

H.14

November 3, 1958

CAPITAL MARKET DEVELOPMENTS

The volume of public security financing for new capital was substantial last week, but is expected to be somewhat smaller during this week. During the week ending October 31, large corporate issues, including expiration of subscription rights, totaled \$157 million and large State and local government issues amounted to \$70 million. A foreign government issue for \$28 million and a long-term Federal agency offering for \$100 million were also sold. The calendar for this week, which includes an election holiday, includes large corporate offerings for \$75 million and State and local government issues with aggregate proceeds of \$82 million.

Bond yields - Yields declined last week for all types of outstanding bonds with the exception of those for higher-grade corporate bonds, which increased slightly.

Two new Aa-rated, 30-year electric utility bond issues were offered to the public at a yield of 4.40 and 4.42 per cent--slightly below that for a comparable issue offered in mid-October.

November security volume - The November volume of corporate issues for new capital is expected to total \$600 million, the same as the estimated October volume but nearly one-fourth less than the volume last November. Large publicly-offered issues are expected to total \$200-250 million.

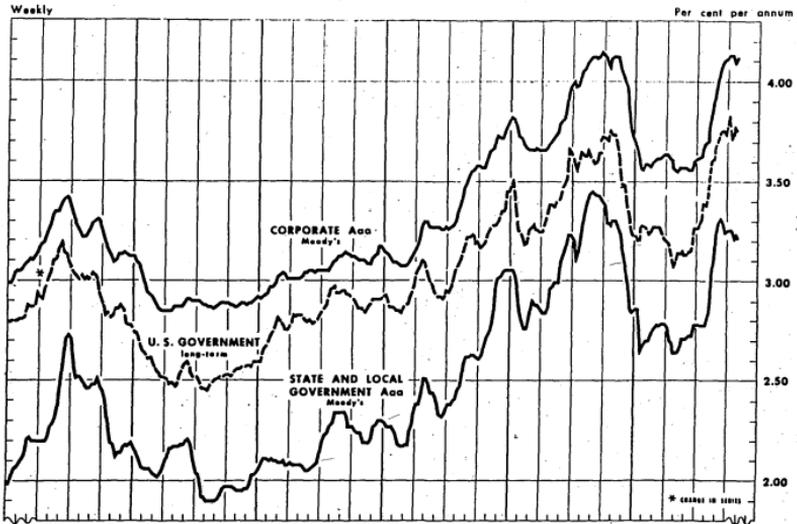
State and local government security issues for November are currently estimated at \$600 million. This volume would be slightly less than a year earlier, but one-third larger than the revised October estimate. The estimated November volume does not include a \$200 million issue of New York State Power Authority, which had been tentatively scheduled for sale in October but which now may be sold this month.

Stock prices - Stock prices increased last week in heavier trading activity. Standard and Poor's index of 500 common stocks closed at 51.33 on October 31--only .13 points below the all-time high reached in mid-October. The volume of trading averaged 4.1 million shares a day.

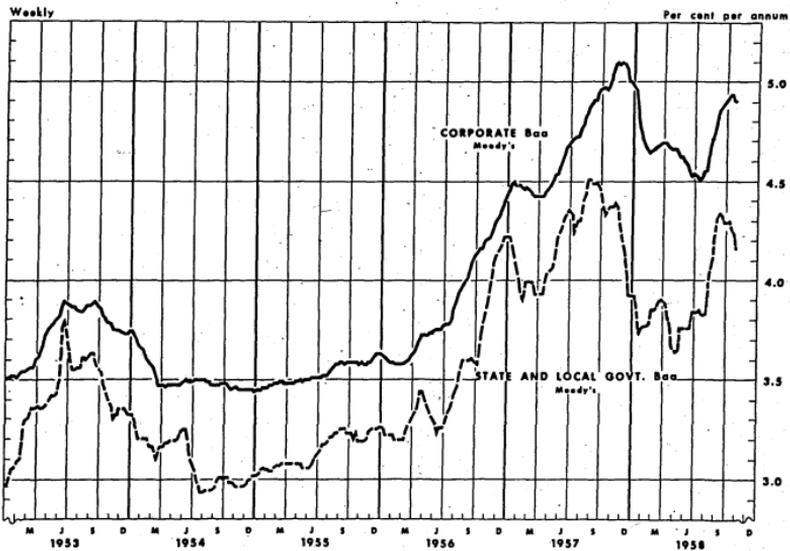
More detailed information concerning recent capital market developments is presented in the attached exhibits.

