

H.14

January 15, 1958

CAPITAL MARKET DEVELOPMENTS

Large public security offerings for new capital during the week ending January 10 totaled \$105 million for corporations and \$53 million for State and local governments. A \$150 million bond issue of the International Bank for Reconstruction and Development was also sold. The calendar for this week includes large corporate issues amounting to \$105 million and State and local government offerings totaling \$173 million.

Bond yields - Yields on outstanding corporate and lower grade State and local government bonds declined last week, while yields on State and local government Aaa's remained stable.

Stock prices - Stock prices, as measured by the Standard and Poor's index of 500 common stocks, declined last week, closing at 40.37 on January 10. Prices increased in the early part of this week, closing at 40.99 on Wednesday.

More detailed information concerning recent capital market developments is presented in the attached exhibits.

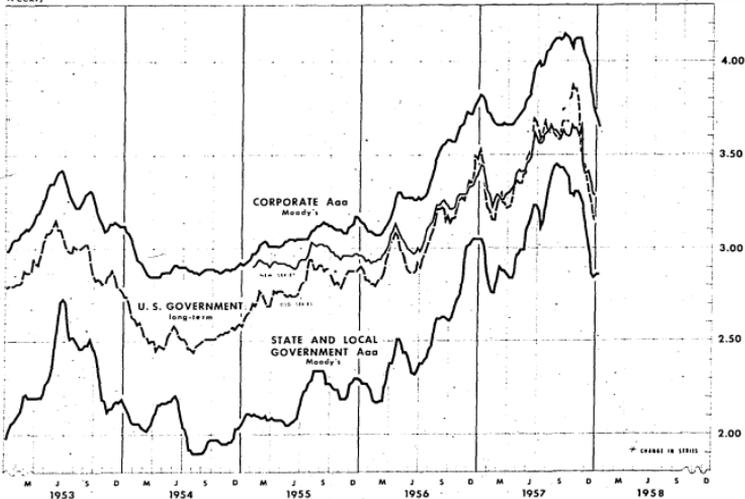
Capital Markets Section,
Division of Research and Statistics,
Board of Governors of the Federal Reserve System.

HIGH-GRADE BOND YIELDS

EXHIBIT A

Weekly

Per cent per annum



Date	Corporate Aaa <u>1/</u>	U. S. Govt., long-term <u>2/</u>		State and local gov. Aaa <u>3/</u>	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 (5/28)	.13	.54
1956 - High	3.79 (12/28)	3.49 (12/23)	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)	.33	.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	.14
December 13	3.84	3.25	3.35	2.94	.59	.31
December 20	3.77	3.18	3.29	2.86	.59	.32
December 27	3.73	3.15	3.28	2.84	.58	.31
January 3	3.68	<u>4/</u>	<u>4/28</u>	2.86	n.a.	n.a.
January 10	3.65			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 1969. The new series is comprised of the 3 per cent bond of 1995 and the 3 1/4 per cent bond of 1978-83.

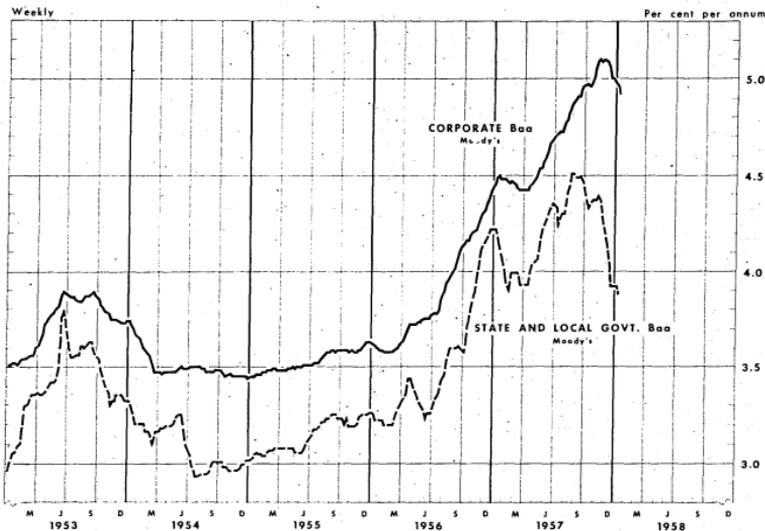
3/ Thursday figures. Only general obligation bonds are included; average term is 20 years.

