

H.14

January 9, 1958.

CAPITAL MARKET DEVELOPMENTS

The volume of large publicly offered securities was very small last week, but is expected to be much larger this week. During the week ending January 3, no large corporate issues were sold and only two State and local government security issues, amounting to \$18 million, were offered. The calendar for this week (ending January 10) includes corporate offerings totaling \$100 million and State and local government issues amounting to \$53 million. The corporate total includes a \$50 million note issue of Commercial Credit Company which was originally scheduled for sale in late October, and postponed at that time because of market conditions. A \$150 million bond issue of the International Bank for Reconstruction and Development was sold on January 7.

Bond yields - Changes in yields on outstanding bonds were mixed last week. Yields on corporate bonds declined, while yields on Aaa State and local government bonds increased and yields on Baa's remained stable.

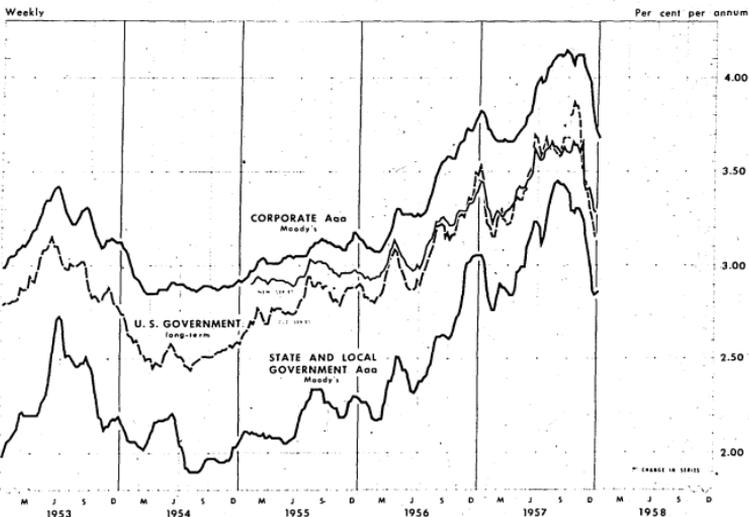
Yields on new corporate bond issues have declined further recently. A new A-rated, 30-year, first mortgage electric utility issue was offered to investors Wednesday of this week to yield 4.07 per cent -- 33 basis points below that for the last comparable issue, an offering made on December 12. Another issue of the same rating and similar terms was sold on Thursday to yield 4.10 per cent. The postwar peak yield recorded for this grade and type of issue was 5.50 per cent on November 7, 1957.

Stock prices - The Standard and Poor's index of 500 common stocks increased about 3 per cent last week, closing at 40.87 on January 3, 1958. Trading volume averaged 3.3 million shares a day with the heaviest activity concentrated on Monday and Tuesday. Prices increased on balance for the first three days of this week, closing at 40.99 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 ^{1/}	U. S. Govt., long-term ^{2/}		State and local govt. Aaa ^{3/}	Spread between U. S. Govt. (old series) and Corporate State and 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	.8h
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 (9/6)	.34	.70
Low	2.91 (3/7)	2.62 (3/7)	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)	.65	.58
Low	3.66 (4/12)	3.15 (2/8)	3.22 (2/8)	2.76 (2/21)	.20	.24
December 6	3.97	3.32	3.41	3.03	.65	.29
December 13	3.94	3.25	3.35	2.94	.59	.31
December 20	3.77	3.18	3.29	2.86	.57	.32
December 27	3.73	3.15	3.28	2.81	.58	.31
January 3	3.58	4/	4/	2.86	n.a.	n.a.

n.a.--Not available.

