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January 11, 1960.

**CAPITAL MARKET DEVELOPMENTS
IN THE UNITED STATES AND CANADA**

(Including Monthly Review of Financial
Developments in the United Kingdom)

Large corporate issues for new capital totaling \$145 million and a State and local government bond issue for \$10 million were sold in the United States during the week ending January 8. This week, the calendar includes corporate offerings totaling \$40 million and State and local government issues amounting to \$301 million. Much of the State and local government volume is accounted for by two very large issues. A \$120 million issue (reduced last week from \$200 million because of market conditions) by New York State Power Authority is expected to be sold tomorrow on a negotiated basis. The total also includes a \$100 million California issue, which was originally scheduled for sale in early December, then postponed. (Press reports indicate this issue may be postponed again; if so, this, together with the smaller New York State Power Authority issue, would reduce State and local government bond sales this month substantially from the estimate shown in Exhibit E.)

Bond yields - Yields for U. S. Government and State and local government obligations increased last week, while those for corporate bonds remained stable.

A new A-rated, first mortgage electric utility bond issue was offered to the public last week to yield 5.30 per cent--14 basis points lower than that for the last comparable issue, an offering made in mid-December. However, this offering has a five-year nonrefundable provision while the earlier issue has no such restriction.

Mortgage recordings - Nonfarm mortgage recordings declined somewhat further in September to a seasonally adjusted annual rate of \$31.8 billion. Although this was 5 per cent below the midyear peak, it was 6 per cent above a year earlier and the highest rate ever registered for the month.

In October, conventional loans continued to account for over 70 per cent of total recordings. The average size of recorded loan was about \$8,500. VA-guaranteed loans averaged approximately \$13,170; FHA-insured loans, \$12,400; and conventional loans, \$7,575.

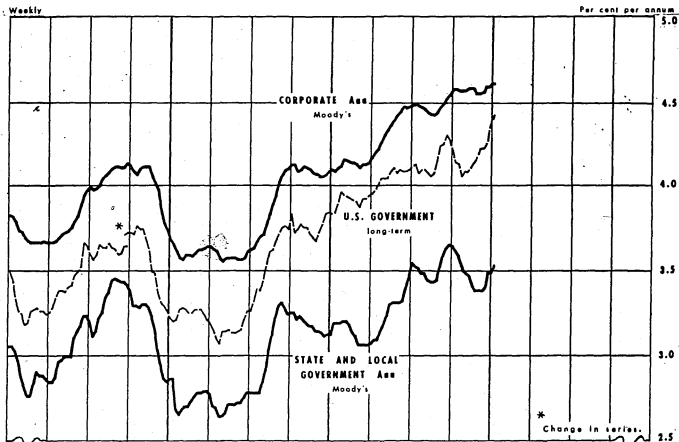
Stock prices - Stock prices, as measured by Standard and Poor's index of 500 common stocks, declined last week, closing at 59.50 on January 8. Trading activity increased somewhat with daily volume averaging 3.6 million shares a day.

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

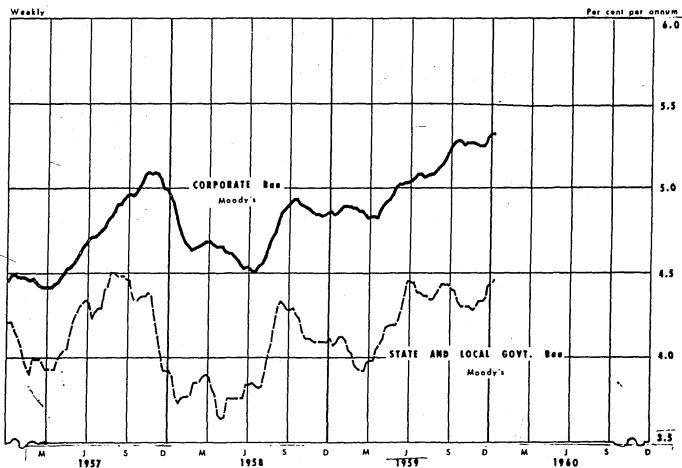
Developments in the Canadian and United Kingdom capital markets are presented in Appendixes 1 and 2 at the end of this report.

