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July 3, 1957

CAPITAL MARKET DEVELOPMENTS

The volume of large publicly offered securities was substantial last week, particularly for corporate securities, but is expected to be much smaller during this holiday-shortened week. During the week ending June 28 corporations sold large issues totaling \$198 million and State and local government flotations amounted to \$30 million. A foreign issue for \$39 million was also sold. This week, corporate issues with aggregate proceeds of \$74 million, including expiration of subscription rights, and one State and local government issue for \$5 million are expected.

Bond yields - Changes in yields on outstanding bonds were mixed, but minor last week. Yields on corporate bonds and Baa-rated State and local government bonds increased while yields on Aaa-rated State and local bonds remained stable, and yields on U.S. Government obligations declined.

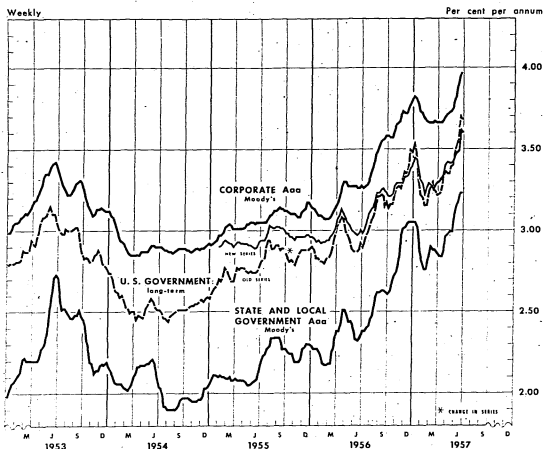
A new A-rated 30-year, first mortgage electric utility issue was offered to the public on Wednesday to yield 4.80 per cent -- 13 basis points above the last comparable issue, an offering made on May 15. It should be noted that both of these issues included a 5-year no-call provision. The yield for the issue of this week is 30 basis points below that for a similar offering made on June 7, an issue which had no refunding restriction, but only 20 basis points below the current quotation on that issue.

Stock prices - Stock prices, as measured by the SEC index of 265 common stocks, increased last week, closing at 284.4 on June 28. The volume of trading declined somewhat last week, averaging 1.9 million shares a day. Further increases in prices are indicated through the first two days of this week.

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		Corporate 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	3.97 (6/28)	3.70 (6/21)	3.62 (6/21)	3.23 (6/27)	.54	.88
Low	3.66 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.24	.26
May 31	3.79	3.48	3.45	3.10	.31	.38
June 7	3.82	3.51	3.47	3.14	.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
June 28	3.97	3.68	3.60	3.23	.29	.45

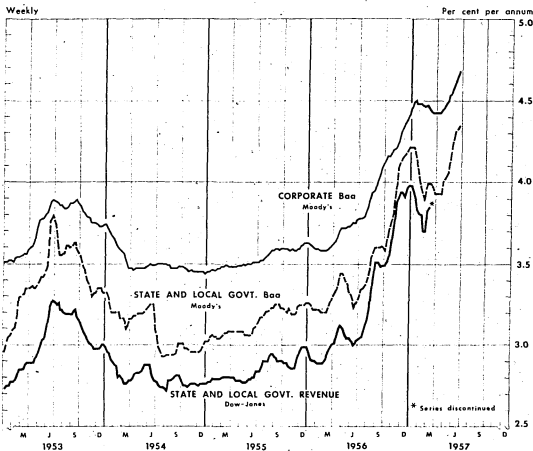
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

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 ^{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	4.68 (6/28)	4.35 (6/27)	3.98 (1/4)
Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
May 31	4.56	4.23	^{4/}
June 7	4.59	4.27	
June 14	4.62	4.31	
June 21	4.66	4.33	
June 28	4.68	4.35	

^{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.

