

H.14

June 23, 1958.

CAPITAL MARKET DEVELOPMENTS

Large public security issues for new capital during the week ending June 20 totaled \$31 million for corporations and \$79 million for State and local governments. A foreign government issue for \$36 million was also sold. Another State and local government issue scheduled for sale last week was not sold as Minnesota rejected the only bid received for its \$35 million, Aaa-rated bond issue. It has been announced that the State will finance its construction program by borrowing from State trust funds, rather than re-advertise for bids. Reflecting in part the omission of the Minnesota issue, the State and local government security volume estimate for June shown on Exhibit E has been lowered to \$475 million.

This week, the volume of large corporate issues is expected to total \$225 million (including a \$150 million debenture issue by Standard Oil Company of California). One State and local government issue for \$25 million and foreign government offerings amounting to \$47 million are also scheduled for sale.

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

Yields on new corporate issues continued to show little change last week. An Aa-rated first mortgage electric utility bond issue was offered to investors on Tuesday to yield 3.82 per cent -- 3 basis points below that for a comparable issue offered a week earlier.

The sale by New York State of a \$49 million bond issue last week affords an opportunity to trace relative changes in yields on new issues of varying maturity during the course of the year to date. As can be seen from the accompanying table new issue yields on the 5-year maturity have leveled off during the past month while yields on longer-term issues have increased slightly.

New York State Bond Issues

1958	Amount (millions of dollars)	Yield by maturities (per cent)				
		1 year	5 years	10 years	15 years	20 years
Jan. 14	37.5	1.60	2.05	2.20	2.30	*
Mar. 25	49.5	.90	1.70	2.20	2.50	2.70
May 13	40.0	.75	1.70	2.25	2.50	2.60
June 17	49.0	*	1.70	2.30	2.60	2.70

\*--None offered.

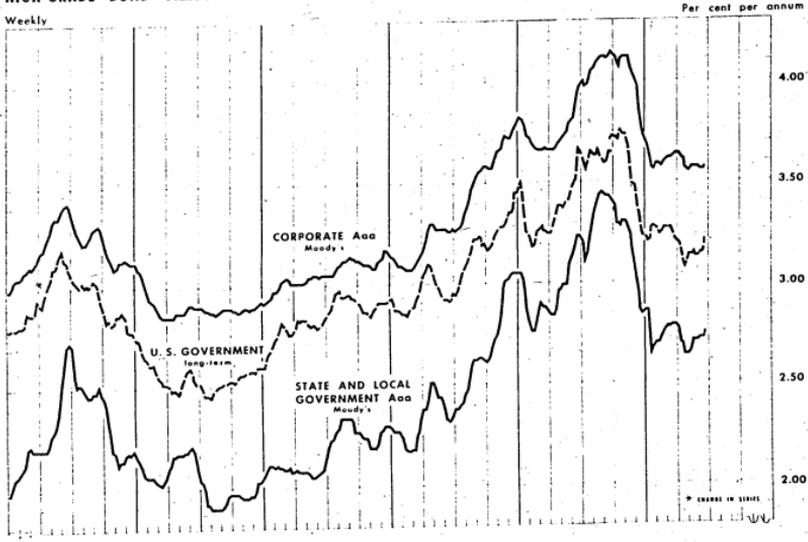
Stock prices - The Standard and Poor's index of 500 common stocks declined slightly last week, closing at 44.85 on June 20. Trading continued to be active, averaging 2.7 million shares a day.

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

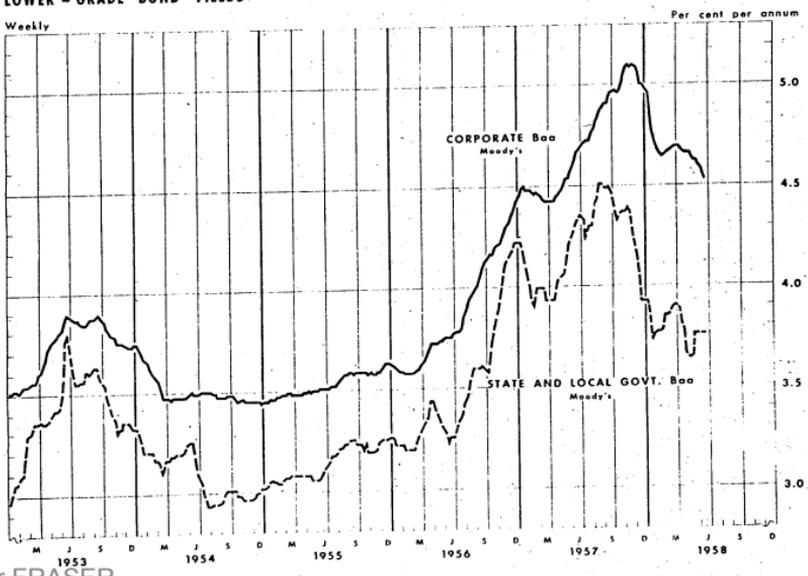
Capital Markets Section,  
Division of Research and Statistics,  
Board of Governors of the Federal Reserve System.

