

H.14

February 19, 1958

CAPITAL MARKET DEVELOPMENTS

Large public security offerings for new capital during the week ending February 14 totaled \$209 million for corporations (including expiration of subscription rights) and \$48 million for State and local governments. This week, the volume of new security offerings is expected to be very large with corporate issues totaling \$200 million and State and local government offerings aggregating \$207 million.

Bond yields - Changes in yields on outstanding bonds were minor last week. Yields on State and local government and high-grade corporate bonds remained stable, while yields on corporate Baa's and U. S. Government obligations declined slightly.

A \$150 million debenture issue of General Motors Acceptance Corporation was offered to investors this week to yield 4.10 per cent -- 110 basis points below that for a similar offering made by this company last August. The recent issue is non-callable for five years, while the earlier issue had a call restriction for ten years.

Stock market credit - Customer credit in the stock market (excluding that extended on U. S. Government securities) declined during January, reaching a level of \$3,554 million at the end of the month. Net debit balances increased slightly, while bank loans to "others" declined \$27 million. Net debit balances secured by U. S. Government securities increased sharply in January, reflecting the U. S. Treasury

	End of month		Change
	Jan.	Dec.	
	(millions of dollars)		
Customer credit			
Excluding U. S. Govt. securities - total	3,554	3,576	-22
Net debit balances	2,487	2,482	+5
Bank loans to "others"	1,067	1,094	-27
Net debit balances secured by U. S. Govt. securities	126	68	+58
Bank loans to others for purchasing or carrying U. S. Government securities	58	60	-2
Broker and dealer credit			
Money borrowed except on U. S. Govt. securities	1,552	1,706	-154
On customer collateral	1,344	1,494	-150
Money borrowed on U. S. Government securities	188	125	+63
Customers' net free credit balances	936	896	+40

refunding operations, to a total of \$126 million at the end of the month. Borrowings by member firms of the NYSE maintaining margin accounts (except borrowings on U. S. Government securities) also declined substantially last month, principally in borrowing on customer collateral. Customer's net free credit balances increased further, totaling \$936 million at the end of January. These and other data on stock market credit for January and December are shown in the following table.

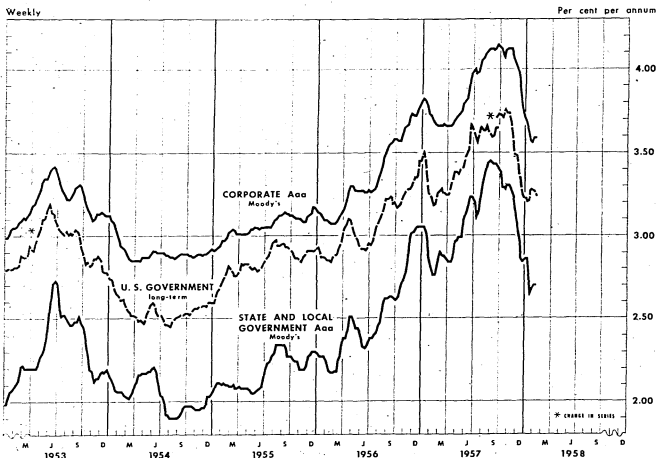
Stock prices - Stock prices, as measured by the Standard and Poor's index of 500 common stocks declined last week, closing at 41.33 on February 14. Prices declined somewhat further on the first three days of this week.

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.