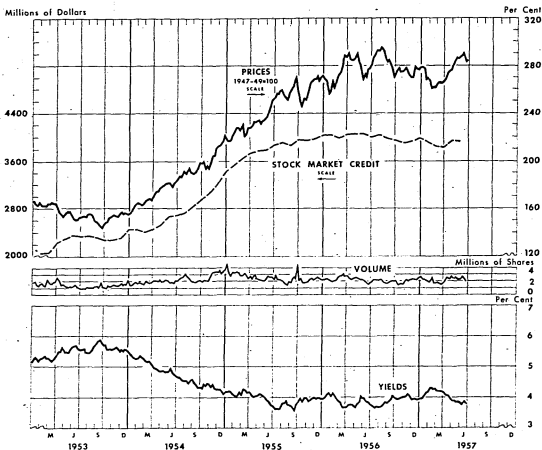
^{3/} Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

^{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 balances ^{4/}	Bank loans to "others" ^{5/}
(Billions 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	1,355
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	1,713	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 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.	1,145
June 28	284.4	1.9	3.79	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/380	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/1,692	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/3,442	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 2/
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 during June

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest 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 during June

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE (Cont'd)</u>						
Delaware Power & Light Co.	1st & coll. tr. bds.	15.0	1987	5	4.91	Aa
Kerr-McGee Oil Ind., Inc.	S.F. deb.	20.0	1977	5 1/4	5.25	Baa
Kerr-McGee Oil Ind., Inc.	Common stk.	15.6				
Philadelphia Electric Co.	Common stk.	22.1				
Puget Sound Pwr. & Lt. Co.	1st mtg. bds.	20.0	1987	6 1/4	6.00	Baa
household Finance Corp.	S.F. deb.	40.0	1982	5	5.07	Ba
Southern Calif. Gas Co.	1st mtg. bds.	35.0	1983	5 1/8	5.00	Aa
Kaiser Aluminum & Chem. Co.	Conv. pfd. stk.	30.0				
<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
Sabine River Auth., Texas	Water rev.	5.0	1958-77	3.75	2.60-3.80	Aa
Louisville & Jefferson Cos. Sewer Dist., Kentucky	Rev.	8.0	1978-96	4.06	3.80-4.05	Aa
Harris Co., Texas	G.O.	5.0	1958-82	3.90	2.75-3.90	A
Wayne Co., Michigan	Airport rev.	6.6	1961-93	4.74	3.50-4.75	A
Ft. Worth Ind. Sch. Dist., Texas	G.O.	5.0	1958-82	n.a.	2.50-4.75	A
<u>OTHER</u>						
Metropolitan Toronto, Ontario	Deb.	39.4	1958-87	4 3/4, 4 7/8	4.00-5.00	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.

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 - 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	--
June 28	370	172	25	415	498	25

Forthcoming Large Offerings, as of June 28

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Timken Roller Bearing Company	Common stk.	19.4	July 1 (rights expire)
Southern California Edison Company	1st & ref. mtg. bds.	40.0	July 2
Rochester Gas & Electric Company	1st mtg. bds.	15.0	July 3
Central Illinois Light Company	1st mtg. bds.	15.0	July 10
Wisconsin Telephone Company	Deb.	30.0	July 10
Washington Water Power Company	1st mtg. bds.	30.0	July 11
West Penn Power Company	1st mtg. bds.	20.0	July 11
Texas Electric Service Company	1st mtg. bds.	16.0	July 16
Jersey Central Power & Light Company	1st mtg. bds.	15.0	July 17
*Inland Steel Company	1st mtg. bds.	50.0	July 18
First National City Bank of New York	Capital stk.	120.0	July 22 (rights expire)
Public Service Electric & Gas Co.	Pfd. stk.	25.0	1957
Associates Investment Company	Deb.	20.0	1957

Forthcoming Large Offerings, as of June 28 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
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
*Port of New York Authority	Airport rev.	28.8	July 10
*Philadelphia School District, Penn.	G.O.	12.0	July 16
*State of Minnesota	Highway rev.	12.0	July 16
St. Louis County, Missouri	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>			
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: East Baton Rouge Parish School District, Louisiana, \$10 million general obligation issue -- all bids rejected; and Louisiana State University, \$7.5 million building revenue issue -- postponed indefinitely.