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May 9, 1957

CAPITAL MARKET DEVELOPMENTS

The volume of large publicly offered securities was moderate last week and is expected to be somewhat smaller this week. During the week ending May 3, one corporate issue for \$20 million was sold; State and local government offerings totaled \$121 million and a foreign issue for \$25 million was sold. This week, a single corporate offering for \$25 million and State and local government issues for \$58 million are expected.

Bond yields - Bond yields increased last week for all categories of outstanding bonds, except those for U. S. Government (old series) obligations, which declined one basis point.

Cincinnati Gas & Electric Company's Aaa-rated, 30-year first mortgage bond issue was reoffered Wednesday to yield 4.17 per cent -- eight basis points below the offering yield on the last comparable issue, an offering made on March 13.

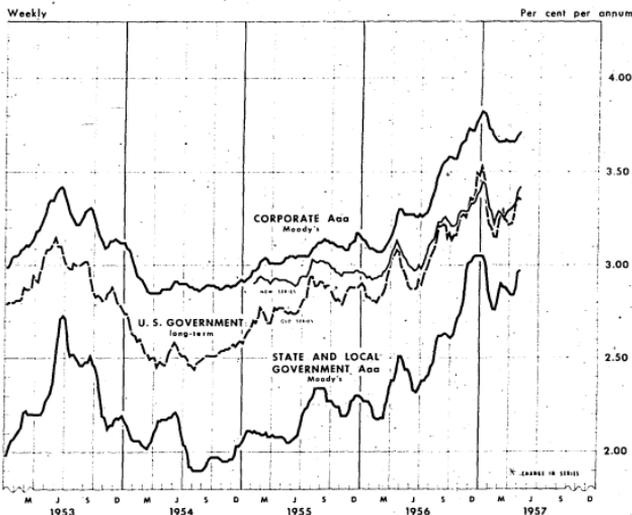
Stock prices - Common stock prices, as measured by the SEC index of 265 common stocks, reached a new high for the year last week, closing at 281.3 on May 3. Trading volume, averaging 2.4 million shares a day, was somewhat below the 2.7 million average of the previous week. Daily figures through Wednesday 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 Aaa 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 (3/9)	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	.88
Low	3.66 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.29	.26
April 5	3.66	3.22	3.30	2.84	.44	.38
April 12	3.66	3.25	3.32	2.84	.41	.41
April 19	3.67	3.33	3.34	2.87	.41	.46
April 26	3.69	3.36	3.40	2.96	.33	.40
May 3	3.71	3.35	3.42	2.97	.36	.38

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

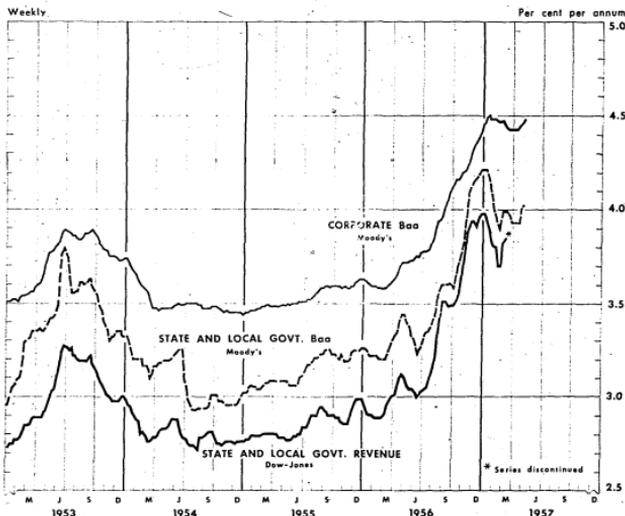
2/ Weekly averages of daily figures. The old series includes fully taxable, marketable 2 1/2 per cent bonds due or first callable after 12 years through September 1955, and those due or callable in 10-12 years thereafter; the average term to first call of the bonds included declined from 14 years in 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)
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)
April 5	4.42	3.93	
April 12	4.42	3.93	^{4/}
April 19	4.44	3.53	
April 26	4.45	4.00	
May 3	4.48	4.03	

