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August 1, 1957

CAPITAL MARKET DEVELOPMENTS

The volume of large publicly offered securities was large last week, particularly for corporate securities, but is expected to be somewhat smaller this week. During the week ending July 26, corporations sold large issues totaling \$255 million, including the expiration of subscription rights for First National City Bank of New York's stock issue. State and local governments floated large issues totaling \$88 million. The State and local government financing total includes a \$10 million school district bond issue which was sold at a net interest cost of 3.97 per cent. This issue had been postponed in late June after the district rejected all bids received -- the best one at that time designated a 3.99 per cent interest cost for the A-rated bonds.

The calendar for this week includes two large corporate issues totaling \$78 million, one of which is a subscription issue, and State and local government offerings amounting to \$67 million.

Bond yields - Yields on all categories of outstanding bonds increased last week. Corporate bond yields reached new highs for the year, while yields on U. S. Government and State and local government bonds remained below their peaks of late June.

Offering yields on new issues also continued to increase. Oregon State's issue of Aa-rated veterans' welfare bonds was offered to investors this week at a net interest cost of 3.65 per cent -- 47 basis points above a similar issue sold in mid-April. During this 3-month period, yields on outstanding Aa-rated bonds have increased 35 points.

Oregon Veterans' Welfare Bonds.
Issued in 1957

	Amount (millions of dollars)	Maturity	Average term (years)	Net interest cost	Yield	
					New issue	Outstanding ^{1/}
April 18	10.0	1967-70	13	3.18	3.02-3.05	3.13
July 29	15.0	1971	13 2/3	3.65	3.45-3.50	3.48

^{1/} As measured by Moody's Aa municipal bond yield averages.

Estimated August volume - Corporate security issues for new capital during August are expected to total \$900 million. This volume is 10 per cent below the estimated July volume, but represents the largest volume for any August in the postwar period and exceeds last year's August volume by three-eighths. Most of the estimated volume is comprised of issues to be publicly offered; take-downs of private placements are expected to be seasonally low.

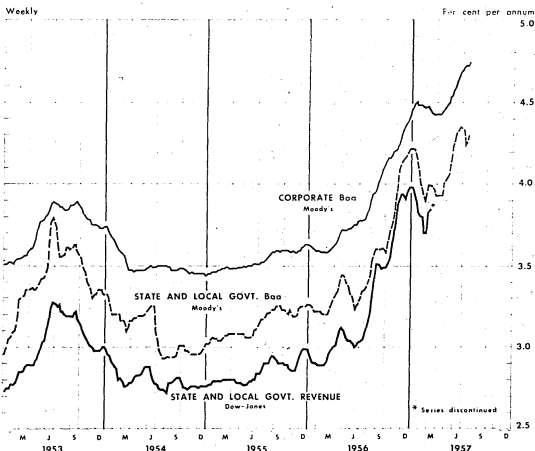
State and local government bond offerings for August are estimated at \$375 million -- one-fifth below the previous month, but seven-eighths above the volume in August last year and one-half above August 1955.

Stock prices - Stock prices, as measured by the SEC index of common stocks declined last week, closing at 290.1 on July 26. Trading activity also declined with the daily volume averaging 1.8 million shares. Daily indexes this week indicate a sharp decline in prices on Monday with little change on Tuesday and Wednesday.

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.

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	4.74 (7/26)	4.35 (6/27)	3.98 (1/4)
Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
June 28	4.68	4.35	^{4/}
July 5	4.71	4.33	
July 12	4.72	4.24	
July 19	4.72	4.28	
July 26	4.74	4.30	

^{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.

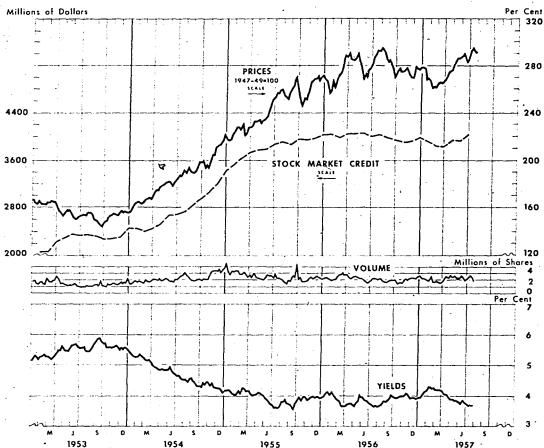
^{3/} Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

^{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	395.5 (8/3)	3.1	4.13	4,047	2,823	1,267
Low	257.4 (1/20)	1.5	3.65	3,911	2,740	1,155
1957 - high	294.6 (7/12)	2.7	4.28	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	2,887	1,144
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.	1,132
July 26	290.1	1.8	3.69	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/1,350	841	687	e/380	735	642
July	e/1,000	1,063	597	e/480	376	470
August	e/900	654	644	e/375	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 2/
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 26

Issuer	Type 3/	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
Federal National City Bank of New York	Capital stk.	120.0				
Pacific Gas & Elec. Co.	1st & ref. mtg. bds.	60.0	1989	5	4.95	Aa
Tennessee Gas. Trans. Co.	Deb.	25.0	1977	6	6.08	Baa
Sears Roebuck Accept. Corp.	Deb.	50.0	1982	5	5.00	--

Large Individual Issues Offered July 1 through 26 (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/}	--
Westport, Connecticut	G.O.	5.4	1958-77	3.50	2.50-3.50	Aa
Georgia Rural Roads Auth.	Rev.	17.5	1959-73/68	4.08	3.00-4.05	A
Milwaukee, Wisconsin	Water rev.	10.0	1959-86/67	3.62	2.65-3.70	Aa
East Baton Rouge Par. S.D., Louisiana	G.O.	10.0	1958-77	3.97	2.60-4.00	A
State of California	G.O.	50.0	1959-78/73	3.58	2.75-3.55	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 26

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Minneapolis-Honeywell Regulator Co.	Common stk.	28.2	August 1 (rights expire)
*Associates Investment Co.	Deb.	50.0	August 2
*General Motors Acceptance Corp.	Deb.	100.0	August 8
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)
*Pacific Telephone & Telegraph Co.	Deb.	90.0	August 21
*Thompson Products, Inc.	Conv. sub. deb.	19.7	August 27 (rights expire)
American Telephone & Telegraph Co.	Deb.	250.0	October 29

Forthcoming Large Offerings, as of July 26 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
State of Oregon	G.O.	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
*State of Connecticut	G.R.	35.0	Aug. 6
*Du Page Co. H.S.D. No. 88, Ill.	G.O.	7.9	Aug. 6
Sacramento Unif. Sch. Dist., Calif.	G.O.	7.0	Aug. 7
Los Angeles City Sch. Dists., Calif.	G.O.	44.0	Aug. 13
*Dade County, Florida	G.O.	7.5	Aug. 15
*Dade Co., Spec. Tax. S.D. No. 1, Fla.	G.O.	9.5	Sept. 4
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: Public Service Electric and Gas Company's \$25 million preferred stock issue - withdrawn from registration.