

Edwards  
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Not for Publication DECONTROLLED AFTER SIX MONTHS

H.14

October 31, 1957

CAPITAL MARKET DEVELOPMENTS

Large public security offerings for new capital during the week ending October 25 totaled \$75 million for corporations and \$91 million for State and local governments. The calendar for this week consists of two corporate issues totaling \$285 million, the AT&T debenture issue of \$250 million and expiration of subscription rights for a convertible debenture issue. State and local government offerings for \$75 million are scheduled for sale.

Bond yields - Changes in bond yields were mixed again last week. Yields on corporate and Baa-rated State and local government bonds increased while yields on Aaa-rated State and local and U. S. Government obligations declined.

The AT&T issue was offered to the public this week to yield 4.90 per cent, 60 basis points above that for another offering made by this company in late March. Yields on similar outstanding bonds have increased 52 basis points during this period. It should be noted that the new issue contains a 5-year nonrefundable provision, whereas the issue last spring had no such restriction, and had a slightly shorter maturity.

	Amount (millions of dollars)	Maturity	Coupon rate	Yield	
				New issue	Outstanding <sup>1/</sup>
March 27, 1957	250.0	1985	4 3/8	4.30	3.80
October 30, 1957	250.0	1983	5	4.90	4.32

<sup>1/</sup> As measured by Moody's Aa-rated public utility bond average.

Estimated November volume - Corporate security issues for new capital during November are expected to total \$850 million, 15 per cent less than the estimated October volume. This would be about 20 per cent below the volume in November of last year. It should be noted, however, that AT&T's fall financing last year occurred in November (a \$572 million common stock issue) whereas this year the financing fell in October. Assuming a volume of \$850 million next month, the combined October-November volume for both years would be approximately the same. Large publicly offered issues are expected to total over \$400 million.

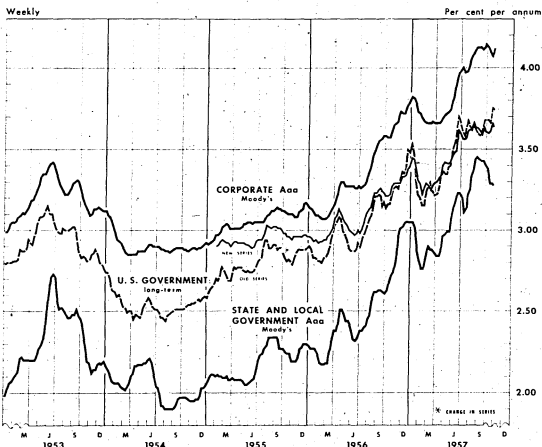
State and local government issues for November are currently estimated at \$550 million, 15 per cent below the October volume but more than 50 per cent above the volume in November 1956.

Stock prices - Stock prices, as measured by Standard and Poor's index of 500 common stocks, fluctuated widely last week and closed at 40.59 on October 25. Trading volume was the heaviest in two years -- averaging 4.2 million shares a day. Prices increased on balance for the first three days of this week, closing at 41.02 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.

## 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 <sup>1/</sup> 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	4.14 (9/27)	3.75 (10/16)	3.66 (10/18)	3.45 (8/29)	.54	.49
Low	3.66 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.25	.14
September 27	4.14	3.68	3.61	3.41	.46	.27
October 4	4.12	3.68	3.60	3.38	.44	.30
October 11	4.09	3.66	3.61	3.29	.42	.37
October 18	4.07	3.75	3.66	3.29	.32	.46
October 25	4.11	3.74	3.64	3.28	.37	.46

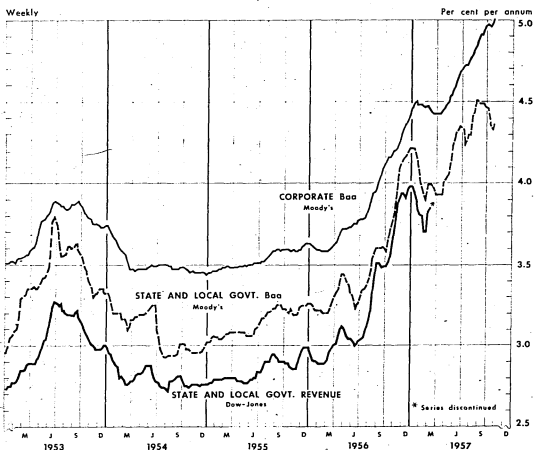
<sup>1/</sup> Weekly average of daily figures. Average term of bonds included is 25-26 years.

