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May 21, 1958.

CAPITAL MARKET DEVELOPMENTS

The volume of public security financing continues to be substantial. Large public security issues for new capital during the week ending May 16 totaled \$127 million for corporations and \$183 million for State and local governments. The calendar for this week includes large corporate issues, including expiration of subscription rights, totaling \$130 million. State and local government security offerings amounting to \$161 million are also scheduled for sale.

Bond yields - Changes in yields on outstanding bonds were mixed last week. Yields on State and local government and U. S. Government obligations increased, while those for corporate Aaa-rated bonds remained stable. Yields on corporate Baa's declined slightly.

Offering yields on new corporate issues show little change. Two new Aa-rated, first mortgage electric utility bond issues were offered to the public this week, each to yield 3.85 per cent -- 5 basis points below that for a comparable offering of last week.

Stock market credit - Customer credit in the stock market (excluding that for U. S. Government securities) increased further in April, totaling \$3,980 million at the end of the month, the highest since last July and only slightly below the June 1957 peak. In April, net debit balances increased \$70 million and bank loans to "others" advanced \$47 million. Borrowing by member firms of the NYSE maintaining margin accounts (excluding borrowing on U. S. Government securities) also continued to increase last month. Customers' net free credit balances were \$985 million at the end of April, \$31 million higher than a month earlier. These and other data on stock market credit for April and March are shown in the following table.

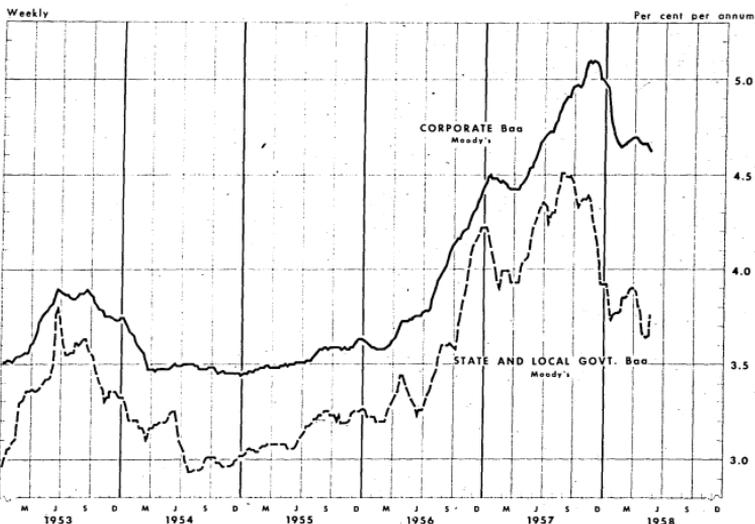
	End of month		Change
	Apr.	Mar.	
	(millions of dollars)		
Customer credit			
Excluding U. S. Govt. securities - total	3,980	3,863	117
Net debit balances	2,735	2,665	70
Bank loans to "others"	1,245	1,198	47
Net debit balances secured by U. S. Govt. securities	134	111	23
Bank loans to others for purchasing or carrying U. S. Government securities	70	86	-16
Broker and dealer credit			
Money borrowed except on U. S. Govt. securities	1,822	1,784	38
On customer collateral	1,443	1,465	-22
Money borrowed on U. S. Government securities	230	206	24
Customers' net free credit balances	985	954	31

Stock prices - Stock prices, as measured by Standard and Poor's index of 500 common stocks, declined last week, closing at 43.36 on May 16. Prices have changed little 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.

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	4.62 (5/16)	3.64 (5/1)	1.04	.99
April 18	4.66	3.78	1.05	1.09
April 25	4.66	3.66	1.09	1.02
May 2	4.66	3.64	1.11	1.00
May 9	4.63	3.65	1.06	.99
May 16	4.62	3.76	1.05	1.05

