

H.14

July 6, 1959.

**CAPITAL MARKET DEVELOPMENTS**

No large corporate security issues were publicly sold last week, but State and local governments sold bond issues totaling \$270 million. All bids were rejected on a \$10 million local government bond issue. A \$20 million Canadian municipal issue was also sold. This week no large State and local government issues are scheduled for sale and only two corporate security issues with aggregate proceeds of \$42 million are expected.

Bond yields - Yields on all types of bonds rose last week. For corporate and U. S. Government bonds the increase in yields was slight, but yields on State and local government bonds rose sharply for the third week.

July security volume - New corporate security offerings during July are expected to total only \$550 million, one-third less than in June and only one-half the volume sold in July 1958, which, however, included a \$300 million U. S. Steel debenture issue. Most of the decline in volume from June reflects an expected decline in take-downs of private placements from the seasonally high June level.

State and local government bond sales in July are also expected to be in small volume, totaling only \$550 million, nearly one-half less than the record June total and one-third smaller than the July 1958 total.

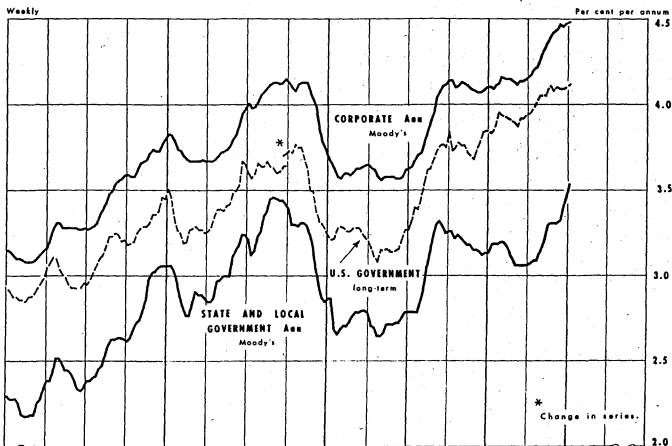
Mortgage recordings - Nonfarm mortgage recordings advanced further in April to nearly \$2.8 billion, according to preliminary estimates. Loans recorded by savings and loan associations continued to account for more than half the total monthly increase in recordings. New highs were set for April for total as well as for FHA and conventional recordings and loans. In March, recordings reached a new peak at a seasonally adjusted annual rate of \$32.2 billion, one-third above a year earlier.

Stock prices - Common stock prices increased sharply last week to a new high level. Standard and Poor's index of 500 stocks closed at 59.28 for an increase of 2 per cent for the four-day week. Trading volume increased moderately, averaging 3.2 million shares a day.

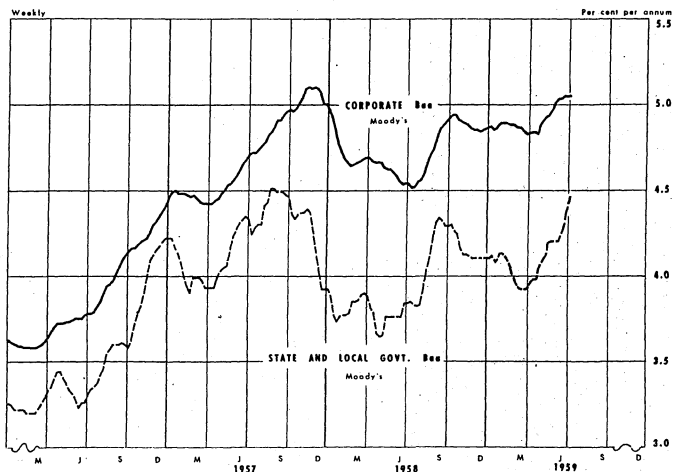
More detailed information concerning recent capital market developments is presented in the attached exhibits.

