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January 11, 1957

CAPITAL MARKET DEVELOPMENTS

The volume of large publicly offered securities was quite small last week, but is expected to be very large this week. During the week ending January 4 two State and local government offerings totaling \$10 million were the only flotations. This week, corporations are expected to market issues with aggregate proceeds of \$280 million. State and local government offerings amounting to \$34 million and the \$100 million bond issue of the International Bank for Reconstruction and Development are also scheduled for sale.

Bond yields - Yields on corporate and U. S. Government obligations increased last week while those for State and local government bonds remained stable. The increase was quite sharp for yields on both series of Government bonds.

Reoffering yields on new corporate issues continue to increase. A new Aa -rated, 30-year first mortgage utility issue was sold this week to yield 4.50 per cent--20 basis points above that for the last comparable issue, an offering made on December 12.

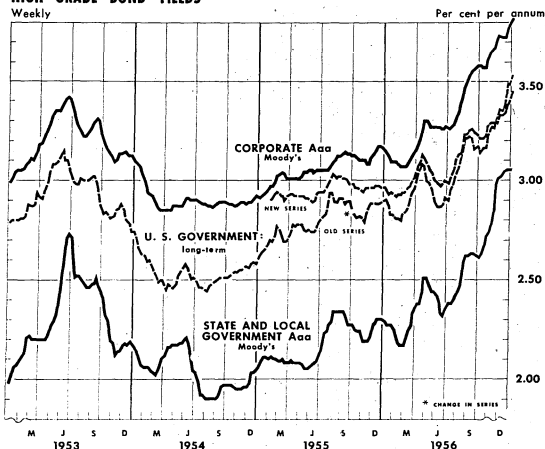
Stock prices - Stock prices, as measured by the SEC index of common stocks, increased 1.4 points last week, closing at 279.2 on January 4. Daily figures through Thursday of this week indicate little change in prices.

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



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 ^{1/} State and Aaa ^{3/} 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	3.79 (12/28)	3.49 (12/21)	3.39 (12/28)	3.05 (12/27)	.44	.68
Low	3.07 (3/2)	2.80 (2/17)	2.92 (2/5)	2.17 (2/23)	.13	.32
December 7	3.72	3.35	3.33	3.02	.37	.33
December 14	3.72	3.38	3.34	3.04	.34	.34
December 21	3.76	3.49	3.38	3.05	.27	.44
December 28	3.79	3.48	3.39	3.05	.13	.43
January 4	3.82	3.53	3.45	3.05	.29	.48

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

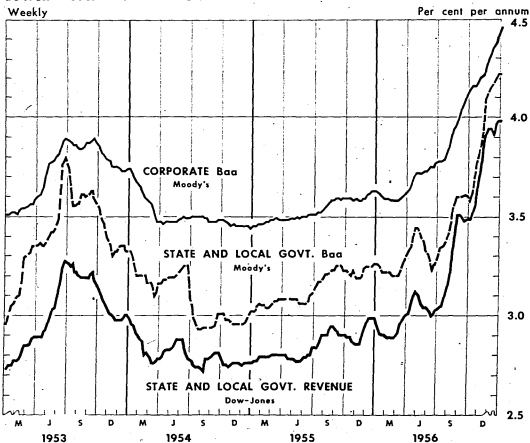
^{2/} Weekly averages of daily figures. The old series includes fully taxable, marketable 2 1/2 per cent bonds due or first callable after 12 years through September 1955, and those due or callable in 10-12 years thereafter; the average term to first call of the bonds included declined from 14 years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

EXHIBIT B

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	4.41 (12/28)	4.22 (12/27)	3.98 (12/28)
Low	3.58 (3/9)	3.20 (3/8)	2.89 (2/24)
December 7	4.32	4.15	3.94
December 14	4.35	4.17	3.91
December 21	4.38	4.20	3.97
December 28	4.41	4.22	3.98
January 4	4.46	4.22	3.98

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

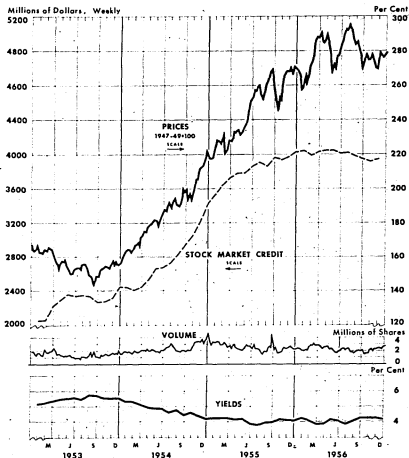
^{2/} Thursday figures. Only general obligation bonds are included; average term is 20 years.

^{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.