EXHIBIT A

HIGH-GRADE BOND YIELDS



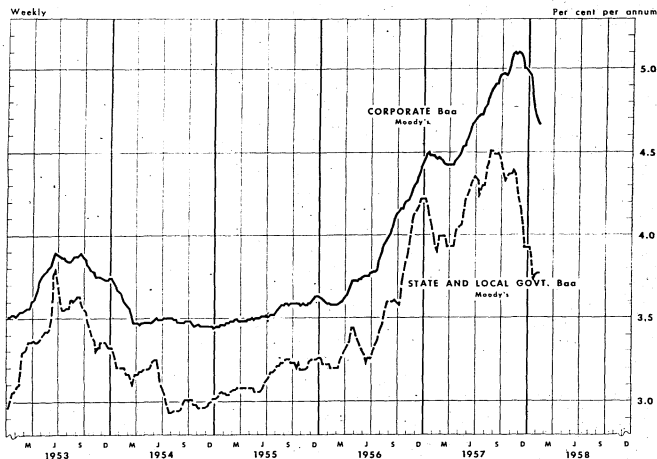
Date	Corporate Aaa 1/	U. S. Govt. long-term 2/	State and local govt. Aaa 3/	Spread between U. S. Govt. and	
				Corporate Aaa	State and local Aaa
(Per cent)					
1953 - High	3.42 (6/19)	3.19 (6/5)	2.73 (6/25)	.38	.83
Low	2.99 (1/9)	2.74 (12/31)	1.98 (1/8)	.20	.33
1954 - High	3.09 (1/8)	2.74 (1/8)	2.21 (6/10)	.43	.62
Low	2.85 (4/23)	2.45 (8/6)	1.90 (9/2)	.30	.30
1955 - High	3.17 (12/23)	2.97 (8/5)	2.34 (9/8)	.27	.76
Low	2.91 (1/7)	2.64 (1/7)	2.05 (5/26)	.11	.57
1956 - High	3.79 (12/28)	3.45 (12/28)	3.05 (12/27)	.41	.71
Low	3.07 (3/2)	2.84 (2/17)	2.17 (2/23)	.12	.32
1957 - High	4.14 (9/27)	3.76 (10/18)	3.45 (8/29)	.60	.47
Low	3.66 (4/12)	3.18 (2/8)	2.76 (2/21)	.27	.15
1958 - High	3.68 (1/3)	3.28 (1/31)	2.86 (1/9)	.46	.62
Low	3.56 (1/31)	3.20 (1/10)	2.65 (1/23)	.28	.34
January 17	3.61	3.21	2.68	.40	.53
January 24	3.57	3.27	2.65	.30	.62
January 31	3.56	3.28	2.68	.28	.60
February 7	3.59	3.27	2.70	.32	.57
February 14	3.59	3.24	2.70	.35	.54

1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.
 2/ Weekly average of daily figures. The series includes bonds due or callable in 10 years or more.

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

Not--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
1958 - High	4.96 (1/3)	3.92 (1/2)	1.28	1.09
Low	4.66 (2/14)	3.73 (1/23)	1.07	1.02
January 17	4.84	3.77	1.23	1.09
January 24	4.77	3.73	1.20	1.08
January 31	4.72	3.76	1.16	1.08
February 7	4.68	3.77	1.09	1.07
February 14	4.66	3.77	1.07	1.07

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

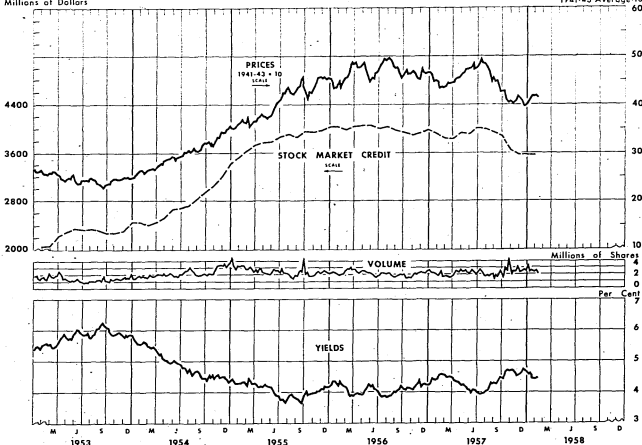
2/ Thursday figures. Only general obligation bonds are included; average term is 20 years.