EXHIBIT A

HIGH-GRADE BOND YIELDS



LOWER-GRADE BOND YIELDS



## Tables for 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
1954 - Low	2.85 (4/23)	2.45 (8/6)	1.90 (9/2)	.30	.30
1957 - High	4.14 (9/27)	3.76 (10/18)	3.45 (8/29)	.60	.47
1958 - High	3.68 (1/3)	3.28 (1/31)	2.86 (1/9)	.51	.62
Low	3.55 (5/2)	3.07 (4/25)	2.64 (5/1)	.28	.34
May 23	3.57	3.13	2.71	.44	.42
May 30	3.57	3.13	2.71	.44	.42
June 6	3.56	3.14	2.72	.42	.42
June 13	3.56	3.15	2.72	.41	.43
June 20 p/	3.57	3.21	2.75	.36	.46

## Lower-grade Bond Yields

Date	Corporate Baa 1/	State and local govt. Baa 3/	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
1954 - Low	3.44 (12/31)	2.93 (8/5)	.52	.96
1957 - High	5.10 (11/29)	4.51 (8/29)	1.27	1.21
1958 - High	4.96 (1/3)	3.92 (1/2)	1.28	1.11
Low	4.55 (6/13)	3.64 (5/1)	.96	.99
May 23	4.62	3.76	1.05	1.05
May 30	4.60	3.76	1.03	1.05
June 6	4.58	3.76	1.02	1.04
June 13	4.55	3.76	.99	1.04
June 20 p/	4.53	3.76	.96	1.01

p/ Preliminary.

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.

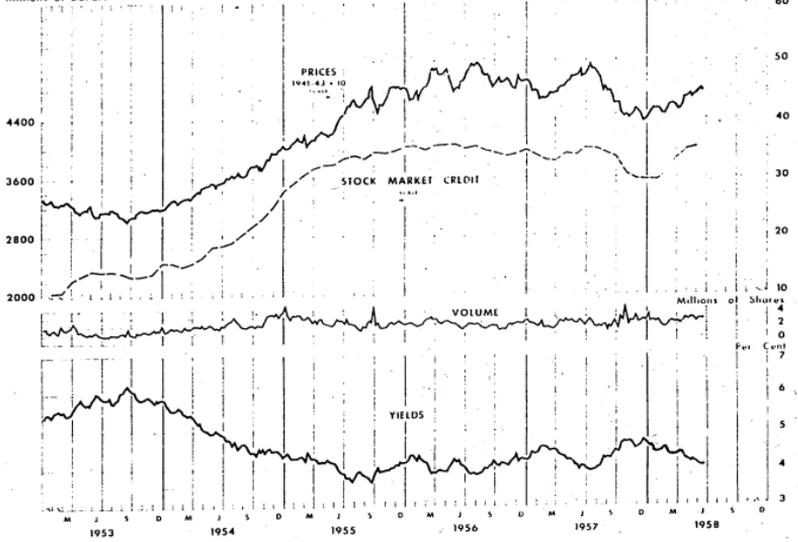
3/ Thursday figures. Only general obligations bonds are included; average term is 20 years.

