

H.14

May 2, 1960

CAPITAL MARKET DEVELOPMENTS
IN THE UNITED STATES AND CANADA

(Including a Review of Foreign Borrowing
in International Capital Markets)

Part I - United States

During the week ending April 29, corporations sold large issues totaling \$45 million and State and local governments sold bonds with total proceeds of \$149 million. This week, the calendar includes corporate issues for \$55 million and State and local government issues aggregating \$182 million. The State and local government financing total includes a \$133 million Public Housing Authorities issue which is expected to be sold at mid-week.

Bond yields - Yields changed little for seasoned bonds, except those for State and local government bonds which increased moderately. Yields on corporate bonds increased slightly, while yields on U. S. Government obligations declined slightly.

A new Aa-rated, first mortgage electric utility bond issue was offered to the public last week to yield 4.95 per cent, about the same as that for a comparable issue offered two weeks earlier.

Yields for corporate and State and local government bonds were relatively stable during April showing net increases from 1 to 6 basis points. U. S. Government bond yields increased throughout the month, with the rise for the month totaling 16 basis points.

Mortgage recordings - For the third month in a row, the estimated amount of nonfarm mortgage recordings in February was below year-earlier totals. Conventional loans continued to represent about three-fourths of total activity.

The seasonally adjusted annual rate of mortgage recordings changed little in January. At \$29.8 billion, it was the second highest rate on record for the month, but 7 per cent below a year earlier.

May security volume estimates - The volume of public security financing for new capital for both corporations and State and local governments is expected to continue to be moderate in May. The volume of corporate security financing is estimated at \$700 million, slightly below the volume in April and one-eighth smaller than in May 1959. Large public issues are expected to total over \$200 million.

MAY 4 1960

FEDERAL RESERVE BANK
ST. LOUIS

State and local government bond sales are expected to total \$650 million in May, including a large Public Housing Authorities issue which is expected to be sold this week. This volume of bond sales would be one-tenth smaller than the April total, but one-tenth larger than the volume in May 1959.

Stock prices - Standard and Poor's index of 500 common stocks declined further last week, closing at 54.39 on April 27. Trading volume averaged 3.0 million shares a day.

Stock prices had increased during the first half of April, but in recent weeks have declined substantially with the net decline for the month being about 2 per cent. At the end of April, prices were 10 per cent below the January high and 2 per cent above the March low.

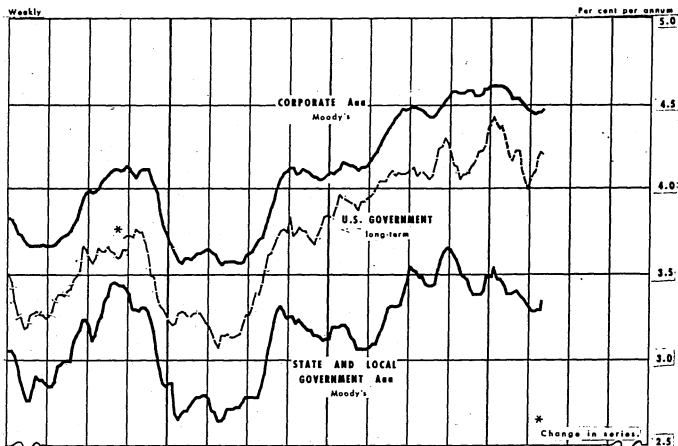
More detailed information concerning recent capital market developments is presented in the attached exhibits.

Developments in the Canadian capital markets are presented in Part II at the end of this report.

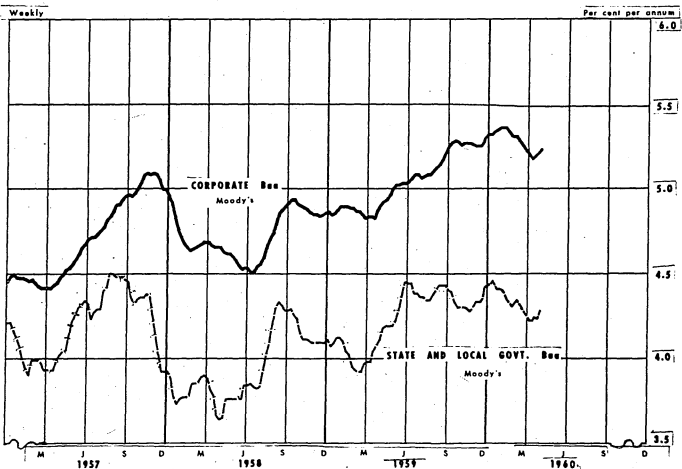
Capital Markets Section,
Division of Research and Statistics,
Board of Governors of the Federal Reserve System.