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 <sup>1/</sup>	U. S. Govt. long-term <sup>2/</sup>	State and local govt. Aaa <sup>3/</sup>	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	4.13 (10/10)	3.83 (10/3)	3.31 (9/11)	.51	.62
Low	3.55 (5/2)	3.07 (4/25)	2.64 (5/1)	.22	.34
Oct. 3	4.13	3.83	3.25	.30	.58
Oct. 10	4.13	3.72	3.25	.41	.47
Oct. 17	4.09	3.74	3.21	.35	.53
Oct. 24	4.10	3.77	3.23	.33	.54
Oct. 31 p/	4.12	3.75	3.21	.37	.54

## Lower-grade Bond Yields

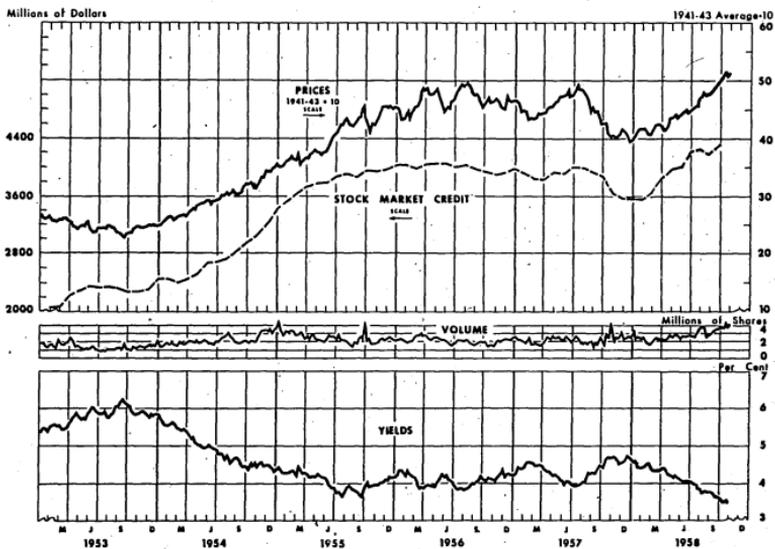
Date	Corporate Baa <sup>1/</sup>	State and local govt. Baa <sup>3/</sup>	Spread between Aaa and Baa	
			Corporate	State and local govt.
(Per cent)				
1953 - High	3.89 (9/18)	3.79 (6/25)	.69	1.21
1954 - Low	3.44 (12/31)	2.93 (8/5)	.52	.96
1957 - High	5.10 (11/29)	4.51 (8/29)	1.27	1.21
1958 - High	4.96 (1/3)	4.34 (9/11)	1.28	1.11
Low	4.51 (7/11)	3.64 (5/1)	.77	.95
Oct. 3	4.92	4.29	.79	1.04
Oct. 10	4.94	4.30	.81	1.05
Oct. 17	4.94	4.26	.85	1.05
Oct. 24	4.91	4.24	.81	1.01
Oct. 31 p/	4.90	4.16	.78	.95

p/ Preliminary.

