

H.14

February 16, 1959

CAPITAL MARKET DEVELOPMENTS

Large corporate issues, including expiration of subscription rights totaled \$130 million during the week ending February 13. Large State and local government issues with total proceeds for \$70 million were also sold. This week, only one large corporate issue for \$25 million is expected. However, State and local government issues totaling \$108 million and a foreign government issue for \$30 million are scheduled for sale. In addition, the \$120 million issue for Chicago-O'Hare Airport is tentatively scheduled to be offered this week.

Bond yields - Bond yields changed little last week. Yields declined slightly for all categories of outstanding bonds, except those for lower-grade corporate bonds, which remained stable.

Stock market credit - Customer credit in the stock market (excluding that for U. S. Government securities) increased \$62 million further in January. At a record level of \$4,554 million, customer credit was 6 per cent higher than when margin requirements were increased last October. The January increase in customer credit was largely in bank loans to "others," which increased \$50 million, while the rise in net debit balances was \$12 million.

Borrowing by member firms of the New York Stock Exchange maintaining margin accounts (excluding borrowing on U. S. Government securities) declined last month, principally in borrowing on customer collateral. Customers' net free credit balances increased substantially, totaling \$1,226 million at the end of January.

	End of month		Change
	Jan.	Dec.	
	(Millions of dollars)		
Customer credit			
Excluding U. S. Government securities - total	4,554	r/4,492	+62
Net debit balances	3,297	r/3,285	+12
Bank loans to "others"	1,257	1,207	+50
Net debit balances secured by U. S. Govt. securities	155	146	+9
Bank loans to others for purchasing or carrying U. S. Government securities	62	63	-1
Broker and dealer credit			
Money borrowed except on U. S. Government securities	1,990	2,071	-81
On customer collateral	1,741	1,797	-56
Money borrowed on U. S. Government securities	230	234	-4
Customers' net free credit balances	1,226	1,159	+67

r/ Revised.

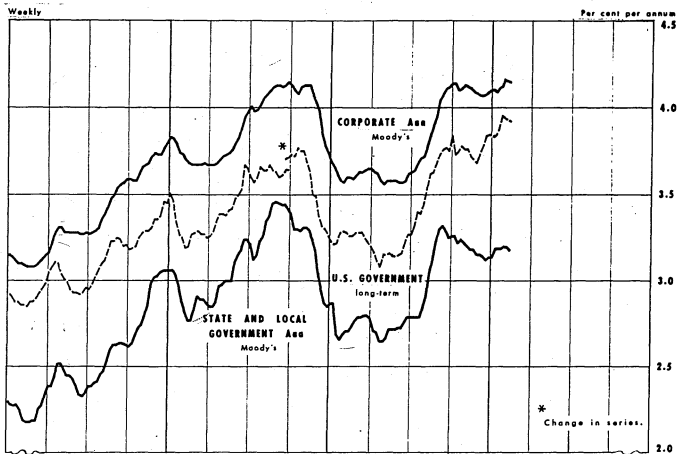
Stock prices - Stock prices, as measured by Standard and Poor's index of 500 common stocks, showed little net change last week, closing at 54.42 on February 13. Trading volume was the lightest since December, averaging 3.0 million shares a day.

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

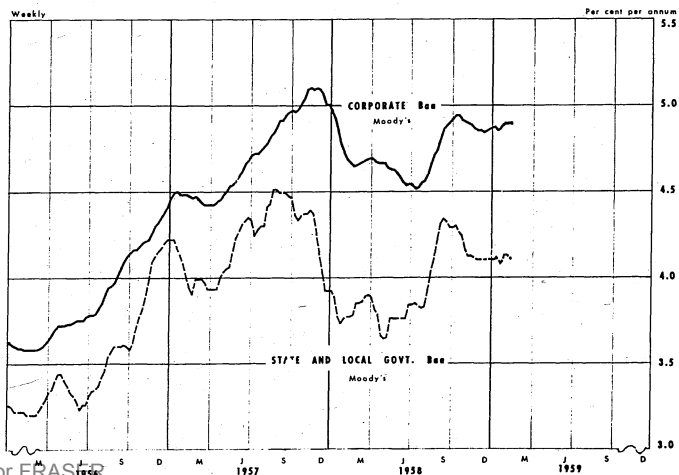
Capital Markets Section,
Division of Research and Statistics,
Board of Governors of the Federal Reserve System.