EXHIBIT A

HIGH-GRADE BOND YIELDS



LOWER-GRADE BOND YIELDS



H.14

Exhibit B - 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 - 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
1960 - High	4.61 (1/29)	4.42 (1/8)	3.53 (1/7)	.46	.92
Low	4.44 (4/8)	4.00 (3/25)	3.28 (4/7)	.19	.68
Apr. 1	4.45	4.07	3.28	.37	.79
Apr. 8	4.44	4.10	3.28	.34	.82
Apr. 15	4.45	4.18	3.29	.27	.89
Apr. 22	4.45	4.21	3.29	.24	.92
Apr. 29 p/	4.46	4.20	3.34	.26	.86

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 - 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
1960 - High	5.36 (2/12)	4.46 (1/7)	.79	.97
Low	5.17 (4/8)	4.22 (4/7)	.71	.93
Apr. 1	5.18	4.22	.74	.94
Apr. 8	5.17	4.22	.73	.94
Apr. 15	5.18	4.24	.73	.95
Apr. 22	5.21	4.23	.76	.94
Apr. 29 p/	5.23	4.28	.77	.94

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.

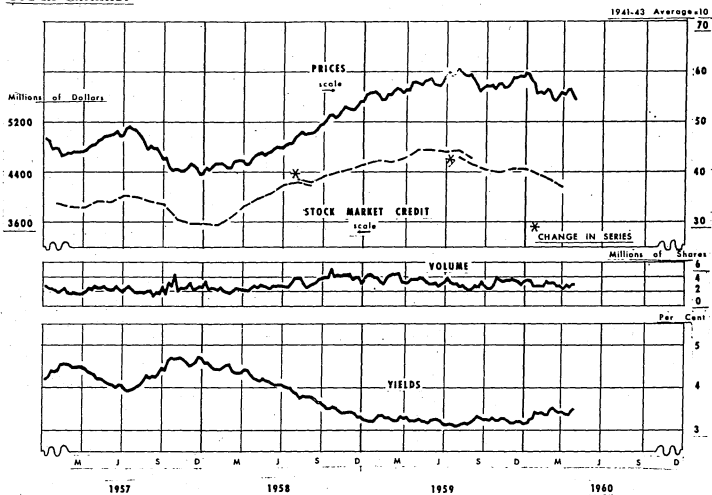
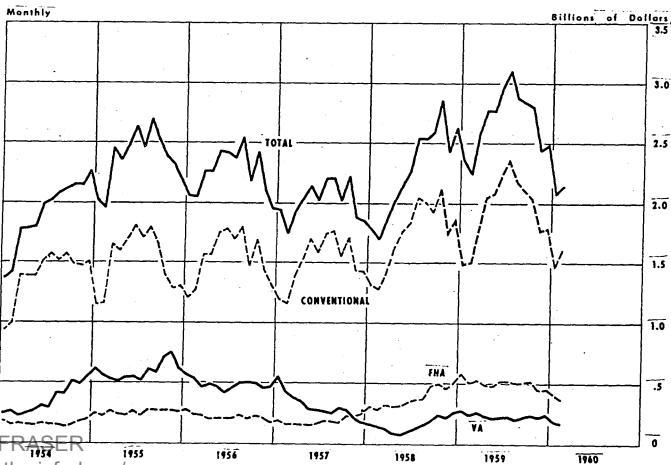
STOCK MARKET**MORTGAGE RECORDINGS AND LOANS**

