

H.14

May 11, 1959.

**CAPITAL MARKET DEVELOPMENTS**

The volume of public security financing is expected to be larger this week than the very small volume a week earlier. During the week ending May 8, a corporate issue for \$26 million was the only large security offering made to the public. The calendar for this week includes large corporate issues totaling \$46 million and State and local government bonds with aggregate proceeds of \$131 million.

Bond yields - Yields continued to advance last week for all types of outstanding bonds except those for U. S. Government obligations, which remained stable for the second week. High-grade corporate bond yields reached new postwar peaks, while those for other types of bonds are at or near their 1959 highs.

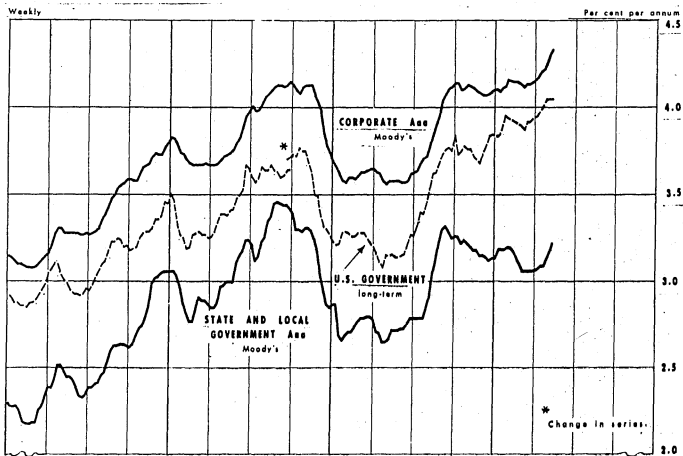
Mortgage recordings and loans - Nonfarm mortgage recordings in January and February continued strong. Unadjusted total recordings showed some seasonal declines but set new highs for the months, and FHA-insured loans closed and conventional activity also were at new records. VA loans closed were above year-earlier levels but well below peaks attained in the mid-1950's. In January, seasonally adjusted total recordings rose slightly to a monthly rate of nearly \$2.7 billion, the highest for any month on record.

Stock prices - Stock prices declined on balance last week. Standard and Poor's index of 500 common stocks closed at 57.32 on May 8 after partial recovery from the sharp drop in prices on Thursday. Trading activity increased, averaging 3.8 million shares a day.

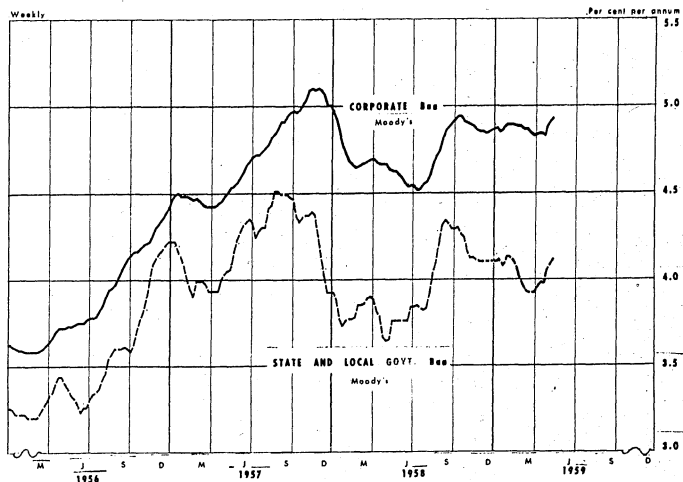
More detailed information concerning recent capital market developments is presented in the attached exhibits.

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)					
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	4.33 (5/8)	4.05 (5/8)	3.23 (5/7)	.28	.92
Low	4.09 (1/9)	3.83 (1/2)	3.06 (3/26)	.16	.65
Apr. 10	4.20	3.97	3.09	.23	.88
Apr. 17	4.22	4.01	3.09	.21	.92
Apr. 24	4.26	4.05	3.14	.21	.91
May 1	4.30	4.05	3.18	.25	.87
May 8 <sup>p/</sup>	4.33	4.05	3.23	.28	.82

## Lower-grade Bond Yields

Date	Corporate Baa <sup>1/</sup>	State and local govt. Baa <sup>2/</sup>	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	4.93 (5/8)	4.13 (2/5)	.77	.98
Low	4.83 (4/17)	3.92 (3/26)	.60	.86
Apr. 10	4.84	3.98	.64	.89
Apr. 17	4.83	3.98	.61	.89
Apr. 24	4.88	4.06	.62	.92
May 1	4.91	4.09	.61	.91
May 8 <sup>p/</sup>	4.93	4.12	.60	.89

<sup>p/</sup> Preliminary.

