

H.14

December 1, 1958.

CAPITAL MARKET DEVELOPMENTS

The volume of new public security financing was small last week, but is expected to be much larger this week. During the holiday-interrupted week ending November 28, only two large issues for new capital were sold--a corporate issue for \$30 million and a local government issue for \$33 million. The calendar for this week includes corporate offerings totaling \$113 million and State and local government issues amounting to \$130 million. Two foreign government issues with total proceeds of \$50 million are also scheduled for sale.

Bond yields - Yields on all types of outstanding bonds declined slightly last week. Bond yields declined throughout November, with declines ranging from 5 to 8 basis points. At the end of November, corporate bond yields were one per cent below their 1956 highs, while yields on U. S. Government and State and local government obligations were about 5 per cent below their peaks.

Estimated December volume - Corporate security offerings for new capital are expected to total \$950 million in December, nearly three-fifths greater than the estimated November volume, but one-tenth less than the volume of December last year. Large publicly offered issues are expected to total over \$300 million and takedowns of private placements are expected to be seasonally large. Including this estimate for December, fourth quarter offerings are estimated to total \$2.3 billion, nearly one-fourth smaller than in the corresponding period of 1957. The volume for the year as a whole would be \$10.8 billion, about one-eighth below the record volume last year, but slightly larger than the previous record volume of 1956.

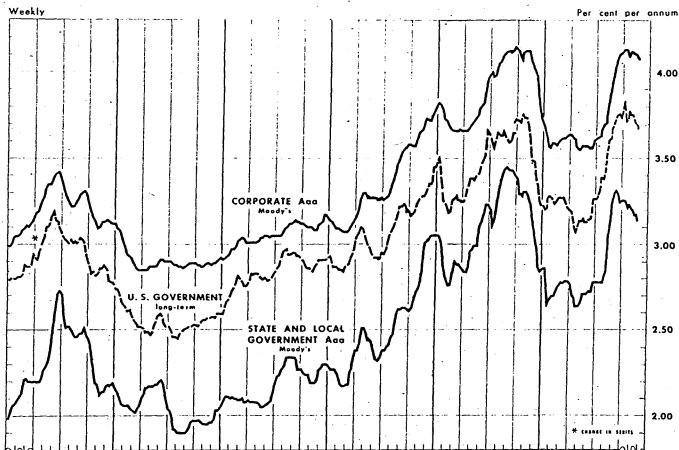
State and local government bond sales for December are estimated at \$450 million, one-tenth smaller than the November volume and more than one-third less than in December 1957. (The December estimate does not include two very large offerings--New York State Power Authority's and Chesapeake Bay Ferry Commission's bond issues--the offering dates of which continue to be indefinite.) Offerings for the entire fourth quarter are expected to total \$1.4 billion, more than 30 per cent less than in the comparable period last year. However, the decline in financing in the fourth quarter will be more than offset by the much larger volume of bond sales in earlier quarters this year so total sales for the year will be a record \$7.8 billion, one-tenth larger than in 1957.

Stock prices - Stock prices declined sharply early last week, but then recovered much of the loss. Standard and Poor's index of 500 common stocks closed at 52.48 on November 28, slightly lower than a week earlier but only one per cent below the record of 53.24, reached on November 17. Trading volume increased, averaging 4.2 million shares a day.

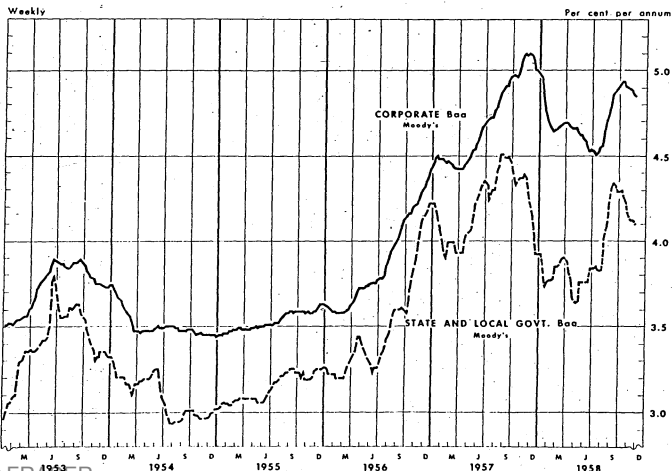
More detailed information concerning recent capital market developments is presented in the attached exhibits.

