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H.14

January 17, 1957

CAPITAL MARKET DEVELOPMENTS

The volume of public security financing continues to be very substantial. Large public security offerings issued for new capital during the week ending January 11 totaled \$280 million for corporations and \$34 million for State and local governments. The International Bank for Reconstruction and Development sold a bond issue for \$100 million. This week, the volume will again be large. Corporate debt issues totaling \$85 million and State and local government issues amounting to \$223 million are scheduled for sale.

Bond yields - Changes in yields on outstanding bonds were mixed last week. Yields on corporate Baa bonds increased slightly last week while those for Aaa and Baa State and local government bonds remained stable and yields on corporate Aaa, State and local government revenue and U. S. Government bonds declined. The decline was quite sharp for the U. S. Government (old series) bond yields.

Reoffering yields on new corporate issues continue to be relatively high. A new A-rated, 30-year first mortgage electric utility issue was reoffered this week at a yield of 4.67 per cent--9 basis points above a similar offering made on December 6.

Stock market credit - Customer credit in the stock market (excluding U. S. Government securities) increased \$38 million during December, to total \$3,984 million at the end of the month. Net debit balances continued to increase while bank loans to "others" declined slightly. Borrowing by member firms of the NYSE maintaining margin accounts, except borrowings on U. S. Government securities, increased \$61 million during December. Customers' net free credit balances increased substantially, totaling \$880 million at the end of the month. These and other data on stock market credit for December and November are shown in the following table.

	End of month		Change
	December	November	
	(Millions of dollars)		
Customer credit			
Excluding U. S. Govt. securities - total	3,984	3,946	38
Net debit balances	2,823	2,784	39
Bank loans to "others"	1,161	1,162	-1
Net debit balances secured by U. S. Govt. securities	33	r/32	1
Bank loans to others for purchasing or carrying U. S. Govt. securities	41	43	-2
Broker and dealer credit			
Money borrowed except on U. S. Govt. securities	2,132	2,071	61
On customer collateral	1,852	r/1,822	30
Money borrowed on U. S. Govt. securities	46	43	3
Customers' net free credit balances	880	822	58

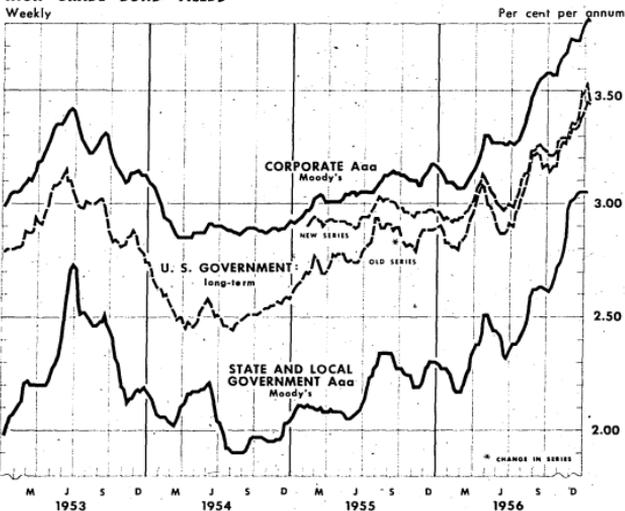
r/ Revised

Stock prices - Stock prices, as measured by the SEC index of 265 common stocks, declined last week, closing at 277.1 on January 11. 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.

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	3.79 (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 (2/3)	2.17 (2/23)	.13	.32
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	.31	.43
January 4	3.82	3.53	3.45	3.05	.29	.48
January 11	3.81	3.45	3.44	3.05	.36	.40

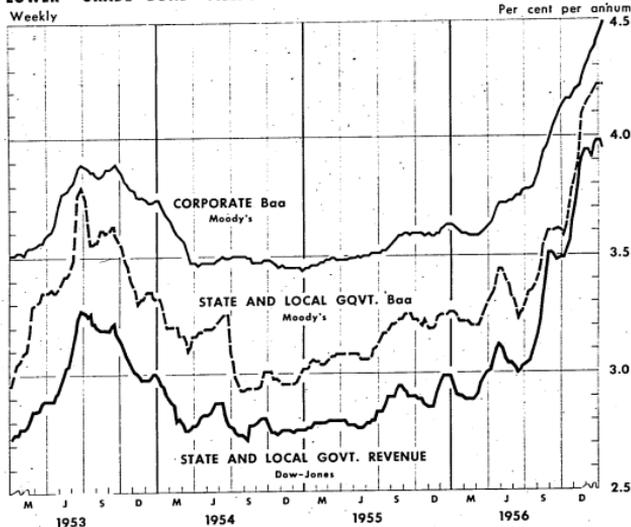
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

