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January 24, 1957

CAPITAL MARKET DEVELOPMENTS

The volume of publicly sold security issues was quite large last week, particularly for tax-exempt issues, but is expected to be somewhat smaller this week. During the week ending January 18, corporations sold large issues totaling \$70 million while State and local government offerings amounted to \$223 million. The State and local government financing total includes the \$27 million Michigan State Highway bond issue, which was sold at a net interest cost of 3.37 per cent. The issue had been re-scheduled for sale with a 4.00 per cent maximum cost limit after no bids were received on a larger issue with a 3.50 per cent limitation on December 4.

This week subscription rights expire on a common stock issue for \$61 million, and two corporate debt issues with aggregate proceeds of \$50 million are scheduled for flotation. State and local government offerings totaling \$32 million are expected.

Bond yields - Bond yields declined last week for all categories of outstanding bonds, except those for corporate Baa's which increased one basis point. The decline was particularly sharp for the U. S. Government (old series) bond yields, bringing them down to the level of mid-November.

Offering yields on new corporate issues showed some signs of leveling off after increasing almost continually during 1956. A new A-rated, 30-year, first mortgage electric utility issue for \$10 million was reoffered this week at a yield of 4.56 per cent. This yield is 11 basis points below that for the last comparable issue, an offering made on January 16. However, an Aa-rated first and refunding utility issue was also offered this week, at a yield of 4.50 per cent--7 basis points above that for a comparable offering made late last week and the same as the yield for an issue sold January 8.

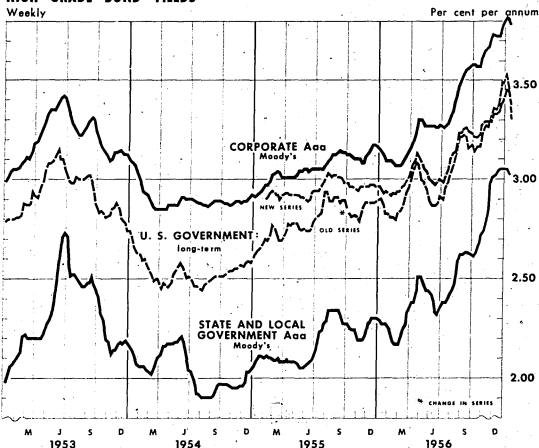
Stock prices - The SEC index of 265 common stocks declined 9.7 points last week, closing at 267.4 on January 18--about 4 per cent below prices at the end of the year with most of the decline occurring last week. Daily figures through Wednesday of this week indicate some increase in prices on balance.

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 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)	2.31 (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 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
January 18	3.78	3.30	3.37	3.02	.48	.28

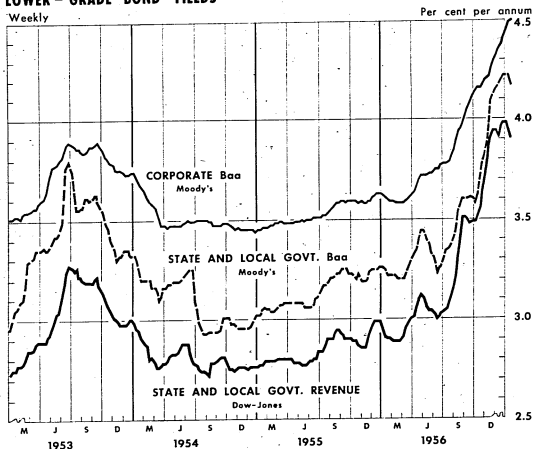
^{1/} Weekly average of daily figures. Average term of bonds included is 25-26 years.

^{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.

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 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
January 18	4.50	4.17	3.90

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

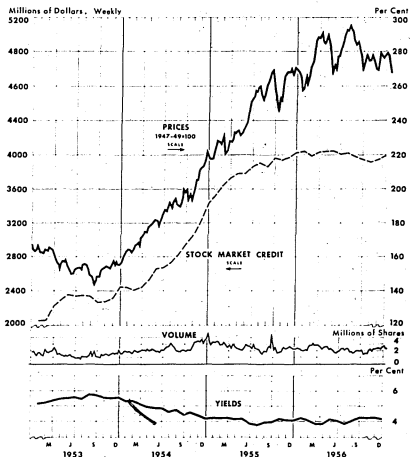
^{2/} Thursday figures. Only general obligation bonds are included; average term is 20 years.

