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May 29, 1957

CAPITAL MARKET DEVELOPMENTS

(Including Quarterly Review of
Corporate Security Financing)

The volume of public security financing was substantial last week, particularly for corporate securities. During the week ending May 24, large issues sold by corporations amounted to \$161 million and offerings of State and local governments totaled \$46 million. The calendar for this holiday-shortened week includes corporate issues totaling \$65 million and State and local government issues for \$20 million.

Bond yields - Yields increased slightly last week for all categories of outstanding bonds, except those for Aaa-rated State and local government obligations, which remained stable.

Yields on new corporate issues continued to increase. A new A-rated 30-year, electric utility issue was offered to the public on Wednesday to yield 5.25 per cent -- 25 basis points above that for a comparable offering made late last week.

June estimates - Corporate security issues during June are expected to total \$1,200 million, three-fifths above the estimated May volume and over two-fifths greater than the volume in June of last year. Large publicly offered issues are expected to total over \$500 million, including the \$231 million common stock issue by International Business Machines Corporation.

State and local government issues for June are currently estimated at \$425 million. This total would be about one-fifth below the May volume, and two-fifths below the volume in June 1956.

Stock prices - Stock prices, as measured by the SEC index of 265 common stocks, declined slightly last week, closing at 285.4 on May 24. Daily figures through Wednesday indicate little change in prices on balance.

Corporate Security Offerings
in the First Quarter 1957

Net proceeds for new capital

Corporations sold \$3.5 billion of security issues to obtain new capital during the first quarter of 1957, as shown in Table 1. This was the largest volume of offerings in any quarter on record and exceeded the total for the corresponding period of 1956 by 66 per cent. Most major industrial groups showed a sharp rise in volume of issues as compared with last year.

New issue volume for manufacturing companies, amounting to \$1.3 billion, was twice the volume in the first quarter last year, and accounted for over one-third of all corporate offerings. Nearly all groups of manufacturing industries sold a markedly greater volume of securities than a year earlier, with the primary metals (both ferrous and nonferrous) and petroleum and refining industrial groups showing the biggest percentage increases. Much of the increase in petroleum company financing is the result of two very large issues (over \$150 million) -- one by Socony Mobil Oil Company and the other by Phillips Petroleum Company. Paper, textiles and apparel, motor vehicles and equipment, and foods were the only manufacturing sub-groups registering a decline from the previous year in the volume of securities sold, with the only significant decline occurring in issues by textile companies.

New capital offerings by electric, gas and water utilities totaled \$1.0 billion in the first quarter -- over twice the volume last year and 15 per cent above the previous peak first quarter, that of 1954.

Communication companies, with total net proceeds of \$432 million, ranked third in importance. The increased security financing of the communication utilities is partly accounted for by the \$250 million AT&T debenture issues offered in March; last year AT&T's financing was done in July and November.

There were increases in the volume of offerings during the first quarter of this year by railroads, other transportation, mining and commercial and other corporations. The only major industrial group showing a decline was the financial and real estate category. The first quarter total this year was \$386 million as compared to \$638 for the corresponding total in 1956, with most of the decline being the result of the decrease in offerings by sales and consumer finance companies.

Corporate Security Offerings for New Capital
by Type of Business of Issuer
First Quarter

(Net proceeds in millions of dollars)