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	4.61 (12/31)	4.37 (12/31)	3.65 (9/24)	.50	.92
Low	4.09 (1/9)	3.83 (1/2)	3.06 (3/26)	.16	.53
Dec. 11	4.56	4.22	3.38	.34	.84
Dec. 18	4.59	4.25	3.40	.34	.85
Dec. 24	4.59	c/4.32	3.49	.27	.83
Dec. 31	4.61	4.37	3.49	.24	.88
Jan. 8 p/	4.61	4.42	3.53	.19	.89

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	5.32 (12/31)	4.46 (7/2)	.77	.98
Low	4.83 (4/17)	3.92 (3/26)	.56	.79
Dec. 11	5.25	4.33	.69	.95
Dec. 18	5.27	4.35	.68	.95
Dec. 24	5.30	4.42	.71	.93
Dec. 31	5.32	4.43	.71	.94
Jan. 8 p/	5.32	4.46	.71	.93

p/ Preliminary. c/ Corrected.

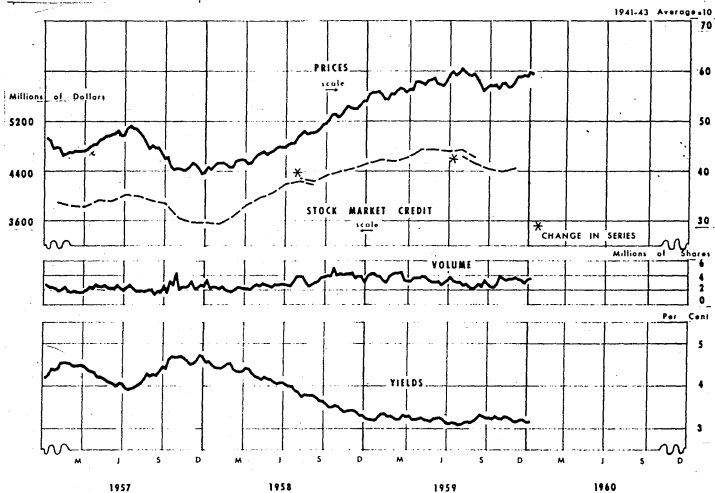
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

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

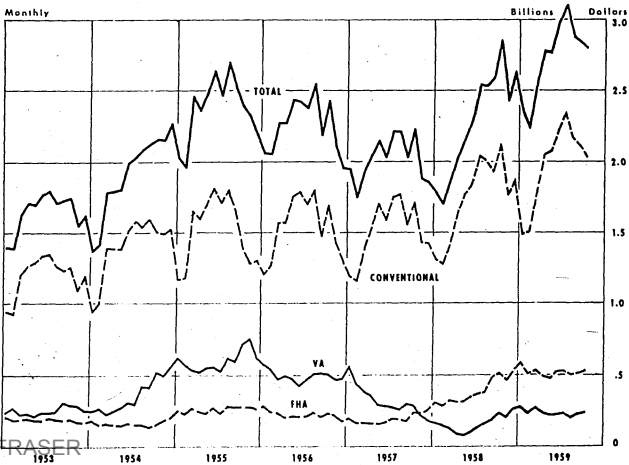


Exhibit D - Tables for Exhibit C

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	60.51 (7/31)	3.08	4.3	4,764	3,401	1,332
	54.37 (2/6)	3.34	2.1	4,401	3,210	1,210
October	57.00	3.24	2.8	4,401	3,210	1,191
November	57.23	3.24	3.4	4,460	3,273	1,187
Dec. 24	59.00	c/3.21	2.9	n.a.	n.a.	1,192
Dec. 31	59.89	3.15	3.3	n.a.	n.a.	1,187
Jan. 8 p/	59.50	3.18	3.6	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 - 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.	2,683	2,776	490	231	2,055
May	2,757	2,768	478	212	2,079
June	2,780	2,974	521	221	2,233
July	2,787	3,100	524	227	2,349
Aug.	2,769	2,871	504	202	2,165
Sept.	2,650	2,834	510	221	2,103
Oct.	n.a.	2,800	523	238	2,039

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/		
	1960	1959	1958	1960	1959	1958
January	e/750	840	728	e/800	636	812
February		745	857		856	953
March		631	1,553 ^{2/}		645	511
April		899	1,140		931	798
May		791	597		592	895
June		874	887		981	551
July		531	1,107		566	806
August		718	540		516	403
September		709	1,114		467	651
October		e/826	862		e/573	456
November		e/850	518		e/450	474
December		e/850	920		e/450	435
1st quarter		2,216	3,139		2,138	2,276
2nd quarter		2,564	2,623		2,504	2,244
3rd quarter		1,958	2,760		1,549	1,860
4th quarter		e/2,526	2,300		e/1,473	1,365
1st half		4,780	5,762		4,642	4,526
Three quarters		6,738	8,522		6,191	6,380
Year		e/9,264	10,823		e/7,664	7,746
Excluding finance companies 4/						
1st quarter		2,011	2,899			
2nd quarter		2,409	2,586			
3rd quarter		1,695	2,731			
4th quarter		e/2,376	2,213			
Year		e/8,491	10,429			

