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April 4, 1957

CAPITAL MARKET DEVELOPMENTS

The volume of large publicly offered securities was substantial last week, particularly for corporate securities, but is expected to be somewhat smaller this week. During the week ending March 29, corporations sold large issues totaling \$286 million, comprised of the \$250 million AT&T debenture issue and expiration of subscription rights for two stock issues. State and local government offerings for \$49 million were sold. This week, rights expire on corporate issues totaling \$78 million and State and local government offerings amounting to \$90 million are scheduled for sale.

The State and local government financing total includes the \$50 million Connecticut Expressway's revenue bond issue which was sold Tuesday at a net interest cost of 3.69 per cent. This issue is part of a \$75 million issue which was originally scheduled for October 30, 1956 but postponed because of market conditions at that time. When rescheduled for sale on November 20, the issue was reduced to \$54 million and carried a 4.00 per cent ceiling on interest cost. No bids were received, however. The substantially lower rate at which the issue was marketed this week is not, however, an accurate measure of the easing in municipal bond markets; in order to improve the marketability of the issue, Connecticut made a number of changes in terms, such as strengthening the underlying security and lengthening the call provisions.

Bond yields - Changes in yields on outstanding bonds were mixed last week. Yields on U. S. Government (new series) bonds increased one basis point and those for corporate Baa's remained stable. Yields on corporate Aaa, State and local government Aaa and Baa and U. S. Government (old series) obligations declined.

On April 3, Western Massachusetts Electric Company's A-rated 30-year first mortgage issue was reoffered to yield 4.29 per cent -- 7 basis points below that for the last comparable issue, an offering made on February 27.

April estimates - The corporate volume of new capital issues for April is estimated at \$900 million, about 30 per cent below the estimated March volume, but 10 per cent greater than the volume in April last year. Included in the total are expected large public issues totaling between \$350 and \$400 million. A substantial volume in take-downs of private placements is also expected.

State and local governments are expected to offer \$650 million of bonds during April. This would be more than one-third greater than the volume estimated for March and three-fourths above last April's volume.

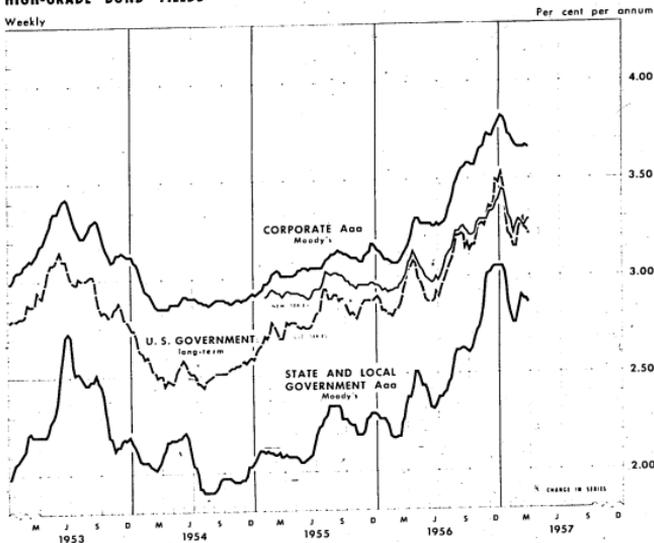
Stock prices - The SEC index of 265 common stocks increased slightly last week. Daily figures through Wednesday of this week indicate little change in prices.

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 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
1957 - High	3.82 (1/4)	3.53 (1/4)	3.45 (1/4)	3.05 (1/10)	.54	.48
Low	3.66 (3/29)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.29	.26
March 1	3.66	3.27	3.28	2.83	.39	.44
March 8	3.66	3.30	3.26	2.90	.36	.40
March 15	3.66	3.25	3.26	2.88	.41	.37
March 22	3.67	3.24	3.28	2.88	.43	.36
March 29	3.66	3.21	3.29	2.86	.45	.35