Exhibit D - Tables for Exhibit C

-7-

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)						
1957-59 - High	60.51 (7/31/59)	3.07	4.3	4,764	3,401	1,373
Low	39.78 (12/27/57)	4.66	1.4	3,554	2,482	1,060
1960 - High	59.50 (1/8)	3.18	3.6	4,365	3,198	1,167
Low	54.24 (3/11)	3.51	2.4	4,158	3,028	1,130
February	55.69	3.38	3.0	4,274	3,129	1,145
March	55.02	3.45	2.9	4,158	3,028	1,130
Apr. 15	56.43	3.36	2.6	n.a.	n.a.	1,112
Apr. 22	55.42	3.43	3.0	n.a.	n.a.	1,114
Apr. 29 p/	54.37	3.49	3.0	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)					
1959 - Feb.	2,631	2,245	506	238	1,500
Mar.	2,683	2,586	530	260	1,796
Apr.	2,683	2,776	490	231	2,055
May	2,757	2,768	478	211	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.	2,639	2,799	523	238	2,039
Nov.	2,589	2,442	448	220	1,775
Dec.	2,485	2,487	451	241	1,794
1960 - Jan.	2,487	2,079	417	195	1,467
Feb.	n.a.	2,149	368	170	1,612

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.

Exhibit E

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	p/ 596	840	728	734	638	812
February	p/739	745	857	p/587	858	953
March	p/775	631	1,553 ^{3/}	e/525	646	511
April	e/725	899	1,140	e/700	931	798
May	e/700	791	597	e/650	593	895
June		874	887		1,006	551
July		531	1,107		567	806
August		718	540		514	403
September		709	1,114		468	651
October		887	862		593	456
November		865	518		513	474
December		936	920		455	435
1st quarter	e/2,110	2,216	3,139	e/1,846	2,142	2,276
2nd quarter		2,564	2,623		2,531	2,244
3rd quarter		1,958	2,760		1,549	1,860
4th quarter		2,688	2,300		1,562	1,365
1st half		4,780	5,762		4,673	4,520
Three quarters		6,738	8,522		6,223	6,380
Year		9,427	10,823		7,784	7,746
	Excluding finance companies 4/					
1st quarter	e/1,760	2,011	2,899			
2nd quarter		2,409	2,586			
3rd quarter		1,695	2,731			
4th quarter		2,549	2,213			
Year		8,665	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.

H.14

Exhibit F

Other Security Offerings ^{1/}

(In millions of dollars)

	Long-term					
	Foreign government ^{2/}			Federal agency ^{3/}		
	1960	1959	1958	1960	1959	1958
January	--	77	196	182	199	1,163
February	147	59	53	150	--	251
March		2	--		175	--
April		56	139		--	523
May		50	198		--	--
June		42	120		--	--
July		85	9		--	164
August		1	5		98	--
September		36	17		150	--
October		33	58		--	220
November		42	123		--	--
December		70	74		86	--
Year		558	992		707	2,321
		Short-term				
		State and local government ^{4/}		Federal agency ^{3/}		
January	268	190	233	479	359	371
February	345	428	460	463	500	208
March	p/363	295	273		489	144
April		563	357		486	209
May		411	354		675	161
June		245	264		289	329
July		246	289		727	437
August		467	423		365	206
September		399	369		665	330
October		235	231		733	454
November		343	415		471	114
December		358	243		288	137
Year		4,179	3,910		6,047	3,098

^{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 PHA notes included may have a somewhat longer term than one year. Source: Bond Buyer.

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/
1959 - 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
1960 - January	279	388	100
February	262	283	320
March	384	225	191

Large Individual Issues Offered during April

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Carolina Power & Lt. Co.	1st mtg. bds.	25.0	1990	4-7/8	4.85	Aa
Commonwealth Edison Co.	1st mtg. bds.	30.0	1990	4-5/8	4.63	Aaa
Alabama Power Co.	1st mtg. bds.	19.5	1990	5	4.98	A
National Fuel Gas Co.	S.F. deb.	18.0	1985	5-1/8	5.05	Aa
Kratter Corp.	Pfd. stk.	23.6				
Mountain Sts. Tel. & Tel. Co.	Deb.	40.0	2000	5	4.87	Aaa
Iowa-Ill. Gas & Elec. Co.	1st mtg. bds.	15.0	1990	5	4.94	Aa
United States Plywood Corp.	S.F. deb.	25.0	1985	5-1/4	5.25	Baa
Middle South Util., Inc.	Com. stk.	16.4				
Transcon. Gas Pipeline Co.	1st mtg. bds.	35.0	1980	5-1/4	5.33	Baa
Transcon. Gas Pipeline Co.	Com. stk.	16.2				
Metropolitan Edison Co.	1st mtg. bds.	15.0	1990	5	4.95	Aa
Cincinnati Gas & Elec. Co.	1st mtg. bds.	30.0	1990	5	4.88	Aaa

Large Individual Issues Offered during April (Cont'd)

