

H.14

March 23, 1959

CAPITAL MARKET DEVELOPMENTS

Public security financing for new capital continues to be small. During the week ending March 20, only one large corporate issue for \$15 million was offered to investors and State and local government issues amounting to \$62 million were sold. This week, corporations are expected to sell large issues totaling \$75 million; no large State and local government bond issues are scheduled for sale.

Bond yields - Bond yields changed little last week. Yields on high-grade corporate and State and local government and U. S. Government bonds remained stable while those for Baa-rated corporate and State and local government bonds declined slightly.

Mortgage recordings and loans - Exhibits C and D include a chart and table showing monthly data on mortgage recordings and loans. This is the second of a series of new charts and tables which will be included in this report, with different materials covered each week on a four-week cycle.

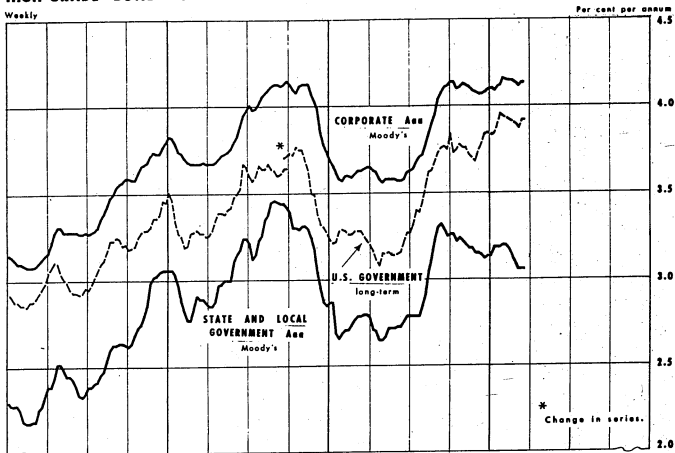
The amount of nonfarm mortgage recordings, after rising in 1954 and 1955 and then declining for two years, advanced sharply in 1958 surpassing previous highs. Recordings for the full year were one-eighth higher than in 1957. Conventional activity set new records during 1958 in dollar volume and as a proportion of the total. VA loans reversed a three-year downtrend by turning up in mid-1958 and FHA mortgage insurance written, which changed comparatively little in earlier years, rose abruptly to new peaks toward the end of 1958. During December, conventional mortgage activity was moderately below the October 1958 peak, but VA loans closed were in the largest volume of the year and FHA insurance written was at an all-time high.

Stock prices - Standard and Poor's index of 500 common stocks declined slightly, on balance, last week, closing at 56.39 on March 20. Trading activity increased, averaging 4.3 million shares a day.

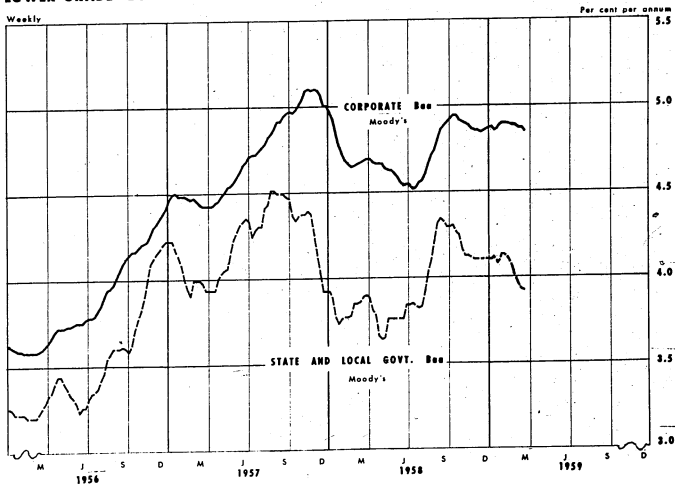
More detailed information concerning recent capital market developments is presented in the attached exhibits.