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

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	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	45.69 (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	4.72	4,031	2,887	1,163
Low	39.48 (12/20)	1.4	3.91	3,576	2,482	1,054
1958 - High	41.73 (2/7)	2.5	4.58	n.a.	n.a.	1,067
Low	40.37 (1/10)	2.2	4.42	n.a.	n.a.	1,051
December	40.33	2.6	4.63	3,576	2,482	1,094
January	41.12	2.3	4.48	3,554	2,487	1,067
January 31	41.70	2.2	4.42	n.a.	n.a.	1,067
February 7	41.73	2.5	4.42	n.a.	n.a.	1,065
February 14	41.33	2.0	4.47	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	796	742	404
February	e/ 825	1,071	712	e/ 750	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		431	357
October		1,055	745		698	639
November		792	1,089 2/		633	347
December		1,086	1,088		698	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		2,933	2,922		2,029	1,395
1st half		6,662	4,907		3,524	3,093
Three quarters		9,540	7,463		5,069	4,064
Year		12,473	10,384		7,099	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/ 2,783	2,826			
Year		e/ 11,534	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/
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	--
1958 - January	318	506	215

Large Individual Issues Offered February 1 through 14

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Tennessee Gas Trans. Co.	Com. stk.	30.8				
Texas Utilities Co.	Com. stk.	16.6				
Royal Dutch Petroleum Co.	Com. stk.	136.8				
Northern Natural Gas Co.	Com. stk.	21.8				
Southern Calif. Edison Co.	Pfd. stk.	25.0				
Ind. & Mich. Electric Co.	1st mtg. bds.	25.0	1988	3 7/8	3.80	Aa
<u>STATE AND LOCAL GOVERNMENT</u>						
Springfield, Ill.	Swr. rev.	5.6	1962-97/72	3.53	2.30-3.60	A
Columbus C.S.D., Ohio	G.O.	5.0	1959-82	2.73	1.50-2.90	Aa

Large Individual Issues Offered February 1 through 14 (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> <u>(Continued)</u>						
Detroit, Michigan	Wtr. rev.	5.0	1962-78/68	3.02	2.15-3.05	Aa
Allegheny Co. San. Auth., Pa.	Swr. rev.	25.0	1961-96/63	3.55	2.20-3.60	--
East Baton Rouge Par. Sch.						
Dist. No. 1, La.	G.O.	10.0	1959-78	3.19	1.80-3.25	A
Memphis, Tennessee	G.O.	12.5	1959-88	2.82	1.50-3.70	Aa
Denver, Colorado	Wtr. rev.	20.0	1969-97/68	3.25	2.65-3.24	Aa
Public Housing Auth.	--	67.1	1959-98/67	2.89	1.45-3.10	Aaa
N.Y. State Thruway Auth.	G.R.	50.0	1985-95/65	3.12	2.85-3.10	Aaa
No. Hempstead S.D. No. 9, N.Y.	G.O.	7.4	1958-86	3.72	1.60-3.75	Baa
Detroit, Michigan	G.O.	13.7	1959-83	2.98	1.65-3.15	A
New Orleans, La.	G.O.	6.3	1959-87/73	3.25	1.80-3.35	A
Wichita S. D. No. 1, Kan.	G.O.	5.0	1959-78	3.14	1.80-3.30	A
State of Minnesota	G.O.	12.0	1961-77	2.45	1.70-2.60	Aa
Hartford, Connecticut	G.O.	6.9	1959-78	2.41	1.50-2.60	Aaa
Met. Wtr. Dist. of So. Calif.	Rev.	18.0	1959-70	2.39	1.50-2.50	Aa
Guilford Co., N. C.	G.O.	6.0	1961-80	2.70	1.80-2.85	Aa
Hempstead U.F.S.D. No. 15, N.Y.	G.O.	5.4	1959-87	3.27	1.75-3.50	A
<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.

