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H.14

April 25, 1957

CAPITAL MARKET DEVELOPMENTS

Large public security offerings issued for new capital during the week ending April 19 totaled \$114 million for corporations, including expiration of subscription rights, and \$81 million for State and local governments. The International Bank for Reconstruction and Development also sold a bond issue for \$100 million. The calendar for this week includes corporate issues totaling \$155 million, of which \$45 million are subscription issues, and State and local government issues amounting to \$143 million.

Bond yields - Bond yields increased last week for all categories of outstanding bonds, except those for State and local government Baa-rated bonds, which remained stable. The increase was slight for corporate bonds, but it was substantial for U. S. Government (old series) and Aaa State and local government bonds. This is the first increase in yields on outstanding corporate and high-grade State and local government bonds in three weeks.

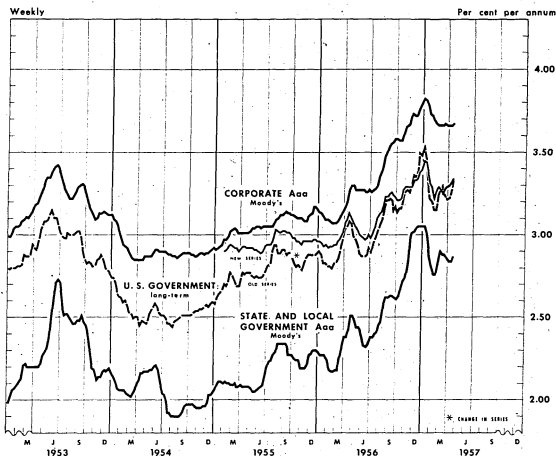
The increase in reoffering yields on new issues has apparently been more pronounced than on outstanding corporate bonds. An Aaa-rated debenture issue for Northwestern Bell Telephone Company, a subsidiary of AT&T, was reoffered this week to yield 4.31 per cent as compared to a yield of 4.17 per cent for a similar issue by Illinois Bell Telephone Company, an offering made on February 27.

Stock prices - Stock prices, as measured by the SEC index of 265 common stocks, increased 2.0 points last week, closing at 275.3 on April 18. Daily figures through Wednesday of this week indicate a further increase in prices with the volume of trading also increasing. Trading activity has been rising since late March, and reached 3 million shares this week, as compared with an average in March of 1.7 million shares.

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 State and Aaa local Aaa	
		Old series	New series			
		(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 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.29	.26
March 22	3.67	3.24	3.28	2.88	.43	.36
March 29	3.66	3.21	3.29	2.86	.45	.35
April 5	3.66	3.22	3.30	2.84	.44	.38
April 12	3.66	3.25	3.32	2.84	.42	.41
April 19	3.67	3.33	3.34	2.87	.34	.46

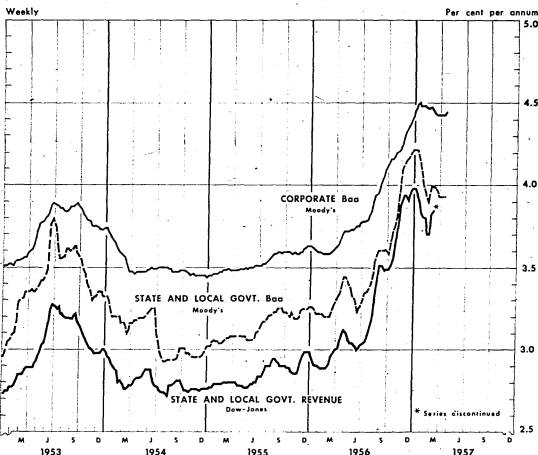
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

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 <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)
1957 - High	4.50 (1/18)	4.22 (1/10)	3.98 (1/4)
Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
March 22	4.42	3.97	<u>4/</u>
March 29	4.42	3.93	
April 5	4.42	3.93	
April 12	4.42	3.93	
April 19	4.44	3.93	