EXHIBIT A

HIGH-GRADE BOND YIELDS



LOWER-GRADE BOND YIELDS



H.14

Exhibit B

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)			
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)	3.84 (12/26)	3.31 (9/11)	.51	.72
Low	3.55 (5/2)	3.07 (4/25)	2.64 (5/1)	.22	.34
1959 - High	4.16 (1/30)	3.96 (1/16)	3.20 (2/5)	.27	.77
Low	4.09 (1/9)	3.83 (1/2)	3.18 (2/12)	.16	.65
Jan. 16	4.11	3.89	3.19	.22	.70
Jan. 23	4.12	3.96	3.19	.16	.77
Jan. 30	4.16	3.94	3.20	.22	.74
Feb. 6	4.15	3.93	3.20	.22	.73
Feb. 13 p/	4.14	3.92	3.18	.22	.74

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)		
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
1959 - High	4.90 (2/13)	4.13 (2/5)	.77	.98
Low	4.85 (1/9)	4.08 (1/15)	.74	.89
Jan. 16	4.86	4.08	.75	.89
Jan. 23	4.88	4.10	.76	.91
Jan. 30	4.90	4.13	.74	.93
Feb. 6	4.90	4.13	.75	.93
Feb. 13 p/	4.90	4.11	.76	.93

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 obligation 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

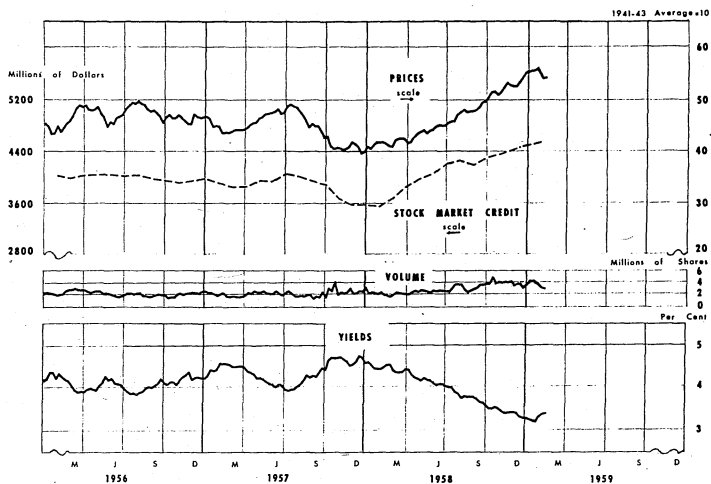


Exhibit D
Table for Exhibit C

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	2,432	1,054
1958 - High	54.11 (12/26)	4.9	3.30	4,488	3,281	1,317
Low	40.37 (1/10)	1.7	4.58	3,554	2,487	1,051
1959 - High	56.00 (1/23)	4.2	3.19	n.a.	n.a.	1,257
Low	54.37 (2/6)	3.0	3.34	n.a.	n.a.	1,210
December	53.49	3.6	3.35	r/4,492	r/3,285	1,207
January	55.82	4.0	3.24	4,554	3,297	1,257
Jan. 30	55.42	3.7	3.27	n.a.	n.a.	1,257
Feb. 6	54.37	3.2	3.34	n.a.	n.a.	1,251
Feb. 13 p/	54.42	3.0	3.35	n.a.	n.a.	n.a.

n.a.--Not available.

p/ Preliminary.

r/ Revised.

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/		
	1959	1958	1957	1959	1958	1957
January	e/700	723	1,060	p/629	812	742
February	e/650	851	1,065	e/800	953	572
March		1,561 ^{2/}	1,320		511	506
April		1,141	931		798	765
May		600	765		895	546
June		881	1,453		551	393
July		1,102	1,003		806	529
August		538	924		403	584
September		1,144	973		651	431
October		858	1,090		456	698
November		478	789		474	633
December		914	1,076		435	698
1st quarter		3,135	3,445		2,276	1,820
2nd quarter		2,622	3,149		2,244	1,704
3rd quarter		2,784	2,899		1,860	1,544
4th quarter		2,250	2,954		1,365	2,029
1st half		5,757	6,594		4,520	3,524
Three quarters		8,541	9,493		6,380	5,069
Year		10,791	12,447		7,746	7,099
Excluding finance companies 4/						
1st quarter		2,894	3,237			
2nd quarter		2,583	2,889			
3rd quarter		2,753	2,582			
4th quarter		2,175	2,810			
Year		11,405	11,518			

e/ Estimated p/ Preliminary.