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)					
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 (1/23)	3.20 (2/5)	.27	.86
Low	4.09 (1/9)	3.83 (1/2)	3.06 (3/19)	.16	.65
Feb. 20	4.14	3.91	3.13	.23	.78
Feb. 27	4.13	3.90	3.11	.23	.79
Mar. 6	4.11	3.87	3.06	.24	.81
Mar. 13	4.13	3.92	3.06	.21	.86
Mar. 20 ^{p/}	4.13	3.92	3.06	.21	.86

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 (3/20)	3.92 (3/19)	.72	.86
Feb. 20	4.89	4.05	.75	.92
Feb. 27	4.89	4.03	.76	.92
Mar. 6	4.87	3.95	.76	.89
Mar. 13	4.87	3.93	.74	.87
Mar. 20 ^{p/}	4.85	3.92	.72	.86

^{p/} Preliminary.

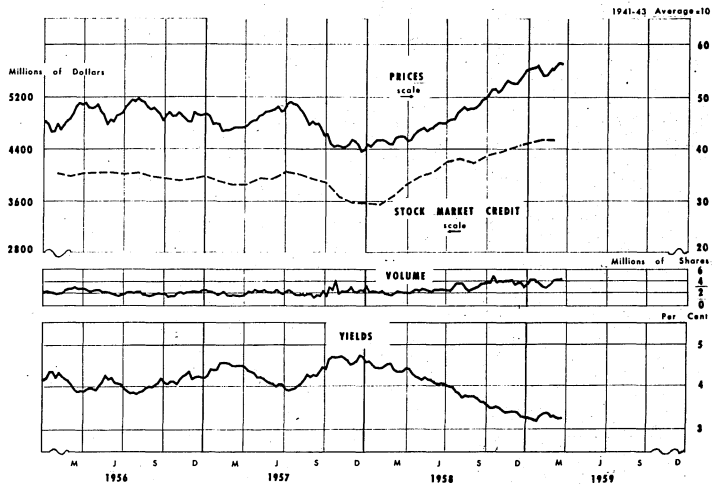
^{1/} Weekly average of daily figures. Average term of bonds included is 25-26 years.

^{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.

STOCK MARKET



MORTGAGE RECORDINGS AND LOANS

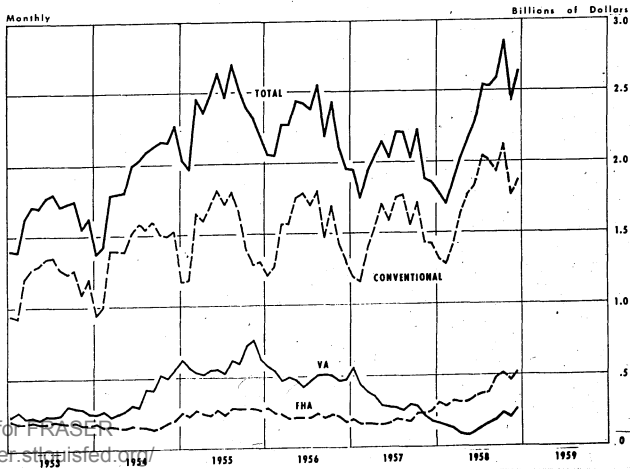


Exhibit D - Tables for Exhibit C

Stock Market

Date	Stock price index 1/	Common stock yields 2/ (per cent)	Trading volume 3/ (millions of shares)	Stock market customer credit		
				Total	Customers' debit balances 4/	Bank loans to "others" 5/
(Millions of dollars)						
1953-1958 - High	54.11 (12/24/58)	3.30	4.9	4,492	3,285	1,317
Low	22.95 (9/18/53)	6.25	0.9	2,055	1,314	669
1959 - High	56.67 (3/13)	3.21	4.3	4,554	3,297	1,274
Low	54.37 (2/6)	3.34	3.0	4,527	3,253	1,210
January	55.82	3.24	4.0	4,554	3,297	1,257
February	54.77	3.32	3.5	4,527	3,253	1,274
Mar. 6	56.21	3.24	4.2	n.a.	n.a.	1,270
Mar. 13	56.67	3.21	4.2	n.a.	n.a.	1,271
Mar. 20 p/	56.39	3.22	4.3	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 Fridays' data only.