Issuer	Type 2/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u>						
State Public School Bldg. Auth., Pa.	Rev.-Rent.	16.0	1962-99/65	4.00	3.10-4.05	--
N. Y. City Hsg. Auth.	G.O.	20.5	1962-2010/75	4.01	2.85-4.02	A
Puerto Rico Wtr. Res.Auth.	Rev.-Ut.	20.0	1962-97	4.40	3.00-4.38	Baa
Chicago, Illinois	G.O.	10.0	1962-79	3.60	2.85-3.65	A
State of California	G.O.	25.0	1962-86/81	3.84	2.80-3.91	Aa
Triborough Br. & Tun.Auth.	Term	74.0	1985		4.00	--
	Serial	26.0	1970-75		3.50-3.75	--
Philadelphia, Penna.	G.O.	29.3	1961-90	3.77	2.40-3.88	A
Cleveland, Ohio	G.O.	13.3	1961-80	3.39	2.50-3.45	Aa
Los Angeles C.S.D., Calif.	G.O.	16.0	1961-85	3.87	2.40-3.90	Aa
State of Tennessee	G.O.	15.0	1961-80	3.32	2.40-3.35	Aa
New York, New York	G.O.	75.0	1961-90	3.86	2.65-3.90	A
Sacramento Mun. Ut. Dist., Calif.	Serial	11.3	1966-80		3.25-3.60	Aa
	Term	18.8	1999	3.94	4.00	
<u>OTHER</u>						
Federal Land Banks	Bds.	46.0	1964	4-1/2	4.40	--
Commonwealth of Australia	Bds.	25.0	1980	5-1/4	5.45	A

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.

Exhibit H

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/
1959 - 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
1960 - Jan. 29	207	210	45	252	310	45
Feb. 29	301	255	35	372	385	35
Mar. 31	299	250	--	344	280	--
Apr. 29	202	243	--	357	258	--

Forthcoming Large Offerings, as of April 29

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Columbia Gas System, Inc.	Com. stk.	25.0	May 4
General American Transportation Corp.	E.T.	30.0	May 5
Uris Building Corp.	S.F. deb.	20.0	May 11
Wisconsin Telephone Co.	Deb.	20.0	May 11
Milwaukee Gas Light Co.	1st mtg. bds.	22.0	May 18
Texas Eastern Transmission Corp.	Deb.	25.0	May 26
Midwestern Gas Transmission Co.	1st mtg. bds.	60.0	May
Michigan Wisconsin Pipe Line Co.	1st mtg. p. l. bds.	30.0	June 2
*Southern Electric Generating Co.	1st mtg. bds.	40.0	June 3
*National Cash Register Co.	S.F. deb.	40.0	June
Commerce Oil Refining Corp.	Deb., bds. & com.	45.0	Indefinite
<u>STATE AND LOCAL GOVERNMENT</u>			
State of Minnesota	G.O.	48.8	May 3
Public Housing Authorities	G.O.	133.4	May 4
Jacksonville, Fla.	Rev.-Ut.	30.0	May 10
Cincinnati, Ohio	G.C.	12.2	May 17
*Detroit, Michigan	G.O.	19.0	May 24
*Memphis, Tennessee	G.O.	15.0	June 7
<u>OTHER</u>			
None			

H.14

H-2

Footnotes

*--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.

Exhibit I

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	4.97	37	5.01	25
June	*4.95	29	5.01 ^{3/}	15
July	*4.93	31	5.07	17
Aug.	4.83	23		
Sept.			*5.65	60
Oct.	5.13 ^{2/}	36	5.33	43
Nov. 25	5.08	42		
Dec. 8	5.30	63		
9			5.45	51
10			5.44 ^{2/}	50
1960 - Jan. 7			5.30 ^{2/}	28
Feb. 25	5.08	44		
26	5.10	46		
Mar. 15	4.90	32		
16	4.73 ^{2/}	17		
18			5.00	11
29			4.93	7
Apr. 6	4.85	33		
8			4.98	21
14	4.94	39		
21			5.30	50
27	4.95	39		

*--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/} Includes one issue which provides for a 7-year period during which the issue may not be called for refunding at a lower coupon rate.

Part II - Canada

The Treasury bill yield declined rather sharply even though the Bank of Canada was a net seller of bills for the first time in ten weeks. The rate on the Canadian dollar increased slightly and the 3-month forward premium was eliminated. Bond yields declined during the week, while stock prices fluctuated.

