

H.14

June 27, 1957

CAPITAL MARKET DEVELOPMENTS

Large public security offerings issued for new capital during the week ending June 21 totaled \$150 million for corporations and \$24 million for State and local governments. This week, corporate issues with aggregate proceeds of \$198 million, including expiration of subscription rights, are expected. Also scheduled for sale this week are large State and local government issues totaling \$47 million and a foreign issue for \$39 million.

Bond yields - Yields on all types of outstanding bonds continued to increase last week, establishing new postwar highs in every category. The increase in yields on U. S. Government obligations was particularly sharp--16 basis points for the old series and 13 basis points for the new series. Daily data indicate further increases for corporate bond yields through Tuesday of this week.

Estimated July volume - Corporate security issues during July are expected to total \$900 million, one-third below the estimated June volume and only one-seventh below the exceptionally large volume in July last year. Large publicly offered issues are expected to total over \$300 million, including the \$120 million First National City Bank of New York capital stock issue, for which subscription rights expire in mid-July.

State and local government issues for July are currently estimated at \$375 million. This total would be less than one-eighth below the estimated June volume and about the same as the volume in July 1956.

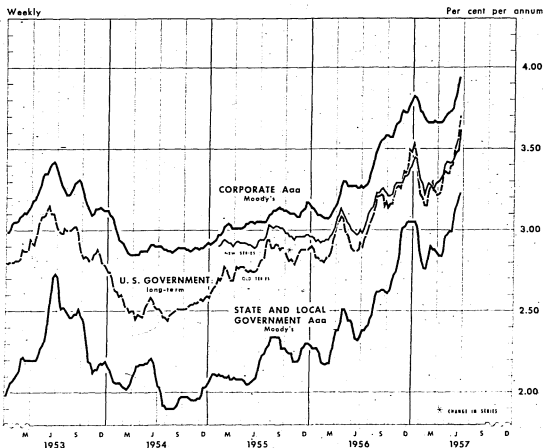
Stock prices - Stock prices, as measured by the S&C index of 265 common stocks declined sharply last week, closing at 283.0 on June 21. Daily figures through Wednesday of this week indicate little change in prices, on balance.

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 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 (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	3.94 (6/21)	3.70 (6/21)	3.62 (6/21)	3.23 (6/20)	.54	.48
Low	3.66 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.24	.26
May 24	3.75	3.40	3.42	2.99	.35	.41
May 31	3.79	3.48	3.45	3.10	.31	.38
June 7	3.82	3.51	3.47	3.11	.31	.37
June 14	3.88	3.54	3.49	3.17	.34	.37
June 21	3.94	3.70	3.62	3.23	.24	.47

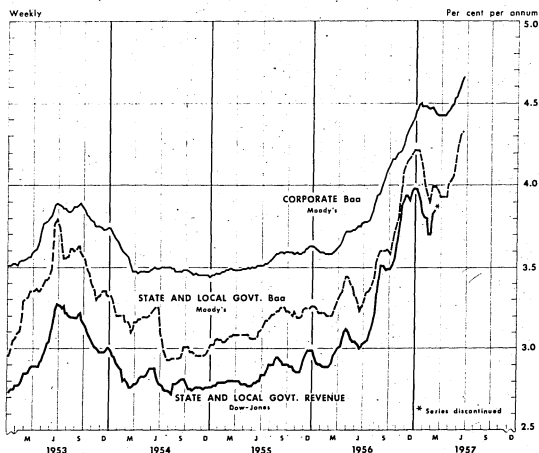
^{1/} Weekly average of daily figures. Average term of bonds included is 25-26 years.

^{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	4.66 (6/21)	4.33 (6/20)	3.98 (1/1)
Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
May 24	4.54	4.15	<u>4</u>
May 31	4.56	4.23	
June 7	4.59	4.27	
June 14	4.62	4.31	
June 21	4.66	4.33	

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.

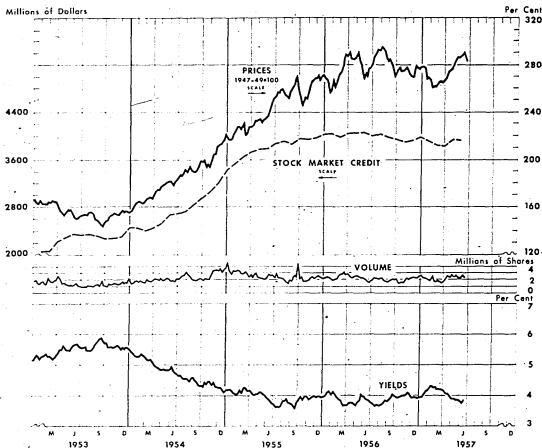
3 Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

4 Series discontinued, as of March 15.

Note.--Highs and lows are for individual series and may be on different dates for different series.