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

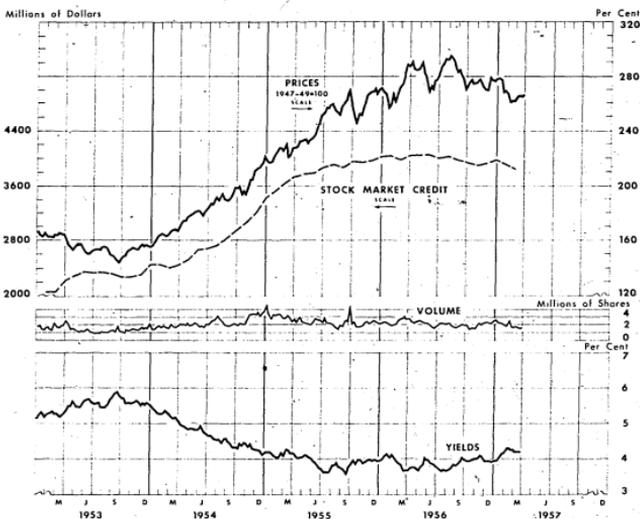
^{2/} Weekly averages of daily figures. The old series includes fully taxable marketable 2 1/2 per cent bonds due or first callable after 12 years through September 1955, and those due or callable in 10-12 years thereafter; the average term to first call of the bonds included declined from 14 years in 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 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	5.88	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	5.49	3,436	2,388	1,048
Low	156.5 (1/6)	1.4	4.09	2,405	1,653	766
1955 - High	270.7 (12/30)	4.6	4.23	4,030	2,805	1,241
Low	217.4 (1/14)	1.5	3.59	3,537	2,517	1,018
1956 - High	295.5 (8/3)	3.1	4.13	4,047	2,823	1,267
Low	257.4 (1/20)	1.5	3.65	3,914	2,740	1,155
1957 - High	279.2 (1/4)	2.7	4.28	3,903	2,762	1,163
Low	260.3 (2/8)	1.6	3.91	3,646	2,729	1,117
February	262.4	2.0	4.27	3,846	2,729	1,117
March	265.1	1.7	n.a.	n.a.	n.a.	n.a.
March 15	265.7	1.7	4.18	n.a.	n.a.	1,126
March 22	265.1	1.6	4.18	n.a.	n.a.	1,121
March 29	266.2	1.7	4.16	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 125 industrial stocks; weekly data based on Friday.

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/1,039	579	535	e/660	404	535
February	e/1,050	704	407	e/525	696	312
March	e/1,275	790	1,223	e/500	390	538
April	e/ 900	816	478	e/675	378	427
May		1,144	886		490	350
June		830	687		735	642
July		1,066	597		376	470
August		669	644		199	249
September		836	670		333	406
October		747	1,162 ^{1/}		645	919
November		1,088 ^{2/}	632		311	658
December		1,094	900		426	408
1st quarter	e/3,364	2,073	2,165	e/1,535	1,490	1,385
2nd quarter		2,789	2,052		1,603	1,418
3rd quarter		2,571	1,911		908	1,124
4th quarter		2,929	2,695		1,382	1,984
1st half		4,862	4,216		3,093	2,803
Three quarters		7,432	6,127		4,001	3,927
Year		10,362	8,821		5,383	5,911
	Excluding finance companies ^{3/}					
1st quarter	e/3,164	1,617	1,727			
2nd quarter		2,519	1,870			
3rd quarter		2,263	e/1,444			
4th quarter		2,834	2,554			
Year		9,233	e/7,595			

e/ Corrected.

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/
1956 - 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	--
1957 - January	567	386	100
February	671	306	50
March	788	194	--

Large Individual Issues Offered During March

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter-est cost	Offering yield	Rating
CORPORATE						
Commercial Credit Co.	Sub. notes	25.0	1977	4 1/2	4.65	--
Anaconda Co.	Common stk.	86.7				
Columbus & So. Ohio Elec.	1st mtg. bds.	16.0	1987	4 1/2	4.41	A
Connecticut Lt. & Pwr. Co.	Common stk.	15.3				
Texas Eastern Trans. Corp.	1st mtg. P.L. bds.	40.0	1977	4 7/8	4.91	Baa
Southern Counties Gas Co.	1st mtg. bds.	15.0	1982	4 5/8	4.53	A
Commonwealth Edison Co.	1st mtg. bds.	50.0	1987	4 1/4	4.25	Aaa
Central & South West Co.	Common stk.	21.5				
Owens-Corning Fiberglas Corporation	Common stk.	16.3				
American Natural Gas Co.	Common stk.	24.1				
Dresser Industries, Inc.	Conv. sub. deb.	20.0	1977	4 1/8	4.13	Baa
Consolidated Edison Co.	Conv. deb.	54.8	1972	4 1/2	4.50	A
El Paso Natural Gas Co.	Cum. pfd. stk.	15.0				
Appalachian Elec. Pwr. Co.	1st mtg. bds.	29.0	1987	4 5/8	4.55	A
Public Service Elec. & Gas Company	Deb.	50.0	1977	4 5/8	4.52	A
Consumers Power Co.	Common stk.	23.5				
Lone Star Gas Co.	Conv. pfd. stk.	15.5				
American Tel. & Tel. Co.	Deb.	250.0	1985	4 3/8	4.30	Aa
General Public Util. Corp.	Common stk.	20.7				

Large Individual Issues Offered During March (Cont'd)