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	4.13 (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. 31	4.12	3.75	3.21	.37	.54
Nov. 7	4.11	3.75	3.19	.36	.56
Nov. 14	4.16	3.71	3.17	.39	.54
Nov. 21	4.08	3.69	3.17	.39	.52
Nov. 28 p/	4.07	3.67	3.14	.40	.53

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)	4.34 (9/11)	1.28	1.11
Low	4.51 (7/11)	3.64 (5/1)	.77	.93
Oct. 31	4.90	4.16	.78	.95
Nov. 7	4.89	4.12	.78	.93
Nov. 14	4.88	4.12	.78	.95
Nov. 21	4.86	4.11	.78	.94
Nov. 28 p/	4.85	4.10	.78	.96

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

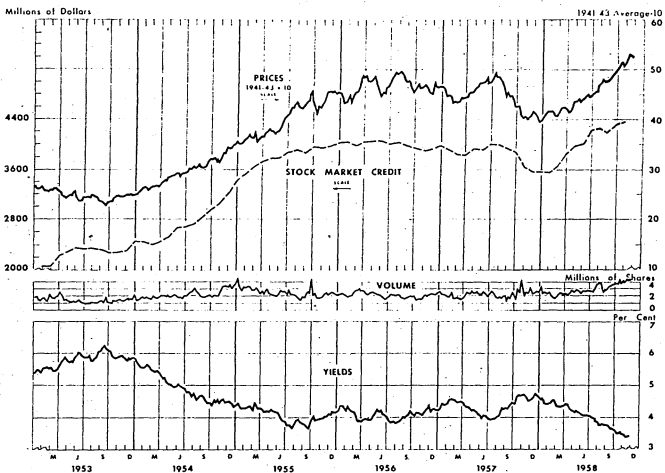


Exhibit D

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 balances 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	53.09 (11/14)	4.9	3.39	4,369	3,188	1,317
Low	40.37 (1/10)	1.7	4.58	3,554	2,487	1,051
September	48.85	3.4	3.69	4,308	3,109	1,199
October	50.95	4.1	3.52	4,369	3,188	1,181
Nov. 14	53.09	4.2	3.39	n.a.	n.a.	1,182
Nov. 21	52.70	4.1	3.41	n.a.	n.a.	1,176
Nov. 28 p/	52.48	4.2	3.42	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 ^{2/}	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	1,102	1,003	1,063	804	529	408
August	538	924	654	403	584	206
September	1,144	973	838	667	431	357
October	e/700	1,090	745	e/447	698	639
November	e/600	789	1,089 ^{4/}	e/500	633	347
December	e/950	1,076	1,088	e/450	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	2,784	2,899	2,556	1,874	1,544	971
4th quarter	e/2,250	2,954	2,922	e/1,397	2,029	1,395
1st half	5,757	6,594	4,907	4,520	3,524	3,093
Three quarters	8,541	9,493	7,463	6,394	5,069	4,064
Year	e/10,791	12,447	10,384	e/7,791	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/2,734	2,582	2,246			
4th quarter	e/2,175	2,810	2,826			
Year	e/10,386	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	198	48	--	--	--	--
June	120	42	95	--	60	--
July	9	28	2	164	--	--
August	5	7	39	--	--	109
September	17	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/}		
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	289	272	195	437	224	222
August	423	272	207	206	370	425
September	369	252	179	330	512	273
October	p/231	303	294	454	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 - 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
October	259	172	209