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

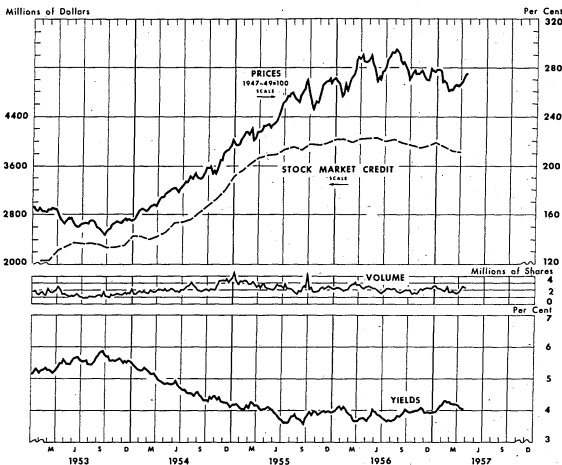
2/ Thursday figures. Only general obligation bonds are included; average term is 20 years.

3/ Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

4/ Series discontinued, as of March 15.

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 bal- ances 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	746
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	3,924	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	3,832	2,713	1,117
February	262.4	2.0	4.27	3,846	2,729	1,117
March	265.1	1.7	4.16	3,832	2,713	1,119
April 5	268.3	1.9	4.13	n.a.	n.a.	1,124
April 12	273.3	2.4	4.05	n.a.	n.a.	1,128
April 19	275.3	2.2	4.02	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/1,002	704	407	e/525	696	312
March	e/1,325	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/3,366	2,073	2,165	e/1,685	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/3,166	1,617	1,727			
2nd quarter		2,519	1,870			
3rd quarter		2,263	1,444			
4th quarter		2,834	2,554			
Year		9,233	7,595			

^{1/} Estimated.^{2/} Includes \$637.2 million AT&T convertible debenture issue.^{3/} 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>
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 April 1 through 19

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
El Paso Natural Gas Co.	Conv.pfd.stk.	30.0				
Baltimore Gas & Elec. Co.	Common stk.	17.9				
Southern Company	Common stk.	30.1				
Aluminum Co. of Canada, Ltd.	S.F. deb.	125.0	1980	4 1/2	4.36	A
Sears Roebuck Accept. Corp.	Sub. deb.	25.0	1977	4 5/8	4.63	--
Houston Lighting & Pwr. Co.	Common stk.	26.3				
U. S. Foil Company	Common stk.	19.0				
Reynolds Metals Company	Common stk.	18.9				
Transcontinental Gas Corp.	1st mtg. bds.	50.0	1977	5	4.95	Baa
<u>STATE AND LOCAL GOVERNMENT</u>						
Jefferson Co., Texas	G.O.	5.4	1958-77	3.45	2.25-3.50	A
Los Angeles City Sch. Dist. California	G.O.	20.0	1958-82	3.16	2.10-3.20	Aa

