

H.14

August 10, 1959.

CAPITAL MARKET DEVELOPMENTS

During the week ending August 7, large State and local government bond issues totaling \$146 million were sold and a \$15 million corporate bond issue publicly offered. This week, large corporate security financing, including expiration of subscription rights, is expected to total \$98 million while State and local government issues for \$66 million were scheduled for sale.

Bond yields - Yields on all types of seasoned bonds, except Baa-rated corporate obligations, declined last week. Aaa-rated State and local government bond yields are currently 10 basis points below the July peak, while long-term U. S. government and high-grade corporate bond yields are 5 basis points below this July high. An Aa-rated, first mortgage electric utility bond issue was publicly offered to yield 4.85 per cent last week, 8 basis points less than the yield on the last comparable issue, an offering made on July 10.

Mortgage recordings - Recordings during May inced down as a slight decline in Federally-underwritten mortgages recorded exceeded a small rise in conventional activity. In April seasonally adjusted recordings remained at the record \$32.2 billion annual rate established a month earlier.

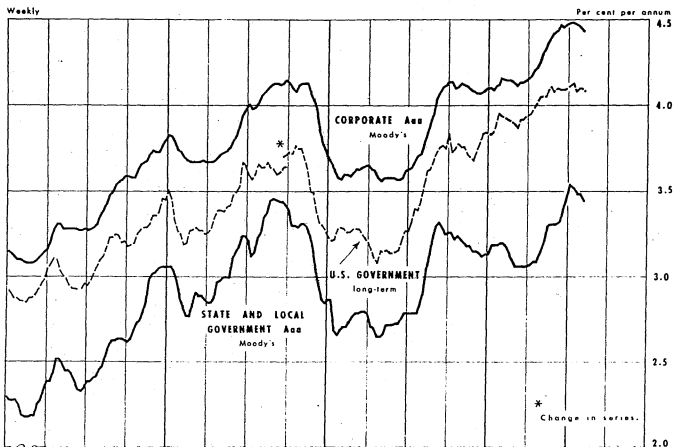
Through May over 1.5 million mortgages of \$20,000 or less were recorded for a total amount of more than \$12.7 billion, or an average of nearly \$8,500 per loan. Although the number of recordings was 4 per cent below the number for the same period in 1955, prices and loan terms have changed since then to such an extent that the average amount per loan recorded was 18 per cent higher in 1959 and the total amount of loans recorded was 13 per cent higher.

Stock prices - Common stock prices declined last week in moderate trading volume. Standard and Poor's 500 stock index closed at 59.87 Friday, 0.64 points below the close a week earlier.

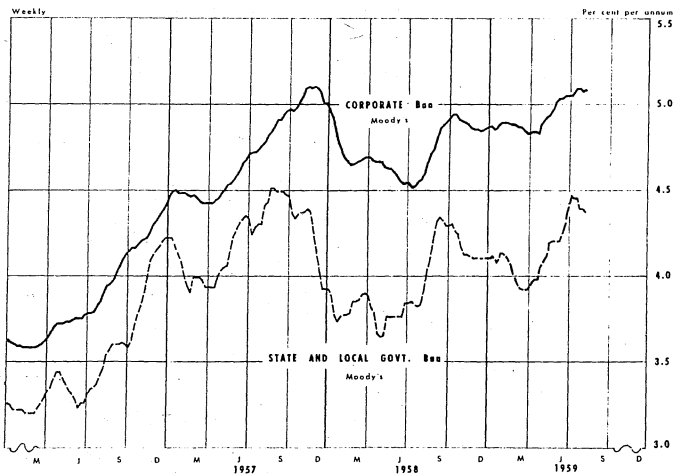
More detailed information concerning recent capital market developments is presented in the attached exhibits.

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 <u>1/</u>	U. S. Govt. long-term <u>2/</u>	State and local govt. Aaa <u>3/</u>	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)	.39	.92
Low	4.09 (1/9)	3.83 (1/2)	3.06 (3/26)	.16	.57
July 10	4.48	4.13	3.52	.35	.61
July 17	4.47	4.08	3.51	.39	.57
July 24	4.46	4.10	3.48	.36	.62
July 31	4.45	4.10	3.48	.35	.62
Aug. 7 <u>p/</u>	4.43	4.08	3.44	.35	.64

Lower-grade Bond Yields

Date	Corporate Baa <u>1/</u>	State and local govt. Baa <u>2/</u>	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	5.09 (7/24)	4.46 (7/2)	.77	.98
Low	4.83 (4/17)	3.92 (3/26)	.56	.86
July 10	5.07	4.45	.59	.93
July 17	5.09	4.45	.62	.94
July 24	5.09	4.39	.63	.91
July 31	5.07	4.39	.62	.91
Aug. 7 <u>p/</u>	5.08	4.37	.65	.93

p/ Preliminary.