	1957	1956	1955	1954	1953
All corporate offerings	3,479	2,102	2,164	1,608	1,912
Manufacturing	<u>1,291</u>	<u>606</u>	<u>752</u>	<u>261</u>	<u>612</u>
Petroleum	393	67	65	96	103
Primary nonferrous metals	308	61	9	20	15
Primary iron and steel	106	15	36	15	25
Nonelectrical machinery	91	53	44	22	131
Stone, clay and glass	57	38	9	14	n.a.
Motor vehicles and equipment	54	57	325	5	--
Chemicals	51	48	47	14	176
Paper	48	63	22	13	5
Other trans. equipment	36	14	2	--	1
Textiles and apparel	24	68	1	9	12
Fabricated metal products	23	2	30	2	--
Electrical machinery	18	13	22	11	27
Foods	17	24	36	15	24
Other <u>1/</u>	65	90	104	25	93
Electric, gas & water utilities	984	451	487	857	669
Communication	432	141	53	61	51
Railroad	112	85	53	85	89
Other transportation	106	49	39	59	68
Commercial and other	90	85	123	54	96
Mining	78	46	78	83	29
Financial and real estate	<u>386</u>	<u>638</u>	<u>580</u>	<u>148</u>	<u>299</u>
Sales and consumer finance co.	211	456	438	81	244
Other	175	182	142	67	55

n.a.--Not separately available.

1/ Includes small volume of foreign issues not further classified in the manufacturing group.

Note.--Details may not add to totals due to rounding.

Source.--Securities and Exchange Commission and Federal Reserve.

Total gross proceeds

Information on the types of securities issues by corporations is available only in terms of the gross proceeds from corporate offerings, a concept which includes refunding issues not shown in the new capital series, as well as costs of flotation. Gross proceeds were a record \$3.6 billion during the first quarter of 1957, 60 per cent greater than last year. Refunding issues were only about \$50 million, as compared to over \$100 million in 1956 and over \$300 million in 1955.

Table 2

Total Corporate Security Offerings by Type of Issue
First Quarter

(Gross proceeds in millions of dollars)

Type of issue	1957	1956	1955	1954	1953
Total corporate offerings	3,596	2,250	2,530	1,730	2,039
<u>Type of offering</u>					
Public	2,622	1,201	1,739	1,073	1,139
Private	974	1,048	791	656	899
<u>Type of security</u>					
Bonds and notes	2,750	1,706	1,662	1,318	1,524
Public	1,797	683	894	689	649
Private	953	1,024	768	629	875
Preferred stock	97	191	111	115	159
Common stock	749	352	758	296	356

Note.--Details may not add to totals due to rounding.

Source.--Securities and Exchange Commission.

Public issues totaled \$2.6 billion in the first three months of 1957. Representing over 70 per cent of total security offerings, these public issues were a significantly greater proportion than a year earlier.

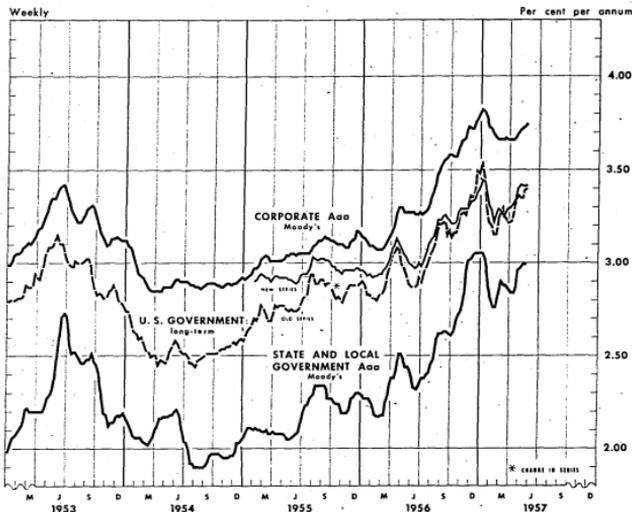
Debt financing was much larger in volume this year than last. Common stock financing also increased significantly, but preferred stock financing declined. One-eighth of the new securities offered were convertible issues--predominately bonds. Convertible bond financing totaled about \$450 million and compares to the volume of over \$100 million in 1956.