Large Individual Issues Offered April 1 through 19 (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)						
State of Connecticut	Expressway rev.	50.0	1962-97	3.69	2.75-3.67	A
Harris Co. Navigation Dist.						
Texas	G.O.	7.0	1958-87	3.25	2.20-4.00 ^{4/}	A
Miami, Florida	G.O.	7.5	1959-68	3.42	2.70-3.50	A
Lynchburg, Virginia	Wtr. & swr. rev.	5.0	1958-77	2.80	2.00-2.85	Aa
State of Michigan	Expressway rev.	25.0	1958-77	3.14	2.15-3.15	Aa
Jacksonville Expressway Authority	Rev.	46.3	1961-92	4.32	3.20-4.28	--
Public Housing Authorities	--	36.1	1958-93	2.88	1.90-3.00	Aaa
St. Paul, Minnesota	G.O.	6.7	1958-87	2.88	2.00-2.90	Aa
Chicago, Illinois	Toll bridge rev.	13.0	1995	4.45	4.40	--
Ohio State University	Dormitory rev.	6.0	1960-97	4.19	n.a.	--
Wichita, Kansas	G.O.	8.5	1958-77	3.16	2.20-3.30	A
Milwaukee, Wisconsin	G.O.	22.2	1958-77	2.82	2.00-2.88	Aaa
Orleans Par. Sch. Dist., La.	G.O.	5.0	1961-95	3.72	2.80-3.70	A
Philadelphia, Penna.	G.O.	29.5	1958-82	3.51	2.30-3.52	A
Huntington Sch. Dist., No. 13, N.Y.	G.O.	6.0	1958-86	3.98	2.50-3.90	Baa
State of Oregon	G.O.	10.0	1967-70	3.18	3.02-3.05	Aa
<u>OTHER</u>						
High Auth. of the European Coal & Steel Community	Bonds	25.0	1975	5 1/2	5.50	--
International Bank for Re- construction & Develop- ment	Bonds	100.0	1978	4 1/4	4.40	Aa

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.

4/ 1986-87 maturities 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 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 April 19

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Columbia Gas System, Inc.	Common stk.	26.4	April 22
Babcock & Wilcox Co.	Capital stk.	18.7	(rights expire) April 22
Northwestern Bell Telephone Co.	Deb.	30.0	(rights expire) April 24
Lone Star Gas Co.	S.F. deb.	30.0	April 25
Pacific Great Eastern Railway	S.F. deb.	20.0	April 25
Northern Natural Gas Co.	Deb.	30.0	April 26
Cincinnati Gas & Electric Co.	1st mtg. bds.	25.0	May 7
*Central Maine Power Co.	1st mtg. bds.	18.0	May 14
New York State Elec. & Gas Co.	1st mtg. bds.	25.0	May 15
*Florida Power & Light Co.	1st mtg. bds.	15.0	May 16
*Public Service Co. of Colorado	1st mtg. bds.	30.0	May 21
*Interstate Power Co.	1st mtg. bds.	20.0	May 21
National Fuel Gas Co.	Deb.	15.0	May 28
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	25.0	1957

Forthcoming Large Offerings, as of April 19 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
Baltimore, Maryland	G.O.	24.2	April 23
New York, New York	G.O.	30.5	April 23
State of Colorado	Highway rev.	8.0	April 24
State of California	G.O.	80.0	April 24
Little Rock Waterworks Comm., Ark.	Rev.	9.6	April 29
*Cincinnati, Ohio	Parking rev.	5.5	April 29
*Detroit, Michigan	Sewer rev.	5.0	April 30
Cleveland, Ohio	G.O.	17.3	April 30
Long Beach, California	G.O.	10.2	April 30
State of Ohio	G.O.	60.0	May 1
New York State Power Authority	Rev.	6.8	May 2
Cincinnati, Ohio	G.O.	15.1	May 7
*Chicago, Illinois	G.O.	12.5	May 8
Jacksonville, Florida	Utilities rev.	30.0	May 9
*Shelby Co., Tennessee	G.O.	6.8	May 13
Territory of Hawaii	G.O.	14.0	May 14
*Tulsa Bd. of Ed., Oklahoma	G.O.	5.0	May 14
Louisville & Jefferson Cos. Sewer Dist., Kentucky	Rev.	8.0	1957
University System Bldg. Auth., Ga.	Rev.	12.0	1957
Florida State Turnpike Authority	Rev.	185.0	1957
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>			
British Columbia Power Commission	S.F.deb.	25.0	May 2

*--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: Quebec Natural Gas Corp., \$25.0 million first mortgage bond issue and \$15.0 million unit issue of subordinated debentures and common stock -- amount offered in the United States reduced to less than \$15.0 million for each issue.

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
April 3	4.29	50		
10			4.60	59
12			4.50	49

*--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.