<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 1955 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	5.01 (10/25)	4.51 (8/29)	3.98 (1/4)
Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
September 27	4.96	4.47	<sup>4/</sup>
October 4	4.97	4.46	
October 11	4.96	4.36	
October 18	4.98	4.33	
October 25	5.01	4.36	

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

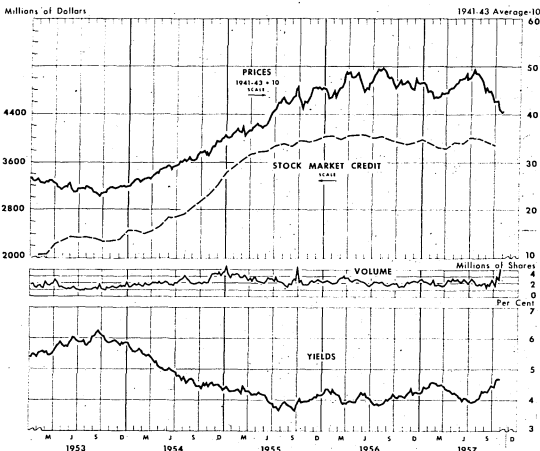
<sup>2/</sup> Thursday figures. Only general obligation bonds are included; average term is 20 years.

<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 bal- ances <sup>4/</sup>	Bank loans to "others" <sup>5/</sup>
(Millions of dollars)						
1953 - High	26.54 (1/2)	2.5	6.25	2,455	1,665	780
Low	22.95 (9/18)	0.9	5.38	2,055	1,314	664
1954 - High	35.98 (12/31)	3.7	5.82	3,436	2,388	1,048
Low	24.93 (1/8)	1.4	4.32	2,405	1,653	716
1955 - High	45.89 (12/9)	4.6	4.42	4,030	2,805	1,224
Low	35.28 (1/14)	1.5	3.64	3,537	2,517	1,018
1956 - High	49.64 (8/3)	3.1	4.35	4,047	2,823	1,267
Low	43.22 (1/20)	1.5	3.82	3,914	2,740	1,155
1957 - High	49.08 (7/12)	4.2	4.69	4,031	2,887	1,163
Low	40.33 (10/18)	1.4	3.91	3,832	1,713	1,084
August	45.84	1.9	4.15	3,929	2,833	1,096
September	43.98	1.8	4.34	3,882	2,789	1,093
October 11	40.94	3.1	4.63	n.a.	n.a.	1,086
October 18	40.33	2.6	4.69	n.a.	n.a.	1,084
October 25	40.59	4.2	4.67	n.a.	n.a.	n.a.

n.a.--Not available.

<sup>1/</sup> Standard and Poor's composite index of 500 common stocks, weekly closing prices, 1941-43-10. Monthly data are averages of daily figures rather than of Fridays' only. Highs and lows are for Friday's data only.

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

<sup>3/</sup> Standard and Poor's composite stock yield based on Wednesday data converted to weekly closing prices by Federal Reserve.

<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 70 per cent of loans to others. For further detail see *Bulletin*.

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 <sup>1/</sup>		
	1957	1956	1955	1957	1956	1955
January	1,063	573	535	742	1,044	535
February	1,071	712	1,07	573	656	312
March	1,344	817	1,223	506	390	538
April	924	818	1,178	765	370	1,27
May	771	1,116	866	546	1,90	350
June	1,489	811	667	394	735	617
July	e/1,075	1,063	557	524	1,08	1,70
August	e/900	654	614	572	206	219
September	e/1,000	838	670	418	357	1,06
October	e/1,000	745 <sup>3/</sup>	1,162 <sup>2/</sup>	e/650	639	919
November	e/850	1,089	632	e/550	317	658
December		1,088	900		1,00	1,08
1st quarter	3,479	2,302	2,165	1,821	1,490	1,365
2nd quarter	3,184	2,805	2,052	1,705	1,603	1,116
3rd quarter	e/2,975	2,556	1,911	1,514	971	1,124
4th quarter		2,922	2,695		1,395	1,984
1st half	6,663	4,907	4,216	3,526	3,093	2,802
Three quarters	e/9,638	7,163	6,127	5,040	4,064	3,927
Year		10,384	8,821		5,459	5,911
	Excluding finance companies <sup>4/</sup>					
1st quarter	3,268	1,647	1,727			
2nd quarter	2,924	2,541	1,870			
3rd quarter	e/2,675	2,216	1,444			
4th quarter		2,826	2,544			
Year		9,259	7,595			

e/ Estimated.