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)					
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	4.48 (7/2)	4.12 (7/3)	3.54 (7/2)	.38	.92
Low	4.09 (1/9)	3.83 (1/2)	3.06 (3/26)	.16	.58
June 5	4.44	4.10	3.31	.34	.79
June 12	4.47	4.09	3.32	.38	.77
June 19	4.46	4.09	3.39	.37	.70
June 26	4.47	4.10	3.45	.37	.65
July 2 p/	4.48	4.12	3.54	.36	.58

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	5.05 (7/2)	4.46 (7/2)	.77	.98
Low	4.83 (4/17)	3.92 (3/26)	.56	.86
June 5	5.03	4.20	.59	.89
June 12	5.03	4.23	.56	.91
June 19	5.04	4.29	.58	.90
June 26	5.04	4.38	.57	.93
July 3 p/	5.05	4.46	.57	.92

p/ Preliminary.

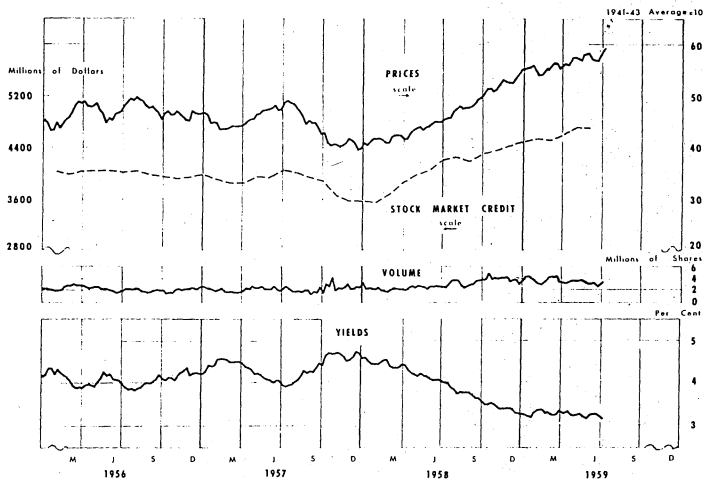
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

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

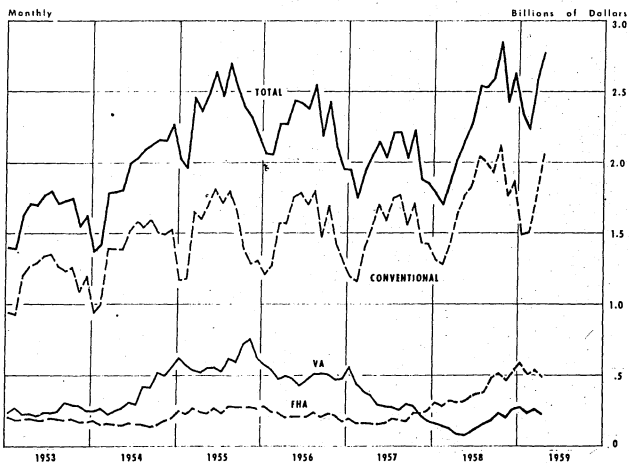


Exhibit D - Tables for Exhibit C

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 bal- ances 4/	Bank loans to "others" 5/
(Millions of dollars)						
1953-1958 - High Low	54.11 (12/24/58)	3.30	4.9	4,492	3,285	1,317
	22.95 (9/18/53)	6.25	0.9	2,055	1,314	669
1959 - High Low	59.28 (7/3)	3.13	4.3	4,721	3,401	1,332
	54.37 (2/6)	3.34	2.6	4,527	3,253	1,210
April	57.10	3.25	3.4	4,721	3,401	1,320
May	57.96	3.20	3.4	4,711	3,385	1,326
June 19	57.13	3.25	2.6	n.a.	n.a.	1,303
June 26	57.98	3.21	3.0	n.a.	n.a.	1,304
July 2 p/	59.28	3.13	3.2	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 - Apr.	1,903	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	1,801
1959 - Jan.	2,677	2,353	585	276	1,491
Feb.	p/2,633	2,245	506	238	1,500
Mar.	p/2,685	p/2,590	530	261	p/1,800
Apr.	n.a.	p/2,776	490	231	p/2,055

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.

