

H.14

September 8, 1958

CAPITAL MARKET DEVELOPMENTS

Only two large security issues for new capital were publicly offered during the holiday-shortened week ending September 5. Standard Oil Company of California sold a \$150 million debenture issue (which had been originally scheduled for sale in late June) and the State of Delaware sold a \$17 million general obligation bond issue. This week, two large corporate issues with aggregate proceeds of \$385 million are expected. (This includes a \$350 million debenture issue of Sears, Roebuck and Company.) State and local government issues, totaling \$60 million, are also scheduled for sale.

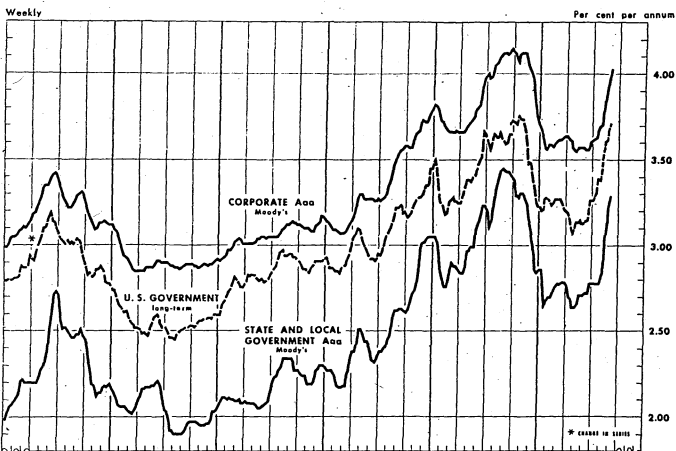
Bond yields - Yields continued to increase last week for all types of outstanding bonds. Yields for all categories, except lower-grade corporate bonds, are the highest since November 1957. Corporate Baa-rated bond yields are still below the early January level.

Stock prices - Common stock prices increased last week. Standard and Poor's index of 500 common stocks closed at 47.97 on September 5, only .21 points below the August 1958 high. The volume of trading continued to increase, averaging 2.9 million shares a day.

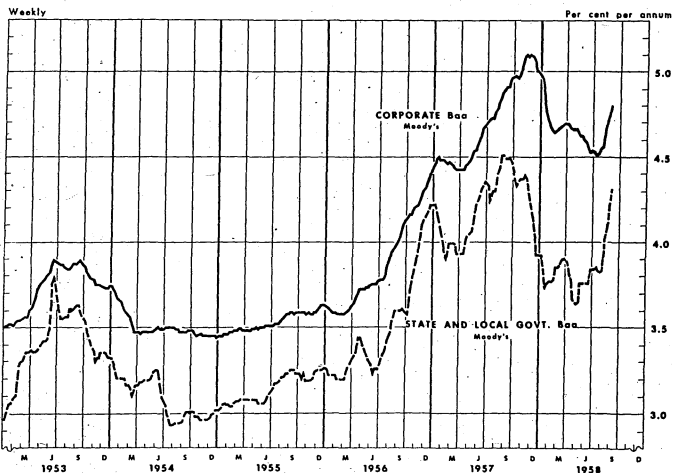
More detailed information concerning recent capital market developments is presented in the attached exhibits.

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

## 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	4.03 (9/5)	3.72 (9/5)	3.29 (9/4)	.51	.62
Low	3.55 (5/2)	3.07 (4/25)	2.64 (5/1)	.22	.34
Aug. 8	3.77	3.53	2.91	.24	.62
Aug. 15	3.83	3.61	3.04	.22	.57
Aug. 22	3.89	3.62	3.12	.27	.50
Aug. 29	3.94	3.67	3.22	.27	.45
Sept. 5 p/	4.03	3.72	3.29	.31	.43

## 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)	4.31 (9/4)	1.28	1.11
Low	4.51 (7/11)	3.64 (5/1)	.77	.98
Aug. 8	4.60	3.92	.83	1.01
Aug. 15	4.66	4.03	.83	.99
Aug. 22	4.71	4.10	.82	.98
Aug. 29	4.74	4.21	.80	.99
Sept. 5 p/	4.80	4.31	.77	1.02

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.

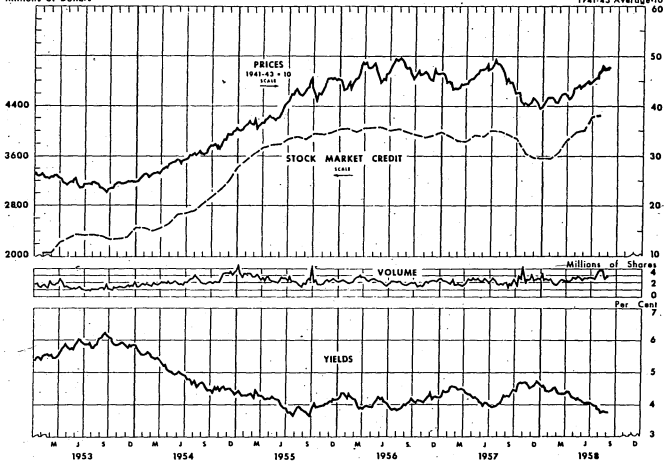
3/ Thursday figures. Only general obligations bonds are included; average term is 20 years.

