

H.14

July 13, 1959.

CAPITAL MARKET DEVELOPMENTS

The volume of large public security financing is expected to be small again this week. During the week ending July 10, one large corporate issue for \$25 million and one State and local government issue for \$10 million were sold. The calendar for this week includes two State and local government issues amounting to \$49 million and a foreign government agency offering for \$50 million. No large corporate issues are expected to be sold.

Bond yields - Changes in bond yields were mixed, but minor last week. Yields on U. S. Government obligations and lower rated corporate bonds increased; yields on high-grade corporate bonds remained stable; and those on State and local government obligations declined slightly.

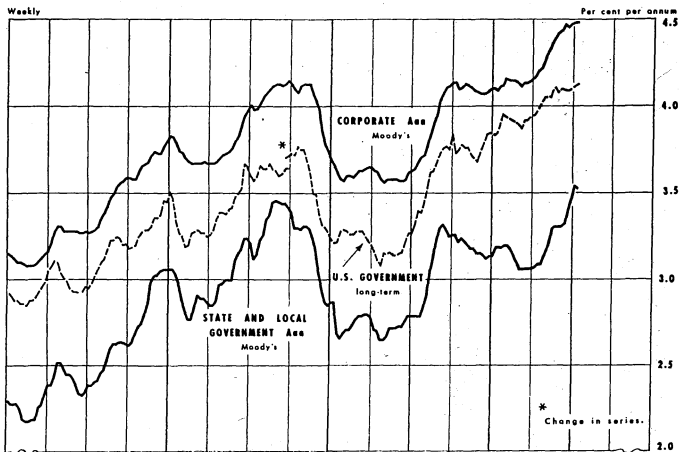
Yields on new corporate bonds also have shown little change recently. On Thursday an A-rated first mortgage electric utility issue was offered to investors with a yield of 5.10 per cent -- the same as that for a comparable issue offered two weeks earlier. An Aa-rated issue with similar terms was offered on Friday at a yield of 4.93 per cent -- slightly below the yield for the last comparable issue, an offering made in early June.

Stock prices - On balance, stock prices and trading activity continued to increase last week. Standard and Poor's index of 500 common stocks, closing at 59.91 on July 10, was slightly below the peak of 60.03 reached on Wednesday, but one per cent higher than a week earlier. The volume of trading averaged 3.7 million shares a day, the highest since mid-May.

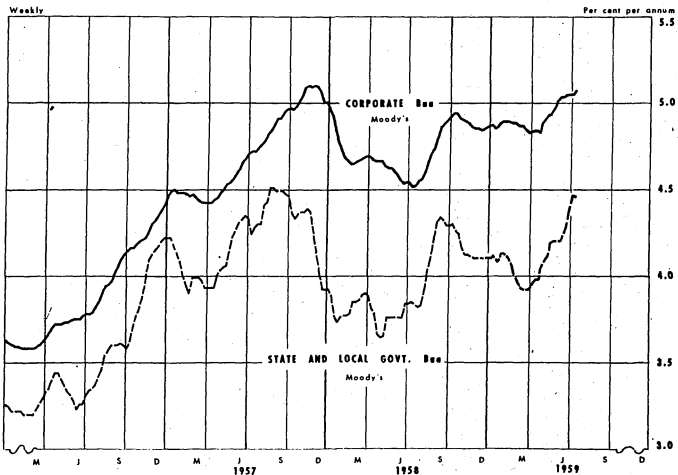
More detailed information concerning recent capital market developments is presented in the attached exhibits.

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 (7/10)	4.13 (7/10)	3.54 (7/2)	.38	.92
Low	4.09 (1/9)	3.83 (1/2)	3.06 (3/26)	.16	.58
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 3	4.48	4.12	3.54	.36	.58
July 10 p/	4.48	4.13	3.52	.35	.61

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	5.07 (7/10)	4.46 (7/2)	.77	.98
Low	4.83 (4/17)	3.92 (3/26)	.56	.86
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	5.05	4.46	.57	.92
July 10 p/	5.07	4.45	.59	.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

