

H.14

April 23, 1958.

CAPITAL MARKET DEVELOPMENTS

Large public security issues for new capital during the week ending April 18 totaled \$139 million for corporations and \$144 million for State and local governments. This week, the calendar for new issues is relatively small and includes a single corporate issue for \$15 million and State and local government offerings amounting to \$113 million; a foreign government issue for \$25 million is also scheduled for sale. It will be noted from Exhibit F, however, that recently an unusually large number of corporate and State and local government issues have been added to the May calendar, which previously had been very light.

Bond yields - Yields continued to decline last week for all types of outstanding bonds. The decline was slight for corporate and State and local government bonds, but sharp for yields on U. S. Government obligations.

Offering yields on new corporate issues also have declined. A new Aa-rated first mortgage electric utility bond issue was offered to investors this week to yield 3.75 per cent, 25 basis points below that for the last comparable issue, an offering made in early April.

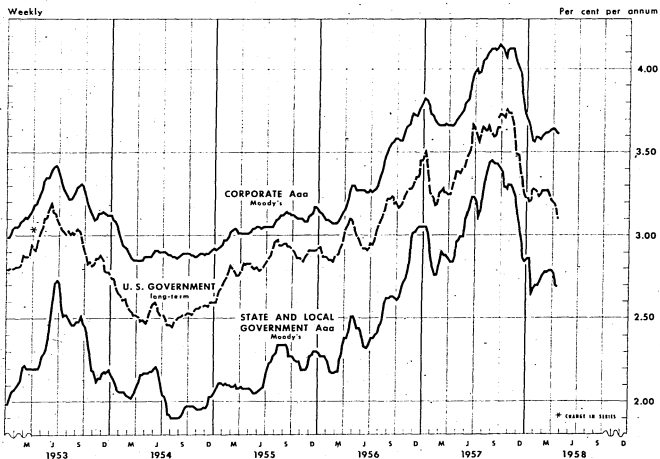
Stock prices - Stock prices, as measured by Standard and Poor's index of 500 common stocks, reached a new high for the year last week, closing at 42.71 on April 18. Prices increased further, on balance, in the early part of this week, closing at 42.80 on Wednesday.

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.

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)	.11	.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)	.51	.62
Low	3.56 (1/31)	3.10 (4/18)	2.65 (1/23)	.28	.34
March 21	3.63	3.24	2.79	.39	.45
March 28	3.64	3.21	2.79	.43	.42
April 4	3.64	3.19	2.77	.45	.42
April 11	3.62	3.15	2.70	.47	.45
April 18	3.61	3.10	2.69	.51	.41

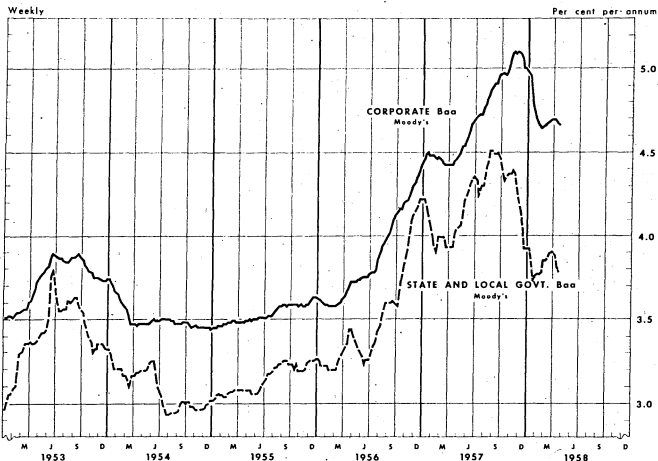
^{1/} Weekly average of daily figures. Average term of bonds included is 25-26 years.
^{2/} Weekly average of daily figures. The series includes bonds due or callable in 10 years or more.

^{3/} Thursday figures. Only general obligations 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



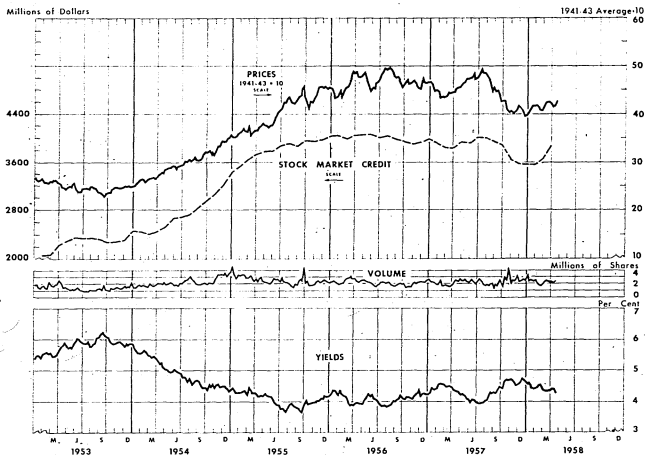
Date	Corporate Baa 1/	State and local govt. Baa 2/	Spread between Aaa and Baa	
			Corporate	State and local govt.
(Per cent)				
1953 - High	3.89 (9/18)	3.79 (6/25)	.69	1.21
Low	3.50 (1/2)	2.96 (1/8)	.42	.98
1954 - High	3.74 (1/8)	3.32 (1/7)	.68	1.16
Low	3.44 (12/31)	2.93 (8/5)	.52	.93
1955 - High	3.63 (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	1.11
Low	4.64 (2/21)	3.73 (1/23)	1.04	1.02
March 21	4.68	3.89	1.05	1.10
March 28	4.69	3.90	1.05	1.11
April 4	4.69	3.88	1.05	1.11
April 11	4.67	3.81	1.05	1.11
April 18	4.66	3.78	1.05	1.09

