

H.14

August 4, 1958.

CAPITAL MARKET DEVELOPMENTS

The volume of new public security financing was small last week and will continue to be so this week. Subscription rights expired on two large corporate issues with proceeds of \$46 million last week, and a \$40 million State and local government bond issue was sold. This week two large State and local government issues totaling \$33 million are scheduled for sale, while no large corporate issues are expected.

Bond yields - Yields on all types of bonds increased last week; the increase was slight for corporate and Baa-rated State and local government bonds, but sharp for U. S. Government and Aaa-rated State and local bonds. High-grade bond yields are currently at the highest level in over six months and well above the lows established this spring; yields on U. S. Government bonds are the highest since late November 1957, yields on Aaa-rated corporate bonds the highest since the last week of December, and high grade municipal yields the highest since early January. In contrast, lower-grade State and local government bond yields, while 20 basis points above their spring low, are still 9 basis points below the early January level, and yields on Baa-rated corporate bonds only slightly above their early July low and 40 basis points lower than at the first of the year.

August financing - The volume of new security financing in August is expected to be much smaller than last month, and well below that of August 1957, when the usual summer lull in financing did not occur.

Corporate security financing is estimated at \$600 million, only slightly more than one-half that of July and one-third smaller than a year ago. The calendar of large public offerings currently totals only \$160 million.

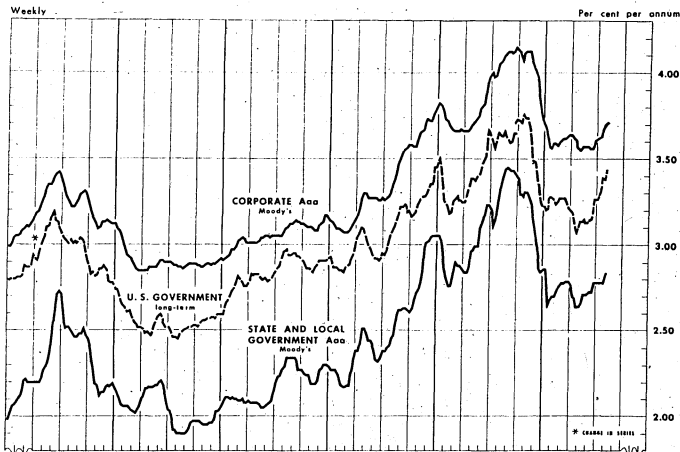
August sales of State and local government bonds are expected to amount to \$300 million, nearly 50 per cent less than last month and in August 1957.

Stock prices - Common stock prices increased sharply again last week in continued heavy trading volume. Standard and Poor's price index closed at 47.49, a new high for the year. Stock prices have risen in each of the past six weeks.

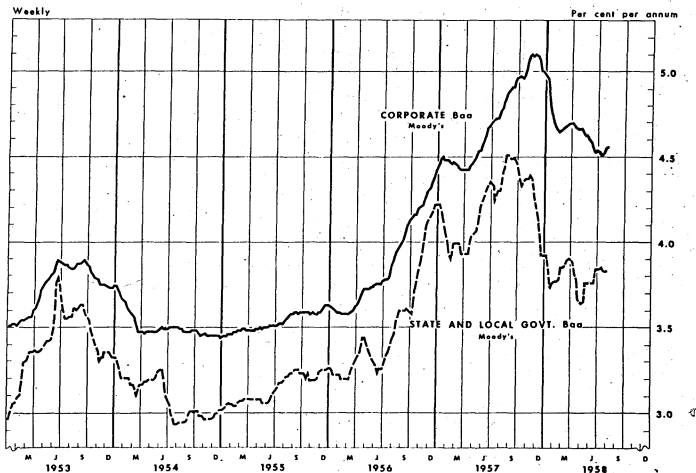
More detailed information concerning recent capital market developments is presented in the attached exhibits.

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

HIGH-GRADE BOND YIELDS



LOWER-GRADE BOND YIELDS



H.14

Exhibit B

Tables for Exhibit A

High-grade Bond Yields

Date	Corporate Aaa <u>1/</u>	U. S. Govt. long-term <u>2/</u>	State and local govt. Aaa <u>3/</u>	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	3.71 (8/1)	3.44 (8/1)	2.86 (1/9)	.51	.62
Low	3.55 (5/2)	3.07 (4/25)	2.64 (5/1)	.27	.34
July 4	3.62	3.26	2.78	.36	.48
July 11	3.63	3.31	2.78	.32	.52
July 18	3.67	3.39	2.78	.28	.62
July 25	3.70	3.38	2.78	.32	.60
Aug. 1 ^{p/}	3.71	3.44	2.84	.27	.60

Lower-grade Bond Yields

Date	Corporate Baa <u>1/</u>	State and local govt. Baa <u>2/</u>	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	4.51 (7/11)	3.64 (5/1)	.85	.99
July 4	4.53	3.84	.91	1.06
July 11	4.51	3.85	.88	1.07
July 18	4.52	3.83	.85	1.05
July 25	4.55	3.82	.85	1.04
Aug. 1 ^{p/}	4.56	3.83	.85	.99

^{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.

