

Blaine
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H.14

December 4, 1957

CAPITAL MARKET DEVELOPMENTS

Large public security offerings for new capital during the week ending November 29 consisted of three State and local government issues with total proceeds of \$31 million. No large corporate issues were sold last week. This week, corporations are expected to sell issues amounting to \$45 million, and State and local government issues totaling \$50 million are scheduled for sale.

Bond yields - Yields continued to decline last week for all categories of outstanding bonds, with the drop being quite sharp for all types except Baa-rated corporate bonds. Daily figures for Monday and Tuesday of this week indicate some further decline for corporate bond yields.

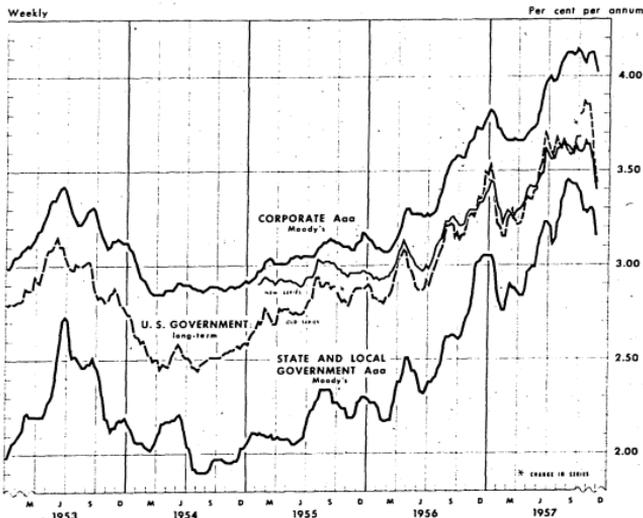
Offering yields on new corporate issues also have declined recently. An Aa-rated, 30-year first and refunding mortgage public utility issue was offered and promptly sold to investors this week at a yield of 4.47 per cent -- 18 basis points below the yield for a similarly rated first mortgage bond issue offered on November 22, and about 50 basis points below the early November level.

Stock prices - Stock prices, as measured by the Standard & Poor's index of 500 common stocks, increased last week, closing at 41.72 on November 29. Prices declined on balance in the early part of this week.

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 1/	U. S. Govt., long-term 2/		State and local govt. Aaa 3/	Spread between U. S. Govt. (old series) and	
		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)	3.87 (10/18)	3.66 (10/18)	3.45 (8/29)	.58	.58
Low	3.66 (4/12)	3.35 (2/8)	3.22 (2/8)	2.76 (2/21)	.20	.14
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
November 29	4.02	3.44	3.40	3.16	.58	.28

n.a.—Not available.

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

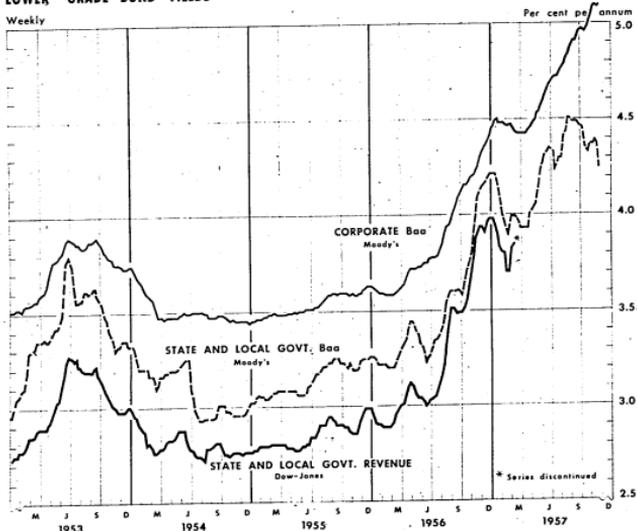
2/ Weekly averages of daily figures. The old series includes fully taxable, marketable 2 1/2 per cent bonds due or first callable after 12 years through September 1995, and those due or callable in 10-12 years thereafter, including, beginning October 1957, the 4 per cent bond of 1969. The new series is comprised of the 3 per cent bond of 1955 and the 3 1/4 per cent bond of 1978-83.

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.

EXHIBIT B

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)
1953 - 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)
1954 - 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)
1955 - 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)
1956 - Low	3.58 (3/9)	3.20 (3/8)	2.89 (2/24)
1957 - High	5.10 (11/29)	4.51 (8/29)	3.98 (1/4)
1957 - Low	4.42 (4/12)	3.90 (2/21)	3.70 (2/22)
November 1	5.04	4.37	^{4/}
November 8	5.09	4.37	
November 15	5.10	4.39	
November 22	5.09	4.37	
November 29	5.10	4.25	

^{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.

