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H.11

November 27, 1957

### CAPITAL MARKET DEVELOPMENTS

The volume of public security financing was large last week, but is expected to be very small during this holiday-shortened week. Large public security offerings for new capital during the week ending November 22 totaled \$180 million for corporations and \$109 million for State and local governments. This week, three State and local government issues aggregating \$32 million are expected. No large corporate issues are scheduled for sale.

Bond yields - Yields declined in the week ended Friday, November 22, for all categories of outstanding bonds. The decline was substantial for the yields on higher rated corporate and State and local government bonds, and was particularly sharp for the U. S. Government bond yields -- 20 basis points for the old series and 10 basis points for the new.

Estimated December volume - Corporate security offerings for new capital are expected to total \$1 billion in December, nearly one-fifth greater than the estimated November volume and only slightly below the volume of December last year. Large publicly offered issues are expected to total over \$100 million, including a \$288 million common stock issue by Standard Oil Company of New Jersey, for which subscription rights expire in mid-December. Takedowns of private placements are expected to be seasonally large. Including this estimate for December, fourth quarter offerings are estimated to total \$2.8 billion, slightly smaller than in the corresponding period of 1956. The volume for the year as a whole would be about \$12.3 billion, a record, and nearly one-fifth larger than last year.

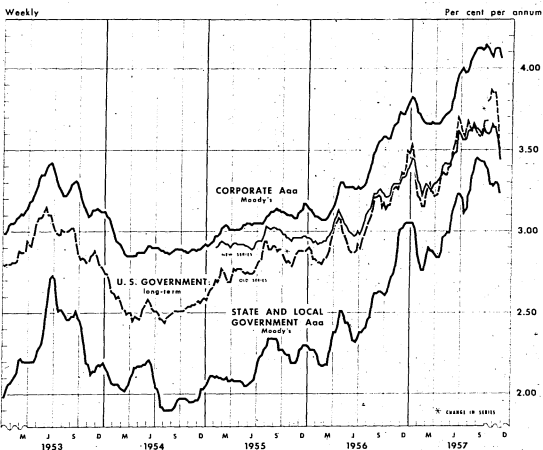
State and local government issues for December are currently estimated at \$600 million, the same as the estimated November volume and almost one-half larger than the volume in December of the past two years. This estimate includes a \$250 million revenue bond issue by a Chelan County Public Utilities District in Washington, which press reports indicate may be marketed in mid-December. Offerings for the entire fourth quarter are expected to total \$1.9 billion, more than one-third greater than in the comparable quarter last year. The total volume for the year is likely to be about one-fourth larger than in 1956.

Stock prices - Stock prices, as measured by the Standard and Poor's index of 500 common stocks, increased last week, closing at 110.87 on November 22. Prices increased further on Monday, then dropped sharply on Tuesday with news of the President's illness. However, prices recovered this loss on Wednesday, closing at 111.25.

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



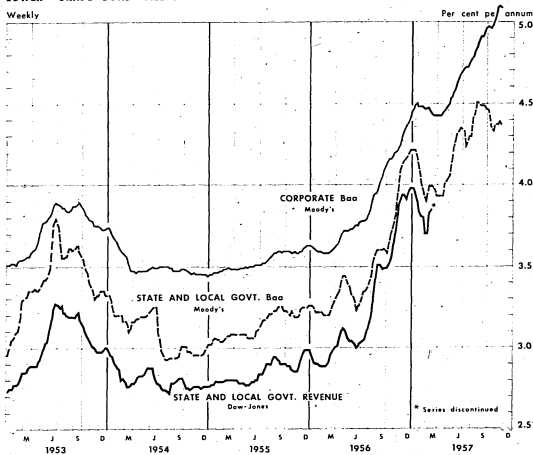
Date	Corporate Aaa <sup>1/</sup>	U. S. Govt., long-term <sup>2/</sup>		State and local govt. Aaa <sup>3/</sup>	Spread between U. S. Govt. (old series) and Corporate <sup>4/</sup> State and Aaa <sup>5/</sup> Local Aaa	
		Old series	New series		Corporate Aaa	State and Local Aaa
(Per cent)						
1953 - 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)	2.65 (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)	3.87 (10/18)	3.66 (10/18)	3.45 (8/29)	.56	.58
Low	3.66 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.20	.14
October 25	4.11	3.85	3.64	3.28	.26	.57
November 1	4.12	3.85	3.64	3.30	.27	.55
November 8	4.12	3.77	3.60	3.30	.35	.47
November 15	4.12	3.70	3.54	3.28	.42	.42
November 22	4.06	3.50	3.44	3.23	.56	.27

n.a.--Not available.