Issuer	Type ^{3/}	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
STATE AND LOCAL GOVERNMENT						
Houston Ind. Sch. Dist., Texas	G.O.	16.8	1958-87	3.50	2.35-3.50	A
Seattle, Washington	G.O.	6.5	1959-77	3.21	2.35-3.25	A
State of Rhode Island	G.O.	13.0	1958-85	3.19	2.00-3.25	A
Ferndale Sch. Dist., Mich.	G.O.	5.5	1958-83	4.04	2.60-4.00	Baa
Chicago, Illinois	Wtr.rev.	15.0	1970-77	3.66	3.40-3.60	A
Memphis, Tennessee	G.O.	11.5	1958-87	3.03	2.00-3.10	Aa
Eroward Co. Spec. Tax School Dist., Florida	G.O.	6.0	1959-76	3.60	2.70-3.60	A
Alabama Highway Authority	L.L.	14.0	1958-76	3.63	2.40-3.65	A
Commonwealth of Mass.	G.O.	20.2	1958-77	3.03	2.00-3.05	Aa
Dade Co. Tax District No. 1, Florida	G.O.	10.0	1959-76	3.62	2.70-3.65	A
Glendale, California	Elec.rev.	6.5	1958-77	3.06	2.20-3.05	Aa
Louisiana St. Bldg. Auth.	L.L.	9.9	1962-71	3.60	3.20-3.75	Baa
State of South Carolina	G.O.	10.0	1958-77	2.83	2.00-2.85	Aa
Commonwealth of Puerto Rico	G.O.	10.0	1958-77	3.73	2.60-3.70	A
State of Ohio	Thoroughfare rev.	32.0	1957-72	2.91	2.00-2.90	Aa
Palm Beach School District No. 1, Florida	G.O.	6.9	1959-78	3.55	2.60-3.55	n.a.
OTHER						
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/
1956 - 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
1957 - Jan. 31	591	153	35	966	648	35
Feb. 28	740	153	--	795	631	--
Mar. 29	461	390	25	486	862	25

Forthcoming Large Offerings, as of March 29

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
El Paso Natural Gas Co.	Conv. 2nd pfd. stk.	30.0	April 2 (rights expire)
Baltimore Gas & Electric Co.	Common stk.	17.9	April 3 (rights expire)
Southern Company	Common stk.	30.1	April 4 (rights expire)
Aluminum Co. of Canada, Ltd.	S.F. deb.	125.0	April 11
*Sears Roebuck Acceptance Corp.	Sub. deb.	25.0	April 12
Houston Lighting & Power Co.	Common stk.	26.3	April 15 (rights expire)
U. S. Foil Co.	Common stk.	20.2	April 16 (rights expire)
Reynolds Metals Co.	Common stk.	20.1	April 16 (rights expire)
Quebec Natural Gas Corp.	1st mtg. bds.	25.0	April 16
Quebec Natural Gas Corp.	Sub. deb. & common	15.0	April 16

Forthcoming Large Offerings, as of March 29 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE (Cont'd)</u>			
*Transcontinental Gas Corp.	1st mtg. bds.	50.0	April 18
Columbia Gas System, Inc.	Common stk.	26.4	April 22 (rights expire)
Babcock & Wilcox Co.	Capital stk.	20.0	April 22 (rights expire)
*Northwestern Bell Telephone Co.	Deb.	30.0	April 24
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	25.0	1957
<u>STATE AND LOCAL GOVERNMENT</u>			
Jefferson Co., Texas	G.O.	5.4	April 1
Los Angeles City Sch. Dist., Calif.	G.O.	20.0	April 2
State of Connecticut	Expressway rev.	50.0	April 2
Harris Co. Navigation Dist., Texas	G.O.	7.0	April 3
Miami, Florida	G.O.	7.5	April 3
Lynchburg, Virginia	Wtr. & swr. rev.	5.0	April 8
Ohio State University	Dormitory rev.	6.0	April 8
State of Michigan	Expressway rev.	25.0	April 9
Jacksonville Expressway Authority	Rev.	44.1	April 9
Public Housing Authorities	--	36.1	April 10
*St. Paul, Minnesota	G.O.	6.7	April 10
Milwaukee, Wisconsin	G.O.	22.2	April 16
Orleans Par. Sch. Dist., La.	G.O.	5.0	April 17
Philadelphia, Pennsylvania	G.O.	29.5	April 17
*State of Oregon	G.O.	10.0	April 18
*New York, New York	G.O.	30.5	April 23
State of California	G.O.	80.0	April 24
*State of Ohio	G.O.	60.0	May 1
Jacksonville, Florida	Utilities rev.	30.0	May 9
Florida State Turnpike Authority	Rev.	185.0	July 1
Pennsylvania Turnpike Commission	Rev.	62.0	1957
Inter-American Center Auth., Florida	Rev.	20.0	1957
New York State Thruway Authority	G.O.	50.0	1957
Oklahoma Turnpike Authority	Rev.	65.0	1957
<u>OTHER</u>			
High Authority of the European Coal and Steel Community	Bonds	25.0	April 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.

Note.--Deletions for reasons other than sale of issue: Melbourne, Florida, \$6.8 million water and sewer revenue 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 - 1956				
High	4.30(12/12/56)	62	4.58(12/6/56)	70
Low	2.93(3/31/54)	- 3	3.00(3/17/54)	-15
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	3.76	28
June	*3.52	18	*3.75	27
July	3.66	29	*3.82	28
August	*4.07	52	*4.00	43
September	4.13	53	None	--
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		
22			4.56	57
24	4.40	53		
February 5	4.29	45		
19	4.25	46		
27	4.22	43		
March 6			4.41	35
12			4.58	52
20			4.55	49
29			4.45	43

*--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.