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



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	26.5h (1/2)	2.5	6.25	2,455	1,665	780
Low	22.95 (9/18)	0.9	5.38	2,055	1,311	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	42.71 (4/18)	2.5	4.58	3,863	2,665	1,209
Low	40.37 (1/10)	1.7	4.29	3,554	2,487	1,051
February	41.26	2.0	4.49	3,679	2,580	1,099
March	42.11	2.2	4.35	3,863	2,665	1,198
April 4	41.48	2.2	4.42	n.a.	n.a.	1,205
April 11	41.74	2.1	4.40	n.a.	n.a.	1,209
April 18	42.71	2.4	4.29	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	812	742	404
February	e/825	1,071	712	952	572	696
March	e/1,500 ^{2/}	1,344	817	486	506	390
April	e/900	924	818	e/650	765	378
May		771	1,146		546	490
June		1,489	841		393	735
July		991	1,063		529	408
August		914	654		585	206
September		973	838		431	357
October		1,055	745		698	639
November		792	1,089 ^{3/}		633	347
December		1,086	1,088		698	409
1st quarter	e/3,125	3,479	2,102	2,250	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 ^{4/}					
1st quarter	e/2,825	3,268	1,647			
2nd quarter		2,924	2,541			
3rd quarter		2,560	2,246			
4th quarter		2,788	2,826			
Year		11,540	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 \$718.3 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 2/
1957 - 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
February	605	629	15
March	1,093	264	--

Large Individual Issues Offered April 1 through 18

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Wisconsin Elec. Pwr. Co.	1st mtg. bds.	30.0	1988	4 1/8	3.98	Aa
Gen. American Transp. Corp.	E. T. ctf's.	20.0	1978	4 1/8	4.13	A
General Telephone Corp.	Com. stk.	21.4				
Duquesne Light Co.	1st mtg. bds.	15.0	1988	3 3/4	3.74	Aaa
J. E. Seagram & Sons, Inc.	Deb.	40.0	1983	4 1/4	4.38	Aa
American Can Co.	Deb.	40.0	1988	3 3/4	3.75	Aa
Douglas Aircraft Co.	S.F. deb.	60.0	1978	5	5.00	Baa
Aluminum Co. of America	Deb.	125.0	1983	3 7/8	3.90	Aa
Pacific Petroleum Ltd.	S.F. deb.	30.0	1973	5 1/2	5.30	Ba
Richfield Oil Corp.	Conv. sub. deb.	19.0	1983	4 3/8	4.38	Baa
Commonwealth Edison Co.	1st mtg. bds.	50.0	1988	3 3/4	3.70	Aaa
Diamond Gardner Corp.	S. F. deb.	25.0	1983	4.00	4.00	A
Mississippi Pwr. & Lt. Co.	1st mtg. bds.	15.0	1988	4 1/8	3.98	A
Tennessee Gas Transm. Co.	Deb.	30.0	1978	5	5.00	Baa

Large Individual Issues Offered April 1 through 18 (Cont'ed)

Issuer	Type ^{3/}	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
STATE AND LOCAL GOVERNMENT						
Texas Veterans Land Board	G.O.	12.5	1966-88/68	2.89	2.05-3.00	Aa
Comm. of Puerto Rico	G.O.	18.3	1959-73	3.39	1.20-3.50	A
Los Angeles, California	Rev.-Ut.	13.5	1959-88	3.15	1.00-3.35	Aa
Lafayette Par. S.D.#1, La.	G.O.	7.0	1961-88/69	4.03	2.20-3.90	Baa
Tampa, Florida	Rev.-Ut.	8.4	1959-87/68	3.56	1.25-3.70	A
Anne Arundel Co., Maryland	G.O.	5.0	1960-83	2.98	1.40-3.20 ^{4/}	A
State of Maryland	G.O.	24.6	1961-73	2.31	1.25-2.50	Aaa
Chicago, Illinois	G.O.	7.5	1960-71	2.46	1.20-2.70	A
Erie Co. Wtr. Auth., N. Y.	Rev.-Ut.	6.5	1961-97/67	3.69	1.75-3.70	Baa
San Francisco, California	G.O.	24.2	1959-78	2.45	0.85-2.75 ^{5/}	Aa
Wash. Sub. San. Dist., Md.	G.O.	10.0	1959-97/73	3.33	1.25-3.65 ^{5/}	Baa
State of Massachusetts	G.O.	96.9	1959-98	2.92	0.85-3.25	Aa
Louisiana State Univ.	Rev.-Q.Ut.	7.5	1959-83/63	3.73	1.50-3.75	A
Babylon U.F.S.D. #3, N. Y.	G.O.	5.5	1959-87	3.62	1.20-3.70	Baa
OTHER						
Ontario, Canada	Ext. deb.	25.0	1963	3 1/4	3.40	A
Ontario, Canada	Ext. deb.	50.0	1983	4	4.13	A
Edmonton, Alberta, Canada	Ext. deb.	18.0	1983	4 3/4	4.93	Baa
Belgian Congo	Ext. loan bds.	15.0	1973	5 1/4	5.40	--

