

H.14

#### CAPITAL MARKET DEVELOPMENTS

Large publicly offered securities during the week ending August 9 included a \$100 million corporate offering and State and local government issues totaling \$90 million. This week, a single corporate offering for \$18 million and State and local government issues with aggregate proceeds of \$98 million are expected.

Bond yields - Yields increased last week for every category of outstanding bonds, except for U. S. Government (old series) obligations which declined slightly. The increase was substantial for the State and local government bond yields -- 9 basis points for the Aaa's and 11 points for the Baa's.

Yields on new corporate issues also continued to increase. An Aa-rated first mortgage electric utility issue was offered to investors this week to yield 5.00 per cent -- 35 basis points above that for a comparable issue offered in mid-July.

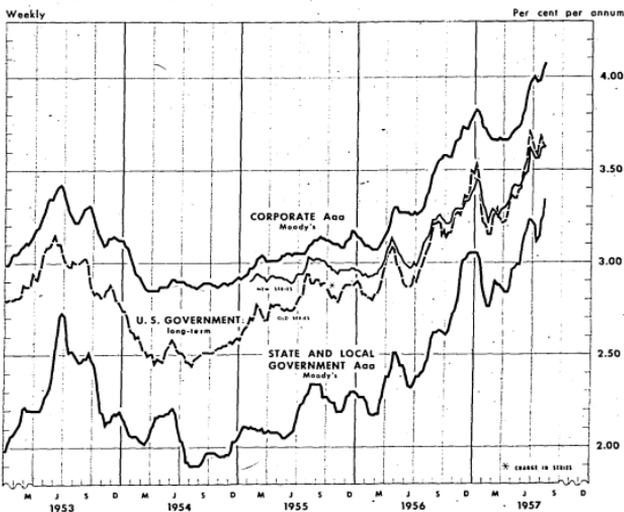
Stock prices - Stock prices, as measured by the SEC index of 265 common stocks declined 4.2 points last week, closing at 282.1 on August 9. Daily figures for the first three days of this week indicate further decline in prices particularly on Wednesday.

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.

## EXHIBIT A

## HIGH-GRADE BOND YIELDS



Date	Corporate Aaa <sup>1/</sup>	U. S. Govt., long-term <sup>2/</sup>		State and local govt. Aaa <sup>3/</sup>	Spread between U. S. Govt. (old series) and Corporate 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	4.07 (8/9)	3.70 (6/21)	3.63 (8/9)	3.34 (8/8)	.54	.49
Low	3.66 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.25	.26
July 12	3.97	3.58	3.56	3.11	.39	.47
July 19	3.98	3.63	3.57	3.14	.35	.49
July 26	4.01	3.68	3.61	3.22	.33	.46
August 2	4.05	3.64	3.62	3.25	.41	.39
August 9	4.07	3.62	3.63	3.34	.15	.26

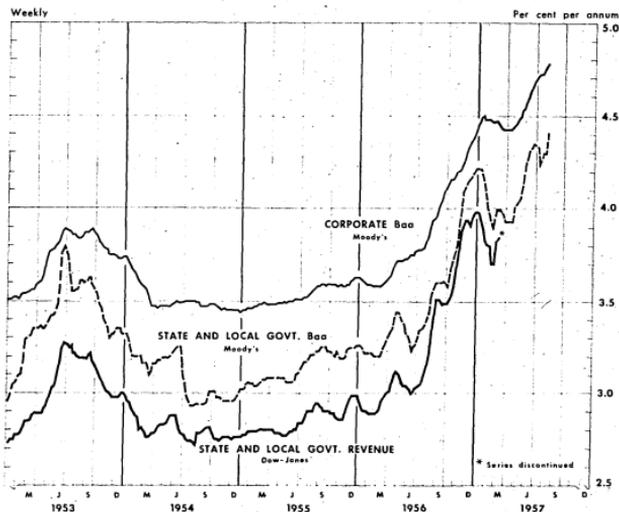
<sup>1/</sup> Weekly average of daily figures. Average term of bonds included is 25-26 years.

<sup>2/</sup> 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 1995 and the 3 1/4 per cent bond of 1978-83.

<sup>3/</sup> 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 <sup>1/</sup>	State and local govt. Baa <sup>2/</sup>	State and local govt. rev. <sup>3/</sup>
	(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	4.78 (8/9)	4.41 (8/8)	3.98 (1/4)
Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
July 12	4.72	4.24	<sup>4/</sup>
July 19	4.72	4.28	
July 26	4.74	4.30	
August 2	4.76	4.30	
August 9	4.78	4.41	

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

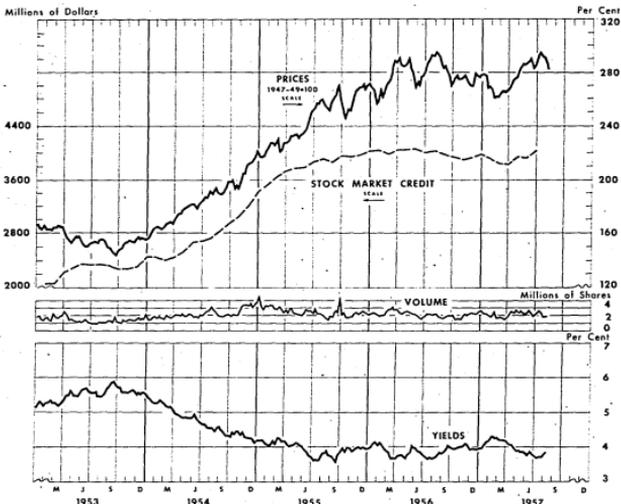
<sup>2/</sup> Thursday figures. Only general obligation bonds are included; average term is 20 years.