<sup>1/</sup> Data through June 1956 are Bond Buyer data classified as new capital by Federal Reserve; later data are from the Investment Bankers Association of America and are somewhat more complete as to coverage than the earlier data, particularly for Federal Government loans.

<sup>2/</sup> Includes \$637.2 million AT&T convertible debenture issue.

<sup>3/</sup> Includes \$571.5 million AT&T common stock issue.

<sup>4/</sup> Total new capital issues excluding offerings of sales and consumer finance

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 - 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
August	526	357	--
September	537	185	30

Large Individual Issues Offered October 1 through 25

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Gulf States Utilities Co.	1st mtg.bds.	17.0	1987	4 7/8	4.78	Aa
Southwestern Bell Tel. Co.	Deb.	100.0	1992	4 3/4	4.70	Aaa
Northern Natural Gas Co.	Pfd. stk.	16.0				
Shamrock Oil & Gas Corp.	Conv.sub.deb.	17.5	1982	5 1/4	5.25	Ba
Columbia Gas System Inc.	Deb.	25.0	1982	5	5.00	A
Chem. Corn Exchange Bank	Cap. stk.	48.4				
Commonwealth Edison Co.	Pfd. stk.	25.0				
Consolidated Edison Co.	1st&ref.mtg.bds	60.0	1987	5.00	4.95	Aa
Gen. Portland Cement Co.	Conv. sub.deb.	15.0	1977	5.00	5.00	Baa

## Large Individual Issues Offered October 1 through 25 (Cont'd)

Issuer	Type <sup>3/</sup>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u>						
State of New York	G.O.	24.0	1958-72	2.90	2.25-2.90	Aaa
State of Oregon	G.O.	26.6	1960-74/67	3.21	2.70-3.25	Aa
City & Co. of San Francisco Calif.	G.O.	28.9	1958-77	3.13	2.40-3.20	Aa
State of Ohio	Hwy. rev.	31.0	1958-72	3.32	2.20-3.30	Aa
Cincinnati, Ohio	G.O.	5.3	1959-98	3.20	2.40-3.30	Aaa
Chicago Park Dist., Ill.	G.O.	6.0	1959-77	3.45	2.60-3.50	A
Mecklenberg Co., N. C.	G.O.	5.0	1959-78	3.37	2.60-3.40	A
L.A. Dept. of Wtr. & Pwr., Calif.	Rev.	18.0	1958-87	3.52	2.50-3.55	Aa
Dayton City S. D., Ohio	G.O.	8.0	1959-78	3.22	2.50-3.15	Aa
San Diego U.S.D., Calif.	G.O.	10.0	1960-79	3.53	2.80-3.60	A
Commonwealth of Mass.	G.O.	63.5	1958-77	3.49	2.50-3.45	Aa
Pittsburgh, Penna.	G.O.	6.6	1958-77	3.30	2.40-3.30	A
Md. State Roads Comm.	G.O.	15.0	1958-72/65	3.51	2.60-3.45	Aa
Boston, Massachusetts	G.O.	16.0	1958-77	3.56	2.50-3.60	A
Milwaukee, Wisconsin	G.O.	5.5	1958-77	3.13	2.30-3.20	Aaa
State of California	G.O.	85.0	1959-84/73	3.66	2.70-3.65	Aa
Univ. Syst. Bldg. Auth. Ga.	Rev.	6.0	1958-82	n.a.	n.a.	n.a.
<u>OTHER</u>						
Int'l Bk. for Rec. & Dev.	Bds.	75.0	1980	4 3/4	4.75	Aa

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 - 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	--
Aug. 30	578	243	30	845	439	30
Sept. 30	576	370	--	647	587	15