<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, including, beginning October 1957, the 4 per cent bond of 1969. 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	5.10 (11/15)	4.51 (8/29)	3.98 (1/4)
Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
October 25	5.01	4.36	<sup>4/</sup>
November 1	5.04	4.37	
November 8	5.09	4.37	
November 15	5.10	4.39	
November 22	5.09	4.37	

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

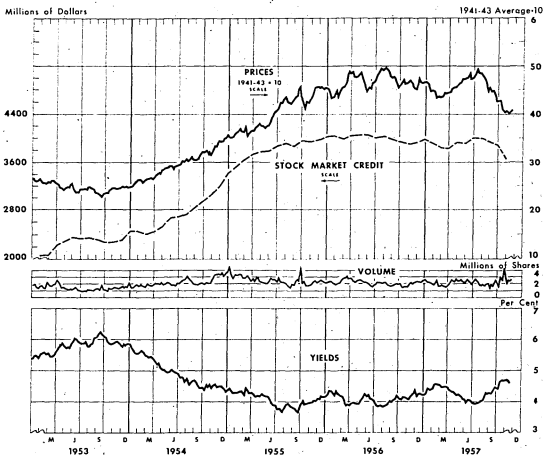
<sup>2/</sup> Thursday figures. Only general obligation bonds are included; average term is 20 years.

<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	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	746
1955 - High	45.89 (12/9)	4.6	4.42	4,030	2,805	1,241
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	4.70	4,031	2,887	1,163
Low	40.19 (11/8)	1.4	3.91	3,643	2,568	1,063
September	43.98	1.8	4.34	3,882	2,789	1,093
October	40.43	2.8	4.60	3,643	2,568	1,075
November 8	40.19	2.4	4.70	n.a.	n.a.	1,071
November 15	40.37	2.3	4.65	n.a.	n.a.	1,063
November 22	40.87	2.5	4.59	n.a.	n.a.	n.a.

n.a.--Not available. <sup>3/</sup> Revised.

<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 Friday's 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	712	1,041	535
February	1,071	712	1,077	572	686	312
March	1,314	817	1,223	506	390	538
April	924	818	1,178	765	378	1,127
May	771	1,116	886	516	1,190	350
June	1,189	811	687	395	735	612
July	991	1,063	597	529	1,08	1,170
August	914	654	614	584	206	219
September	973	838	670	430	357	1,06
October	e/950	745 <sup>3/</sup>	1,162 <sup>2/</sup>	672	639	919
November	e/850	1,089 <sup>3/</sup>	632	e/600	317	658
December	e/1,000	1,088	900	e/600	1,09	1,08
1st quarter	3,179	2,102	2,165	1,820	1,190	1,385
2nd quarter	3,184	2,805	2,052	1,706	1,603	1,116
3rd quarter	2,878	2,556	1,911	1,513	971	1,124
4th quarter	e/2,800	2,922	2,695	e/1,872	1,395	1,984
1st half	6,663	4,907	4,216	3,526	3,093	2,802
Three quarters	9,511	7,163	6,127	5,069	4,061	3,927
Year	e/12,311	10,384	8,821	e/6,911	5,459	5,911
	Excluding finance companies <sup>4/</sup>					
1st quarter	3,268	1,617	1,727			
2nd quarter	2,924	2,511	1,870			
3rd quarter	2,560	2,216	1,114			
4th quarter	e/2,650	2,826	2,514			
Year	e/11,102	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 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 - 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
October	574	435	75

Large Individual Issues Offered November 1 through 22

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<b>CORPORATE</b>						
Consumers Power Co.	Conv. deb.	35.2	1972	4 5/8	4.63	Aa
Dayton Power & Light Co.	1st mtg. bds.	25.0	1987	5	4.97	Aa
So. New England Tel. Co.	Common stk.	27.4				
Beneficial Finance Co.	Deb.	50.0	1977	5	5.24	--
Caterpillar Tractor Co.	S.F. deb.	65.0	1977	4 1/2	4.54	Aa
Transcontinental Gas Pipe Line Corp.	S.F. deb.	20.0	1978	6 1/8	6.17	Ba
Trans. Gas Pipe Line Corp.	Common stk.	17.8				
Michigan Bell Tel. Co.	Deb.	40.0	1992	4 3/4	4.65	Aaa
Ohio Power Co.	1st mtg. bds.	25.0	1987	4 7/8	4.82	Aa
Olin Mathieson Chem. Corp.	Conv. sub. deb.	60.0	1982	5 1/2	5.50	Ba
Houston Ltg. & Pwr. Co.	1st mtg. bds.	40.0	1987	4 3/4	4.65	Aa
Idaho Power Co.	1st mtg. bds.	15.0	1987	4 3/4	4.65	Aa