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.-Ut., revenue obligations secured only by income from public utilities; Rev.-Q.Ut., revenue bonds secured by revenue of quasi-utilities; Rev.-S.T., revenue bonds secured by revenue from specific taxes only; Rev.-Rent., revenue bonds secured solely by lease payments.

4/ 1982-83 maturities not reoffered.

5/ Is of 1992-97 not reoffered.

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>
1957 - 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	525	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
1958 - Jan. 31	498	429	--	1,378	546	--
Feb. 28	1,123	175	--	1,208	389	--
Mar. 31	555	340	110	670	372	110

Forthcoming Large Offerings, as of April 18

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Southern Counties Gas Co.	1st mtg. bds.	15.0	Apr. 24
Philadelphia Electric Co.	1st mtg. bds.	40.0	Apr. 30
Texas Co.	Deb.	150.0	May 1
Potomac Electric Power Co.	Conv. deb.	19.7	May 6
			(rights expire)
*R. R. Donnelly & Sons, Co.	Deb.	15.0	May 7
Public Service Co. of Oklahoma	1st mtg. bds.	16.0	May 13
*United Gas Improvement Co.	1st mtg. bds.	15.0	May 14
Long Island Lighting Co.	1st mtg. bds.	20.0	May 15
*Gulf States Utilities Co.	1st mtg. bds.	20.0	May 20
*Brooklyn Union Gas Co.	1st mtg. bds.	22.0	May 22
*International Tel. & Tel. Co.	Conv. sub. deb.	28.7	May 21
			(rights expire)
Central Hudson Gas & Electric Corp.	1st mtg. bds.	18.0	May 27
*Consolidated Natural Gas Co.	S.F. deb.	45.0	May
Consolidated Edison Co.	1st ref. mtg. bds.	50.0	June 4
Commerce Oil Refining Corp.	Deb., bds. & common	45.0	1958
Natural Gas Pipeline Co. of America	1st mtg. bds.	40.0	1958

Forthcoming Large Offerings, as of April 18 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
City and Co. of Honolulu, Hawaii	G.O.	7.3	Apr. 22
State of California	G.O.	100.0	Apr. 23
Washington Toll Bridge Auth.	Rev.-Ut.	5.2	Apr. 24
Burbank, California	G.O.	5.6	Apr. 29
Baltimore, Maryland	G.O.	24.2	Apr. 29
Colleges of the State of Texas	G.O.	15.4	Apr. 29
Wake Co., North Carolina	G.O.	6.3	Apr. 29
Philadelphia, Pa.	G.O.	31.9	Apr. 30
*Yonkers, New York	G.O.	6.9	Apr. 30
*Peoria Co. Sch. Dist. No. 150, Ill.	G.O.	5.8	May 5
*State of Connecticut	G.O.	29.7	May 6
*Cook Co., Illinois	Rev.-Ut.	25.0	May 6
*Boston, Massachusetts	G.O.	24.5	May 13
Cincinnati, Ohio	G.O.	13.4	May 13
Pittsburgh, Pennsylvania	G.O.	5.0	May 20
State of Ohio	Rev.-S.T.	32.0	May 20
*Public Housing Authorities	G.O.	69.9	May 21
<u>OTHER</u>			
Commonwealth of Australia	Bonds	25.0	Apr. 23
Montreal, Canada	S.F. deb.	25.0	May 1

*--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 - 1957				
High	5.00(8/14/57)	87	5.50(11/7/57)	123
Low	2.93(3/31/54)	-3	3.00(3/17/54)	-15
1958 - January 8			4.07	9
9			4.10 ^{2/}	13
17			3.85	-3
21			3.80	-8
23	3.60	-8		
February 5			3.90	-3
14	3.80	13		
20	3.80 ^{2/}	12		
21			3.92	-3
25	3.95	28		
26	4.00	33		
28			4.40	35
March 4			4.25	6
5	4.15	44		
6	4.22	50		
12	4.00	28		
19	4.00	26		
21			4.07	-7
25	4.05	31		
April 1	3.98	23		
2	4.00	25		
17			3.98	5

*--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.