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

<sup>4/</sup> Series discontinued, as of March 15.

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

## STOCK MARKET



Date	Stock price index <sup>1/</sup>	Trading volume <sup>2/</sup> (millions of shares)	Common stock yields <sup>3/</sup> (per cent)	Stock market customer credit		
				Total	Customers' debit balances <sup>4/</sup>	Bank loans to "others" <sup>5/</sup>
(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	1,038
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	4.28	4,031	2,887	1,163
Low	260.3 (2/8)	1.6	3.67	3,832	1,713	1,117
June	286.2	2.2	3.79	4,031	2,887	1,144
July	292.0	2.2	3.75	n.a.	n.a.	1,119
July 26	290.1	1.8	3.69	n.a.	n.a.	1,120
August 2	286.3	1.8	3.76	n.a.	n.a.	1,119
August 9	282.1	1.9	3.84	n.a.	n.a.	n.a.

n.a.--Not available.

<sup>1/</sup> SEC index of 265 common stocks, weekly closing prices, 1939=100; converted to 1917-49=100 by Federal Reserve. The conversion factor is 123.91.

<sup>2/</sup> Averages of daily trading volume on the New York Stock Exchange.

<sup>3/</sup> Moody's 125 Industrial stocks; weekly data based on Friday.

<sup>4/</sup> 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.

<sup>5/</sup> 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	924	818	478	762	378	427
May	771	1,146	886	528	490	350
June	1,489	841	687	e/380	735	642
July	e/1,075	1,063	597	e/480	376	470
August	e/900	654	644	e/425	199	249
September		838	670		333	406
October		745	1,162 <sup>1/</sup>		645	919
November		1,089 <sup>2/</sup>	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	3,184	2,805	2,052	e/1,670	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	6,663	4,907	4,216	e/3,420	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 <sup>3/</sup>					
1st quarter	3,268	1,647	1,727			
2nd quarter	e/2,884	2,541	1,870			
3rd quarter		2,246	1,444			
4th quarter		2,826	2,554			
Year		9,259	7,595			

e/ Estimated.

<sup>1/</sup> Includes \$637.2 million AT&T convertible debenture issues.<sup>2/</sup> Includes \$571.5 million AT&T common stock issues.<sup>3/</sup> 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 - 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
July	525	265	25

Large Individual Issues Offered August 1 through 9

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter est cost	Offering yield	Rating
<u>CORPORATE</u>						
Minneapolis-Honeywell Regulator Company	Common stk.	28.2				
Associates Investment Co.	Deb.	50.0	1977	5 1/4	5.25	--
General Motors Acceptance Corporation	Deb.	100.0	1977	5	5.20	--
<u>STATE AND LOCAL GOVERNMENT</u>						
State of Connecticut	G.R.	35.0	1963-97/65	3.61	2.80-3.65	Aaa
Du Page Co. H.S.D. No. 88, California	G.O.	7.9	1958-76	4.23	2.80-4.25	A
Sacramento Unif. S.D., California	G.O.	7.0	1959-82	3.49	2.50-3.55	Aa
Chicago, Illinois	G.O.	39.6	1959-76	3.84	2.85-3.85	A
<u>OTHER</u>						
None						

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 <u>2</u>	Corporate	State and local govt.	Other <u>2</u>
1956 - 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
July 31	526	252	--	811	514	--

Forthcoming Large Offerings, as of August 9

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
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
Atlantic Refining Co.	Conv. sub. deb.	100.0	August 21
Thompson Products, Inc.	Conv. sub. deb.	19.7	August 27
			(rights expire)
Southern California Edison Co.	1st & ref. mtg. bds.	40.0	August 28
Public Service Electric & Gas Co.	1st & ref. mtg. bds.	60.0	August 29
Tampa Electric Co.	1st mtg. bds.	18.0	September 6
*Duke Power Co.	S.F. deb.	50.0	September 11
*El Paso Natural Gas Co.	Conv. deb.	60.0	September 11
			(rights expire)
Pacific Telephone & Telegraph Co.	Common stk.	17.2	September 30
			(rights expire)
American Telephone & Telegraph Co.	Deb.	250.0	October 29

## Forthcoming Large Offerings, as of August 9 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
Los Angeles City Sch. Dists., Calif.	G.O.	44.0	Aug. 13
New York, New York	G.O.	40.0	Aug. 15
Tampa, Florida	G.O.	6.3	Aug. 15
Dade County, Florida	G.O.	7.5	Aug. 15
Nassau Co., New York	G.O.	21.0	Aug. 19
State of Massachusetts	G.O.	19.0	Aug. 20
Kansas Turnpike Authority	Rev.	19.5	Aug. 20
*Omaha Public Power Dist., Nebraska	Elec. rev.	8.0	Aug. 20
San Jose, California	G.O.	5.0	Aug. 21
*State of South Carolina	G.O.	6.0	Aug. 21
*State of Rhode Island	G.O.	6.7	Aug. 21
*Chicago Bd. of Educ., Illinois	G.O.	15.0	Aug. 28
*Santa Monica Unif. Sch. Dist., Calif.	G.O.	5.0	Sept. 3
Dade Co., Spec. Tax. S.D. No. 1, Fla.	G.O.	9.5	Sept. 4
State of Ohio	Highway rev.	31.0	Sept. 10
*Los Angeles, California	G.O.	5.0	Sept. 11
*State of Missouri	G.O.	30.0	Sept. 17
Pennsylvania Gen. State Authority	Rev.	25.0	Sept. 19
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
<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.