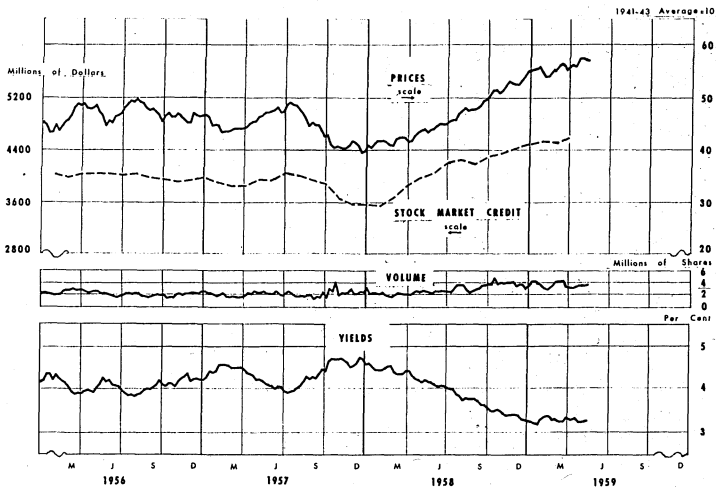
<sup>1/</sup> Weekly average of daily figures. Average term of bonds included is 25-26 years.

<sup>2/</sup> Weekly average of daily figures. The series includes bonds due or callable in 10 years or more.

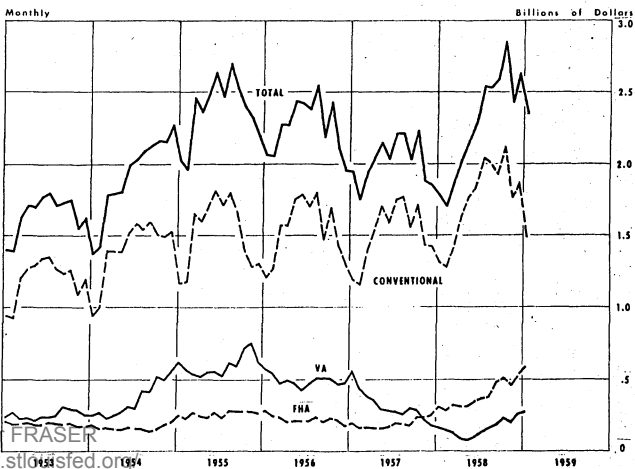
<sup>3/</sup> Thursday figures. Only general obligation bonds are included; average term is 20 years.

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	57.96 (4/24)	3.21	4.3	4,597	3,305	1,332
Low	54.37 (2/6)	3.34	3.0	4,527	3,253	1,210
March	56.15	3.25	3.9	4,597	3,305	1,292
April	57.10	3.25	3.4	n.a.	n.a.	1,320
Apr. 24	57.96	3.21	3.6	n.a.	n.a.	1,332
May 1	57.65	3.22	3.6	n.a.	n.a.	1,320
May 8 p/	57.32	3.25	3.8	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)					
1958 - 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.	2,629	2,629	510	257	1,861
1959 - Jan.	2,677	2,353	585	276	1,491
Feb.	n.a.	2,245	506	238	1,500

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	636	812	742
February	p/673	851	1,065	855	953	572
March	e/650	1,561 <sup>2/</sup>	1,320	p/623	511	506
April	e/700	1,141	931	e/925	798	765
May	e/600	600	765	e/650	895	516
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/2,105	3,135	3,445	p/2,114	2,276	1,820
2nd quarter		2,622	3,149		2,244	1,704
3rd quarter		2,784	2,899		1,860	1,514
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/1,905	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 <sup>1/</sup>

(In millions of dollars)

	Long-term						
	Foreign government <sup>2/</sup>			Federal agency <sup>3/</sup>			
	1959	1958	1957	1959	1958	1957	
January	77	196	84	199	1,163	72	
February	59	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 <sup>4/</sup>			Federal agency <sup>3/</sup>		
January	190	233	326	359	371	638	
February	428	460	455	500	208	430	
March	p/265	273	147	489	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	