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		Aaa	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 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.29	.26	
April 26	3.69	3.36	3.40	2.96	.33	.40	
May 3	3.71	3.35	3.42	2.97	.36	.38	
May 10	3.72	3.35	3.41	2.99	.37	.36	
May 17	3.73	3.39	3.41	2.99	.34	.40	
May 24	3.75	3.40	3.42	2.99	.35	.41	

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

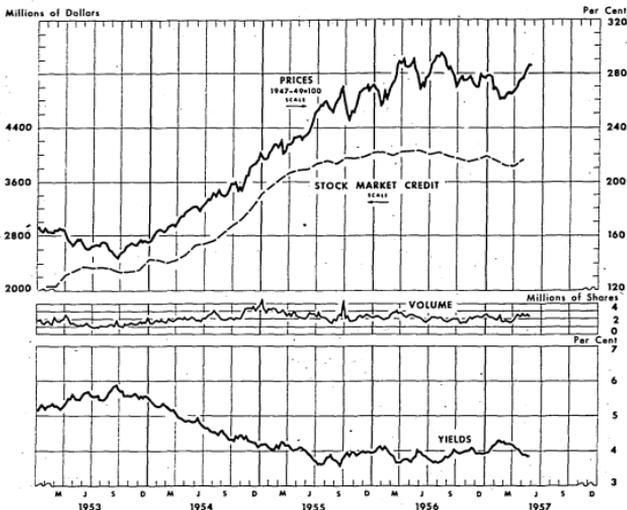
^{2/} Weekly averages of daily figures. The old series includes fully taxable, marketable 2 1/2 per cent bonds due or first callable after 12 years through September 1955, and those due or callable in 10-12 years thereafter; the average term to first call of the bonds included declined from 14 years 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	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	285.6 (5/17)	2.7	4.28	3,938	2,792	1,163
Low	260.3 (2/8)	1.6	3.83	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	3,938	2,792	1,146
May 10	282.2	2.4	3.89	n.a.	n.a.	1,141
May 17	285.6	2.6	3.83	n.a.	n.a.	1,133
May 24	285.4	2.2	3.83	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	1,063	579	535	685	404	535
February	1,071	704	407	566	696	312
March	1,344	790	1,223	e/500	390	538
April	e/950	816	478	e/750	378	427
May	e/750	1,144	886	e/550	490	350
June	e/1,200	830	687	e/425	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	3,479	2,073	2,165	e/1,751	1,490	1,385
2nd quarter	e/2,900	2,789	2,052	e/1,725	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	e/6,379	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	3,268	1,617	1,727			
2nd quarter	e/2,650	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 and local government	Other <u>2/</u>
1956 - 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 May 1 through 24

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Pacific Great Eastern Ry.	S. F. deb.	20.0	1982	4 3/8	4.61	A
Cincinnati Gas & Elec. Co.	1st mtg. bds.	25.0	1987	4 1/8	4.17	Aaa
Central Maine Power Co.	1st & gen. mtg. bds.	18.0	1987	4 7/8	4.70	A
N. Y. State Elec. & Gas. Co.	1st mtg. bds.	25.0	1987	4 5/8	4.53	A
Florida Power & Light Co.	1st mtg. bds.	15.0	1987	4 5/8	4.50	Aa
Public Serv. Co. of Col.	1st mtg. bds.	30.0	1987	4 3/8	4.38	Aa
New York Telephone Co.	Ref. mtg. bds.	70.0	1991	4 1/2	4.40	Aaa
Acme Steel Co.	S. F. deb.	22.0	1977	4 7/8	4.95	A
Niagara Mohawk Power Co.	Pfd. stk.	20.0				
Interstate Power Co.	1st mtg. bds.	18.5	1987	5	5.00	A

Large Individual Issues Offered May 1 through 24 (Cont'd)