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	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 February 14

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Niagara Mohawk Power Co.	Pfd. stk.	25.0	Feb. 18
General Motors Acceptance Corp.	Deb.	150.0	Feb. 19
New York State Electric & Gas Co.	1st mtg. bds.	25.0	Feb. 21
Pennsylvania Electric Co.	1st mtg. bds.	29.0	Feb. 25
Cleveland Electric Illuminating Co.	1st mtg. bds.	30.0	Feb. 26
Central Illinois Public Service Co.	1st mtg. bds.	15.0	Feb. 26
United Gas Corp.	1st mtg.&coll.tr.bds.	30.0	Feb. 27
Southern New England Telephone Co.	Deb.	30.0	Feb. 27
Potomac Electric Co.	Pfd. stk.	15.0	Feb. 28
Baltimore Gas & Electric Co.	1st&ref.mtg.bds.	30.0	Mar. 4
Chic Edison Co.	1st mtg. bds.	40.0	Mar. 5
Public Service Electric & Gas Co.	Pfd. stk.	25.0	Mar. 5
Union Electric Co.	1st mtg. bds.	35.0	Mar. 6
Columbia Gas System, Inc.	Deb.	30.0	Mar. 7
American Telephone & Telegraph Co.	Conv. deb.	718.3	Mar. 12
			(rights expire)

Forthcoming Large Offerings, as of February 14 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE (Continued)</u>			
Chicago, Rock Island & Pacific R.R.	1st mtg. bds.	16.0	Mar. 13
*General Telephone Co. of Calif.	1st mtg. bds.	20.0	Mar. 13
*Mississippi River Fuel Corp.	S.F. deb.	30.0	Mar. 13
*Carolina Power and Light Co.	1st mtg. bds.	20.0	Mar. 18
Commerce Oil Refining Corp.	Deb., bds. & common	45.0	Winter
Natural Gas Pipeline Co. of America	1st mtg. bds.	40.0	Winter
<u>STATE AND LOCAL GOVERNMENT</u>			
Kansas City Sch. Dist., Mo.	G.O.	7.0	Feb. 17
Long Beach, California	G.O.	10.1	Feb. 18
State of Connecticut	G.O.	77.0	Feb. 18
State of Alabama	G.O.	21.0	Feb. 19
State of Rhode Island	G.O.	18.8	Feb. 19
St. Louis, Missouri	G.O.	12.3	Feb. 19
Los Angeles Met. Transit Auth., Calif.	Rev.	40.0	Feb. 19
State of Delaware	G.O.	21.0	Feb. 20
New York, New York	G.O.	44.5	Feb. 25
Cleveland, Ohio	G.O.	15.3	Feb. 25
State of Kentucky	G.O.	35.0	Feb. 25
Houston Ind. Sch. Dist., Texas	G.O.	15.0	Feb. 26
*State of Tennessee	G.O.	15.0	Feb. 26
*San Antonio, Texas	G.O.	5.0	Feb. 27
Washington Tp. Local Sch. Dist., Ohio	G.O.	5.0	Feb. 27
Louisiana State University	Bldg. rev.	7.5	Mar. 1
*Seattle, Washington	Rev.	20.0	Mar. 4
*Miami, Florida	G.O.	12.7	Mar. 5
State of Mississippi	G.O.	20.0	Mar. 6
*Newark, New Jersey	G.O.	15.0	Mar. 11
Milwaukee, Wisconsin	Wtr. rev.	10.0	Mar. 18
*Lafayette, Louisiana	Util. rev.	8.0	Mar. 18
State of Louisiana	G.O.	8.1	Mar. 26
*Providence, Rhode Island	G.O.	6.7	Mar. 26
Pennsylvania Turnpike Commission	Rev.	62.0	Winter
Inter-American Center Authority, Fla.	Rev.	20.0	Winter
Met. Fair & Exposition Auth., Ill.	Bldg. rev.	25.0	Winter
<u>OTHER</u>			
Amsterdam, The Netherlands	S.F. bds.	15.0	Feb. 26

*--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 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	4.71	81	*5.10	106
July	4.66	57	4.86 <u>2/</u>	70
August	*5.00	75	None	
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 <u>2/</u>	52		
15			5.05 <u>2/</u>	43
20	4.82	53		
21	4.65	37		
22	4.65	39		
December 6	4.30	14		
12			4.40	4
1958 - January 8			4.07	9
9			4.10 <u>2/</u>	13
17			3.85	-3
21			3.80	-8
23	3.60	-8		
February 5			3.90	-3
14	3.80	13		

*--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/ Both issues on which July average is based and other issues so marked provide 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.