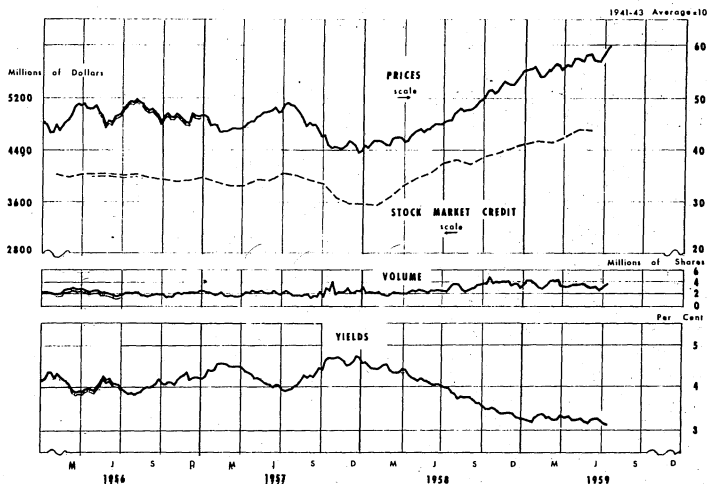


Exhibit D - Tables for Exhibit C

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	59.91 (7/10)	3.11	4.3	4,721	3,401	1,332
Low	54.37 (2/6)	3.34	2.6	4,527	3,253	1,210
May	57.96	3.20	3.4	4,711	3,385	1,326
June	57.46	3.23	2.9	n.a.	n.a.	1,304
June 26	57.98	3.21	3.0	n.a.	n.a.	1,304
July 3	59.28	3.13	3.2	n.a.	n.a.	1,301
July 10 p/	59.91	3.11	3.7	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/ Average 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.

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	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	p/826	1,140	931	930	798	765
May	e/750	597	765	592	895	546
June	e/850	887	1,453	p/980	551	393
July	e/550	1,107	1,003	e/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	e/2,426	2,623	3,149	e/2,502	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	e/4,622	5,762	6,594	e/4,638	4,520	3,524
Three quarters		8,522	9,493		6,380	5,069
Year		10,823	12,447		7,746	7,099
	Excluding finance companies 4/					
1st quarter	2,011	2,899	3,237			
2nd quarter	e/2,176	2,586	2,889			
3rd quarter		2,731	2,582			
4th quarter		2,213	2,810			
Year		10,429	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	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 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 - 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
May	342	258	50
June	284	635	60

Large Individual Issues Offered July 1 through 10

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Long Island Lighting Co.	1st mtg. bds.	25.0	1989	5-1/4	5.10	A
<u>STATE AND LOCAL GOVERNMENT</u>						
Univ. of Texas, Agr. & Mech. College of Texas	Rev.-Ut.	10.0	1960-79	3.47	2.40-3.50	Aaa
<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 - 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	148	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 10

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Tennessee Gas Transmission Corp.	1st mtg. p. 1. bds.	50.0	July 21
Transcontinental Gas Pipe Line Corp.	Pfd. stk.	15.0	July 22
Transcontinental Gas Pipe Line Corp.	1st mtg. p. 1. bds.	20.0	July 22
American and Foreign Power Co.	Conv. jr. deb.	22.5	July 28
United States Plywood Corp.	Conv. sub. deb.	15.0	July 28
International Recreation Corp.	Com. stk.	17.2	July
Pennsylvania Electric Co.	1st mtg. bds.	15.0	Aug. 4
Pan American World Airways, Inc.	Con. sub. deb.	47.0	Aug. 14
			(rights expire)
Pacific Gas & Electric Co.	1st & ref. mtg. bds.	65.0	Aug. 25
Commerce Oil Refining Corp.	Deb., bds, & common	45.0	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 30
Commonwealth of Pennsylvania	G.O.	120.0	Aug. 4

Forthcoming Large Offerings, as of July 10 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
*Los Angeles Sch. Dists., Calif.	G.O.	26.0	Aug. 4
State of Ohio	G.O.	30.0	Aug. 11
Chesapeake Bay Ferry Commission	Rev.-Ut.	144.0	Summer
New York Thruway Authority	Rev.-Ut.	50.0	Summer
<u>OTHER</u>			
Quebec Hydro- Electric Commission	Deb.	50.0	July 16

*-- 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 - 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 ^{2/}	28	4.16 ^{2/}	15
August	--	--	--	--
September	--	--	--	--
October	4.47 ^{2/}	18	--	--
November	--	--	--	--
December	*4.44	23	--	--
1959 - Jan. 7			4.75 ^{2/}	23
20	4.60	34		
28	4.65	40		
Feb. 18	4.35 ^{2/}	4		
Mar. 11	4.40 ^{2/}	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 ^{2/}	21		
29	4.55 ^{2/}	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 ^{3/}	6
26			5.10	24
July 9			5.10	19
10	4.93	31		

*--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.