<sup>1/</sup> Weekly average of daily figures. Average term of bonds included is 25-26 years.<sup>2/</sup> Weekly average of daily figures. The series includes bonds due or callable in 10 years or more.<sup>3/</sup> 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



## Exhibit D

Table for Exhibit C

## Stock Market

Date	Stock price index <sup>1/</sup>	Trading volume <sup>2/</sup> (millions of shares)	Common stock yields <sup>3/</sup> (per cent)	Stock market customer credit		
				Total	Customers' debit bal- ances <sup>4/</sup>	Bank loans to "others" <sup>5/</sup>
(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	51.46 (10/17)	4.9	3.50	4,313	3,114	1,317
Low	40.37 (1/10)	1.7	4.58	3,554	2,487	1,051
August	47.70	3.0	3.78	4,199	3,013	1,186
September	48.85	3.4	3.69	4,313	3,114	1,199
Oct. 17	51.46	4.9	3.50	n.a.	n.a.	1,180
Oct. 24	50.81	3.9	3.54	n.a.	n.a.	1,174
Oct. 31 <sup>p/</sup>	51.33	4.1	3.50	n.a.	n.a.	n.a.

n.a.--Not available. <sup>p/</sup> Preliminary.

<sup>1/</sup> 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 Friday's only. Highs and lows are for Friday's data only.

<sup>2/</sup> Averages of daily trading volume on the New York Stock Exchange.

<sup>3/</sup> 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.

<sup>4/</sup> 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.

<sup>5/</sup> 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>2/</sup>	1,320	817	511	506	390
April	1,141	931	818	798	765	378
May	600	765	1,146	895	546	490
June	881	1,453	841	551	393	735
July	p/1,101	1,003	1,063	803	529	408
August	p/471	924	654	403	584	206
September	e/1,100	973	838	p/645	431	357
October	e/600	1,090	745	e/450	698	639
November	e/600	789	1,089 <sup>2/</sup>	e/600	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	2,244	1,704	1,603
3rd quarter	e/2,672	2,899	2,556	p/1,851	1,544	971
4th quarter		2,954	2,922		2,029	1,395
1st half	5,757	6,594	4,907	4,520	3,524	3,093
Three quarters	e/8,429	9,493	7,463	p/6,371	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/2,622	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.



Large Long-term public Security Issues for New Capital  
(Other than U. S. Treasury) <sup>1/</sup>

Proceeds of Large Issues Offered

(Millions of dollars)

Month	Corporate	State and local government	Other <sup>2/</sup>
1957 - 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	--
September	825	288	18

Large Individual Issues Offered during October

Issuer	Type <sup>3/</sup>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
American Cement Corp.	S.F. deb.	20.0	1978	5	5.16	A
Public Service Co. of Ind.	Pfd. stk.	24.3				
Idaho Power Co.	1st mtg. bds.	15.0	1988	4 1/2	4.50	Aa
Peoples Gas Lt. & Coke Co.	Cap. stk.	18.3				
Cincinnati-Suburban Bell Telephone-C6.	Deb.	25.0	1993	4 1/2	4.40	Aaa
Florida Power & Light Co.	Com. stk.	23.6				
International-Harvester Credit Corp.	Deb.	50.0	1979	4 5/8	4.66	--
Glidden Co.	S.F. deb.	30.0	1983	4 3/4	4.82	A
Puget Sound Pwr. & Lt. Co.	S.F. deb.	15.0	1983	5 1/4	5.18	Baa
Hartford Elec. Light Co.	1st mtg. bds.	18.0	1988	4 3/8	4.42	Aa
J. I. Case Company	Conv. sub. deb.	20.1	1983	5 1/2	5.50	Ba