EXHIBIT C

STOCK MARKET

Millions of Dollars

1941-43 Average=10

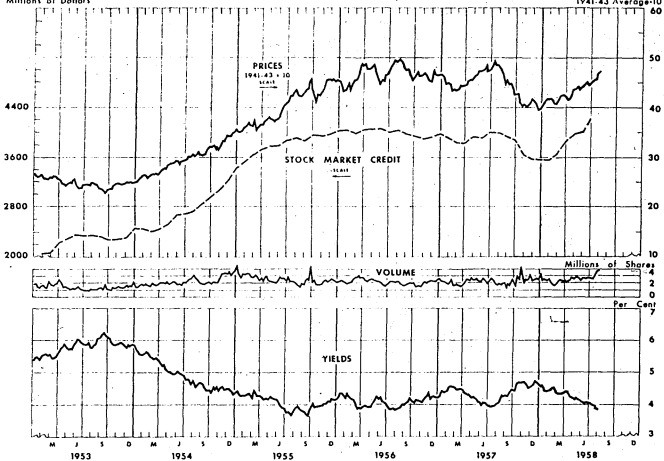


Exhibit D

Table for Exhibit C

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 bal- ances ^{4/}	Bank loans to "others" ^{5/}
(Millions of dollars)						
1953 - High	26.54 (1/2)	2.5	5.38	2,455	1,665	780
Low	22.95 (9/18)	0.9	6.25	2,055	1,314	664
1954 - High	35.98 (12/31)	3.7	4.32	3,436	2,388	1,048
Low	24.93 (1/8)	1.4	5.82	2,405	1,653	746
1955 - High	45.89 (12/9)	4.6	4.08	4,030	2,805	1,241
Low	35.28 (1/14)	1.5	4.41	3,537	2,517	1,018
1956 - High	49.64 (8/3)	3.1	3.82	4,047	2,823	1,267
Low	43.22 (1/20)	1.5	4.34	3,914	2,740	1,155
1957 - High	49.08 (7/12)	4.2	3.91	4,031	2,887	1,163
Low	39.48 (12/20)	1.4	4.72	3,576	2,482	1,054
1958 - High	47.49 (8/1)	3.8	3.84	4,226	2,929	1,317
Low	40.37 (1/10)	1.7	4.58	3,554	2,487	1,051
May	43.70	2.6	4.17	4,069	2,856	1,213
June	44.75	2.7	4.07	4,226	2,929	1,297
July 18	45.77	3.1	3.98	n.a.	n.a.	1,294
July 25	46.97	3.7	3.88	n.a.	n.a.	1,251
Aug. 1p/	47.49	3.8	3.84	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. Yields shown are for dates on which price index reached its high or low.

^{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/		
	1958	1957	1956	1958	1957	1956
January	723	1,060	573	812	742	404
February	851 ^{3/}	1,065	712	953	572	696
March	1,561 ^{3/}	1,320	817	511	506	390
April	p/1,124	931	818	797	765	378
May	p/624	765	1,146	871	546	490
June	e/800	1,453	841	p/532	393	735
July	e/1,150	1,003	1,063	e/575	529	408
August	e/600	924	654	e/300	584	206
September		973	838		431	357
October		1,090	745 ^{4/}		698	639
November		789	1,089 ^{4/}		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/2,548	3,149	2,805	p/2,200	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/5,683	6,594	4,907	p/4,476	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/2,498	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&T convertible debenture issue.

4/ Includes \$571.5 million AT&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 ^{2/}			Federal agency ^{3/}		
	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	197	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	169
	Short-term					
	State and local government ^{4/}			Federal agency ^{3/}		
	1958	1957	1956	1958	1957	1956
January	233	326	196	371	638	380
February	460	455	357	208	430	220
March	273	147	249	144	505	283
April	357	205	125	209	336	323
May	354	337	252	161	469	314
June	^{p/} 264	153	176	329	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 PHIA notes included may have a somewhat longer term than one year. Source: Bond Buyer.

