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August 29, 1957

CAPITAL MARKET DEVELOPMENTS

The volume of public security financing was large last week, particularly for corporate securities, but is expected to be somewhat smaller this week. During the week ending August 23, large corporate offerings, including expiration of subscription rights, totaled \$210 million and State and local government issues amounting to \$85 million were sold. This week, corporate issues (one of which is a subscription issue) with total proceeds of \$120 million are expected. State and local government issues amounting to \$54 million are also scheduled for sale.

Bond yields - Yields increased last week for all types of outstanding bonds, except for U. S. Government obligations, which declined. The increase was substantial for the State and local government bond yields, but moderate for those on corporate bonds.

The Southern California Edison Company's first and refunding mortgage bond issue was offered to the public this week to yield 4.80 per cent, 10 basis points above the yield for a similar offering made by this company in early July. Yields on outstanding Aa-rated public utility bonds have increased 20 basis points during this period. Both issues contain a five-year, no-call provision.

	Amount (millions of dollars)	Maturity	Coupon rate	Net interest cost	Yield	
					New issue	Outstanding
July 2, 1957	40.0	1982	4 3/4	4.76	4.70	4.07
Aug. 28, 1957	40.0	1982	4 7/8	4.85	4.80	4.27

Estimated September volume - Corporate security issues for new capital during September are expected to total \$1,100 million. This total would be about 30 per cent above both the volume this August and in September of last year. Large publicly offered issues are expected to total over \$500 million, including the \$110 million Sperry Rand Corporation's debenture issue which is to be sold in mid-September.

State and local government issues for September are currently estimated at \$550 million, the same as the revised estimate for August volume and nearly two-thirds greater than the volume in September 1956.

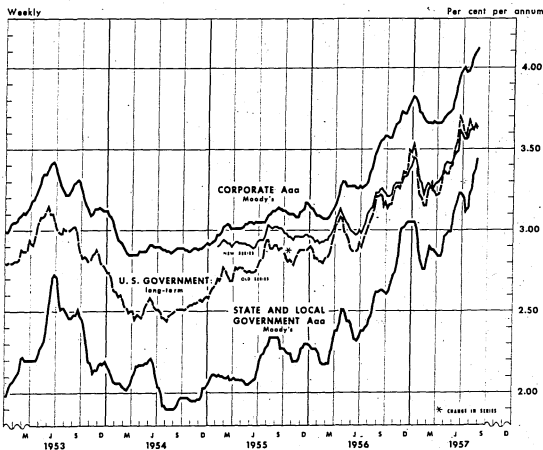
Stock prices - Stock prices, as measured by the SEC index of 265 common stocks, declined substantially last week, closing at 268.5 on August 23. The volume of trading picked up, averaging 2.0 million shares a day. Daily figures for the first three days of this week indicate a substantial decline in prices on Monday with partial recovery on Tuesday and little change 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 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	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)	.13	.68
Low	3.07 (3/2)	2.80 (2/17)	2.92 (2/3)	2.17 (2/23)	.13	.32
1957 - High	4.11 (8/23)	3.70 (6/21)	3.66 (8/16)	3.44 (8/22)	.54	.49
Low	3.66 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.25	.18
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	.45	.28
August 16	4.09	3.66	3.66	3.37	.43	.29
August 23	4.11	3.62	3.63	3.44	.49	.18
August 30	4.13			3.45		

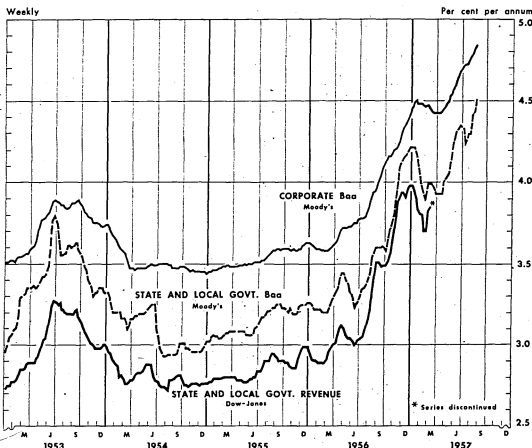
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

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 <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	4.84 (8/23)	4.51 (8/22)	3.98 (1/4)
Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
July 26	4.74	4.30	<u>4/</u>
August 2	4.76	4.30	
August 9	4.78	4.43	
August 16	4.82	4.43	
August 23	4.84	4.51	
August 30	4.96		

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

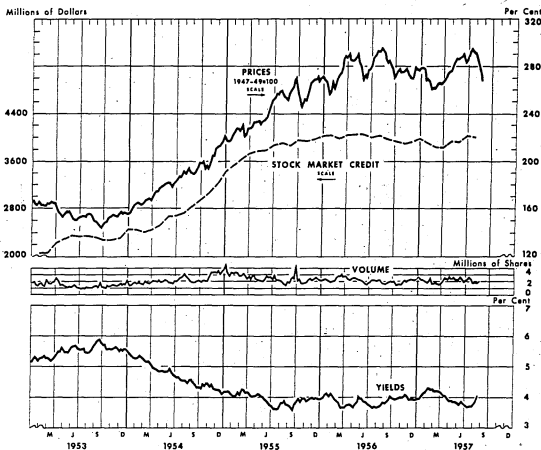
2/ Thursday figures. Only general obligation bonds are included; average term is 20 years.

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.