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 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	3,914	2,740	1,155
1957 - High	290.0 (6/14)	2.7	4.28	3,938	2,794	1,163
Low	260.3 (2/8)	1.6	3.74	3,832	2,713	1,117
April	273.3	2.3	3.96	3,938	2,792	1,146
May	384.2	2.4	3.82	3,924	2,794	1,130
June 7	287.4	2.2	3.80	n.a.	n.a.	1,137
June 14	290.0	2.6	3.74	n.a.	n.a.	1,142
June 21	283.0	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	573	535	685	404	535
February	1,071	712	407	566	696	312
March	1,344	817	1,223	499	390	538
April	e/950	818	478	762	378	427
May	e/750	1,146	886	e/550	490	350
June	e/1,300	841	687	e/425	735	642
July	e/900	1,063	597	e/375	376	470
August		654	644		199	249
September		838	670		333	406
October		745	1,162 ^{1/}		645	919
November		1,089 ^{2/}	632		311	658
December		1,088	900		426	408
1st quarter	3,479	2,102	2,165	1,750	1,490	1,385
2nd quarter	e/3,000	2,805	2,052	e/1,737	1,603	1,418
3rd quarter		2,556	1,911		908	1,124
4th quarter		2,922	2,695		1,382	1,984
1st half	e/6,479	4,907	4,216	e/3,487	3,093	2,803
Three quarters		7,463	6,127		4,001	3,927
Year		10,384	8,821		5,383	5,911
Excluding finance companies ^{3/}						
1st quarter	3,268	1,647	1,727			
2nd quarter	e/2,750	2,541	1,870			
3rd quarter		2,246	1,444			
4th quarter		2,826	2,554			
Year		9,259	7,595			

e/ Estimated.

^{1/} Includes \$637.2 million AT&T convertible debenture issues.

^{2/} Includes \$571.5 million AT&T common stock issues.

^{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 - 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
May	329	248	25

Large Individual Issues Offered June 1 through 21

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Virginia Elec. & Pwr. Co.	Common stk.	24.2				
Boston Edison Co.	1st mtg. bds.	25.0	1987	4 5/8	4.53	Aaa
General Tele. Co. of Calif.	1st mtg. bds.	20.0	1987	5	5.00	A
Columbia Gas System, Inc.	Deb.	20.0	1982	5 1/2	5.40	A
Georgia Power Co.	1st mtg. bds.	15.5	1987	5 1/4	5.10	A
Metropolitan Edison Co.	1st mtg. bds.	19.0	1987	4 7/8	4.78	Aa
Commercial Credit Co.	Sr. notes	75.0	1977	5	4.95	--
Int. Business Machines Corp.	Common stk.	231.0				
General Telephone Corp.	Conv. deb.	44.5	1977	4 1/2	4.25	Ba
Michigan Wisconsin P.L. Co.	1st mtg. P.L. bds.	30.0	1977	6 1/4	6.00	Baa
Consolidated Nat. Gas Co.	Deb.	25.0	1982	4 7/8	4.80	Aaa
Michigan Consol. Gas Co.	1st mtg. bds.	30.0	1982	6 1/4	6.00	A
Fairbanks, Morse & Co.	Deb.	15.0	1972	5 3/4	5.75	Ba
Southern Bell Tel. & Tel. Co.	Deb.	70.0	1986	5	4.85	Aaa
Texas Eastern Trans. Corp.	Conv. pfd. stk.	20.0				
Texas Eastern Trans. Corp.	Deb.	15.0	1977	6	6.13	Ba