2/ 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.

3/ Averages of daily trading volume on the New York Stock Exchange.

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.

Nonfarm Mortgage Recordings and Loans 1/

Date	Total		Unadjusted		
	Seasonally adjusted 2/	Unadjusted	FHA	VA	Conv.
(Millions of dollars)					
1957 - Dec.	1,954	1,851	249	176	1,426
1958 - Jan.	1,976	1,782	306	160	1,315
Feb.	1,959	1,701	279	142	1,280
Mar.	1,971	1,866	319	123	1,424
Apr.	1,993	2,022	306	85	1,632
May	2,087	2,151	311	73	1,767
June	2,192	2,275	343	98	1,835
July	2,291	2,543	368	127	2,048
Aug.	2,413	2,535	371	156	2,007
Sept.	2,488	2,596	480	189	1,927
Oct.	2,576	2,857	501	239	2,116
Nov.	2,652	2,432	457	216	1,759
Dec.	n.a.	2,629	510	257	1,861

n.a.--Not available.

1/ Total recordings data are estimates based on reports from about 450 areas and include mortgages of \$20,000 or less secured by nonfarm real estate, primarily residential properties.

FHA-insured loans represent gross amount of insurance written, and VA-guaranteed loans the gross amount of loans closed, on 1-4 family houses. Conventional data are derived as a residual, although total recordings and VA and FHA loans are not strictly comparable in concept or timing.

2/ Three-month moving average, seasonally adjusted by Federal Reserve.

Source: Federal Home Loan Bank Board, Federal Housing Administration and Veterans Administration.

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	p/782	723	1,060	634	812	742
February	e/650	851	1,065	p/842	953	572
March	e/650	1,561 ^{2/}	1,320	e/650	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		473	789		474	633
December		914	1,076		435	698
1st quarter	e/2,082	3,135	3,445	e/2,126	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	e/1,882	2,894	3,237			
2nd quarter		2,583	2,889			
3rd quarter		2,753	2,582			
4th quarter		2,161	2,810			
Year		10,391	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/		
	1959	1958	1957	1959	1958	1957
January	77	196	84	199	1,163	72
February		53	49		251	--
March		--	30		--	--
April		139	123		523	125
May		198	48		--	--
June		120	42		--	60
July		9	28		164	--
August		5	7		--	--
September		17	30		--	215
October		58	4		220	--
November		123	60		--	100
December		74	1		--	--
Year		992	507		2,321	572
	Short-term					
	State and local government 4/			Federal agency 3/		
	1959	1958	1957	1959	1958	1957
January	190	233	326	270	371	638
February	p/423	460	455	500	208	430
March		273	147		144	505
April		357	205		209	336
May		354	337		161	469
June		264	153		329	501
July		289	272		437	224
August		423	272		206	370
September		369	252		330	512
October		231	303		454	1,238
November		415	94		114	255
December		243	459		137	116
Year		3,910	3,274		3,098	5,543

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 PMA 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/
1958 - 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	174
February	340	551	35