## Large Individual Issues Offered November 1 through 22 (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>						
Fairfax Co., Virginia	G.O.	5.5	1959-83	4.21	3.00-5.00	Baa
Hamilton City S. D., Ohio	G.O.	5.5	1959-80	3.78	2.80-3.80	A
Jacksonville, Fla.	Utilities rev.	30.0	1959-95/68	4.64	3.20-4.60	A
Port of New York Auth.	Rev.	30.0	1987/67	3.83	3.78	A
Cook Co., Illinois	G.O.	20.7	1958-77	3.58	2.60-3.60	A
State of Kentucky	G.O.	35.0	1959-72/68	2.97	2.30-3.00	Aa
Los Angeles Co. Flood Con- trol Dist., Calif.	Rev.	20.0	1958-83	3.72	2.50-3.00	Aa
State of Maryland	G.O.	14.2	1960-72	2.99	2.50-3.00	Aaa
New York, New York	G.O.	36.5	1958-72	3.54	2.60-3.55	A
Springfield, Missouri	Water rev.	22.0	1961-97/67	4.47	3.30-4.50	A
Chicago, Illinois	Water rev.	20.0	1963-82	3.97	3.40-4.00	A
Lincoln Park S. D., Mich.	G.O.	6.8	1960-86/68	4.77	3.25-4.75	Baa
State of Ohio	Thoroughfare rev.	30.0	1958-72	3.35	2.10-3.30	Aa
Terr. of Hawaii	G.O.	7.0	1960-77	3.69	3.00-3.70	A
Oklahoma Co., Okla.	G.O.	6.0	1961-77	3.44	2.85-3.45	A
State of Connecticut	Exp. rev.	35.0	1963-87	3.99	3.40-4.00	A
Wash. Toll Bridge Auth.	Rev.	30.5	1997	n.a.	n.a.	--
<u>OTHER</u>						
None						

n.a.--Not available.

<sup>1/</sup> Includes corporate and other security offerings of \$15 million and over;  
State and local government security offerings of \$5 million and over.

<sup>2/</sup> Includes foreign government and International Bank for Reconstruction and Development issues.

<sup>3/</sup> 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 - 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
Oct. 31	458	369	30	815	573	45

Forthcoming Large Offerings, as of November 22

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Virginia Electric & Power Co.	1st&ref.mtg.bds.	20.0	Dec. 4
*Northern Natural Gas Co.	S.F. deb.	25.0	Dec. 6
Chesapeake & Potomac Telephone Co. of Maryland	Deb.	30.0	Dec. 10
Commonwealth Oil Refining Co.	Conv. sub. deb.	20.0	Dec. 11
*Natural Gas Pipeline Co. of America	1st mtg.bds.	40.0	Dec. 12
Standard Oil Co. of New Jersey	Common stk.	288.2	Dec. 18 (rights expire)
*American Telephone & Telegraph Co.	Conv. deb.	720.0	March 12 (rights expire)
Commercial Credit Co.	Notes	50.0	Winter
National Cylinder Gas Co.	Conv. sub. deb.	17.5	Winter
<u>STATE AND LOCAL GOVERNMENT</u>			
*Johnson Co. Wtr. Dist., No. 1, Kan.	Rev.	20.0	Nov. 25
State of So. Carolina	G.O.	5.0	Nov. 26

## Forthcoming Large Offerings, as of November 22 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
Bethel Municipal Auth., Pa.	Sewer rev.	6.4	Nov. 26
Akron, Ohio	Water works rev.	5.0	Dec. 2
Los Angeles Sch. Dists., Calif.	G.O.	15.0	Dec. 3
*Indianapolis, Ind.	G.O.	5.1	Dec. 3
State of Ohio	G.O.	25.0	Dec. 4
Greater Baton Rouge Port Comm., La.	Rev.	19.4	Dec. 11
*Bergen Co., N. J.	G.O.	7.2	Dec. 11
*Phoenix, Arizona	Water rev.	16.0	Dec. 12
Chicago Bd. of Education, Ill.	G.O.	25.0	Dec. 17
*Chelan Co. Pub. Ut. Dist., No. 1, Wash.	Rev.	25.0	Dec.
Caddo Parish Sch. Dist., La.	G.O.	7.5	Jan. 7
Penna. 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
New York State Thruway Auth.	Rev.	50.0	Winter
<u>OTHER</u>			
*Montreal, Quebec	S.F. deb.	18.0	Dec. 12
Pacific Great Eastern Ry. Co.	S.F. deb.	30.0	Winter
Union of South Africa	Ext. loan bds.	15.0	Winter

\*--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: Florida Power and Light Company's common stock issue -- proceeds of less than \$15 million.

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	4.44	57	4.62	64
February	4.25	44	None	
March	None		4.50	45
April	*4.29	50	4.55	54
May	4.44	58	4.80	79
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
August 14	5.00	75		
September 5	4.80	51		
6	4.85	56		
25			5.10	51
October 1	4.78	45		
15			5.00	39
17			4.95	34
24			5.30	67
November 7	4.97	63	5.50	88
8	4.86 2/	52		
15			5.05 2/	43
20	4.82	53		
21	4.65	37		
22	4.65	39		

\*--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.