Money market conditions. The yield on the short Treasury bill in last Thursday's auction declined 24 basis points from 3.50 per cent the previous week to 3.26 per cent. The yield on the 6-month bill declined 28 basis points during the same period from 3.71 per cent to 3.43 per cent. For the first time in ten weeks, the Bank of Canada decreased its Treasury bill holdings by \$10 million while the chartered banks and the general public increased their holdings by the same amount. The average rate on day-to-day loans eased slightly to 3.38 per cent.

The decline in the Canadian 3-month bill was slightly greater than the decline in the United States rate, resulting in a small decrease in the spread favoring the Canadian bill. The 3-month forward Canadian dollar, which was at a premium of 0.12 per cent (annual basis) the week before, was flat with the spot rate at last Thursday's closing.

Bond market developments. Canadian bond yields declined during the week in all but the longest maturities. The spread between comparable Canadian and United States securities (Thursday yields for bills and Wednesday yields for bonds) were as follows (figures in parenthesis refer to the previous week):

0.10 per cent on a 91-day bill (0.15)
-0.13 per cent on a 182-day bill (-0.05)
0.70 per cent on an 8-year bond (0.80)
0.97 per cent on a 20-year bond (0.98)
1.42 per cent on a 35-year bond (1.40)

During the week, the Bank of Canada purchased modest amounts of bonds, the first week since February when it has not been a net seller to the market (see Table):

Press comments indicate a strengthening of the bond market from the previous week following a dearth of new issues. A break in prices the previous week came a few days after the offering of a \$20 million Manitoba 5-1/2 per cent debenture as follows: 9-year maturities at 98-3/4 yielding 5.68 per cent and 19-year maturities at 96-1/2 to yield 5.81 per cent. Bids on the 1979 issue fell three-quarters of a point below issue price during the general shake-out, then rose again last week.

Exchange rate. The spot rate on the Canadian dollar recovered slightly last week to 103.72 (U.S. cents) following a steady 4-week decline.

The premium on the 3-month dollar was eliminated on April 28. Recent market rates for the Canadian dollar (U.S. cents) follow:

	<u>Spot</u>	<u>2 mos. forward</u>
March 17	105.27	105.14
31	104.38	104.31
April 7	104.00	103.97
14	103.86	103.89
21	103.67	103.70
28	103.72	103.72

Stock market. Prices of industrial stocks in the Canadian exchanges fluctuated last week after declining the week before, as noted in the following table:

<u>Date</u>	<u>Toronto</u>	<u>Montreal</u>	<u>New York Standard & Poor</u>
April 20	490.52	286.8	59.15
21	489.42	283.1	59.31
22	489.06	283.9	59.09
25	485.81	283.5	58.42
26	488.40	282.7	58.63
27	488.23	283.1	58.63
28	486.52	283.3	58.09
29	485.27	282.5	57.85

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

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 - 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	
1960 - High	5.14	5.55	5.42	1.22	0.90	
Low	3.01	5.05	5.15	0.91	-0.01	(P)0.12
April 7	3.24	5.08	5.13	0.98	0.19	0.12
14	3.58	5.16	5.22	0.98	0.06	(P)0.12
21	3.50	5.14	5.24	0.99	0.15	(P)0.12
28	3.26	5.05	5.22	0.96	0.10	0.00

- 1/ Average yield at weekly tender on Thursday.
 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. Bond prices are Wednesday closing quotations.
 5/ Spread between Canadian auction rate and composite market yield for the U.S. bill on the close of business on Thursday.
 6/ Spread between 3-months forward and spot price of the Canadian dollar, expressed as per cent per annum, on Thursday.

Canada: Changes in Distribution of Holdings of Canadian
 Government Direct and Guaranteed Securities
 (millions of dollars, par value)