Sources: 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 <u>r/</u>	1957	1959	1958	1957
January	840	728	1,060	636	812	742
February	745	857	1,065	856	953	572
March	631	1,553	1,320	644	511	506
April	<u>p/</u> 826	1,140	931	927	798	765
May	<u>e/</u> 750	597	765	<u>p/</u> 580	895	546
June	<u>e/</u> 850	887	1,453	<u>e/</u> 1,000	551	393
July	<u>e/</u> 550	1,107	1,003	<u>e/</u> 550	806	529
August		540	924		403	584
September		1,114	973		651	431
October		862	1,090		456	698
November		518	789		474	633
December		920	1,076		435	698
1st quarter	2,216	3,139	3,445	2,136	2,276	1,820
2nd quarter	<u>e/</u> 2,426	2,623	3,149	<u>e/</u> 2,507	2,244	1,704
3rd quarter		2,760	2,899		1,860	1,544
4th quarter		2,300	2,954		1,365	2,029
1st half	<u>e/</u> 4,622	5,762	6,594	<u>e/</u> 4,643	4,520	3,524
Three quarters		8,522	9,493		6,380	5,009
Year		10,823	12,447		7,746	7,099
Excluding finance companies <u>4/</u>						
1st quarter	2,011	2,895	3,237			
2nd quarter	<u>e/</u> 2,176	2,546	2,849			
3rd quarter		2,731	2,582			
4th quarter		2,213	2,610			
Year		10,429	11,518			

e/ Estimated.      p/ Preliminary.      r/ Revised.

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	197	84	199	1,163	72
February	59	54	49	--	251	--
March	2	--	30	175	--	--
April	56	139	123	--	523	125
May		200	48		--	--
June		120	42		--	60
July		9	28		164	--
August		5	7		--	--
September		17	30		--	215
October		57	4		220	--
November		123	60		--	100
December		74	1		--	--
Year		995	507		2,321	572
	Short-term					
	State and local government 4/			Federal agency 3/		
	1959	1958	1957	1959	1958	1957
January	190	233	326	359	371	638
February	428	460	455	500	208	430
March	295	273	147	489	144	505
April	p/497	357	205	486	209	336
May		354	337	675	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 FHA notes included may have a somewhat longer term than one year. Source: Bond Buyer.

H.14

## Exhibit G

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 - May	356	505	164
June	281	195	86
July	771	275	41
August	209	109	--
September	825	288	18
October	255	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
May	342	258	50

Large Individual Issues Offered June 1 through July 3

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Pub. Service Elec. & Gas	1st&ref.mtg.bds.	50.0	1989	5 1/8	5.00	Aa
Florida Power Corp.	Com.stk.	17.6				
Florida Power & Light Co.	1st mtg. bds.	25.0	1989	5	4.95	Aa
Duke Power Co.	Pfd. stk.	25.1				
Consolidated Nat. Gas Co.	Cap. stk.	38.6				
Virginia Elec. & Pwr. Co.	Com. stk.	23.4				
Spiegel, Inc.	Conv. sub. deb.	15.4	1984	5	5.00	Ba
Philadelphia Electric Co.	Com. stk.	29.1				
Philip Morris, Inc.	S.F. deb.	40.0	1979	4 7/8	4.95	A
Northern Illinois Gas Co.	1st mtg. bds.	20.0	1984	5	4.95	Aa
<u>STATE AND LOCAL GOVERNMENT</u>						
Los Angeles Co. Flood Con- trol Dist., California	G.O.	40.0	1961-89	3.94	2.40-4.00	Aa
Memphis, Tennessee	G.O.	16.0	1960-89	3.51	2.30-4.20 4/	Aa
Pennsylvania State Hwy. & Bridge Authority	Rev.-Ut.	10.0	1961-79/67	3.55	2.60-3.65	Aa
New York, New York	G.O.	27.0	1960-74	3.57	2.40-3.69	A