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.

EXHIBIT B

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 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
January 10	4.92	3.88	1.27	1.02

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.

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		831	1,069 ^{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/2,845	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/12,385	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/2,695	2,826			
Year		e/11,446	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 <u>2/</u>
1956 - 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	--
December	399	439	--

Large Individual Issues Offered January 1 through 10

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Commercial Credit Co.	Notes	50.0	1978	4 1/8	4.20	--
Conn. Light & Power Co.	1st&ref.mtg.bds.	30.0	1988	3 7/8	3.89	Aaa
Washington Water Pwr. Co.	1st mtg.bds.	20.0	1988	4 1/8	4.10	A
<u>STATE AND LOCAL GOVERNMENT</u>						
Los Angeles, California	G.O.	25.0	1959-88/68	3.18	2.10-3.30	Aa
Dade Co., Florida	G.O.	14.5	1958-72/63	3.61	2.75-3.50	A
Caddo Parish S.D., La.	G.O.	7.5	1959-78	3.17	2.15-3.20	A
Des Moines Sch. Dist., Ia.	G.O.	5.7	1958-77	2.62	1.80-2.60	Aa

Large Individual Issues Offered January 1 through 10 (Cont'd)

Issuer	Type ^{3/}	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>OTHER</u>						
Int'l Bk. for Reconstruc- tion and Development	Bds.	150.0	1979	4 1/4	4.29	Aa

^{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.

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 <u>2/</u>	Corporate	State and local govt.	Other <u>2/</u>
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	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
Dec. 31	378	383	150	1,161	614	165

Forthcoming Large Offerings, as of January 10

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Commonwealth Edison Co.	S.F. deb.	50.0	Jan. 15
West Virginia Pulp & Paper Co.	Deb.	40.0	Jan. 15
Pacific Power & Light Co.	1st mtg. bds.	15.0	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
Commerce Oil Refining Corp.	Deb. bds. & common	45.0	Jan.
Royal Dutch Petroleum Co.	Common stk.	3/	Feb. 10
			(rights expire)
Indiana & Michigan Electric Co.	1st mtg. bds.	25.0	Feb. 14
*Pennsylvania Electric Co.	1st mtg. bds.	29.0	Feb. 25
*Cleveland Electric Illuminating Co.	1st mtg. bds.	30.0	Feb. 26
American Telephone & Telegraph Co.	Conv. deb.	718.3	March 12
			(rights expire)
Natural Gas Pipeline Co. of America	1st mtg. bds.	40.0	Winter

Forthcoming Large Offerings, as of January 10 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
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
*Milwaukee Co., Wisc.	Sewer rev.	5.7	Jan. 24
Dallas, Texas	G.O.	11.8	Jan. 27
Florida State Board of Education	G.O.	7.9	Jan. 28
*State of South Carolina	G.O.	8.0	Jan. 28
Los Angeles, California	Water rev.	9.0	Jan. 29
State of New Hampshire	G.O.	28.4	Jan. 30
*Puerto Rico Water Resources Auth.	Rev.	25.0	Jan.
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
*Memphis, Tenn.	G.O.	12.5	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 Authority, Fla.	Rev.	20.0	Winter
<u>OTHER</u>			
Union of South Africa	Ext. loan bds.	15.0	Jan. 21
*Quebec Hydro-Electric Commission	Deb.	50.0	Feb.

*--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.

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		
December 6	4.30	14		
12			4.40	-17
1958 - January 8			4.07	-45
9			4.10 2/	-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.