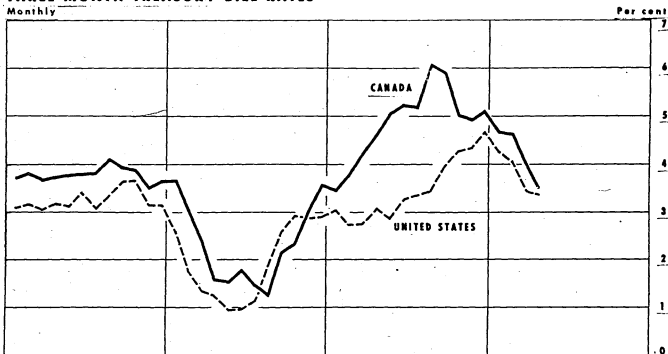
	Bank of Canada		Government Total	Chartered banks		General public	
	Treas. bills	Bonds		Treas. bills	Bonds	Treas. bills	Bonds
March 3	+ 31	- 4	- 6	+ 12	+ 14	- 27	- 6
10	+ 31	- 7	- 3	- 33	- 10	- 7	+ 28
17	+ 11	- 10	- 18	- 1	- 3	0	+ 23
23	+ 43	- 9	- 17	+ 9	0	- 32	+ 3
30	+ 25	- 34	- 10	+ 2	+ 16	- 12	+ 11
April 6	+ 28	- 30	- 3	- 10	+ 9	- 19	+ 32
13	+ 37	0	- 11	- 33	+ 3	+ 14	- 17
20	+ 14	0	+ 3	- 4	+ 2	- 11	- 10
27	- 10	+ 7	+ 2	+ 7	- 18	+ 3	- 1

Source: Bank of Canada, Weekly Financial Statistics.

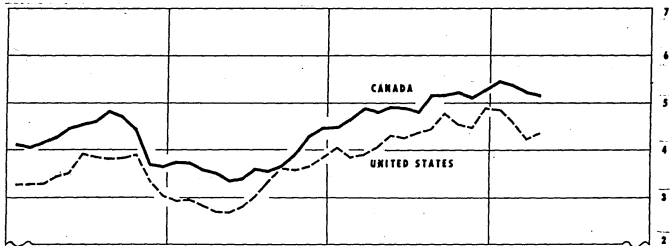
8

CANADA - UNITED STATES

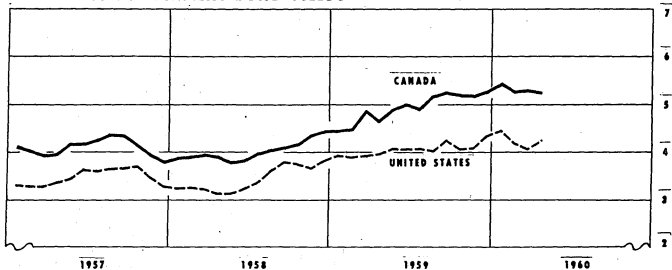
THREE-MONTH TREASURY BILL RATES



GOVERNMENT MEDIUM TERM BOND YIELDS



LONG TERM GOVERNMENT BOND YIELDS



Publicly-issued Foreign Borrowing in Major International
Capital Markets, 1958 and 1959

During 1959, total flotations of publicly-issued bonds of foreign governments and private companies in major international capital markets declined about 16 per cent below the issues sold in 1958, according to a compilation of the Economic Staff of the World Bank. Figures on private placements and special institutional financing are excluded from the estimates. Total borrowings by foreigners in the four major international markets (United States; United Kingdom, Switzerland and Germany) were reduced from \$894 million in 1958 to \$754 million in 1959. The reduced flotations in the United States and British markets account for the drop.

Publicly-issued Foreign Bonds in Major Capital
Markets, calendar year, 1959

(nominal amounts in millions of U.S. dollars)

	<u>United States</u>	<u>U.K.^{a/}</u>	<u>Switzer- land</u>	<u>Germany</u>	<u>Sweden</u>	<u>Total</u>
<u>1958</u>						
Government:						
New issues	594	126	--	--	6	724
Refunding	40	47	--	--	--	87
Total	<u>632</u>	<u>173</u>	--	--	<u>6</u>	<u>811</u>
Private issues	<u>35</u>	--	<u>36</u>	<u>12</u>	--	<u>83</u>
Grand total	667	173	36	12	6	894
<u>1959</u>						
Government:						
New issues	435	30	42	34	--	541
Refunding	69	68	11	--	--	148
Total	<u>504</u>	<u>98</u>	<u>53</u>	<u>34</u>	--	<u>689</u>
Private issues	<u>11</u>	--	<u>54</u>	--	--	<u>65</u>
Grand total	515	98	107	34	--	754

^{a/} Includes borrowings by independent members of the Commonwealth but excludes those of dependent members.

Source: Economic Staff of the I.B.R.D.