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

# STOCK MARKET

Millions of Dollars

1941-42 average 10, 60



## Exhibit D

## Stock Market

Date	Stock price index <u>1/</u>	Trading volume <u>2/</u> (millions of shares)	Common stock yields <u>3/</u> (per cent)	Stock market customer credit		
				Total	Customers' debit bal- ances <u>4/</u>	Bank loans to "others" <u>5/</u>
(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	45.02 (6/13)	2.8	4.58	4,069	2,856	1,245
Low	40.37 (1/10)	1.7	4.05	3,554	2,487	1,051
April	42.34	2.4	4.33	3,980	2,735	1,245
May	43.70	2.6	4.17	4,069	2,856	1,213
June 6	44.64	2.7	4.09	n.a.	n.a.	1,220
June 13	45.02	2.6	4.05	n.a.	n.a.	1,217
June 20 <u>p/</u>	44.85	2.7	4.07	n.a.	n.a.	n.a.

n.a.--Not available. p/ Preliminary.

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.

Long-term Corporate and State and Local Government  
Security Offerings and Placements

(In millions of dollars)

	New capital					
	Corporate 1/			State and local 2/		
	1956	1957	1956	1958	1957	1956
January	723	1,060	573	812	742	404
February	851 <sup>3/</sup>	1,065	712	953	572	696
March	1,561 <sup>3/</sup>	1,320	817	511	506	390
April	p/1,124	931	818	795	765	378
May	e/700	765	1,146	p/856	546	490
June	e/900	1,453	811	e/475	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 <sup>4/</sup>		633	347
December		1,076	1,088		698	409
1st quarter	3,135	3,445	2,102	2,276	1,820	1,490
2nd quarter	e/2,724	3,149	2,805	e/2,126	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	e/5,859	6,594	4,907	e/4,402	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 5/					
1st quarter	2,894	3,237	1,647			
2nd quarter	e/2,674	2,889	2,541			
3rd quarter		2,582	2,246			
4th quarter		2,810	2,826			
Year		11,518	9,260			

e/ Estimated. p/ Preliminary.

1/ Securities and Exchange Commission estimates of net proceeds.

2/ 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.

3/ Includes \$718.3 million AT&amp;T convertible debenture issue.

4/ Includes \$571.5 million AT&amp;T common stock issue.

5/ Total new capital issues excluding offerings of sales and consumer finance companies.

Other Security Offerings 1/

(In millions of dollars)

	Long-term					
	Foreign government <u>2/</u>			Federal agency <u>3/</u>		
	1958	1957	1956	1958	1957	1956
January	196	84	37	1,163	72	--
February	53	49	--	251	--	--
March	--	30	8	--	--	--
April	139	123	50	523	125	60
May		48	--	--	--	--
June		42	95		60	--
July		28	2		--	--
August		7	39		--	109
September		30	--		215	--
October		4	44		--	--
November		60	5		100	--
December		1	21		--	--
Year		507	300		572	109
	Short-term					
	State and local government <u>1/</u>			Federal agency <u>3/</u>		
January	233	326	196	371	638	380
February	460	455	357	208	430	220
March	p/271	147	249	144	505	283
April		205	125	209	336	323
May		337	252	161	469	314
June		153	176		501	260
July		272	195		224	222
August		272	207		370	425
September		252	179		512	273
October		303	294		1,238	407
November		94	328		255	222
December		459	148		116	128
Year		3,274	2,706		5,543	3,457

e/ Estimated. p/ Preliminary.

1/ Data presented in this exhibit differ from those in Exhibit E in that refunding issues, as well as new capital issues, are included. Long-term securities are defined as those maturing in more than one year.

2/ Includes securities offered in the United States by foreign governments and their subdivisions and by international organizations. Source: Securities and Exchange Commission.

3/ Issues not guaranteed by the U. S. Government. Source: long-term, Securities and Exchange Commission; short-term, Federal Reserve.

4/ Principally tax and bond anticipation notes, warrants or certificates and Public Housing Authority notes. In some instances PHA notes included may have a somewhat longer term than one year. Source: Bond Buyer.