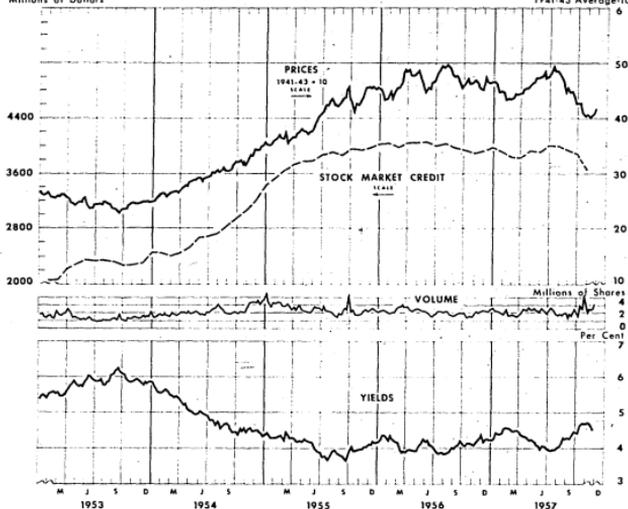
^{4/} Series discontinued, as of March 15.

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

STOCK MARKET

Millions of Dollars

1941-43 Average=10



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	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	1,244
Low	35.28 (1/14)	1.5	3.64	3,537	2,517	1,018
1956 - High	49.64 (6/3)	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	1,060
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 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.	1,060
November 29	41.72	3.1	4.50	n.a.	n.a.	n.a.

n.a.—Not available.

^{1/} 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.

^{2/} Averages of daily trading volume on the New York Stock Exchange.

^{3/} Standard and Poor's composite stock yield based on Wednesday data converted to weekly closing prices by Federal Reserve.

^{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 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 ^{1/}		
	1957	1956	1955	1957	1956	1955
January	1,063	573	535	712	1,044	535
February	1,071	712	1,07	572	656	312
March	1,314	817	1,223	506	390	238
April	924	818	1,78	765	376	127
May	771	1,116	866	516	1,90	350
June	1,489	611	687	395	735	612
July	991	1,063	597	529	1,08	1,70
August	911	651	611	581	206	219
September	973	838	670	430	357	1,06
October	e/950	745 ^{3/}	1,162 ^{2/}	672	639	919
November	e/850	1,089	632	e/600	317	658
December	e/1,000	1,088	900	e/600	1,09	1,08
1st quarter	3,479	2,102	2,165	1,820	1,190	1,385
2nd quarter	3,181	2,805	2,052	1,706	1,603	1,116
3rd quarter	2,878	2,556	1,911	1,513	971	1,121
4th quarter	e/2,800	2,922	2,695	e/1,872	1,395	1,981
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	10,381	8,821	e/6,911	5,159	5,911
	Excluding finance companies ^{4/}					
1st quarter	3,268	1,617	1,727			
2nd quarter	2,921	2,511	1,870			
3rd quarter	2,560	2,216	1,111			
4th quarter	e/2,650	2,826	2,511			
Year	e/11,102	9,259	7,595			

e/ Estimated.

^{1/} 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.

^{2/} Includes \$637.2 million AT&T convertible debenture issue.

^{3/} Includes \$571.5 million AT&T common stock issue.

^{4/} 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 during November

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
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 during November (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>						
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.	--
Johnson Co. Wtr. Dist. No. 1, Kansas	Rev.	20.0	1962-97	4.81	3.25-4.75	Baa
State of South Carolina	G.O.	5.0	1959-68	2.68	2.25-2.70	Aa
Bethel Mun. Auth., Penna.	Swr. rev.	6.4	1959-97/68	5.47	3.25-5.50	--
<u>OTHER</u>						
None						

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 - 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
Nov. 29	383	387	18	1,193	589	63

Forthcoming Large Offerings, as of November 29

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 Tel. Co. of Md.	Deb.	30.0	Dec. 10
Commonwealth Oil Refining Co.	Conv. sub. deb.	20.0	Dec. 11
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
Natural Gas Pipeline Co. of America	1st mtg. bds.	40.0	Winter
<u>STATE AND LOCAL GOVERNMENT</u>			
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
Chelan Co. Pub. Ut. Dist., No. 1, Wash.	Rev.	250.0	Dec. 10
Greater Baton Rouge Port Comm., La.	Rev.	19.4	Dec. 11

Forthcoming Large Offerings, as of November 29 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
Bergen Co., N. J.	G.O.	7.2	Dec. 11
Phoenix, Arizona	Water rev.	16.0	Dec. 12
*Minneapolis & St. Paul Met. Airport Comm., Minn.	G.O.	13.0	Dec. 17
*Richmond, Virginia	G.O.	6.5	Dec. 18
Chicago Bd. of Education, Ill.	G.O.	25.0	Dec. 18
Caddo Parish Sch. Dist., La.	G.O.	7.5	Jan. 7
New York State Thruway Auth.	Rev.	40.0	Jan. 14
Penna. State Highway & Bridge Auth.	Rev.	20.0	Jan. 17
*East Baton Rouge Par. S.D. No.1, La.	G.O.	10.0	Feb. 4
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>			
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: National Cylinder Gas Company's \$17.5 million convertible subordinated debenture issue -- withdrawn from registration.