Forthcoming Large Offerings, as of October 25

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<b>CORPORATE</b>			
American Telephone & Telegraph Co.	Deb.	250.0	Oct. 30
Consumers Power Co.	Conv. deb.	35.2	Nov. 1
Merrimack Essex Electric Co.	1st mtg. bds.	20.0	Nov. 7
Dayton Power & Light Co.	1st mtg. bds.	25.0	Nov. 7
Southern New England Tel. Co.	Common stk.	27.4	Nov. 8
			(rights expire)
Beneficial Finance Co.	Deb.	50.0	Nov. 8
Transcontinental Gas Pipe Line Corp.	S.F. deb.	20.0	Nov. 13
*Caterpillar Tractor Co.	S.F. deb.	65.0	Nov. 14
*Texas Eastern Transmission Corp.	Pfd. stk.	20.0	Nov. 14
*Michigan Bell Telephone Co.	Deb.	40.0	Nov. 19
*Florida Power & Light Co.	Common stk.	15.0	Nov. 20
Idaho Power Co.	1st mtg. bds.	15.0	Nov. 20
Ohio Power Co.	1st mtg. bds.	25.0	Nov. 20
*Houston Lighting & Power Co.	1st mtg. bds.	40.0	Nov. 21
Standard Oil Co. of New Jersey	Common stk.	250.0	Dec. 18
			(rights expire)
Commercial Credit Co.	Notes	50.0	1957
National Cylinder Gas Co.	Conv. sub. deb.	17.5	1957

## Forthcoming Large Offerings, as of October 25 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
State of Washington	G.O.	52.0	Oct. 29
State of Mississippi	G.O.	10.0	Oct. 30
Broward Co. Spec. Sch. Dist. No. 1, Fla.	G.O.	12.5	Oct. 31
*Fairfax County, Virginia	G.O.	5.5	Nov. 6
*Hamilton City Sch. Dist., Ohio	G.O.	5.5	Nov. 7
Jacksonville, Florida	Utilities rev.	30.0	Nov. 7
Port of New York Auth.	Rev.	30.0	Nov. 7
Cook County, Ill.	G.O.	20.0	Nov. 7
State of Kentucky	G.O.	35.0	Nov. 12
Los Angeles Co. Flood Control Dist., Calif.	Rev.	20.0	Nov. 12
New York, New York	G.O.	36.5	Nov. 13
Springfield, Missouri	Water rev.	22.0	Nov. 13
Chicago, Illinois	Water works rev.	20.0	Nov. 13
*Lincoln Park Sch. Dist., Mich.	G.O.	6.8	Nov. 13
New York State Thruway Auth.	Rev.	50.0	Nov. 19
State of Ohio	Thoroughfare rev.	30.0	Nov. 19
Territory of Hawaii	G.O.	7.0	Nov. 19
Washington Toll Bridge Auth.	Rev.	30.5	Nov. 20
*Los Angeles Sch. Dists., Calif.	G.O.	15.0	Dec. 3
Chicago Bd. of Education, Ill.	G.O.	25.0	Dec. 17
*Pennsylvania State Highway & Bridge Auth.	Rev.	20.0	Jan. 17
State of Missouri	G.O.	30.0	Winter
State of Texas	G.O.	12.5	Winter
Pennsylvania Turnpike Commission	Rev.	62.0	Winter
Inter-American Center Auth., Fla.	Rev.	20.0	Winter
<u>OTHER</u>			
Union of South Africa	Ext. loan bds.	15.0	1957

\*--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 <sup>1/</sup>

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	4.44	57	4.62	64
February	4.25	44	None	
March	None		4.50	45
April 3	4.29	50		
10			4.60	59
12			4.50	49
May 10			4.53	52
15			4.53 <sup>2/</sup>	52
16	4.50	65	4.70	69
21	4.38 <sup>2/</sup>	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 <sup>2/</sup>	64
10	4.57	48	4.88 <sup>2/</sup>	74
11	4.77	68		
16	4.65	56		
17			4.90	71
August 14	5.00	75		
September 5	4.80	51		
6	4.85	56		
October 1 <sup>25</sup>	4.78	45	5.10	51
15			5.00	39
17			4.95	34
24			5.30	67

<sup>1/</sup> 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.

<sup>2/</sup> 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.