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

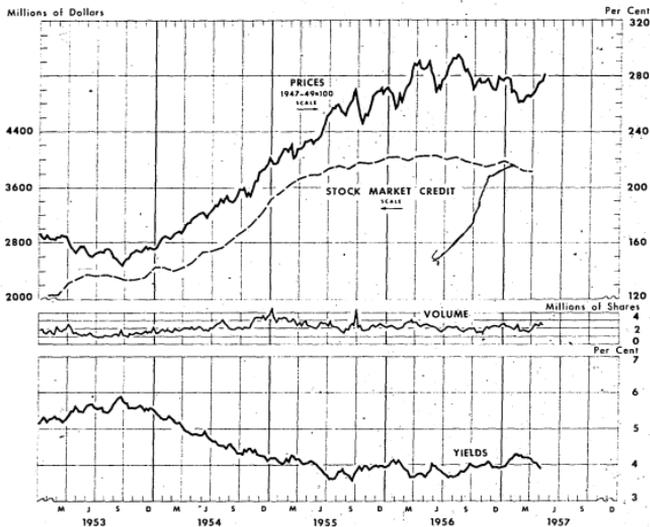
^{2/} Thursday figures. Only general obligation bonds are included; average term is 20 years.

^{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 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	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	3,914	2,740	1,155
1957 - High	281.3 (5/3)	2.7	4.28	3,903	2,762	1,163
Low	260.3 (2/8)	1.6	3.89	3,832	2,713	1,117
March	265.1	1.7	4.16	3,832	2,713	1,119
April	273.3	2.3	3.96	n.a.	n.a.	1,116
April 19	275.3	2.2	4.02	n.a.	n.a.	1,118
April 26	276.4	2.7	3.99	n.a.	n.a.	1,116
May 3	281.3	2.4	3.89	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 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	385	404	535
February	e/1,002	704	407	566	696	312
March	e/1,325	790	1,223	e/500	390	538
April						
May	e/ 900	816	478	e/750	378	427
June	e/ 750	1,144	886	e/450	490	350
		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/1,751	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			

^{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 ² 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	--
April	477	499	125

Large Individual Issues Offered April 1 through May 3

Issuer	Type 3/	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
Columbia Gas System, Inc.	Common stk.	26.4				
Babcock & Wilcox	Capital stk.	18.7				
Northwestern Bell Tel. Co.	Deb.	30.0	1989	4 3/8	4.31	Aaa
Lone Star Gas Co.	S. F. deb.	30.0	1982	4 5/8	4.55	A
Northern Natural Gas Co.	S. F. deb.	30.0	1976	4 1/2	4.54	A
Pacific Great Eastern Ry.	S. F. deb.	20.0	1982	4 3/8	4.61	A

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.

5/ 1960-68 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 - 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
Apr. 30	187	179	25	258	396	25

Forthcoming Large Offerings, as of May 3

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Cincinnati Gas & Electric Co.	1st mtg. bds.	25.0	May 8
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.	18.5	May 21
*New York Telephone Co.	Ref. mtg. bds.	70.0	May 21
*Acme Steel Co.	S. F. deb.	22.0	May 22
Niagara Mohawk Power Corp.	Pfd. stk.	20.0	May 22
National Fuel Gas Co.	Deb.	15.0	May 28
General Telephone Corp.	Conv. deb.	46.0	June 10
			(rights expire)
*Metropolitan Edison Co.	1st mtg. bds.	19.0	June 10
*International Business Machines Corp.	Common stk.	200.0	June 10
			(rights expire)
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	25.0	1957

Forthcoming Large Offerings, as of May 3 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
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
State of North Dakota	G.O.	9.0	May 14
*State of Massachusetts	G.O.	19.1	May 14
*Boston, Massachusetts	G.O.	5.3	May 21
State of Tennessee	G.O.	10.0	May 22
*King Co., Sch. Dist. No. 1, Wash.	G.O.	15.0	May 22
*State of Texas	G.O.	12.5	May 28
State of Mississippi	G.O.	10.0	May 29
*Los Angeles, California	Elec. rev.	15.0	June 5
Louisville & Jefferson Cos. Sewer Dist., Kentucky	Rev.	8.0	1957
University System Bldg. Auth., Ga.	Rev.	12.0	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>			
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.

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