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

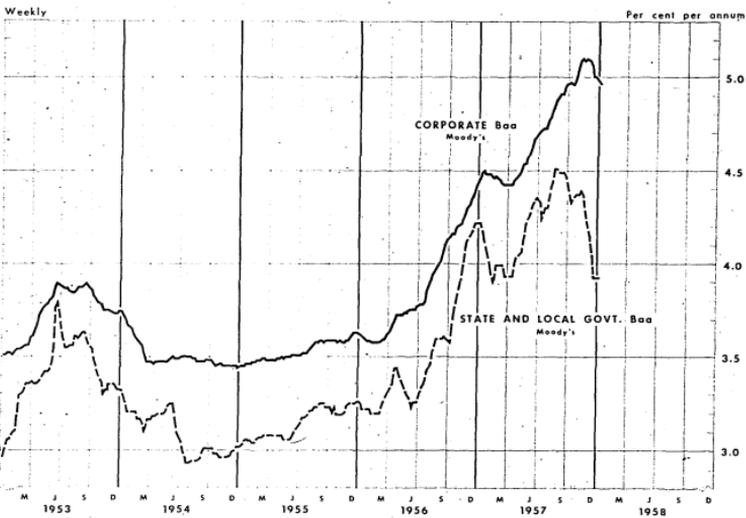
^{2/} Weekly averages of daily figures. The old series includes fully taxable, marketable 2 1/2 per cent bonds due or first callable after 12 years through September 1955, and those due or callable in 10-12 years thereafter, including, beginning October 1957, the 4 per cent bond of 1935. The new series is comprised of the 3 per cent bond of 1935 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.

^{4/} Discontinued as of December 31, 1957. New series to be available shortly.

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

LOWER - GRADE BOND YIELDS



Date	Corporate Baa 1/	State and local govt. Baa 2/	Spread between Aaa and Baa	
			Corporate	State and local govt.
(Per cent)				
1953 - High	3.89 (9/18)	3.79 (6/25)	.69	1.21
Low	3.50 (1/2)	2.96 (1/8)	.42	.98
1954 - High	3.74 (1/8)	3.32 (1/7)	.68	1.16
Low	3.44 (12/31)	2.93 (8/5)	.52	.93
1955 - High	3.63 (12/30)	3.26 (12/29)	.54	1.03
Low	3.45 (1/14)	3.02 (1/6)	.45	.87
1956 - High	4.41 (12/28)	4.22 (12/27)	.63	1.17
Low	3.58 (3/9)	3.20 (3/8)	.42	.89
1957 - High	5.10 (11/29)	4.51 (8/29)	1.27	1.21
Low	4.42 (4/12)	3.90 (2/21)	.64	1.04
December 6	5.09	4.14	1.12	1.11
December 13	5.06	4.03	1.22	1.09
December 20	5.00	3.92	1.23	1.06
December 27	5.00	3.92	1.27	1.08
January 3	4.96	3.92	1.28	1.06

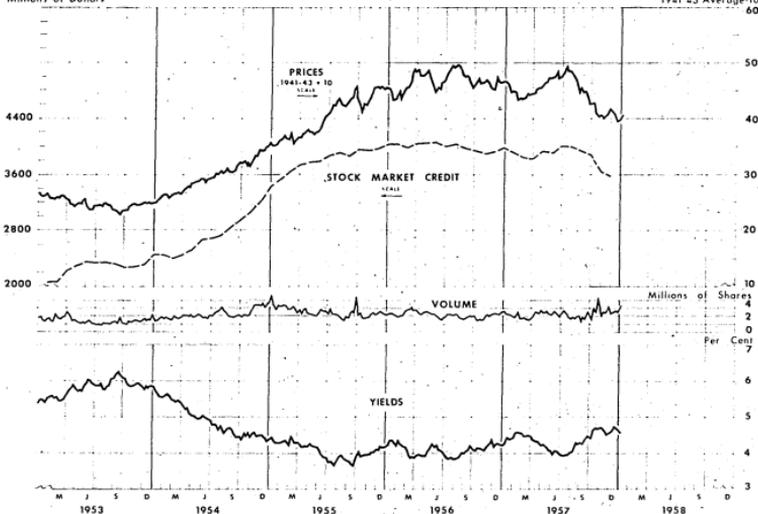
1/ Weekly average of daily figures. Average term of bonds includes is 25-26 years.

2/ 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.