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 1995 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 <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 (1/8)	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 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
January 11	4.49	4.22	3.95

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

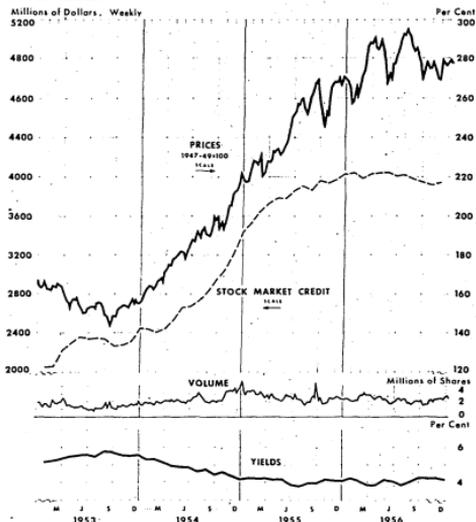
2/ Thursday figures. Only general obligation bonds are included; average term is 20 years.

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	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	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 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.	1,163
January 11	277.1	2.4	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		
	1957	1956	1955	1957	1956	1955
January	e/1,050	579	535	e/500	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 2/
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 11

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Idaho Power Co.	1st mtg. bds.	20.0	1987	4 1/2	4.50	Aa
Standard Oil Co. of Ohio	S.F. Deb.	25.0	1982	4 1/4	4.25	Aa
Aluminum Co. of America	Deb.	125.0	1982	4 1/4	4.25	Aa
New England Tel. & Tel. Co.	Deb.	35.0	1986	4 3/4	4.60	Aa
Interstate Oil Pipe Line Co.	S.F. Deb.	25.0	1987	4 1/4	4.25	Aa
Sears Roebuck Accept. Corp.	Deb.	50.0	1972	4 5/8	4.57	--

Large Individual Issues Offered January 1 through 11 (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>						
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	1958-82	3.58	2.70-3.80	A
Los Angeles, California	G.O.	18.0	1958-87	3.38	2.50-3.50	Aa
Fort Lauderdale, Florida	Wtr.&swr.rev.	11.0	1957-86	4.51	3.00-4.50	Baa
Caddo Parish Sch. Dist., Louisiana	G.O.	5.0	1958-77	3.49	2.50-3.25	A
<u>OTHER</u>						
International Bank for Re- construction & Develop- ment	Bds.	100.0	1977	4 1/2	4.39	Aa

^{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 11

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Household Finance Corp.	Deb.	30.0	January 15
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 & ref. mtg. bds.	35.0	January 23
Armco Steel Corp.	Common stk.	60.9	January 24
Niagara-Mohawk Power Co.	Conv. deb.	46.2	(rights expire) January 28
Mountain States Tel. & Tel. Co.	Deb.	35.0	(rights expire) January 29
*Socony Mobil. Oil Co.	Common stk.	234.0	February 19
*American Natural Gas Co.	Common stk.	25.0	(rights expire) February 25
American Tel. & Tel. Co.	Deb.	250.0	(rights expire) 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 11 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
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	L.L.	17.5	January 15
Spokane Co. Sch. Dist. No. 81, Wash.	G.O.	6.0	January 15
King Co. Sch. Dist. No. 1, Wash.	G.O.	10.0	January 16
State of California	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
*Tulsa, Oklahoma	G.O.	6.5	January 22
Birmingham, Alabama	G.O.	6.7	January 23
DeKalb County Sch. Dist., Georgia	G.O.	5.1	January 24
*Boston Metropolitan District, Mass.	G.O.	8.2	January 24
Port of New York Authority	Rev.	50.0	January 29
*State of Connecticut	G.O.	29.2	January 30
San Diego Unified Sch. Dist., Calif.	G.O.	5.0	February 5
*New York, New York	G.O.	25.2	February 5
*Fresno Unified Sch. Dist., Calif.	G.O.	5.5	February 5
*Public Housing Authorities	--	28.6	February 6
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>			
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.

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

Note.--Deletions for reasons other than sale of issue: State of Colorado, \$8 million highway revenue bond issue--no bids received.

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	11
1953 average	3.46	16	3.78	26
1954 average	3.02	2	3.12	-3
1955 average	3.23	9	3.33	12
1956 average	3.81	35	3.73	27
1956 - January	None	--	None	--
February	*3.15	3	3.23	-6
March	3.28	11	3.45	15
April	*3.77	40	3.61	26
May	*3.53	19	3.77	28
June	*3.52	18	*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		
December 6			4.58	70
12	4.30	47		
1957 - January 8	4.50	62		

*--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.