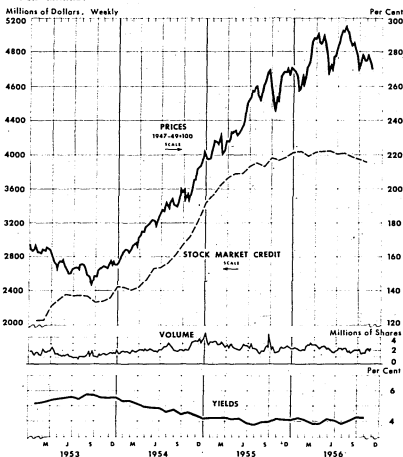
<sup>1/</sup> Weekly average of daily figures. Average term of bonds included is 25-26 years.

<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.

## 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	716
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	3,914	2,740	1,158
September	278.2	2.0	4.24	3,950	2,782	1,168
October	275.7	1.8	4.23	3,914	2,748	1,166
November 9	275.7	2.3	n.a.	n.a.	n.a.	1,159
November 16	272.9	2.0	n.a.	n.a.	n.a.	1,158
November 23	269.9	2.3	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	1,066	597	909	376	470	279
August	669	644	335	199	249	261
September	836	670	747	333	406	649
October	e/800	1,162 <sup>1/</sup>	1,003	e/635	919	594
November	e/1,100 <sup>2/</sup>	632	290	e/275	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	2,571	1,911	1,991	908	1,124	1,188
Three quarters	7,434	6,128	5,594	4,001	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>3/</sup>					
1st quarter	1,617	1,727	1,527			
2nd quarter	2,520	1,870	1,927			
3rd quarter	2,263	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> Includes \$571.5 million AT&T common stock issue.<sup>3/</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 2/
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 November 1 through November 23

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Allied Stores Corp.	S.F. deb.	15.0	1976	4 3/4	4.75	A
American Tel. & Tel. Co.	Common stk.	571.5				
Northspan Uranium Mines, Ltd.	Gen. mtg. bds.	45.0	1963	5 3/4	5.93	--
Public Service Electric and Gas Co.	lst. & ref. mtg. bds.	50.0	1986	4 3/8	4.30	Aa
Pacific Lighting Corp.	Conv. pfd.	19.8				
<u>STATE &amp; LOCAL GOVERNMENT</u>						
Los Angeles, Calif.	Elec. rev.	13.5	1957-86	3.36	2.25-3.35	Aa
Trenton, New Jersey	G.O.	5.3	1957-81	2.99	2.10-3.00	Aa
San Antonio, Texas	G.O.	5.0	1957-76	3.57	2.40-3.60	A
Chicago, Ill.	Water rev.	5.0	1970-74	3.73	3.50-3.65	A

## Large Individual Issues Offered November 1 through November 23 (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)						
Newark, N. J.	G.O.	12.5	1957-76	3.59	2.50-3.55	A
Chicago Board of Education, Ill.	G.O.	10.0	1959-76	3.62	2.75-3.60	A
Cleveland, Ohio	Water rev.	7.4	1961-81	3.58	3.00-3.56	A
State of Oregon	G.O.	5.7	1969-71	3.06	2.90-3.00	Aa
Houston, Texas	G.O.	20.0	1958-82	3.75	2.60-3.75	A
Hempstead School Dis- trict No. 5, N. Y.	G.O.	5.6	1957-86	4.30	3.95-4.15 <sup>4/</sup>	Baa
Long Beach, Calif.	G.O.	5.0	1958-81	3.35	2.50-3.45	Aa
Chelan Co. Public Util- ity Dist., Wash.	Rev.	23.1	1992	n.a.	4.82	--
<u>OTHER</u>						
None						

<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.

<sup>4/</sup> 1957-62 maturities not reoffered.

n.a.--Not available.

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 <u>2/</u>	Corporate	State and local govt.	Other <u>2/</u>
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 23

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Sinclair Oil Corp.	Conv. sub. deb.	167.2	December 3 (rights expire)
Chase Manhattan Bank	Cap. stk.	47.0	December 3 (rights expire)
Michigan Bell Telephone Co.	Deb.	30.0	December 4
Long Island Lighting Co.	1st mtg. bds.	20.0	December 5
Public Service Electric & Gas	Common stk.	33.0	December 5
Florida Power & Light Co.	1st mtg. bds.	15.0	December 11
*Texas Eastern Transmission Co.	Deb.	40.0	December 12
Burroughs Corp.	Deb.	30.2	December 17 (rights expire)
National Cash Register Co.	Conv. sub. deb.	28.3	December 19 (rights expire)
*May Stores Realty Corp.	Gen. mtg. bds.	25.0	December
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	25.0	Winter
Southern New England Telephone Co.	Common stk.	20.4	Winter



## Forthcoming Large Offerings, as of November 23 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
Niagara Falls, New York	G.O.	6.4	November 29
Maryland State Roads Commission	G.O.	15.0	December 4
*State of Michigan	L.L.	52.0	December 4
*Prince Georges Co., Md.	G.O.	5.0	December 6
*University of Washington	Rev.	5.0	December 6
*Maryland State Roads Commission	G.O.	15.0	December 6
*Milwaukee, Wisconsin	G.O.	8.4	December 11
Norfolk, Virginia	G.O.	5.0	December 18
Memphis, Tennessee	Elec. rev.	154.0	December
Florida State Board of Education	L.L.	9.3	December
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
Oklahoma Turnpike Authority	Rev.	65.0	Winter
State of Connecticut	Expressway rev.	54.0	Winter
<u>OTHER</u>			
City of Montreal, Canada	Deb.	22.5	December 11

\*--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: None

Yields on New and Outstanding  
Electric Power Bonds, Rated Aa and A 1/<sub>2</sub>

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	c/11
1953 average	3.46	16	3.78	26
1954 average	c/3.02	c/2	3.12	-3
1955 average	3.c	9	3.33	12
1956 - January	None	--	None	--
February	*3.15	3	3.23	c/46
March 8	3.19	5		
16			3.35	7
23	3.37	18		
30			3.55	c/23
April 4			3.57	23
4			3.60	26
11			3.67	c/31
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		
November 21	4.30	52		

\*--Single observation, not an average.

1/<sub>2</sub> 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.

c--corrected.