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

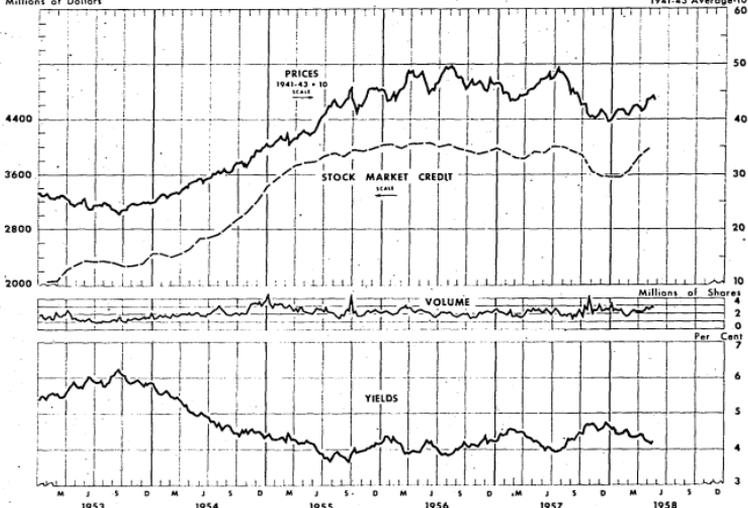
2/ Thursday figures. Only general obligation bonds are included; average term is 20 years.

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



Date	Stock price index ^{1/}	Trading volume ^{2/} (millions of shares)	Common stock yields ^{3/} (per cent)	Stock market customer credit		
				Total	Customers' ^{4/} debits	Bank loans to ^{5/} "others"
(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	1,214
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	44.00 (5/9)	2.8	4.58	3,980	2,735	1,245
Low	40.37 (1/10)	1.7	4.15	3,554	2,487	1,051
March	42.11	2.2	4.35	3,863	2,665	1,198
April	42.34	2.4	4.33	3,980	2,735	1,245
May 2	43.69	2.5	4.19	n.a.	n.a.	1,245
May 9	44.00	2.8	4.15	n.a.	n.a.	1,242
May 16	43.36	2.7	4.21	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	723	1,060	573	812	742	404
February	851	1,065	712	952	572	696
March	1,561 ^{2/}	1,320	817	571	506	390
April	e/1,075	931	818	p/779	765	378
May	e/775	765	1,146	e/825	546	490
June		1,453	841		393	735
July		1,003	1,063		529	408
August		924	654		584	206
September		973	838		431	357
October		1,090	745		698	639
November		789	1,089 ^{3/}		633	347
December		1,076	1,088		698	409
1st quarter	3,135	3,445	2,102	2,275	1,820	1,490
2nd quarter		3,149	2,805		1,704	1,603
3rd quarter		2,899	2,556		1,544	971
4th quarter		2,954	2,922		2,029	1,395
1st half		6,594	4,907		3,524	3,093
Three quarters		9,493	7,463		5,069	4,064
Year		12,447	10,384		7,099	5,459
	Excluding finance companies ^{4/}					
1st quarter	2,894	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.

p/ Preliminary.

^{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 - 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	--
April	725	514	133

Large Individual Issues Offered May 1 through 16

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Potomac Elec. Pwr. Co.	Conv. deb.	19.7	1973	3 3/4	3.75	A
R. R. Donnelly & Sons Co.	Deb.	15.0	1978	3 3/4	3.85	Aa
Public Serv. Co. of Okla.	1st mtg. bds.	16.0	1988	3 7/8	3.90	Aa
United Gas Impr. Co.	1st mtg. bds.	15.0	1983	4 1/8	4.03	A
Long Island Lighting Co.	1st mtg. bds.	20.0	1988	4 1/8	4.07	A
Long Island Lighting Co.	Com. stk.	15.5				
Nat'l Distillers & Chem.	S.F. deb.	60.0	1983	4 3/4	4.80	Baa
<u>STATE AND LOCAL GOVERNMENT</u>						
Peoria Co. S.D.#105, Ill.	G.O.	5.8	1960-78	2.56	1.00-2.70	Aa
State of Connecticut	G.O.	29.7	1959-78	2.47	.80-2.70	Aaa
Cook Co., Illinois	Rev.-Ut.	25.0	1959-73	2.54	.85-2.80	A
Fulton Co., Georgia	G.O.	10.4	1959-87	2.85	.80-3.00	Aa
State of West Virginia	G.O.	5.0	1959-83	2.65	.85-2.85	A