STOCK MARKET

Millions of Dollars

1941-43 Average-10
60

Date	Stock price index ^{1/}	Trading volume ^{2/} (millions of shares)	Common stock yields ^{3/} (per cent)	Stock market customer credit		
				Total	Customers' ^{4/} bank loans	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	1,221
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	4.72	4,031	2,887	1,163
Low	39.48 (12/20)	1.4	3.91	3,577	2,517	1,054
November	40.35	2.5	4.62	3,577	2,517	1,000
December	40.33	2.6	4.63	n.a.	n.a.	1,066
December 20	39.48	2.6	4.72	n.a.	n.a.	1,063
December 27	39.78	2.5	4.68	n.a.	n.a.	1,066
January 3	40.47	3.3	4.56	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 Fridays' 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/}		
	1958	1957	1956	1958	1957	1956
January	e/ 800	1,063	573	e/ 700	742	404
February		1,071	712		572	696
March		1,344	817		506	390
April		924	818		765	378
May		771	1,146		546	490
June		1,489	841		393	735
July		991	1,063		529	408
August		914	654		584	206
September		973	838		430	357
October		1,014	745		696	639
November		e/900	1,089 ^{2/}		632	347
December		e/1,000	1,088		688	409
1st quarter		3,479	2,102		1,820	1,490
2nd quarter		3,184	2,805		1,704	1,603
3rd quarter		2,878	2,556		1,544	971
4th quarter		e/2,914	2,922		2,016	1,395
1st half		6,662	4,907		3,524	3,093
Three quarters		9,540	7,463		5,068	4,064
Year		e/12,454	10,364		7,084	5,459
		Excluding finance companies ^{3/}				
1st quarter		3,268	1,647			
2nd quarter		2,924	2,541			
3rd quarter		2,560	2,246			
4th quarter		e/2,764	2,826			
Year		e/11,515	9,260			

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 \$571.5 million AT&T common stock issue.

^{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 - 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
November	420	386	--

Large Individual Issues Offered during December

Issuer	Type 2/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Virginia Elec. & Pwr. Co.	1st&ref.mtg.bds.	20.0	1987	4 1/2	4.47	Aa
Northern Natural Gas Co.	S.F. deb.	25.0	1977	4 5/8	4.63	A
Chesapeake & Potomac Tel. Co. of Maryland	Deb.	30.0	1993	4 1/8	3.98	Aaa
Commonwealth Oil Refining	Conv. sub.deb.	18.5	1972	6	6.00	--
Nat'l. Cylinder Gas Co.	Conv. sub.deb.	17.5	1977	5 1/8	5.13	Ba
Standard Oil Co. of N. J.	Common stk.	288.2				
<u>STATE AND LOCAL GOVERNMENT</u>						
Akron, Ohio	Water rev.	5.0	1959-78	3.36	2.50-3.40	A
Los Angeles Sch. Dists., Calif.	G.O.	15.0	1959-83	3.19	2.35-3.25	Aa
Indianapolis, Ind.	G.O.	5.1	1960-89	2.91	2.25-3.00	Aaa
State of Ohio	G.O.	25.0	1956-77/67	2.65	2.00-2.70	Aaa

Large Individual Issues Offered during December (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> (Continued)						
Greater Baton Rouge Port Comm., Louisiana	Rev.	19.4	1960-77/67	3.36	2.60-3.40	Baa
Bergen Co., New Jersey	G.O.	7.2	1959-82	2.70	2.10-2.80	Aa
Phoenix, Arizona	Wtr. rev.	16.0	1959-87/68	3.51	2.50-3.50	A
State of Texas	G.O.	12.5	1966-86/67	2.70	2.10-2.70	Aa
Minneapolis and St. Paul Met. Airport Comm., Minn.	G.O.	13.0	1961-88/73	2.79	2.25-2.90	Aa
Atlanta, Georgia	G.O.	15.0	1958-86	2.96	2.00-2.90	Aa
Mobile, Alabama	Wtr. rev.	6.0	1961-91/68	3.93	2.90-4.00	Baa
Richmond, Virginia	G.O.	6.8	1959-78	2.48	2.00-2.50	Aaa
Chicago Bd. of Educ., Ill.	G.O.	25.0	1960-77	3.07	2.50-3.10	A
Chelan Co. Pub. Ut. Dist.						
No. 1, Washington	Rev.	250.0	2013	5.20	5.00	--
University of Minnesota	Rev.	5.0	1959-97	2.75	n.a.	--
Minneapolis-St. Paul Met. Airport Comm., Minn.	G.O.	13.0	1961-88	2.69	<u>4/</u>	Aa
<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 obligations; Rev., revenue bonds; G.R., general obligations additionally secured by facilities revenues; L.L., limited liability obligations secured by pledge of designated revenues.