Large Long-term 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 - May	329	176	25
June	877	81	99
July	525	224	25
August	526	266	--
September	537	133	245
October	574	393	75
November	420	344	100
December	399	404	--
1958 - January	318	410	1,378
February	605	553	266
March	1,093	182	--
April	725	300	653
May	356	505	165

Large Individual Issues Offered June 1 through 20

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<b>CORPORATE</b>						
Consolidated Edison Co.	1st.ref.mtg.bds.	50.0	1988	4	3.85	Aa
Texas Eastern Trans. Corp.	Pfd. stk.	15.0				
Owens-Illinois Glass Co.	S.F. deb.	34.7	1988	3 3/4	3.72	Aa
Virginia Elec. & Pwr. Co.	1st ref.mtg.bds.	25.0	1988	3 7/8	3.82	Aa
Niagara Mohawk Pwr. Corp.	Gen. mtg. bds.	50.0	1988	3 7/8	3.80	Aa
Oklahoma Gas & Elec Co.	1st mtg. bds.	15.0	1988	3 7/8	3.82	Aa
Mountain Fuel Supply Co.	Deb.	16.0	1983	4	4.00	A
<b>STATE AND LOCAL GOVERNMENT</b>						
Port of New York Authority	Rev.-Ut.	35.0	1988/68	3.44	3.40	A
Tulsa Mun. Airport Trust, Oklahoma	Rev.-Ut.	20.5	1983/59	n.a.	4.50	Eaa
State of New York	G.O.	49.0	1950-2034	2.92	1.00-3.10	Aaa
Milwaukee, Wisconsin	G.O.	17.8	1959-78	2.55	.75-2.75	Aaa
State of Texas	G.O.	12.5	1966-90	2.94	2.10-3.02	Aa
<b>OTHER</b>						
Metro. Toronto, Canada	S.F. deb.	35.8	1978	4	4.05	A

1/ Includes corporate and other security offerings of \$15 million and over; State and local government security offerings of \$10 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues and non-guaranteed issues by Federal agencies.

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 Long-Term 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 - May 31	525	87	--	525	407	--
June 28	370	153	25	415	479	25
July 31	526	218	--	811	471	--
Aug. 30	578	183	30	845	379	30
Sept. 30	576	334	--	647	551	15
Oct. 31	458	339	30	815	513	45
Nov. 29	383	363	18	1,193	558	63
Dec. 31	378	345	150	1,161	564	165
1958 - Jan. 31	498	370	--	1,378	487	--
Feb. 28	1,123	134	--	1,208	341	--
Mar. 31	555	298	110	670	330	110
Apr. 30	356	493	150	561	493	150
May 29	266	177	36	464	208	36

Forthcoming Large Offerings, as of June 20

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Pacific Power & Light Co.	1st mtg. bds.	20.0	June 25
Wilson & Co.	S.F. deb.	15.0	June 25
United Gas Corp.	S.F. deb.	40.0	June 26
Standard Oil Co. of California	Deb.	150.0	June 26
Florida Power Corp.	1st mtg. bds.	25.0	July 2
Martin Co.	S.F. deb.	25.0	July 3
*Northern Indiana Public Service Co.	Common stk.	15.2	July 7 (rights expire)
Pacific Gas & Electric Co.	Common stk.	44.4	July 8 (rights expire)
New England Telephone & Telegraph Co.	Common stk.	22.6	July 11 (rights expire)
Southern Natural Gas Co.	S.F. deb.	30.0	July 11
*Boston Edison Co.	Pfd. stk.	25.0	July 11
*Mead Corp.	Deb.	25.0	July
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

## Forthcoming Large Offerings, as of June 20 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
Maryland State Roads Commission	G.O.	25.0	June 24
Pennsylvania General State Auth.	Rev.-Ut.	30.0	July 9
*State of North Carolina	G.O.	15.0	July 16
State of Ohio	Rev.-S.T.	31.0	July 22
*State of California	G.O.	100.0	July 23
San Diego Unif. Sch. Dist., Calif.	G.O.	10.0	Sept. 10
<u>OTHER</u>			
High Authority of European Coal & Steel Community	Bonds	32.0	June 26
High Authority of European Coal & Steel Community	Notes	15.0	June 26

\*--Included in table for first time.

1/ Includes corporate and other issues of \$15 million and over; State and local government issues of \$10 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues and non-guaranteed issues by Federal agencies.

Note.--Deletions for reasons other than sale of issue: State of Minnesota's \$35.0 million general obligation issue: bids rejected.

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	*3.60	-8	3.96 <sup>2/</sup>	3
February	3.89 <sup>2/</sup>	22	4.07	9
March 4			4.25	6
5	4.15	14		
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
20	3.85	16		
21	3.85	16		
22			4.00	-1
28			3.95	-6
June 10	3.85	17		
17	3.82	12		

\*--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. Monthly averages so marked include one or more issues with such a provision. Other issues have no such provision.