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

## STOCK MARKET

Millions of Dollars

1941-43 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	48.05 (8/8)	3.8	3.74	4,251	3,020	1,317
Low	40.37 (1/10)	1.7	4.58	3,554	2,487	1,051
July	45.98	3.2	3.97	4,251	3,020	1,231
August	47.70	3.0	3.78	n.a.	n.a.	1,186
Aug. 22	47.73	2.5	3.77	n.a.	n.a.	1,184
Aug. 29	47.75	2.7	3.77	n.a.	n.a.	1,186
Sept. 5 p/	47.97	2.9	3.76	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	1,065	712	953	572	696
March	1,561 <sup>3/</sup>	1,320	817	511	506	390
April	1,141	931	818	798	765	378
May	600	765	1,146	878	546	490
June	881	1,453	841	551	393	735
July	e/1,150	1,003	1,063	639	529	408
August	e/500	924	654	p/382	584	206
September	e/1,200	973	838	e/600	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	2,622	3,149	2,805	2,227	1,704	1,603
3rd quarter	e/2,850	2,899	2,556	e/1,621	1,544	971
4th quarter		2,954	2,922		2,029	1,395
1st half	5,757	6,594	4,907	4,503	3,524	3,093
Three quarters	e/8,607	9,493	7,463	e/6,124	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	2,583	2,889	2,541			
3rd quarter	e/2,800	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 <sup>1/</sup>

(In millions of dollars)

	Long-term					
	Foreign government <sup>2/</sup>			Federal agency <sup>3/</sup>		
	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	198	48	--	--	--	--
June	120	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 <sup>4/</sup>			Federal agency <sup>3/</sup>		
	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	264	153	176	329	501	260
July	p/286	272	195	601	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.

<sup>1/</sup> 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.

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

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

<sup>4/</sup> 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 - August	526	266	--
September	537	133	245
October	574	393	--
November	420	344	154
December	399	404	--
1958 - January	318	410	1,357
February	605	553	266
March	1,093	182	--
April	725	300	653
May	356	505	164
June	281	195	86
July	771	275	41
August	209	109	--

**Large Individual Issues Offered September 1 through 5**

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Standard Oil Co. of Calif.	S.F. deb.	150.0	1983	4 3/8	4.40	Aaa
<u>STATE AND LOCAL GOVERNMENT</u>						
State of Delaware	G.O.	17.0	1959-78	3.26	1.50-3.50	Aa
<u>OTHER</u>						
None						



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 2/	Corporate	State and local govt.	Other 2/
1957 - 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	--
Aug. 29	785	241	--	914	435	--

**Forthcoming Large Offerings, as of September 5**

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<b><u>CORPORATE</u></b>			
Texas Eastern Trans. Co.	1st mtg. p. l. bds.	35.0	Sept. 11
Sears Roebuck & Co.	S. F. deb.	350.0	Sept. 11
Standard Oil Co. of Indiana	Deb.	200.0	Sept. 18
*Consumers Power Co.	1st mtg. bds.	35.0	Sept. 24
*Consumers Power Co.	Pfd. stk.	15.0	Sept. 24
Tennessee Gas Trans. Co.	1st mtg. p. l. bds.	50.0	Sept.
Public Service Co. of Indiana	Pfd. stk.	24.3	Oct. 6
			(rights expire)
Universal-Cyclops Steel Corp.	S. F. deb.	15.0	1958
Montana Power Co.	1st mtg. bds.	20.0	1958
Commerce Oil Refining Corp.	Deb., bds. & common	45.0	1958
Martin Co.	S. F. deb.	25.0	1958
<b><u>STATE AND LOCAL GOVERNMENT</u></b>			
Indiana State Office Bldg. Comm.	Rev.-Rent.	30.0	Sept. 9
State of Connecticut	G.O.	20.0	Sept. 9
San Diego Unif. Sch. Dist., Calif.	G.O.	10.0	Sept. 10

## Forthcoming Large Offerings, as of September 5 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
*Colleges of the State of Texas	Rev.	17.1	Sept. 16
Florida State Board of Education	Rev.	12.5	Sept. 16
Los Angeles Co. Flood Dist., Calif.	Rev.-Ut.	30.0	Sept. 16
State of Oregon	G.O.	20.0	Sept. 17
State of Ohio	Rev.-S. T.	30.0	Sept. 18
Commonwealth of Massachusetts	G.O.	61.0	Sept. 24
State of Washington	Rev.-S. T.	10.0	Sept. 24
Chesapeake Bay Ferry Comm.	Rev.-Ut.	144.0	Oct.
State of California	G.O.	50.0	Dec. 3
<u>OTHER</u>			
*Kingdom of Norway	Bds.	15.0	Oct.

\*--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: 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 <sup>2/</sup>	3
February	3.89 <sup>2/</sup>	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 <sup>2/</sup>	1
9	4.00	25		
18	4.10	28		
23	4.10	29	4.35 <sup>2/</sup>	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.