<sup>p/</sup> 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 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 <u>2/</u>
1958 - 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
March	215	369	176
April	359	563	20

Large Individual Issues Offered May 1 through 8

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Alabama Power Co.	1st mtg. bds.	20.0	1989	4 7/8	4.85	A
Textron, Inc.	Sub. deb.	25.5	1984	5	5.00	Ba
<u>STATE AND LOCAL GOVERNMENT</u>						
None						
<u>OTHER</u>						
None						

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 <u>2/</u>	Corporate	State and local govt.	Other <u>2/</u>
1958 - 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	--
Mar. 31	396	550	20	476	761	20
Apr. 30	246	254	50	346	517	50

Forthcoming Large Offerings, as of May 8

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Idaho Power Co.	1st mtg. bds.	15.0	May 13
Southwestern Electric Power Co.	1st mtg. bds.	16.0	May 13
General American Oil Co. of Texas	Sub. deb.	15.0	May 15
Baltimore Gas & Electric Co.	Conv. deb.	19.9	May 25 (rights expire)
Consolidated Edison Co.	1st & ref. mtg. bds.	75.0	May 27
Potomac Electric Power Co.	Com. stk.	35.0	May 27 (rights expire)
*National Steel Corp.	1st mtg. bds.	80.0	May 28
Southern Electric Generating Co.	1st mtg. bds.	25.0	May 29
*Public Service Electric & Gas Co.	1st & ref. mtg. bds.	50.0	June 3
*Florida Power & Light Co.	1st mtr. bds.	25.0	June 4
*Luke Power Co.	Pfd. stk.	25.0	June 10
Consolidated Natural Gas Co.	Cap. stk.	40.0	June 10 (rights expire)
Virginia Electric & Power Co.	Com. stk.	20.0	June 16 (rights expire)
*Philadelphia Electric Co.	Com. stk.	30.0	June 23 (rights expire)
*Spiegel, Inc.	Conv. sub. deb.	15.4	June (rights expire)

## Fortcoming Large Offerings, as of May 8 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE (Cont'd)</u>			
Commerce Oil Refining Corp.	Deb., bds. & common	45.0	Spring
Glickman Corp.	Com. stk.	31.0	Spring
<u>STATE AND LOCAL GOVERNMENT</u>			
Los Angeles, California	Rev.-Ut.	15.0	May 12
Cincinnati, Ohio	G.O.	26.9	May 12
New York Thruway Authority	Rev.-Ut.	50.0	May 12
State of New Jersey	G.O.	25.0	May 13
King Co. Sch. Dist. No. 1, Wash.	G.O.	14.5	May 13
Kanawha Co., W. Va.	G.O.	18.0	May 20
Public Housing Authorities	G.O.	104.8	May 26
*Pennsylvania State Highway & Bridge Auth.	Rev.-Ut.	10.0	June 3
*State of California	G.O.	100.0	June 6
Oroville-Wyandotte Irrigation Dist., California	Rev.-Ut.	62.0	June 11
California Toll Bridge Authority	Rev.-Ut.	34.0	June 24
Chesapeake Bay Ferry Commission	Rev.-Ut.	144.0	Spring
Memphis, Tennessee	G.O.	10.0	Spring
Oakland Co., Michigan	G.O.	12.7	Spring
*Commonwealth of Pennsylvania	G.O.	120.0	Spring
<u>OTHER</u>			
Alberta Municipal Financing Corp.	S.F. deb.	50.0	May 21

\*--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 <sup>1/</sup>

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 <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	3.87	18	4.07	6
June	3.87	17	--	--
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	12		
29	4.42 <sup>2/</sup>	14		
Dec. 17	4.44	23		
1959 - Jan. 7			* 4.75 <sup>2/</sup>	23
20	4.60	34		
28	4.65 <sup>2/</sup>	40		
Feb. 18	4.35 <sup>2/</sup>	4		
Mar. 11	4.40 <sup>2/</sup>	11		
25	4.43	9		
26	4.43	9		
31	4.47	13		
Apr. 3			4.67	18
15	4.60	22		
16	4.59	21		
29	4.55 <sup>2/</sup>	7		
May 1			4.85	17

\*--Single observation, not an average.

<sup>1/</sup> 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.

<sup>2/</sup> 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.