Large Individual Issues Offered March 1 through 20

Issuer	Type 2/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
No. Indiana Pub. Serv. Co.	1st mtg. bds.	25.0	1989	4 1/2	4.40	Aa
KLM Royal Dutch Airlines	Conv. sub. deb.	18.5	1979	4 3/4	4.75	--
American Natural Gas Co.	Com. stk.	28.0				
Colorado Interstate Gas Co.	1st mtg.p.l.bds.	33.0	1979	4.70	4.67	A
Texas Eastern Trans. Corp.	Pfd. stk.	15.0				
<u>STATE AND LOCAL GOVERNMENT</u>						
Detroit-Metro. Expressway	Rev.-S.T.	25.0	1960-84	3.54	1.90-3.65	A
Philadelphia, Pa.	G.O.	25.5	1960-89	3.27	1.85-3.45	A
Port of New York Auth.	Rev.-Ut.	30.0	1989/68	3.68	3.63	A
New York, N. Y.	G.O.	26.3	1960-74	3.17	1.90-3.37	A
Metro.Wtr.Dist.of So.Calif	Rev.-Ut.	26.4	1960-71	2.96	1.90-3.05	Aa
State of California	G.O.	100.0	1960-84/79	3.55	1.90-3.60	Aa
Phoenix, Arizona	Rev.-Ut.	10.0	1960-88/68	3.69	2.00-3.80	A
West Virginia Univ.	Rev.-Q.Ut.	10.2	1960-89/69	4.27	3.25-4.30	--
Baltimore, Md.	G.O.	28.9	1960-81	3.11	1.90-3.20	Aa
State of Delaware	G.O.	12.5	1960-79	2.96	1.80-3.05	Aa

Large Individual Issues Offered March 1 through 20 (Cont'd)

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>OTHER</u>						
Federal Land Banks	Farm loan bds.	86.0	1968	4 1/4	4.35	--

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.

4/ 1987-89 maturities not reoffered.

5/ 1989 maturities 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/
1958 - 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	856	45
Feb. 27	198	292	--	279	481	--

Forthcoming Large Offerings, as of March 20

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Cleveland Electric Illuminating Co.	1st mtg. bds.	25.0	Mar. 25
Montana Power Co.	1st mtg. bds.	20.0	Mar. 25
Ohio Edison Co.	1st mtg. bds.	30.0	Mar. 26
Ohio Power Co.	1st mtg. bds.	25.0	Mar. 31
Monongahela Power Co.	1st mtg. bds.	16.0	Apr. 1
Armco Steel Corp.	S.F. deb.	75.0	Apr. 2
*W. T. Grant Co.	Com. stk.	15.0	Apr. 8
*Natural Gas Pipeline Co. of America	1st mtg. p. 1. bds.	20.0	Apr. 10
Food Fair Stores, Inc.	Conv. sub. deb.	21.8	Apr. 10
			(rights expire)
*Tennessee Gas Transmission Co.	Pfd. stk.	44.0	Apr. 16
Columbia Gas System, Inc.	Com. stk.	40.0	Apr. 20
			(rights expire)
*Glickman Corp.	Com. stk.	31.0	Apr.
Commerce Oil Refining Corp.	Deb., bds. & common	45.0	Spring
<u>STATE AND LOCAL GOVERNMENT</u>			
Milwaukee, Wisconsin	G.O.	18.8	Mar. 31
Pennsylvania General State Auth.	Rev.	30.0	Mar. 31
Shelby Co., Tennessee	G.O.	11.0	Mar. 31

Forthcoming Large Offerings, as of March 20 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
*Territory of Hawaii	Rev.-Q.Ut.	14.0	Mar. 31
Los Angeles Sch. Dists., Calif.	G.O.	27.0	Apr. 7
Alabama Highway Authority	Rev.-Ut.	20.0	Apr. 7
Buffalo, New York	G.O.	10.2	Apr. 9
Florida Development Commission	Rev.-Ut.	25.0	Apr. 9
State of Minnesota	G.O.	12.0	Apr. 14
*Oakland Co., Michigan	Rev.-Ut.	12.7	Apr. 21
*Los Angeles, California	Rev.-Ut.	15.0	May 12
Chesapeake Bay Ferry Commission	Rev.-Ut.	144.0	Spring
State of New Jersey	G.O.	25.0	Spring
Memphis, Tennessee	G.O.	10.0	Spring
<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(9/14/57)	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	3.87	18	4.07	6
June	3.87	17	--	--
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	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 ^{2/}	40		
Feb. 18	4.35 ^{2/}	4		
Mar. 11	4.40 ^{2/}	11		

*--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.