## Large Individual Issues Offered during October (Cont'd)

Issuer	Type <sup>3/</sup>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u>						
Boston, Massachusetts	G.O.	23.7	1959-78	3.80	2.20-3.85	A
Venice, Illinois	Rev.-Ut.	12.0	1988	n.a.	5.00	--
Met.Wtr.Dist. of So. Calif.	Rev.-Ut.	18.0	1959-70	3.04	2.00-3.10	Aa
State of South Carolina	G.O.	13.0	1959-78	3.06	1.90-3.15	Aa
Cook County, Illinois	G.O.	25.0	1959-68	3.29	2.15-3.35	A
Oakland Unif.Sch.Dist., Cal.	G.O.	10.0	1959-83	3.28	2.00-3.40	Aa
City & Co. of San Francisco California	G.O.	26.4	1959-78	3.07	2.00-3.20	Aa
Chicago Met. Fair & Ex- position Authority	Rev.	20.0	1995	5.00	n.r. <sup>4/</sup>	--
City & Co. of Denver, Colo.	G.O.	12.8	1970-97	3.49	3.20-3.55	Aa
St. Louis, Missouri	G.O.	10.8	1959-78	3.13	1.90-3.20	Aa
<u>OTHER</u>						
Commonwealth of Australia	Bds.	25.0	1978	5	5.20	A
Montreal, Canada	Deb.	28.0	1978	5	5.10	A
Federal Land Banks	Bds.	56.0	1961	4	4.00	--
Fed. National Mortgage Association	Deb.	100.0	1963	4 1/8	4.13	--

n.a.--Not available.

n.r.--Not reoffered.

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

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

<sup>3/</sup> 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.

<sup>4/</sup> Sold to Illinois State Treasurer.

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 - 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	--
Sept. 30	113	295	--	216	524	--
Oct. 31	204	258	--	326	675	--

Forthcoming Large Offerings, as of October 31

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Columbia Gas System, Inc.	Deb.	25.0	Nov. 7
Indiana & Michigan Electric Co.	1st mtg. bds.	20.0	Nov. 7
Natural Gas Pipeline Co.	1st mtg. p. 1. bds.	30.0	Nov. 7
Pacific Telephone & Telegraph Co.	Deb.	80.0	Nov. 19
*Arvida Corp.	Common stk.	27.5	Nov. 19
*General Public Utilities Corp.	Common stk.	21.4	Nov. 21
Pacific Telephone & Telegraph Co.	Common stk.	16.6	(rights expire) Dec.
Consumers Power Co.	Pfd. stk.	15.0	Winter
Montana Power Co.	1st mtg. bds.	20.0	Winter
Commerce Oil Refining Corp.	Deb., bds. & common	45.0	Winter
Martin Co.	S.F. deb.	25.0	Winter
<u>STATE AND LOCAL GOVERNMENT</u>			
Chicago, Illinois	Rev.-Ut.	25.0	Nov. 5
Baltimore Co., Maryland	G.O.	11.5	Nov. 6
Public Housing Authorities State of Maryland	G.O.	45.3	Nov. 6
	G.O.	16.8	Nov. 12

## Forthcoming Large Offerings, as of October 31 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
*Port of New York Authority	Rev.-Ut.	25.0	Nov. 12
*Nassau Co., New York	G.O.	21.6	Nov. 13
Allegheny Co. Sanitary Auth., Pa.	Rev.-Ut.	20.0	Nov. 13
Detroit-Metro. Expressway	Rev.-Ut.	35.0	Nov. 15
Los Angeles Sch. Dist., Calif.	G.O.	28.0	Nov. 18
Philadelphia, Pennsylvania	G.O.	17.4	Nov. 20
Florida State Board of Education	Rev.	12.5	Nov.
State of California	G.O.	50.0	Dec. 3
*East Baton Rouge Parish, Louisiana	G.O.	22.5	Dec. 10
New York State Power Authority	Rev.-Ut.	200.0	Winter
Chesapeake Bay Ferry Commission	Rev.-Ut.	144.0	Winter
<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 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	4.08	35	4.16	-1
April	3.91	18	4.01	8
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
Oct. 7	4.57	25		
15	4.50	22		
28	4.40 <sup>2/</sup>	12		
29	4.42 <sup>2/</sup>	14		

\*--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.