Issuer	Type ^{2/}	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u>						
State of Ohio	G.O.	60.0	1958-72	2.94	2.00-2.95	Aaa
New York St. Power Auth. Melbourne, Florida	Rev. Wtr.&swr.rev.	6.8	1961-85	3.78	3.00-3.75	--
Cincinnati, Ohio	G.O.	6.8	1960-96	n.a.	3.50-5.00	--
Chicago, Illinois	G.O.	15.1	1958-2007	3.15	2.10-3.20	Aaa
Shelby Co., Tennessee	G.O.	12.5	1958-76	3.36	2.50-3.55	A
Territory of Hawaii	G.O.	6.8	1958-82	3.12	2.15-3.20	Aa
Tulsa Ind. Sch. Dist. No 1, Oklahoma	G.O.	14.0	1960-77	3.71	2.85-3.75	A
State of North Dakota	G.O.	5.0	1959-72	3.30	2.50-3.30	A
State of Massachusetts	G.O.	9.0	1958-69	2.83	2.10-2.90	Aa
State of Washington	G.O.	19.1	1958-2007	3.24	2.10-3.40	Aa
State of Washington	Fuel tax rev.	20.7	1957-76	3.96	2.25-3.85	A
State of Washington	Sales tax rev.	10.0	1958-77	3.71	2.60-3.60	Aa
Boston, Massachusetts	G.O.	5.3	1958-77	3.40	2.30-3.40	A
State of Tennessee	G.O.	10.0	1967-68	3.12	3.00-3.05	Aa
King Co., Sch. Dist. No. 1, Washington	G.O.	15.0	1959-77	3.67	2.80-3.70	A
Yonkers, New York	G.O.	6.1	1958-77	3.81	2.40-3.80	A
Wash. Sub. San. Dist., Maryland	G.O.	9.4	1958-96	4.28	3.00-4.40 ^{4/}	Baa
<u>OTHER</u>						
British Columbia Pwr.Comm.	S. F. deb.	25.0	1987	4 3/8	4.50	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/} 1995-96 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 - 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	290	25	486	862	25
Apr. 30	187	179	25	258	396	25
May 31	525	97	--	525	388	--

Forthcoming Large Offerings, as of May 24

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
National Fuel Gas Co.	Deb.	15.0	May 29
Tennessee Gas Transmission Co.	1st mtg. P.L. bds.	50.0	May 29
Boston Edison Co.	1st mtg. bds.	25.0	June 5
*Southern Calif. Edison Co.	Com. pid. stk.	30.0	June 5
General Telephone Co. of Calif.	1st mtg. bds.	20.0	June 6
Columbia Gas System, Inc.	Deb.	20.0	June 7
Georgia Power Co.	1st mtg. ods.	15.5	June 7
General Telephone Corp.	Conv. deb.	44.5	June 10 (rights expire)
Metropolitan Edison Co.	1st mtg. bds.	19.0	June 10
International Business Machines Corp.	Common stk.	231.0	June 10 (rights expire)
Consolidated Natural Gas Co.	S.F. deb.	25.0	June 12
Michigan Wisconsin Pipe Line Co.	1st mtg. bds.	30.0	June 13
*Michigan Consolidated Gas Co.	1st mtg. bds.	30.0	June 18
*Fairbanks Morse & Company	Deb.	15.0	June 18
Puget Sound Power & Light Co.	1st mtg. bds.	20.0	June 25

Forthcoming Large Offerings, as of May 24 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
State of Maryland	G.O.	9.8	May 28
State of Texas	G.O.	12.5	May 28
State of Mississippi	G.O.	10.0	May 29
Tacoma, Washington	Lt. & pwr. rev.	5.0	June 4
Columbus, Ohio	G.O.	5.2	June 4
Los Angeles, California	Elec. rev.	15.0	June 5
State of Louisiana	G.O.	16.0	June 6
San Antonio, Texas	Water rev.	13.9	June 6
State of Ohio	Highway rev.	32.0	June 12
Pittsburgh, Pennsylvania	G.O.	5.2	June 12
San Diego, California	G.O.	5.0	June 13
Los Angeles City Sch. Dists., Calif.	G.O.	44.0	August 13
Jacksonville, Florida	Utilities rev.	30.0	1957
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.

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
May 10			4.53	52
15			4.53	52
16	4.50	65	4.70	69
21	4.38	51		
23			5.00	98

*--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.