Large Individual Issues Offered June 1 through 21 (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>						
Tacoma, Washington	Lt & pwr. rev.	5.0	1959-83	4.29	3.15-4.25	Baa
Columbus, Ohio	G.O.	5.0	1959-83	3.35	2.60-3.40	Aa
Los Angeles, California	Elec. rev.	15.0	1958-87	3.88	2.50-3.90	Aa
San Antonio, Texas	Water rev.	13.9	1966-84	3.78	3.30-3.80	Aa
Dallas, Texas	Airport rev.	6.3	1962-81	4.11	n.a.	n.a.
Cheltenham S.D. Auth., Pa.	Rev.	6.4	1958-91	4.46	2.80-4.50	A
State of Ohio	Highway rev.	32.0	1957-72	3.75	2.20-3.65	Aa
Pittsburgh, Pennsylvania	G.O.	5.2	1958-77	3.43	2.40-3.40	A
Cowlitz Co. P.U.D. No. 1, Washington	G.O.	20.0	1960-2007	5.06	3.25-5.00	--
Hempstead C.H.S.D. No. 3, New York	G.O.	8.2	1958-86	4.34	2.85-4.30	Baa
San Diego, California	G.O.	5.0	1958-77	3.73	2.50-3.75	A
Independence, Missouri	Elec. rev.	8.0	1960-87	4.74	3.35-4.70	--
State of Rhode Island	G.O.	7.0	1958-77	3.59	2.50-3.60	A
State of Vermont	G.O.	9.3	1958-77	2.94	2.20-3.10	Aaa
<u>OTHER</u>						
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 - 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 June 21

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Delaware Power & Light Co.	1st & coll. tr. bds.	15.0	June 25
Kerr-McGee Oil Industries, Inc.	S.F. deb.	20.0	June 25
*Kerr-McGee Oil Industries, Inc.	Common stk.	15.6	June 25
Philadelphia Electric Co.	Common stk.	22.1	June 25
Puget Sound Power & Light Co.	1st mtg. bds.	20.0	(rights expire) June 26
Household Finance Corp.	S.F. deb.	40.0	June 27
Southern California Gas Co.	1st mtg. bds.	35.0	June 27
Kaiser Aluminum & Chemical Corp.	Conv. pfd. stk.	30.0	June 27
Timken Roller Bearing Co.	Common stk.	19.4	July 1
Southern California Edison Co.	1st & ref. mtg. bds.	40.0	(rights expire) July 2
Rochester Gas & Electric Co.	1st mtg. bds.	15.0	July 3
Central Illinois Light Co.	1st mtg. bds.	15.0	July 10
Wisconsin Telephone Co.	Deb.	30.0	July 10
Washington Water Power Co.	1st mtg. bds.	30.0	July 11
West Penn Power Co.	1st mtg. bds.	20.0	July 11

Forthcoming Large Offerings, as of June 21 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE (Cont'd)</u>			
*Texas Electric Service Co.	1st mtg. bds.	16.0	July 16
Jersey Central Power & Light Co.	1st mtg. bds.	15.0	July 17
*First Nat. City Bank of N. Y.	Capital stk.	120.0	July 22 (rights expire)
Public Service Electric & Gas Co.	Pfd. stk.	25.0	1957
Associates Investment Co.	Deb.	20.0	1957
<u>STATE AND LOCAL GOVERNMENT</u>			
Sabine River Auth., Texas	Water rev.	5.0	June 24
Louisville & Jefferson Cos. Sewer Dist., Kentucky	Rev.	8.0	June 25
East Baton Rouge Parish Sch. Dist., La.	G.O.	10.0	June 26
Louisiana State University	Bldg. rev.	7.5	June 26
Harris Co., Texas	G.O.	5.0	June 27
Wayne Co., Michigan	Airport rev.	6.6	June 27
Ft. Worth Ind. Sch. Dist., Texas	G.O.	5.0	June 27
*Salt River Agric. Imp. & Power Dist., Arizona	G.O.	5.0	July 2
*Fresno Unified Sch. Dist., Calif.	G.O.	7.0	July 9
*Met. Water Dist. of So. California	Rev.	15.0	July 9
*St. Louis Co., Mo.	G.O.	6.8	July 17
*State of Louisiana	G.O.	10.0	July 17
Atlanta, Georgia	G.O.	15.0	July 20
Milwaukee, Wisconsin	Water rev.	10.0	July 23
State of California	G.O.	50.0	July 24
Los Angeles City Sch. Dists., Calif.	G.O.	44.0	Aug. 13
State of Ohio	Highway rev.	31.0	Sept. 10
State of Texas	G.O.	12.5	1957
Jacksonville, Florida	Utilities rev.	30.0	1957
University System Bldg. Auth., Ga.	Rev.	12.0	1957
Pennsylvania Turnpike Commission	Rev.	62.0	1957
Inter-American Center Auth., Fla.	Rev.	20.0	1957
New York State Thruway Authority	G.O.	50.0	1957
Oklahoma Turnpike Authority	Rev.	65.0	1957
<u>OTHER</u>			
Metropolitan Toronto, Ontario	Deb.	39.4	June 26
Montreal, Quebec	Deb.	25.0	July 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: None.