

H. 11

JUN 2 1960

FEDERAL RESERVE BANK  
OF ST. LOUIS

CAPITAL MARKET DEVELOPMENTS  
IN THE UNITED STATES AND CANADA

Part I - United States

May 31, 1960.

The volume of large public security financing for new capital was quite small last week--smaller than had been anticipated a week earlier as the sale of a corporate issue for \$25 million was indefinitely postponed and the State of California rejected the only bid submitted for \$50 million of bonds. During the week, however, two State and local government issues with total proceeds of \$23 million and a Canadian provincial issue for \$28 million were sold. No large corporate issues were sold.

The calendar for this holiday-shortened week is expected to be substantial, particularly for corporate securities. Corporations are expected to offer securities with aggregate proceeds of \$130 million. One local government issue for \$10 million is also scheduled for sale.

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

A new A-rated, 30-year, first mortgage electric utility bond issue was offered to investors at 5.20 per cent last week; the last comparable issue, sold two weeks earlier, had been offered to yield 5.10 per cent.

FNMA secondary market operations - Mortgage offerings to FNMA and purchases by FNMA under its secondary market operations dropped substantially in April, reflecting a slight easing in general mortgage market conditions. Offerings were at the lowest level in 10 months. FNMA sales continued to be negligible.

June security volume estimates - The June volume of corporate issues is expected to total \$1.1 billion, three-fifths larger than the revised estimate for May and nearly one-fifth larger than the volume in June last year. Large public issues are expected to total about \$500 million and takedowns of private placements are expected to be seasonally large next month. The estimated volume of \$2.4 billion of offerings in the second quarter (6 per cent smaller than a year earlier) would bring the first half new issue total to \$4.6 billion, \$2 billion less than the volume in the corresponding period of 1959.

State and local government security financing is expected to total \$600 million in June. This volume would be about one-tenth larger than this month, but two-fifths less than in June 1959. Including the June estimate, the volume of State and local government security issues for new capital would total \$1.9 billion in the second quarter this year (one-fourth smaller than a year earlier) and \$3.8 billion in the first half, one-fifth smaller than the record volume of the first half of 1959.

Stock prices - Common stock prices, as measured by Standard and Poor's index of 500 stocks, fluctuated within a narrow range last week, closing at 55.74 on May 27. Trading activity, averaging 3.2 million shares a day, declined from the heavy volume a week earlier.

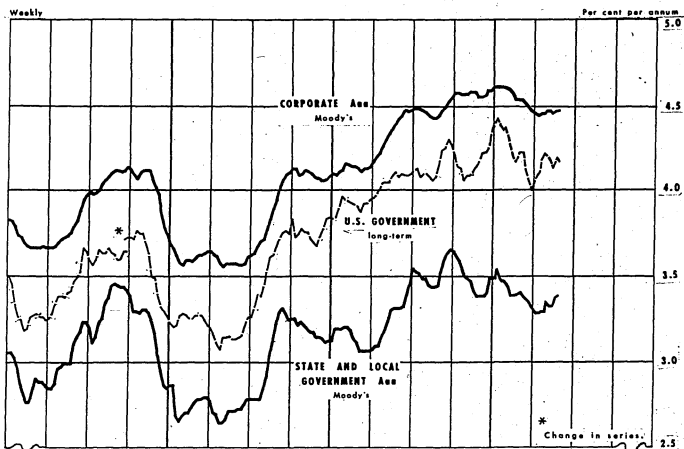
More detailed information concerning recent capital market developments is presented in the attached exhibits.

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

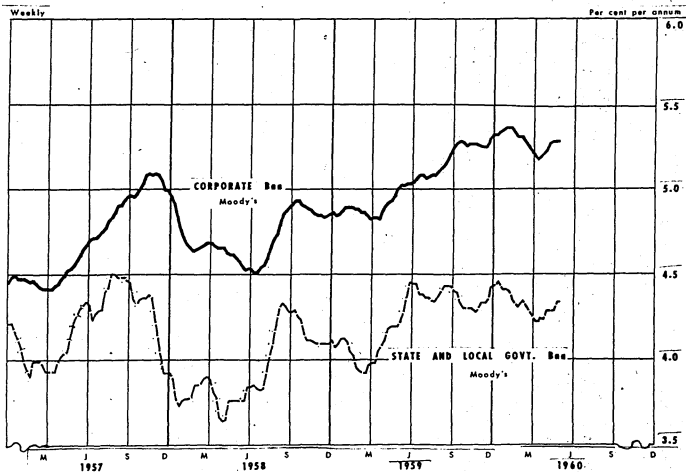
Capital Markets Section,  
Division of Research and Statistics,  
Board of Governors of the Federal Reserve System.