The United States remained the largest supplier of capital to foreigners but its share of the total declined from 75 per cent in 1958 to 68 per cent in 1959. Flotations in Britain were also sharply

reduced. Britain's share fell from 19 per cent of the total in 1958 to 13 per cent in 1959; moreover, refundings and not new cash issues made up the bulk of the British flotations. In 1958, Switzerland was the second major market for publicly-issued foreign borrowings as its total lending increased from the restricted level of only \$36 million in 1958 to \$107 million last year. There was a further growth during 1959 in foreign borrowing in Germany as money rates were reduced and the activity in the German capital market increased.

In the United States, borrowings by European countries during 1959 were maintained at the 1958 levels but borrowings by Canadian governmental units and by Commonwealth countries were sharply reduced. Comparative flotations by areas (in millions of U.S. dollars) were:

	<u>1958</u>	<u>1959</u>
Canada	325	276
Commonwealth	146	38
Europe	133	128
Other areas	<u>63</u>	<u>72</u>
Total	667	514

The countries (other than Canada) borrowing as much as \$50 million were: in 1958, Australia, South Africa and the European Steel Community; in 1959, France.

Foreign flotations in Britain declined from \$173 million in 1958 to \$98 million in 1959. However, new cash issues (excluding refundings) were reduced from \$126 million in 1958 to only \$30 million last year. Borrowings were confined to four Commonwealth countries, as may be seen in the following figures on foreign borrowings in London (in millions of U.S. dollars):

	Government new issues		Government refunding		Total	
	<u>1958</u>	<u>1959</u>	<u>1958</u>	<u>1959</u>	<u>1958</u>	<u>1959</u>
Australia	42	--	45	56	87	56
New Zealand	56	--	--	--	56	--
Rhodesian Federation	28	28	--	--	28	28
South Africa	<u>--</u>	<u>2</u>	<u>2</u>	<u>12</u>	<u>2</u>	<u>14</u>
Total	126	30	47	68	173	98

Withdrawal of temporary restrictions on foreign borrowing in Switzerland, announced in late 1958, was followed by a rapid growth in Swiss lending in 1959. The large number of private company flotations makes Switzerland the leading center for private foreign borrowers. During the past two years European corporations have been the principal borrowers but even U.S. and Canadian issues were reported. Total Swiss lendings increased from \$36 million in 1958 to \$107 million in 1959, broken down as follows (in millions of U.S. dollars):

	Government new issues		Private new issues		Total	
	1958	1959	1958	1959	1958	1959
<u>Europe</u>						
Austria	--	3	9	--	9	3
Belgium	--	12 ^{a/}	--	--	--	12
Denmark	--	15	--	--	--	15
Eurofima	--	9	--	--	--	9
France	--	--	12	--	12	--
Germany	--	--	3 ^{a/}	--	3	--
Interfrigo	--	2	--	--	--	2
Norway	--	--	--	15	--	15
Sweden	--	--	--	9	--	9
U.K.	--	--	--	13	--	13
Total	--	41	24	37	24	78
<u>Other areas</u>						
Canada	--	--	--	5	--	5
U.S.	--	--	12	12	12	12
South Africa	--	12	--	--	--	12
Total	--	12	12	17	12	29
Total, all areas	--	53	36	54	36	107

a/ Refunding.

West Germany emerged as an exporter of long-term capital in the form of publicly-issued securities in 1958 and 1959; a private South African loan by a consortium of German banks in 1958 was reported to have been the first foreign flotation in Germany since 1914. The rapid reduction in bond yields in Germany, especially in 1959, contributed to the increase in total new issues from \$22 million in 1958 to \$34 million in 1959. The breakdown of these totals are as follows (in millions of U.S. dollars):

	Government new issues		Private new issues		Total	
	1958	1959	1958	1959	1958	1959
<u>Europe</u>						
Austria	10 ^{a/}	24	--	--	10	24
Norway	--	7	--	--	--	7
Total	10	31	--	--	10	31
<u>Other areas</u>						
Japan	--	3 ^{b/}	--	--	--	3
South Africa	--	--	12	--	12	--
Total	--	3	12	--	12	3
Total, all areas	10	34	12	--	22	34

a/ Includes \$10 million of an original Austrian issue of \$25 million in the United States which was reoffered in Germany.

b/ Includes \$3 million of an original Japanese issue of \$30 million in the United States which was reoffered in Germany.

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