Large Individual Issues Offered May 1 through 16 (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)						
State of New York	G.O.	40.0	1959-78	2.37	.75-2.60	Aaa
Boston, Massachusetts	G.O.	24.5	1959-78	2.89	.90-3.10	A
Cincinnati, Ohio	G.O.	13.4	1959-98	2.82	.75-3.00	Aaa
Wichita, Kansas	G.O.	6.8	1959-78/68	2.64	.90-3.00	A
State of South Carolina	G.O.	25.0	1959-78/73	2.23	.80-2.70	Aa
Franklin Co., Ohio	G.O.	10.0	1959-82	2.73	.80-2.95	Aa
Bergen Co. Swr. Auth., N.J.	Rev.-Ut.	15.8	1961-97/67	3.59	1.50-3.65	A
New York, New York	G.O.	47.3	1959-73	2.53	.85-2.90	A
<u>OTHER</u>						
Montreal, Canada	S.F. deb.	24.5	1978	4 3/4	4.75	A
Int. Bk. for Reconstruction and Development	Bds.	150.0	1968	3 3/4	3.75	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.-Ut., revenue obligations secured only by income from public utilities; Rev.-Q.Ut., revenue bonds secured only 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.

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/
1957 - 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
1958 - Jan. 31	498	429	--	1,378	546	--
Feb. 28	1,123	175	--	1,208	389	--
Mar. 31	555	340	110	670	372	110
Apr. 30	356	524	150	561	530	150

Forthcoming Large Offerings, as of May 16

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Gulf States Utilities Co.	1st mtg. bds.	20.0	May 20
International Tel. & Tel. Co.	Conv. sub. deb.	28.7	May 21
			(rights expire)
Illinois Power Co.	1st mtg. bds.	25.0	May 21
Public Service Co. of Colorado	Pfd. stk.	16.0	May 21
Brooklyn Union Gas Co.	1st mtg. bds.	22.0	May 22
Central Hudson Gas & Electric Corp.	1st mtg. bds.	18.0	May 22
Appalachian Electric Power Co.	1st mtg. bds.	25.0	May 28
Transcontinental Gas Pipe Line Corp.	1st mtg. p. l. bds.	25.0	May 28
Transcontinental Gas Pipe Line Corp.	Cum. pfd. stk.	15.0	May 28
Consolidated Edison Co.	1st ref. mtg. bds.	50.0	June 4
*Texas Eastern Transmission Corp.	Pfd. stk.	15.0	June 5
*Owens-Illinois Glass Co.	S.F. deb.	35.0	June 5
Virginia Electric & Power Co.	1st ref. mtg. bds.	25.0	June 11
*Niagara Mohawk Power Corp.	Gen. mtg. bds.	50.0	June 12
*Oklahoma Gas & Electric Co.	1st mtg. bds.	15.0	June 17
*New England Telephone & Telegraph Co.	Common stk.	22.6	July
			(rights expire)

Forthcoming Large Offerings, as of May 16 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE (Continued)</u>			
Commerce Oil Refining Corp.	Deb., bds. & common	45.0	1958
Natural Gas Pipeline Co. of America	1st mtg. bds.	40.0	1958
Consolidated Natural Gas Co.	S.F. deb.	45.0	1958
<u>STATE AND LOCAL GOVERNMENT</u>			
Pittsburgh Sch. Dist., Pennsylvania	G.O.	5.0	May 20
State of Ohio	Rev. S.T.	32.0	May 20
Greensboro, North Carolina	G.O.	10.0	May 20
Elizabeth, New Jersey	G.O.	5.0	May 20
Baltimore Co., Maryland	G.O.	12.0	May 21
Public Housing Authorities	G.O.	69.9	May 21
Houston, Texas	G.O.	15.6	May 21
*Richmond-Petersburg Turnpike Auth., Virginia	Rev.-Ut.	6.2	May 21
*Louisiana State Board of Education	Rev.-Q.Ut.	5.5	May 23
State of Iowa	G.O.	24.7	May 27
Territory of Hawaii	G.O.	8.0	May 27
State of Michigan	Rev.-S.T.	100.0	May 27
Tacoma, Washington	G.O.	7.9	May 27
*Kansas City, Missouri	G.O.	6.0	June 4
Pueblo Co. Sch. Dist. No. 60, Colo.	G.O.	7.8	June 10
Sacramento Utility Dist., Calif.	Rev.-Ut.	5.7	June 12
*Norfolk, Virginia	G.O.	6.0	June 17
*Florida Development Commission	Rev.-Ut.	6.2	June 18
<u>OTHER</u>			
None			

*--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
23	3.75	5		
29			4.04	11
May 7			4.00	3
13	3.90	21		
15			4.07	4
16			4.35	32

*--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.