^{4/} Reoffering deferred until July 1, 1958.

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 - 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	445	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
Dec. 31	378	383	150	1,161	614	165

Forthcoming Large Offerings, as of January 3

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Commercial Credit Co.	Notes	50.0	Jan. 8
Washington Water Power Company	1st mtg. bds.	20.0	Jan. 9
Connecticut Light & Power Co.	1st mtg. bds.	30.0	Jan. 9
Commonwealth Edison Co.	S.F. deb.	50.0	Jan. 15
Pacific Power & Light Co.	1st mtg. bds.	15.0	Jan. 16
West Virginia Pulp & Paper Co.	Deb.	40.0	Jan. 16
Commerce Oil Refining Corp.	Deb. bds. & Common	45.0	Jan. 16
Alabama Power Co.	1st mtg. bds.	23.0	Jan. 17
Pacific Gas & Electric Co.	1st & ref. mtg. bds.	75.0	Jan. 22
*Kimberly Clark Corp.	S.F. deb.	30.0	Jan. 22
Royal Dutch Petroleum Co.	Common stk.	3/	Feb. 10
Indiana & Michigan Electric Co.	1st mtg. bds.	25.0	(rights expire) Feb. 14
American Telephone & Telegraph Co.	Conv. deb.	718.3	March 12
Natural Gas Pipeline Co. of America	1st mtg. bds.	40.0	(rights expire) Winter

Forthcoming Large Offerings, as of January 3 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
Caddo Parish Sch. Dist., La.	G.O.	7.5	Jan. 7
Los Angeles, California	G.O.	25.0	Jan. 7
Dade Co., Florida	G.O.	14.5	Jan. 8
Des Moines Ind. Sch. Dist., Iowa	G.O.	5.7	Jan. 9
*San Diego Co. Wtr. Auth., Calif.	Rev.	7.5	Jan. 13
State of New York	G.O.	37.5	Jan. 14
Georgia Rural Roads Auth.	Rev.	17.5	Jan. 14
State of Missouri	G.O.	55.0	Jan. 15
New York, New York	G.O.	25.5	Jan. 15
State of North Carolina	G.O.	10.0	Jan. 16
Penna. State Highway & Bridge Auth.	Rev.	20.0	Jan. 17
State of California	G.O.	100.0	Jan. 22
*Dallas, Texas	G.O.	11.8	Jan. 27
Florida State Board of Education	G.O.	7.9	Jan. 28
Los Angeles, California	Water rev.	9.0	Jan. 29
State of New Hampshire	G.O.	28.4	Jan. 30
No. Hempstead Sch. Dist. No. 9, N.Y.	G.O.	7.4	Feb. 4
East Baton Rouge Par. S.D. No.1, La.	G.O.	10.0	Feb. 4
Denver, Colorado	Water rev.	20.0	Feb. 5
*Public Housing Authorities	--	67.1	Feb. 5
Wichita Sch. Dist. No. 1, Kansas	G.O.	5.0	Feb. 6
New York State Thruway Auth.	Rev.	40.0	Winter
Pennsylvania Turnpike Commission	Rev.	62.0	Winter
Inter-American Center Auth., Fla.	Rev.	20.0	Winter
<u>OTHER</u>			
Int'l Bank for Reconstruction and Development	Bds.	150.0	Jan. 7
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.

3/ The net proceeds are expected to total \$200-\$250 million; however, the amount to be offered in the United States is as yet indeterminate.

Note.--Deletions for reasons other than sale of issue: None.