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	59	53	49	--	251	--
March	2	--	30	175	--	--
April	56	139	123	--	523	125
May	50	198	48	--	--	--
June	42	120	42	--	--	60
July	85	9	28	--	164	--
August	1	5	7	--	--	--
September	36	17	30	98 150	--	215
October	29	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	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	245	264	153	289	329	501
July	246	289	272	727	437	224
August	467	423	272	365	206	370
September	399	369	252	665	330	512
October	235	231	303	733	454	1,238
November	2342	415	94	471	114	255
December		243	459	288	137	116
Year		3,910	3,274	6,047	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 - 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
August	363	263	98
September	199	214	175
October	400	294	20
November	421	163	--
December	230	217	70

Large Individual Issues Offered January 1 through 8

Issuer	Type 2/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
G.I.T. Financial Corp.	Deb.	75.0	1980	5 1/8	5.25	--
Commercial Credit Co.	Notes	50.0	1980	5 1/4	5.25	--
Kansas City Pwr. & Lt. Co.	1st mtg. bds.	20.0	1990	5	4.95	Aaa
<u>STATE AND LOCAL GOVERNMENT</u>						
Toledo Sch. Dist., Ohio	G.O.	10.0	1961-83	3.65	2.90-3.70	Aa
<u>OTHER</u>						
None						

Footnotes

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 - 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	--
Aug. 31	198	385	25	517	402	25
Sept. 30	374	270	--	694	470	--
Oct. 30	385	115	--	509	336	--
Nov. 30	226	295	70	271	485	70
Dec. 31	210	445	30	280	545	30

Forthcoming Large Offerings, as of January 8

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Northern Illinois Gas Co.	Pfd. stk.	15.0	Jan. 13
Chesapeake & Potomac Tel. Co. of Md.	Deb.	25.0	Jan. 13
General Public Utilities Corp.	Com. stk.	24.5	Jan. 19
General Acceptance Corp.	Deb.	25.0	(rights expire) Jan. 26
*Southern California Edison Co.	1st & ref. mtg. bds.	30.0	Jan. 27
*Connecticut Light & Power Co.	1st mtg. bds.	25.0	Jan. 28
*Duke Power Co.	1st & ref. mtg. bds.	50.0	Feb. 17
Commerce Oil Refining Corp.	Deb., bds. & com.	45.0	Indefinite
<u>STATE AND LOCAL GOVERNMENT</u>			
Seattle, Washington	Rev.-Ut.	11.8	Jan. 11
City and Co. of San Francisco, Calif.	G.O.	13.6	Jan. 11
New York State Power Authority	Rev.-Ut.	120.0	Jan. 12
State of Maryland	G.O.	23.1	Jan. 12
Tacoma, Washington	Rev.-Ut.	32.0	Jan. 12
State of California	G.O.	100.0	Jan. 13
*Detroit, Michigan	G.O.	13.2	Jan. 19

Forthcoming Large Offerings, as of January 8

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
*Sacramento Unif. Sch. Dist., Calif.	G.O.	10.0	Jan. 20
State of Washington	Rev.-Ut.	28.1	Jan. 20
State of North Carolina	G.O.	11.1	Jan. 20
State of Louisiana	G.O.	15.0	Jan. 20
*New York, New York	G.O.	22.0	Feb. 4
*Washington Sub. Sanit. Dist., Md.	G.O.	10.0	Feb. 9
Public Housing Authorities	G.O.	102.8	Feb. 9
<u>OTHER</u>			
Montreal Metropolitan Corp., Canada	Deb.	30.0	Jan. 27
*Province of New Brunswick, Canada	S.F. deb.	15.0	Jan. 28

*--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
1959 - January	4.63	37	*4.75 ^{2/}	23
February	*4.35 ^{2/}	4		
March	4.43 ^{2/}	10		
April	4.58 ^{2/}	17	*4.67	18
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		
20	4.80	22		
Sept. 18			5.65	60
Oct. 22	5.25	46		
23	4.95 ^{2/}	16		
28	5.15	40	5.25	35
29			5.40	50
30	5.15	42		
Nov. 25	5.08	42		
Dec. 8	5.30	63		
9			5.45	51
10			5.44	50
1960 - Jan. 7			5.30 ^{2/}	28

*--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.

