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H.14

July 25, 1957

CAPITAL MARKET DEVELOPMENTS

The volume of large publicly offered securities was moderate during the week ending July 19, but is expected to be much larger this week, particularly for corporate securities. Last week, large issues sold by corporations totaled \$81 million and offerings of State and local governments amounted to \$67 million. The corporate total does not include the \$100 million CIT Financial Corporation's series debenture issue, which is being offered on a continuous basis from July 15, 1957 to April 1959 unless sold earlier. Corporate issues are expected to total \$255 million this week, including the expiration of subscription rights for First National City Bank of New York's \$120 million capital stock issue. State and local government issues totaling \$88 million are also scheduled for sale.

Bond yields - Bond yields increased last week for all types of outstanding bonds, except those for Baa-rated corporate bonds, which remained stable. Daily figures through Tuesday of this week indicate an increase in corporate bond yields -- for both the Aaa's and Baa's

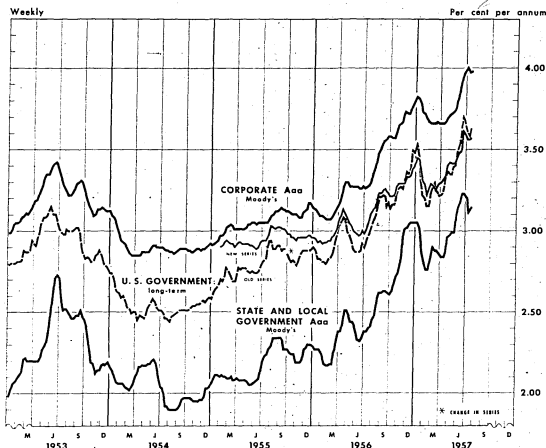
A new Aa-rated, 32-year first and refunding mortgage public utility issue was offered to investors this week to yield 4.95 per cent -- 30 basis points above the yield for a similarly rated 30-year first mortgage bond issue offered last week. It should be noted that the issue sold this week carried a 5-year, no-call provision whereas the other issue had no such restriction.

Stock prices - The SEC index of 265 common stock declined 3.3 points last week, closing at 291.3 on July 19. Daily indexes indicate little change in prices on balance during the first three 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) (State and 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	4.00 (7/5)	3.70 (6/21)	3.62 (6/21)	3.23 (6/27)	.54	.49
Low	3.66 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.24	.26
June 21	3.94	3.70	3.62	3.23	.24	.47
June 28	3.97	3.68	3.60	3.23	.29	.45
July 5	4.00	3.61	3.56	3.20	.39	.41
July 12	3.97	3.58	3.56	3.11	.39	.47
July 19	3.98	3.63	3.57	3.14	.35	.49

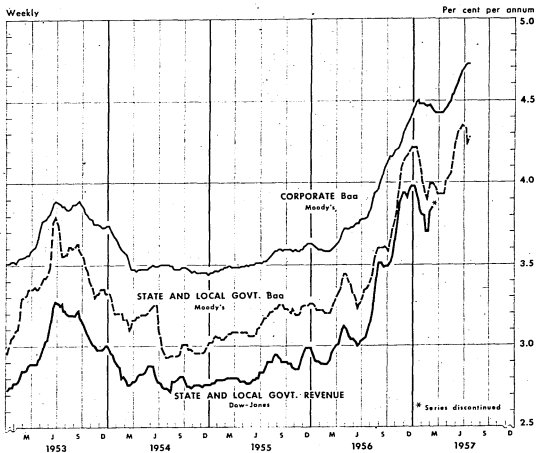
^{1/} Weekly average of daily figures. Average term of bonds included is 25-26 years.

^{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 (1/4)	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	4.72 (7/19)	4.35 (6/27)	3.98 (1/4)
Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
June 21	4.66	4.33	<u>4/</u>
June 28	4.68	4.35	
July 5	4.71	4.33	
July 12	4.72	4.24	
July 19	4.72	4.28	

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.

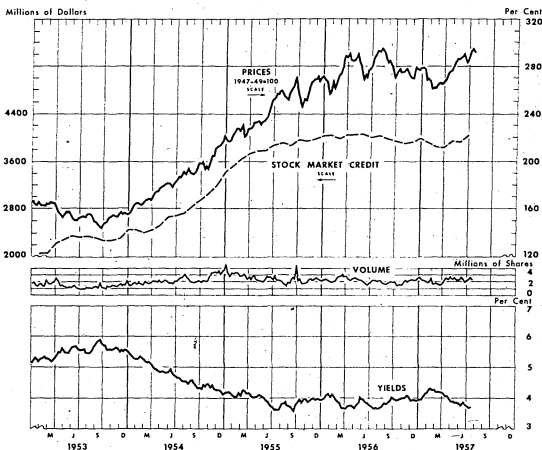
3/ Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

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/
(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	294.6 (7/12)	2.7	4.23	4,031	2,887	1,163
Low	260.3 (2/8)	1.6	3.67	3,832	1,713	1,117
May	384.2	2.4	3.82	3,924	2,794	1,130
June	286.2	2.2	3.79	4,031	2,987	1,144
July 5	291.8	2.3	3.73	n.a.	n.a.	r/ 1,158
July 12	294.6	2.6	3.67	n.a.	n.a.	1,135
July 19	291.3	2.2	3.69	n.a.	n.a.	n.a.

n.a.--Not available. r/ Revised.