^{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.

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)						
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	2,823	1,267
Low	257.4 (1/20)	1.5	3.86	3,914	2,740	1,155
1957 - High	279.2 (1/4)	2.7	n.a.	n.a.	n.a.	n.a.
Low	267.4 (1/18)	2.3	n.a.	n.a.	n.a.	n.a.
November	273.1	2.2	4.25	3,946	2,784	1,162
December	277.7	2.4	4.13	3,984	2,823	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.	1,157
January 18	267.4	2.3	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/600	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 18

Issuer	Type <u>3/</u>	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 PL 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	--
Household Finance Corp.	Deb.	30.0	1977	4 5/8	4.60	--
Louisiana Power & Light Co.	1st mtg. bds.	20.0	1987	4 3/4	4.67	A
Oklahoma Gas & Electric Co.	1st mtg. bds.	20.0	1987	4 5/8	4.43	Aa
<u>STATE AND 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

Large Individual Issues Offered January 1 through 18 (Cont'd)

Issuer	Type ^{3/}	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)						
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., La.	G.O.	5.0	1958-77	3.49	2.50-3.25	A
Dallas, Texas	G.O.	10.0	1957-76	3.31	2.50-3.35	A
Dallas, Texas	Rev.	5.0	1957-77	3.33	2.40-3.25 ^{4/}	Aa
Orange Co. Flood Dist., Cal.	G.O.	10.0	1958-96	3.33	2.50-3.55 ^{4/}	Aa
State of Michigan	L.L.	27.0	1958-77	3.37	2.50-3.35	Aa
Ga. Rural Roads Auth.	L.L.	17.5	1958-72	3.81	3.00-3.75	A
Spokane Co. Sch. Dist. No. 81, Washington	G.O.	6.0	1958-80	2.96	2.40-2.90	Aa
King Co. Sch. Dist. No. 1, Washington	G.O.	10.0	1959-77	3.39	2.65-3.40	A
State of California	G.O.	85.0	1958-83	3.32	2.60-3.40	Aa
Alabama Highway Authority	L.L.	6.0	1959-76	3.69	2.90-3.70	A
San Antonio, Texas	Elec. & gas rev.	20.0	1958-80	3.36	2.50-3.30	Aa
Michita Sch. Dist. No. 1, Kan.	G.O.	6.0	1958-77	3.33	2.60-3.35	A
Denver, Colorado	G.O.	20.0	1968-95	3.02	2.65-3.05	Aa
<u>OTHER</u>						
Int. Bank for Reconstruction & Development	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.

^{4/} Is of 1993-96 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 <u>2/</u>	Corporate	State and local govt.	Other <u>2/</u>
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 18

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Pacific Petroleum, Ltd.	Conv. sub. deb.	15.0	January 23
Pacific Gas & Electric Co.	1st & ref. mtg. bds.	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
*Carrier Corp.	Conv. sub. deb.	18.0	February 6
*Douglas Aircraft Co.	Conv. sub. deb.	30.0	February 6
Socoony Mobil Oil Co.	Common stk.	200.0	February 19 (rights expire)
*Colorado Fuel & Iron Corp.	Conv. S.F. deb.	19.9	February 23 (rights expire)
*Phillips Petroleum Co.	Conv. deb.	171.8	February 25 (rights expire)
American Natural Gas Co.	Common stk.	25.0	February 25 (rights expire)
American Tel. & Tel. Co.	Deb.	250.0	March
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	25.0	Winter
May Stores Realty Corp.	Gen. mtg. bds.	25.0	Winter

Forthcoming Large Offerings, as of January 18 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
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
*Milwaukee Co., Wisconsin	G.O.	11.2	February 4
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
*State of Missouri	G.O.	20.0	February 13
*San Francisco (City & Co.), Calif.	G.O.	23.6	February 18
*El Paso Co. Sch. Dist. No. 11, Colo.	G.O.	6.9	February 20
*Houston Ind. Sch. Dist., Texas	G.O.	16.8	March 1
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>			
Quebec Hydro-Electric Commission	Deb.	35.0	February 7

*--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; Southern New England Telephone Co., \$20 million common stock issue--withdrawn from registration.

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	3.75	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		
16			4.67	70
18	4.43	56		

*--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.