STOCK MARKET



Date	Stock price index 1/	Trading volume 2/ (millions of shares)	Common stock yields 3/ (per cent)	Stock market customer credit		
				Total 4/	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	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	1,113
June	286.2	2.2	3.79	4,031	2,887	1,144
July	292.0	2.2	3.75	4,004	2,885	1,119
August 9	282.1	1.9	3.84	n.a.	n.a.	1,117
August 16	275.8	1.8	3.95	n.a.	n.a.	1,113
August 23	268.5	2.0	4.02	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	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/850	654	644	e/550	199	249
September	e/1,100	838	670	e/550	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	3,184	2,805	2,052	e/1,670	1,603	1,418
3rd quarter	e/3,025	2,556	1,911	e/1,580	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	e/9,688	7,463	6,127	e/5,000	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	2,924	2,541	1,870			
3rd quarter	e/2,725	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 - 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 23

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest 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	--
Northern States Power Co.	1st mtg. bds.	18.0	1987	5	5.00	Aaa
J. Ray McDermott & Co.	Conv. sub. deb.	20.0	1982	5	5.00	Ba
Atlantic Refining Co.	Conv. sub. deb.	100.0	1987	4 1/2	4.50	A
Pacific Tel. & Tel. Co.	Deb.	90.0	1980	5 1/8	4.95	Aa
<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

Large Individual Issues Offered August 1 through 23 (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> (Cont'd)						
Los Angeles City School Dists., California	G.O.	44.0	1958-82	3.97	2.80-3.90	Aa
New York, New York	G.O.	40.0	1958-72	3.77	2.75-3.80	A
Tampa, Florida	Utilities rev.	6.3	1958-86/67	4.60	3.00-4.60	A
Dade Co., Florida	G.O.	7.5	1959-78	4.50	3.10-4.50	A
Nassau Co., New York	G.O.	21.0	1958-86	4.19	2.75-4.20	A
State of Massachusetts	G.O.	19.0	1958-77	3.64	2.40-3.65	Aa
Kansas Turnpike Auth.	Rev.	19.5	1961-97/67	4.61	3.00-4.30	Aa
Omaha Pub. Pwr. Dist., Neb.	Elec rev.	8.0	1959-87	4.01	3.00-4.00	Aa
San Jose, California	G.O.	5.0	1958-77	3.63	2.60-3.65	Aa
State of South Carolina	G.O.	6.0	1958-77	3.36	2.40-3.40	Aa
State of Rhode Island	G.O.	6.7	1958-82	3.77	2.60-3.80	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 2/	Corporate	State and local govt.	Other 2/
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 23

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Thompson Products, Inc.	Conv. sub. deb.	19.7	Aug. 27 (rights expire)
Southern California Edison Co.	1st & ref. mtg. bds.	40.0	Aug. 28
Public Service Electric & Gas Co.	1st & ref. mtg. bds.	60.0	Aug. 29
Westcoast Transmission Co., Ltd.	Sub. deb.	25.0	Sept. 5
Tampa Electric Co.	1st mtg. bds.	18.0	Sept. 6
Duke Power Co.	S. F. deb.	50.0	Sept. 11
El Paso Natural Gas Co.	Conv. deb.	60.0	Sept. 11 (rights expire)
New Jersey Bell Telephone Co.	Deb.	30.0	Sept. 12
Sperry Rand Corp.	S. F. deb.	110.0	Sept. 12
*Lehigh Portland Cement Co.	S. F. deb.	30.0	Sept. 12
Texas Eastern Transmission Co.	1st mtg. p.l. bds.	30.0	Sept. 12
*Philadelphia Electric Co.	1st & ref. mtg. bds.	40.0	Sept. 13

Forthcoming Large Offerings, as of August 23 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE (Cont'd)</u>			
Consolidated Natural Gas Co.	Deb.	30.0	Sept. 18
Pacific Power & Light Co.	1st mtg. bds.	20.0	Sept. 19
*Consumers Power Co.	1st mtg. bds.	35.0	Sept. 24
*Utah Power & Light Co.	1st mtg. bds.	15.0	Sept. 25
Pacific Telephone & Telegraph Co.	Common stk.	17.2	Sept. 30 (rights expire)
American Telephone & Telegraph Co.	Deb.	250.0	Oct. 29
<u>STATE AND LOCAL GOVERNMENT</u>			
State of Delaware	G.O.	21.3	Aug. 27
West Hartford, Connecticut	G.O.	6.6	Aug. 27
Chicago Board of Educ., Illinois	G.O.	15.0	Aug. 28
Honolulu, Hawaii	G.O.	11.5	Aug. 29
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
Houston, Texas	Water rev.	10.0	Sept. 4
Winnebago Co. S.D. No. 205, Ill.	G.O.	5.5	Sept. 5
*No. Hempstead Sch. Dist. No. 9, N.Y.	G.O.	7.4	Sept. 5
State of Ohio	Highway rev.	31.0	Sept. 10
*Cook Co., Illinois	G.O.	11.3	Sept. 10
Los Angeles, California	G.O.	5.0	Sept. 11
Baltimore Co., Maryland	G.O.	23.6	Sept. 12
State of Missouri	G.O.	30.0	Sept. 17
*Wichita, Kansas	Water rev.	41.8	Sept. 17
Pennsylvania Gen. State Authority	Rev.	25.0	Sept. 19
Buffalo, New York	G.O.	8.4	Sept. 19
*Oakland Unif. Sch. Dist., Calif.	G.O.	10.0	Sept. 24
*State of Colorado	Highway rev.	8.0	Sept. 27
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>			
Kingdom of Belgium	Ext. S.F. deb.	30.0	Sept. 12

*--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.