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/1,350	841	687	e/380	735	642
July	e/900	1,063	597	e/400	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/3,050	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/6,529	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/2,800	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 - 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
June	877	176	39

Large Individual Issues Offered July 1 through 19

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Southern Calif. Edison Co.	1st ref. mtg. bds.	40.0	1982	4 3/4	4.70	Aa
Rochester Gas & Elec. Co.	1st mtg. bds.	15.0	1987	4 7/8	4.80	A
Timken Roller Bearing Co.	Common stk.	19.4				
Central Illinois Light Co.	1st mtg. bds.	15.0	1987	4 5/8	4.57	Aa
Wisconsin Telephone Co.	Deb.	30.0	1992	4 1/2	4.43	Aaa
Washington Water Power Co.	1st mtg. bds.	30.0	1987	4 7/8	4.88	A
West Penn Power Co.	1st mtg. bds.	20.0	1987	4 7/8	4.75	Aa
Associates Investment Co.	Deb.	20.0	1977	5 3/4	5.75	--
Texas Electric Service Co.	1st mtg. bds.	16.0	1987	4 3/4	4.65	Aa
Jersey Central Pwr. & Lt. Co.	1st mtg. bds.	15.0	1987	5	4.90	A
Inland Steel Co.	1st mtg. bds.	50.0	1987	4 3/8	4.38	Aa

Large Individual Issues Offered July 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>						
Salt River Agric. Impr. & Power Dist., Arizona	G.O.	5.0	1960-87	4.29	3.20-4.25	A
Fresno U.S.D., California	G.O.	7.0	1960-77	3.31	2.70-3.35	Aa
Metro. Wtr. Dist. of So. California	Rev.	15.0	1958-69	3.20	2.50-3.20	Aa
Port of New York Auth.	Airport rev.	28.8	1958-75	3.66	2.70-3.70	A
Cook Co. S. D. No. 205, Ill.	G.O.	5.5	1959-76	4.49	3.10-4.40	Baa
Philadelphia S. D., Penna.	G.O.	12.0	1959-82	3.55	2.60-3.60	A
State of Minnesota	Highway rev.	12.0	1960-73	2.89	2.40-2.90	Aa
Atlanta, Georgia	G.O.	15.5	1958-86	3.39	2.40-3.45	Aa
St. Louis Co., Missouri	G.O.	6.8	1958-77	3.28	2.30-3.30	Aa
State of Louisiana	G.O.	10.0	1964-66	3.20	3.10-3.20 ^{4/}	Aa
Westport, Connecticut	G.O.	5.4	1958-77	3.50	2.50-3.50	Aa
<u>OTHER</u>						
Montreal, Quebec	S.F. deb.	25.0	1977	5 1/4	5.70	A

^{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/} Part 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 <u>2/</u>	Corporate	State and local govt.	Other <u>2/</u>
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 July 19

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
First National City Bank of New York	Capital stk.	120.0	July 22 (rights expire)
Pacific Gas and Electric Company	1st & ref. mtg. bds.	60.0	July 24
Tennessee Gas Transmission Company	Deb.	25.0	July 25
Sears Roebuck Acceptance Corp.	Deb.	50.0	July 26
Minneapolis-Honeywell Regulator Co.	Common stk.	28.2	August 1 (rights expire)
Northern States Power Company	1st mtg. bds.	18.0	August 14
*J. Ray McDermott and Co.	Conv. sub. deb.	20.3	August 20 (rights expire)
*American Telephone & Telegraph Co.	Deb.	250.0	October 29
Public Service Electric & Gas Co.	Pfd. stk.	25.0	1957

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

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
Georgia Rural Roads Authority	Rev.	17.5	July 23
Milwaukee, Wisconsin	Water rev.	10.0	July 23
East Baton Rouge Par. Sch. Dist., La.	G.O.	10.0	July 23
State of California	G.O.	50.0	July 24
State of Oregon	G.C.	15.0	July 29
*State of New York	G.O.	27.9	July 30
Phoenix, Arizona	G.O.	6.0	July 31
Kansas Turnpike Authority	Rev.	18.0	Aug. 1
*Sacramento Unif. Sch. Dist., Calif.	G.C.	7.0	Aug. 7
Los Angeles City Sch. Dists., Calif.	G.C.	44.0	Aug. 13
State of Ohio	Highway rev.	31.0	Sept. 10
San Diego Unified Sch. Dist., Calif.	G.O.	10.0	Oct. 15
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>			
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
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 ^{2/}	52
16	4.50	65	4.70 ^{2/}	69
21	4.38 ^{2/}	51		
23			5.00	98
29			5.25	123
June				
5	4.63	75		
7			5.10	106
11	4.78	87		
July				
3			4.80 ^{2/}	64
10	4.57	48	4.88 ^{2/}	74
11	4.77	68		
16	4.65	56		
17			4.90	71

*--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.

^{2/} Provides for a 5-year period during which issue may not be called for refunding at a lower coupon rate. Other issues have no such provision.