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 balances ^{4/}	Bank loans to "others" ^{5/}
				(Millions of dollars)		
1953 - High	157.1 (1/2)	2.5	5.75	2,445	1,665	780
Low	124.0 (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	1,224
Low	217.4 (1/14)	1.5	3.78	3,537	2,517	1,018
1956 - High	295.5 (8/3)	3.1	4.25	4,047	2,810	1,267
Low	257.4 (1/20)	1.5	3.86	3,914	2,740	1,155
November	273.1	2.2	4.25	3,946	2,784	1,162
December	277.7	2.4	4.13	n.a.	n.a.	1,161
December 21	276.2	2.3	n.a.	n.a.	n.a.	1,163
December 28	277.8	2.6	n.a.	n.a.	n.a.	1,161
January 4	279.2	2.7	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=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		
	1957	1955	1955	1957	1956	1955
January	e/1,050	579	535	e/500 ¹	404	535
February		704	407		696	312
March		790	1,223		390	538
April		816	478		377	427
May		1,144	886		490	350
June		830	687		735	641
July		1,066	597		376	470
August		669	644		199	249
September		836	670		333	406
October		778	1,162 ^{1/}		645	919
November		e/1,057 ^{2/}	632		e/325	658
December		e/950	900		e/400	408
1st quarter		2,073	2,165		1,490	1,385
2nd quarter		2,790	2,052		1,603	1,418
3rd quarter		2,571	1,911		908	1,124
4th quarter		e/2,785	2,695		e/1,370	1,984
1st half		4,863	4,217		3,093	2,803
Three quarters		7,434	6,128		4,001	3,927
Year		e/10,219	8,821		e/5,371	5,911
	Excluding finance companies ^{3/}					
1st quarter		1,617	1,727			
2nd quarter		2,520	1,870			
3rd quarter		2,263	1,434			
4th quarter		e/2,660	2,554			
Year		e/9,060	7,569			

e/ Estimated.

^{1/} Includes \$637.2 million AT&T convertible debenture issue.

^{2/} Includes \$571.5 million AT&T common stock issue.

^{3/} 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 - 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
November	701	135	--
December	430	201	--

Large Individual Issues Offered January 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>						
None						
<u>STATE & LOCAL GOVERNMENT</u>						
San Antonio Ind. Sch. Dist., Texas	G.O.	5.0	1958-75	3.76	2.80-3.75	A
Fort Worth Ind. Sch. Dist., Texas	G.O.	5.0	1958-75	3.58	2.70-3.80	n.a.
<u>OTHER</u>						
None						

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.

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 - 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	--
Nov. 30	436	48	23	481	979	23
Dec. 31	476	280	100	796	763	100

Forthcoming Large Offerings, as of January 4

Issuer	Type	Amount (Millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Idaho Power Co.	1st mtg. bds.	20.0	January 8
Standard Oil Co. of Ohio	S.F. deb.	25.0	January 8
Aluminum Co. of America	Deb.	125.0	January 9
New England Tel. & Tel. Co.	Deb.	35.0	January 9
Interstate Oil Pipe Line Co.	S.F. deb.	25.0	January 9
Sears Roebuck Acceptance Corp.	Deb.	50.0	January 10
Household Finance Corp.	Deb.	30.0	January 16
Louisiana Power & Light Co.	1st mtg. bds.	20.0	January 16
Pacific Petroleum, Ltd.	Conv. sub. deb.	15.0	January 17
Oklahoma Gas & Electric Co.	1st mtg. bds.	20.0	January 18
*Pacific Gas & Electric Co.	1st and ref. mtg bonds	35.0	January 23
Armco Steel Corp.	Common stk.	60.9	January 24 (rights expire)
Niagara-Mohawk Power Co.	Conv. deb.	46.2	January 28 (rights expire)
*Mountain States Tel. & Tel. Co.	Deb.	35.0	January 29
American Tel. & Tel. Co.	Deb.	250.0	March
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	25.0	winter
Southern New England Telephone Co.	Common stk.	20.4	winter
May Stores Realty Corp.	Gen. mtg. bds.	25.0	winter

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

Issuer	Type	Amount (Millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
Los Angeles, Calif.	G.O.	18.0	January 9
Fort Lauderdale, Florida	Wtr. & swr. rev.	11.0	January 9
Caddo Parish School District, La.	G.O.	5.0	January 10
Dallas, Texas	G.O.	10.0	January 14
Dallas, Texas	Rev.	5.0	January 14
Orange County Flood District, Calif.	G.O.	10.0	January 15
State of Michigan ^{3/}	L.L.	27.0	January 15
Georgia Rural Roads Authority	Rev.	17.5	January 15
Spokane Co. Sch. Dist. No. 81, Wash.	G.O.	6.0	January 15
State of Colorado	Hwy. rev.	8.0	January 15
King Co. Sch. Dist. No. 1, Wash.	G.O.	10.0	January 16
State of Calif.	G.O.	85.0	January 16
*Alabama Highway Authority	L.L.	6.0	January 16
San Antonio, Texas	Elec. & gas rev.	20.0	January 17
Wichita Sch. Dist. No. 1, Kansas	G.O.	6.0	January 17
Denver, Colorado	G.O.	20.0	January 18
*Columbus, Ohio	G.O.	5.0	January 22
Birmingham, Alabama	G.O.	6.7	January 23
DeKalb Co. Sch. Dist. Ga.	G.O.	5.1	January 24
*Port of New York Authority	Rev.	50.0	January 29
San Diego Unified Sch. Dist., Calif.	G.O.	5.0	February 5
Pennsylvania Turnpike Commission	Rev.	62.0	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>			
International Bank for Reconstruction & Development	Bonds	100.0	January 10

*--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.

3/ Reduced from \$52 million and rescheduled with higher maximum permissible interest cost after failing to received bids on December 4.

Note.--Deletions for reasons other than sale of issue: None.