January 11, 1960

Appendix 1

MONEY AND CAPITAL MARKET DEVELOPMENTS IN CANADA

A general upward movement in yields on government securities took place in Canada during the month of December at a rate comparable with the rises in United States markets. A parallel rise in yields on local government and industrial bonds is also reported. At the year's end, the 5-3/4 per cent Canadian National Railways bonds of 1984, issued a month earlier at a price of 98-1/2, was offered at 95. Press reports state that, because of the market's weakness, several new capital issues were postponed during the latter part of the month.

Money market conditions - After rising from 4.86 per cent on November 25 to 5.12 per cent on December 30, the 3-month Treasury bill rate stabilized at 5.14 per cent in the auction on January 6. During the week, the incentive to switch short-term funds from Canadian to United States short bills was virtually eliminated by the sharp drop in the premium of the 3-months Canadian dollar over the spot Canadian dollar. From December 30 to January 6, the yield on the 12-month Canadian bill rose from 5.45 to 5.53 per cent. Despite rising bill trends, the rates on day-to-day loans in the Canadian money market eased in the last two weeks in December from 4.25 to 4.00 per cent but closed at 4.06 per cent on January 6.

Bond market developments - Canadian bond yields rose over the entire range last week to about the same extent as yields in United States markets. At midweek, spreads between comparable Canadian and United States Government securities were (figures in parenthesis refer to the previous week):

- 0.54 per cent on 91-day bills (0.60)
- 0.53 per cent on an 8-year bond (0.46)
- 0.91 per cent on a 20-year bond (0.96)
- 0.98 per cent on a 35-year bond (0.96)

The Minister of Finance announced total sales of \$1,415 million of Canada Savings Bonds during the 1959 campaign. At January 6, the net increase in outstanding Savings Bonds in the hands of the public amounted to about \$580 million.

Corporate bond issues during December amounted to \$97 million compared to \$50 million in December 1958, according to a market estimate. For the year as a whole, corporate flotations totaled \$415 million in 1959 compared to \$725 million in 1958 and \$1,045 million in 1957.

British Commonwealth Section
Division of International Finance
Board of Governors of the Federal Reserve System

January 11, 1960

Appendix 2

MONEY AND CAPITAL MARKET DEVELOPMENTS IN UNITED KINGDOM

After nine months of virtual stability with only minor fluctuation, money rates in Britain began a general upward movement in December. The recent upward drift in London rates seems to be due largely to rising German and United States money rates; a pronounced short-term capital outflow from London put pressure on the pound-dollar rate. Between the end of November and early January the Treasury bill rate rose by 32 basis points and the yield on intermediate- and long-term bonds by about 20 basis points. The present Bank rate of 4 per cent has been in effect since November 20, 1958. In the stock market, prices continued to rise to new all-time highs in early January following the rapid price rises which followed the Conservative victory in early October.

Money market conditions - After six weeks during which the 3-month Treasury bill yield rose from 3.40 per cent to 3.73 per cent, the rate at last Friday's tender stabilized at 3.75 per cent. Because of the higher United States bill yield, a slight interest incentive in switching funds from British to American short bills reappeared last week: the incentive was about one-fourth per cent per annum or about the same as in the first three weeks of December.

Gilt-edged market - The entire range of Treasury securities accompanied the upward movement in bill rates during December. The rise in selected maturities were (figures in parenthesis refer to the month of November).

Treasury bills	33 basis points (1)
6-year bond	20 basis points (9)
15-year bond	24 basis points (-4)
Undated bond	20 basis points (8)

Stock market and new issues - The Financial Times index of shares on the London market was at 334 (1935 = 100) on January 7 compared to the all-time peak of 343 on January 4. Stock prices moved up rapidly in the last three months of 1959; the index was at 260 on October 2, 295 on November 5 and 304 on December 3. From January to November, domestic new issues in London totaled £408 million or about 40 per cent above the 1958 level. Foreign issues totaled £33 million.

Bank credit - The sustained expansion in bank lending which has been taking place since July of 1958 when an antirecession policy of monetary ease was introduced slowed down during December when only a small rise was reported. For the calendar year, bank loans to the private sector rose by £692 million and bank lending to the Treasury declined by £376 million as a result of heavy bond sales. The increase in deposits in 1959 was comparable with the rises in the two earlier years.