Large Individual Issues Offered during November

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Columbia Gas System, Inc.	Deb.	25.0	1983	4 7/8	4.80	A
Nat. Gas Pipeline Co.	1st mtg. p.l. bds	30.0	1978	4 5/8	4.68	A
Pacific Tel. & Tel. Co.	Deb.	80.0	1990	4 5/8	4.47	Aa
Martin Company	S.F. deb.	20.0	1968	5 1/2	5.34	Baa
Gen. Public Utilities Corp.	Com. stk.	20.4				
Hanna Mining Company	Com. stk.	21.4				
Northern Nat. Gas Co.	S.F. deb.	30.0	1978	4 5/8	4.60	A
<u>STATE AND LOCAL GOVERNMENT</u>						
Chicago, Illinois	Rev.-Ut.	25.0	1964-83	3.82	3.10-3.85	A
Baltimore Co., Maryland	G.O.	11.5	1960-88	3.46	2.25-3.55	A
Public Housing Authorities	G.O.	45.3	1959-99	3.35	1.75-3.45	Aaa
Port of New York Auth.	G.O.	25.0	1959-78	3.57	2.10-3.65 1/4	A
State of Maryland	G.O.	16.8	1961-73	2.74	2.05-2.85	Aaa
Nassau Co., New York	G.O.	21.6	1959-87	3.49	2.00-3.65	A
Allegheny Co. San. Auth., Pa.	Rev.-Ut.	20.0	1961-96	3.73	2.50-3.79	--
Los Angeles Sch. Dist., Cal.	G.O.	28.0	1959-83	3.46	1.90-3.55	Aa

Large Individual Issues Offered during November (Cont'd)

Issuer	Type ^{2/}	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u> (Continued)						
Orange Co., California	Rev.-Ut.	15.9	1960-99	3.71	2.10-3.95 ^{2/}	A
Philadelphia, Pa.	G.O.	17.4	1959-89	3.51	2.00-3.60 ^{2/}	A
New York, New York	G.O.	32.8	1959-73	3.17	1.90-3.37	A
<u>OTHER</u>						
Int'l Bk. for Rec. & Dev.	bds.	100.0	1973	4 1/2	4.50	Aa

n.a.--Not available.

^{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.-C.Ut., revenue bonds secured only by revenue from quasi-utilities; Rev.-S.T., revenue bonds secured by revenue from specific taxes only; Rev.-Rent., revenue bonds secured solely by lease payments.

^{4/} 2 3/4s of 1978 not reoffered.

^{5/} 1s of 1986-89 not reoffered.

^{6/} 1s of 1989 not reoffered.

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 - 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	--
Nov. 28	301	229	71	401	683	71

Forthcoming Large Offerings, as of November 28

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Pacific Gas & Electric Co.	1st & ref. mtg. bds.	65.0	Dec. 3
Potomac Electric Power Co.	1st mtg. bds.	25.0	Dec. 3
Public Service Electric & Gas Co.	Common stk.	23.0	Dec. 4
P. Lorillard Co.	Common stk.	24.0	Dec. 9 (rights expire)
Southern Bell Telephone & Telegraph	Deb.	70.0	Dec. 10
Philadelphia Electric Co.	1st & ref. mtg. bds.	50.0	Dec. 11
Pacific Telephone and Telegraph Co.	Common stk.	16.6	Dec. 30 (rights expire)
Arvida Corp.	Common stk.	27.5	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
Indiana & Michigan Electric Co.	1st mtg. bds.	20.0	Winter
<u>STATE AND LOCAL GOVERNMENT</u>			
State of Ohio	G.O.	30.0	Dec. 2
State of California	G.O.	100.0	Dec. 3
East Baton Rouge Parish, Louisiana	G.O.	22.5	Dec. 10
State of New York	G.O.	51.0	Dec. 10
Chicago Board of Education, Illinois	G.O.	25.0	Dec. 10

forthcoming Large Offerings, as of November 28 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
New York State Power Authority	Rev.-Ut.	200.0	Winter
Chesapeake Bay Ferry Commission	Rev.-Ut.	144.0	Winter
Detroit-Metro. Expressway	Rev.-Ut.	35.0	Winter
Massachusetts Port Authority	Rev.-Ut.	75.0	Winter
<u>OTHER</u>			
Republic of Austria	Bonds	25.0	Dec. 4
Union of South Africa	Bonds	25.0	Dec. 4
*Municipality of Metropolitan Toronto	S.F. deb.	21.4	Dec. 8

*--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 _{2/}	-8	3.96 ^{2/}	3
February	3.89 ^{2/}	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 ^{2/}	1
9	4.00	25		
18	4.10	28		
23	4.10	29	4.35 ^{2/}	31
Oct. 7	4.57	25		
15	4.50	22		
28	4.40 ^{2/}	12		
29	4.42 ^{2/}	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.