H.14

Exhibit G

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 <u>2/</u>
1957 - 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
June	281	195	86

Large Individual Issues Offered during July

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Florida Power Corp.	1st mtg. bds.	25.0	1988	4 1/8	3.98	A
Northern Ind. Pub. Sv. Co.	Com. stk.	15.2				
Pacific Gas & Elec. Co.	Com. stk.	44.4				
N. Y. Telephone Co.	Ref. mtg. bds.	65.0	1993	4 1/8	4.00	Aaa
New Eng. Tel. & Tel. Co.	Com. stk.	22.6				
Southern Nat. Gas Co.	S.F. deb.	30.0	1978	4 1/2	4.50	Baa
Boston Edison Co.	Pfd. stk.	25.0				
Southern Railway Co.	1st coll. tr.	22.0	1988	4 1/2	4.50	A
Boeing Airplane Co.	S.F. deb.	40.0	1978	5	5.12	Baa
United States Steel Corp.	S.F. deb.	300.0	1983	4	3.97	Aa
Pacific Lighting Corp.	Com. stk.	46.3				
Burroughs Corp.	S.F. deb.	25.0	1983	4 3/8	4.38	A
Washington Wtr. Pwr. Co.	1st mtg. bds.	15.0	1988	4 3/8	4.35	A
Nat. Gas Pipeline Co. of America	Conv. deb.	35.0	1978	4 3/4	4.83	Baa
Nat. Gas Pipeline Co. of America	Pfd. stk.	15.0				

Large Individual Issues Offered during July (Cont'd)

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE (Cont'd)</u>						
Boeing Airplane Co.	Conv. sub. deb.	30.6	1980	4 1/2	4.50	Ba
Burroughs Corp.	Com. stk.	15.0				
<u>STATE AND LOCAL GOVERNMENT</u>						
Penna. Gen. State Auth.	Rev.-S.T.	30.0	1960-84/68	3.34	1.30-3.50	--
Met. San. Dist. of Chicago Illinois	Rev.-Ut.	15.0	1960-78	3.03	1.25-3.20	A
Memphis, Tennessee	Rev.-Ut.	10.0	1960-88/68	3.09	1.25-3.25	Aa
Los Angeles Dept. of Wtr. and Pwr., California	Rev.-Ut.	21.0	1959-88/61	3.30	1.00-3.50	Aa
State of North Carolina	G.O.	15.0	1960-78	2.76	1.20-2.90	Aa
State of Ohio	Rev.-S.T.	31.0	1959-72	2.88	.90-3.05	Aa
Territory of Hawaii	Rev.-Ut.	12.5	1960-87/66	4.15	2.00-4.25	A
State of California	G.O.	100.0	1960-84/79	2.34	1.20-3.35 ^{4/}	Aa
Los Angeles Sch. Dists., California	G.O.	40.0	1959-83	3.38	1.00-3.50	Aa
<u>OTHER</u>						
Federal Land Banks	Loan bds.	41.0	Oct. 1959	1 3/4	1.90	--

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.

4/ The 3.35 per cent yield is for the 1983 maturity. The 1's of 1984 were offered to yield 3.75 per cent.

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 2/	Corporate	State and local govt.	Other 2/
1957 - 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	543	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
June 30	768	225	--	1,048	235	--
July 31	161	55	--	381	125	--

Forthcoming Large Offerings, as of August 1

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Montana Power Co.	1st mtg. bds.	20.0	Aug. 13
Consolidated Natural Gas Co.	S.F. deb.	45.0	Aug. 14
Houston Corp.	Deb. & common stk.	36.2	Aug. 15
Public Service Electric & Gas Co.	1st ref. mtg. bds.	60.0	Aug. 21
Commerce Oil Refining Corp.	Deb., bds. & common	45.0	1958
Standard Oil Co. of California	Deb.	150.0	1958
Martin Co.	S.F. deb.	25.0	1958
<u>STATE AND LOCAL GOVERNMENT</u>			
Philadelphia, Pennsylvania	G.O.	12.0	Aug. 5
Georgia Rural Roads Auth.	Rev.-Ut.	21.0	Aug. 5
Los Angeles, California	G.O.	21.5	Aug. 19
State of Indiana	Rev.	30.0	Sept. 9

Forthcoming Large Offering, as of August 1 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
San Diego Unif. Sch. Dist., Calif.	G.O.	10.0	Sept. 10
*State of Ohio	Rev.	30.0	Sept. 17
<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 \$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 issues: 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	*3.60	-8	3.96 ^{2/}	3
February	3.89 ^{2/}	22	4.07	9
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
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		
25	3.95	24		
July 2			3.98 ^{2/}	1
9	4.00	25		
18	4.10	28		
23	4.10	29	4.35	31

*—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.