1/ Securities and Exchange Commission estimates of net proceeds.

2/ Investment Bankers Association of America estimates of principal amounts.

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

4/ 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	58	4	44	220	--	--
November	123	60	5	--	100	--
December	74	1	21	--	--	--
Year	992	507	300	2,321	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	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	231	303	294	454	1,238	407
November	415	94	328	114	255	222
December	p/241	459	148	137	116	128
Year	p/3,909	3,274	2,706	3,098	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 FHA 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 - 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
November	227	259	100
December	305	229	79
1959 - January	369	335	75

Large Individual Issues Offered February 1 through 13

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Southern Co.	Com. stk.	45.3				
Universal Oil Processes, Inc.	Cap. stk.	72.5				
Avco Manufacturing Co.	Conv. deb.	14.9	1979	5	5.00	Ba
Reynolds Metals Co.	Conv. pfd. stk.	55.0				
Consolidated Edison Co.	Conv. deb.	59.6	1973	4	4.00	A
<u>STATE AND LOCAL GOVERNMENT</u>						
Milwaukee Co., Wisconsin	G.O.	14.0	1960-74	2.70	1.80-3.00	Aaa
Los Angeles, California	Rev.-Ut.	14.0	1960-79	3.47	1.90-3.60	Aa
Massachusetts Port Auth.	Rev.-Ut.	50.1	1998/64	4.86	4.75	--
Louisiana Dept. of Highways	G.O.	20.0	1960-81/68	3.50	1.90-3.60	A
State of Minnesota	Rev.-S.T.	22.9	1964-76	n.a.	2.40-3.10	Aa
State of Washington	G.O.	34.9	1960-79/69	3.19	1.80-3.35	Aa
St. Louis, Missouri	G.O.	12.6	1965-78	3.05	2.55-3.10	Aa
<u>OTHER</u>						
Kingdom of Denmark	Ext. loan bds.	20.0	1974	5 1/2	5.75	--

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.-Q.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.

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 - 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
Dec. 31	210	261	75	370	515	75
1959 - Jan. 30	270	551	45	365	656	45

Forthcoming Large Offerings, as of February 13

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Public Service Co. of Indiana, Inc.	1st mtg. bds.	25.0	Feb. 18
Connecticut Light and Power Co.	Common stk.	17.2	Feb. 24
Illinois Bell Telephone Co.	1st mtg. bds.	50.0	(rights expire) Feb. 25
*Northern Indiana Public Service Co.	1st mtg. bds.	25.0	Mar. 11
American Natural Gas Co.	Common stk.	30.0	Mar. 12
Montana Power Co.	1st mtg. bds.	20.0	(rights expire) Winter
Commerce Oil Refining Corp.	Deb., bds. & common	45.0	Winter
<u>STATE AND LOCAL GOVERNMENT</u>			
Monroe County Water Auth., N. Y.	Rev.-Ut.	13.2	Feb. 17
Los Angeles Co. Flood Control Dist., California	G.O.	10.0	Feb. 17
East Bay Mun. Ut. Dist., Calif.	G.O.	25.0	Feb. 18
State of New York	G.O.	60.0	Feb. 18

Forthcoming Large Offerings, as of February 13 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
San Antonio, Texas	G.O.	10.8	Feb. 24
State of Michigan	Rev.-S.T.	25.0	Feb. 24
*Chicago, Illinois	G.O.	40.0	Feb. 25
Public Housing Authorities	G.O.	103.0	Feb. 26
Chicago, Illinois	Rev.-Ut.	120.0	Feb.
Memphis, Tennessee	G.O.	10.0	Mar. 1
*Philadelphia, Pa.	G.O.	25.5	Mar. 4
*New York, N. Y.	G.O.	26.3	Mar. 10
Metro. Water Dist. of So. California	Rev.-Ut.	26.4	Mar. 10
State of California	G.O.	100.0	Mar. 11
Chesapeake Bay Ferry Commission	Rev.-Ut.	144.0	Winter
Detroit-Metro. Expressway	Rev.-Ut.	35.0	Winter
State of New Jersey	G.O.	25.0	Winter
<u>OTHER</u>			
Empire of Japan	Ext. loan bds.	30.0	Feb. 18

*--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 ^{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		
Dec. 17	4.44	23		
1959 - Jan. 7			4.75 ^{2/}	23
20	4.60	34		
28	4.65	40		

*--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.