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

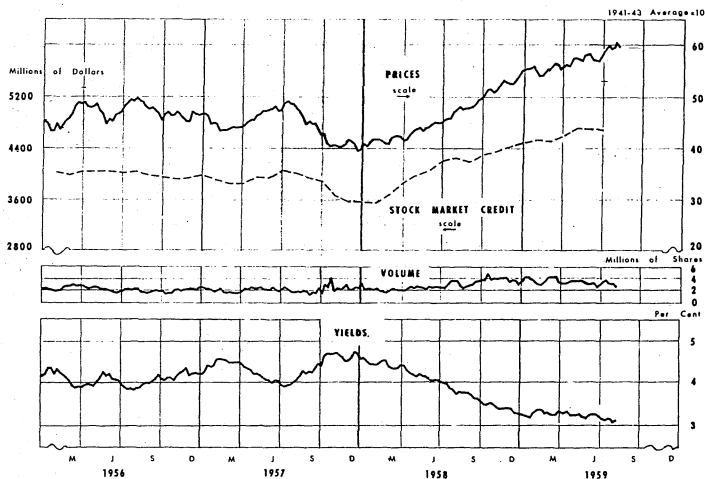
2/ Weekly average of daily figures. The series includes bonds due or callable in 10 years or more.

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



MORTGAGE RECORDINGS AND LOANS

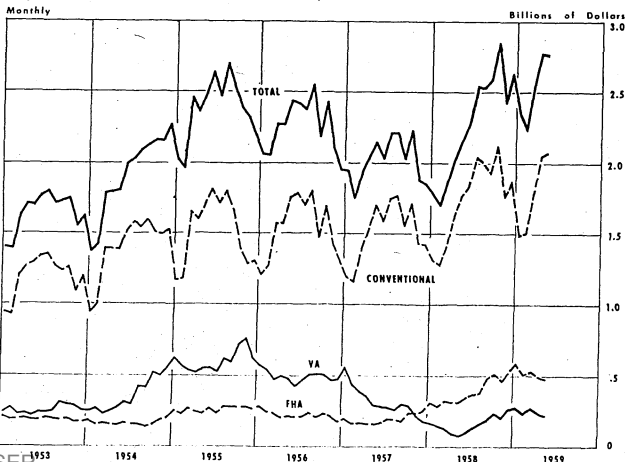


Exhibit D - Tables for Exhibit C

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	60.51 (7/31)	3.08	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	4,692	3,388	1,304
July 17	59.19	3.14	3.1	n.a.	n.a.	1,256
July 24	59.65	3.12	3.0	n.a.	n.a.	1,271
July 31	60.51	3.08	3.0	n.a.	n.a.	1,274
Aug. 7 p/	59.87	3.10	2.6	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. Prior to July 1, 1959, such loans are excluded only 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 - 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.	2,567	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.	2,631	2,245	506	238	1,500
Mar.	2,683	2,586	530	261	1,796
Apr.	p/2,683	p/2,776	490	231	p/2,055
May	n.a.	p/2,768	478	212	p/2,079

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	840	728	1,060	636	812	742
February	745	857	1,065	856	953	572
March	631	1,553 ^{3/}	1,320	644	511	506
April	p/826	1,140	931	930	798	765
May	p/806	597	765	592	895	546
June	e/950	887	1,453	p/980	551	393
July	e/550	1,107	1,003	e/475	806	529
August	e/650	540	924	e/500	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/2,582	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/4,798	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/2,332	2,586	2,889			
3rd quarter		2,731	2,582			
4th quarter		2,213	2,610			
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 \$713.2 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	50	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/}		
January	190	233	326	359	371	638
February	428	460	455	500	208	430
March	295	273	147	489	144	505
April	563	357	205	486	209	336
May	411	354	337	675	161	469
June	p/213	264	153	289	329	501
July		289	272	727	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 - 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
July	110	194	50

Large Individual Issues Offered August 1 through 7

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Pennsylvania Electric Co.	1st.mtg.bds.	15.0	1989	5	4.85	Aa
<u>STATE AND LOCAL GOVERNMENT</u>						
Commonwealth of Penna.	G.O.	-120.0	1962-75	3.40	2.75-3.36	Aa
Los Angeles Sch. Dist., Cal.	G.O.	26.0	1960-84	3.72	2.50-3.80	Aa
<u>OTHER</u>						
None						

Footnotes

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/
1958 - 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
May 29	287	247	--	332	761	--
June 30	165	146	50	272	500	50
July 31	238	356	--	305	406	--

Forthcoming Large Offerings, as of August 7

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
CORPORATE			
Northern States Power Co.	Com. stk.	20.9	Aug. 11 (rights expire)
Michigan Bell Telephone Co.	Deb.	30.0	Aug. 12
Pan American World Airways, Inc.	Conv. sub. deb.	47.0	Aug. 12 (rights expire)
Consumers Power Co.	1st mtg. bds.	35.0	Aug. 19
Houston Lighting & Power Co.	1st mtg. bds.	25.0	Aug. 20
Pacific Gas & Electric Co.	1st & ref. mtg. bds.	65.0	Aug. 25
American and Foreign Power Co.	Conv. jr. deb.	22.5	Summer
Commerce Oil Refining Corp.	Deb., cos. & common	45.0	Summer
STATE AND LOCAL GOVERNMENT			
State of Ohio	G.O.	30.0	Aug. 11
Texas Water Development Board	G.O.	10.0	Aug. 12
Nassau Co., New York	G.O.	26.2	Aug. 12
New York Thruway Authority	Rev.-Ut.	50.0	Aug. 19
*Los Angeles, California	G.O.	12.5	Sept. 1
*State of California	G.O.	50.0	Sept. 10
Chesapeake Bay Ferry Commission	Rev.-Ut.	190.0	Summer

Forthcoming Large Offerings, as of August 7 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<p style="text-align: center;"><u>OTHER</u></p> <p>None</p>			

*--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, dated 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
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		
15			5.10	19
30			5.00	13
Aug. 5	4.85	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.