H.14

G-2

## Large Individual Issues Offered June 1 through July 3 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)						
State of Maryland	G.O.	10.5	1962-74	3.15	2.50-3.25	Aaa
State of California	G.O.	100.0	1961-85/80	3.94	2.50-4.00	Aa
Port of New York Authority	Rev.-Ut.	30.0	1960-79/68	4.09	2.50-4.15	A
State of Connecticut	Rev.-S.T.	62.5	1964-97/69	4.30	3.25-4.25	A
Yonkers, New York	G.O.	11.6	1960-79	3.96	2.50-4.10	A
Los Angeles Dept. of Wtr. & Pwr., California	Rev.-Ut.	15.0	1960-89/64	4.12	2.50-4.15	Aa
Birmingham, Alabama	Rev.-Ut.	22.8	1960-99/69	4.87	3.10-4.85	Baa
Territory of Hawaii	G.O.	19.8	1962-79	4.06	3.00-4.10	A
State of New York	G.O.	50.0	1960-79	3.35	2.30-3.45	Aaa
Maryland State Rds. Comm.	Rev.-Ut.	25.0	1960-74	4.02	2.50-4.00	Aa
Grant Co. P.U. Dist. #2, Wash.	Rev.-Ut.	81.4	2009	4.90	4.875	---
Term	Rev.-Ut.	13.7	1967-79		3.80-4.45	---
Serial						
<u>OTHER</u>						
Mun. of Metro. Toronto, Canada	Deb.	40.0	1960-69	n.a.	4.13-5.18	A
Montreal, Canada	S.F. deb.	20.0	1980	5.53	5.38	A

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 util-  
ities; 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/ 1/4s of 1989 not publicly 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 <u>2/</u>	Corporate	State and local govt.	Other <u>2/</u>
1958 - 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	158	292	--	279	481	--
Mar. 31	396	550	20	476	761	20
Apr. 30	246	254	50	346	517	50
May 29	287	247	--	332	761	--
June 30	165	146	50	272	500	50

**Forthcoming Large Offerings, as of July 3**

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
International Recreation Corp.	Com. stk.	17.2	July 7
Long Island Lighting Co.	1st mtg. bds.	25.0	July 8
United States Plywood Corp.	Conv. sub. deb.	15.0	July 17
*Tennessee Gas Transmission Corp.	1st mtg. p. l. bds.	50.0	July 21
*Transcontinental Gas Pipe Line Corp.	Pfd. stk.	15.0	July 22
Transcontinental Gas Pipe Line Corp.	1st mtg. p. l. bds.	20.0	July 22
*American and Foreign Power Co.	Conv. jr. deb.	22.5	July 28
Pennsylvania Electric Co.	1st mtg. bds.	15.0	Aug. 4
Pan American World Airways	Conv. sub. deb.	47.0	Aug. 14
Commerce Oil Refining Corp.	Deb., bds. & common	45.0	(rights expire) Summer
<u>STATE AND LOCAL GOVERNMENT</u>			
State of Ohio	Rev.-S.T.	31.0	July 15
University of California	Rev.-Q.Ut.	18.0	July 17
Territory of Hawaii	Rev.-Ut.	12.5	July 21
California Toll Bridge Authority	Rev.-Ut.	34.0	July 28
Michigan Highway Department	Rev.-S.T.	50.0	July
Commonwealth of Pennsylvania	G.O.	130.0	Aug. 4
Chesapeake Bay Ferry Commission	Rev.-Ut.	144.0	Summer
New York Thruway Authority	Rev.-Ut.	50.0	Summer

## Forthcoming Large Offerings, as of July 3 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
State of Ohio	G.O.	30.0	Indefinite
<u>OTHER</u>			
Quebec Hydro-Electric Commission	Deb.	50.0	July 15

\*--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: Jefferson Parish School District No. 1, Louisiana -- all bids rejected.

Yields on New and Outstanding  
Electric Power Bonds, Rated Aa and A  $\frac{1}{2}$

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 - 1958				
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 - May	3.87	18	4.07	6
June	3.87	17	--	--
July	4.07 <sup>2/</sup>	28	4.16 <sup>2/</sup>	15
August	--	--	--	--
September	--	--	--	--
October	4.47 <sup>2/</sup>	18	--	--
November	--	--	--	--
December	*4.44	23	--	--
1959 - Jan. 7			4.75 <sup>2/</sup>	23
20	4.60	34		
28	4.65	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 <sup>2/</sup>	21		
29	4.55 <sup>2/</sup>	7		
May 1			4.85	17
13			5.06	13
14	4.95	38		
20	4.95	34		
21			5.13	27
26	5.00	38		
June 4	4.95	29		
17			4.92 <sup>2/</sup>	6
26			5.10	24

\*--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.

3/ Provides for a 7-year period during which issue may not be called for refunding at a lower coupon rate.