Appendix 1-2

Selected Government of Canada Security Yields

Date	3-month Treasury bills ^{1/}	Inter- mediate Govt. bond ^{2/}	Long- term Govt. bond ^{3/}	Spread between Canadian & U.S. rates		Discount on 3-mo. Canadian dollar ^{6/}
				long-term bond ^{4/}	3-mo. bills ^{5/}	
1957 - High	4.08	4.81	4.35			
1958 - High	3.65	4.52	4.42			
Low	0.87	3.31	3.78			
1959 - High	6.16	5.30	5.30	1.19	2.96	
Low	3.25	4.45	4.41	0.47	0.30	
Dec. 16	4.98	5.23	5.23	1.01	0.44	1.25
23	5.03	5.28	5.26	0.93	0.36	1.13
30	5.12	5.37	5.30	0.96	0.60	0.91
Jan. 6	5.14	5.46	5.37	0.91	0.54	0.66

^{1/} Average yield at weekly tender on Thursday following Wednesday date shown.

^{2/} Government of Canada 2-3/4 per cent of June 15, 1967-68.

^{3/} Government of Canada 3-1/4 per cent of 1979.

^{4/} U.S. Government 3-1/4 per cent of 1978-83. Government of Canada 3-1/4 per cent of 1979.

^{5/} Spread between average auction rates: on Monday preceding Wednesday date shown for the United States; on Thursday following Wednesday date shown for Canada.

^{6/} Spread between 3-months forward and spot price of the Canadian dollar, expressed as per cent per annum, on Friday following Wednesday date shown.

Averages of Selected Bond Yields

Date	10 Provin- cials ^{1/}	10 Municipi- als ^{1/}	10 Public Utilities ^{1/}	10 Indus- trial ^{1/}	Govt. of Canada long-term ^{2/}
1954-55 - Low	3.27	3.65	3.69	3.93	3.18
1957 - High	5.18	5.77	5.50	5.77	4.29
1958 - High	5.08	5.30	5.03	5.12	4.78
Low	4.46	5.02	4.81	4.78	3.88
1959 - High	6.19	6.60	6.01	6.05	5.61
Low	5.14	5.38	5.14	5.22	4.70
Oct. 1	6.19	6.60	6.01	6.05	5.61
Nov. 2	6.06	6.53	6.00	6.03	5.52
Dec. 1	5.97	6.52	6.00	6.02	5.52
Dec. 31	6.12	6.60	6.04	6.14	5.60

^{1/} Average term of bonds included is 14-16 years. Source: McLeod, Young, Weir and Co., Ltd.

^{2/} Government of Canada 3-3/4 per cent of January 15, 1975-78.

Appendix 2-2

Selected United Kingdom Security Yields

Date	3-mo. Treas. bill yield			Premium on 3-mo. sterling ^{3/}	London capital market yields		Share yields ^{6/}
	U.K. ^{1/}	U.S. ^{2/}	Differ- ence		Govt. bonds	Un- dated ^{5/}	
1959 - High	3.6	4.7	1.1	--	5.13	5.50	
Low	3.0	2.6	.4	--	4.71	5.12	
Dec. 4	3.53	4.53	1.00	.73	4.90	5.30	12/2 4.12
Dec. 11	3.58	4.48	.90	.69	4.95	5.33	12/9 4.14
Dec. 18	3.64	4.55	.91	.58	5.00	5.38	12/16 4.07
Dec. 24	3.69	4.46	.77	.74	5.10	5.48	12/23 3.99
Jan. 1	3.73	4.40	.67	.64	5.00	5.39	12/30 3.81
Jan. 8	3.75	4.59	.84	.61	4.95	5.43	1/6 3.83

- ^{1/} Average yield at weekly tender on Friday.
^{2/} Market yield in New York based on a 360-day year.
^{3/} Spread between spot and forward points expressed as per cent per annum.
^{4/} Exchequer 5-1/2 per cent of 1966.
^{5/} Undated War Loan 3-1/2 per cent.
^{6/} The Economist indicator (1953 = 100) of yield on shares in the London market.

London Clearing Banks: Change in net Deposits and Principal Assets

	Dec. '56 to Dec. '57	Dec. '57 to Dec. '58	Dec. '58 to Dec. '59
	(in millions of pounds)		
<u>Net deposits</u>	+273.2	+269.7	+240.3
<u>Private sector</u>			
Advances	- 25.1	+377.8	+663.0
Commercial bills	- 4.9	--	+ 29.3
Total	- 30.0	+377.8	+692.3
<u>Public sector</u>			
Short term	+148.3	-156.6	+ 6.7
Securities	+ 68.3	+ 53.8	-382.6
Total	+216.6	-102.8	-375.9

U.K. New Capital Issues
(in millions of pounds)

	Domestic issues	Overseas issues	Total
Jan.-Nov. 1959	407.6	32.7	440.3
1958	247.9	59.9	307.8
1957	268.2	45.4	313.6
1956	236.2	30.6	266.8