EXHIBIT A

HIGH-GRADE BOND YIELDS



LOWER-GRADE BOND YIELDS



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## 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. 29	4.46	4.20	3.34	.26	.86
May 6	4.46	4.17	3.32	.29	.85
May 13	4.45	4.13	3.32	.32	.81
May 20	4.46	4.18	3.37	.28	.81
May 27 p/	4.47	4.16	3.38	.31	.78

## 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)	.83	.97
Low	5.17 (4/8)	4.22 (4/7)	.71	.93
Apr. 29	5.23	4.28	.77	.94
May 6	5.27	4.28	.81	.96
May 13	5.28	4.28	.83	.96
May 20	5.28	4.33	.82	.96
May 27 p/	5.28	4.33	.81	.95

p/ Preliminary.

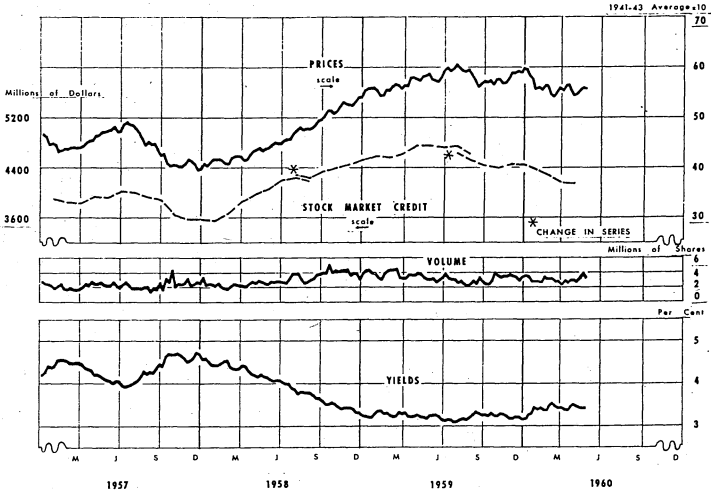
1/ Weekly average of daily figures. Average term of bonds included is 25-26 years.

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

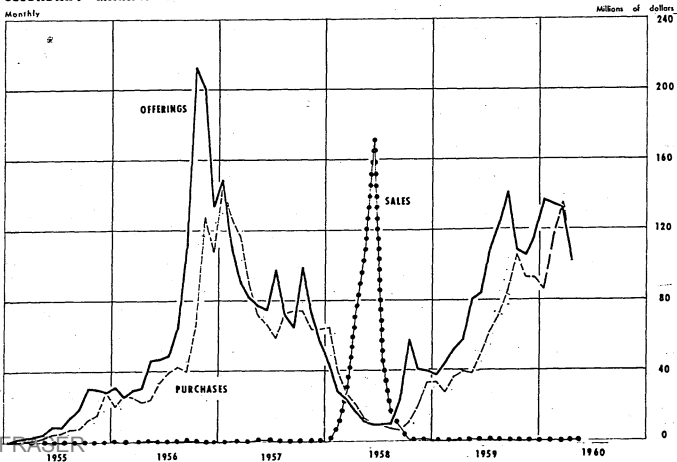
3/ Thursday figures. Only general obligation bonds are included; average term is 20 years.

Note.--Highs and lows are for individual series and may be on different dates for different series.

**STOCK MARKET**



**FEDERAL NATIONAL MORTGAGE ASSOCIATION  
SECONDARY MARKET OPERATIONS**



## 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)						
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	3.9	4,365	3,198	1,167
Low	54.24 (3/11)	3.51	2.4	4,153	3,028	1,130
March	55.02	3.45	2.9	4,158	3,028	1,130
April	55.73	3.41	2.9	4,153	3,037	1,116
May 13	55.30	3.42	3.1	n.a.	n.a.	1,110
May 20	55.83	3.40	3.9	n.a.	n.a.	1,110
May 27 p/	55.74	3.40	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. 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.

## Federal National Mortgage Association Secondary Market Operations 1/

Date	Estimated Offerings to FNMA			Purchases by FNMA	Sales by FNMA
	Total	Immediate purchase	Standby commitment		
(Millions of dollars)					
1959 - Apr.	57.8	50.1	7.7	39.6	*
May	80.6	73.4	7.2	38.3	1.1
June	84.4	76.6	7.8	49.4	.6
July	109.5	92.5	17.1	62.3	.3
Aug.	123.1	109.9	13.3	71.7	.3
Sept.	141.3	134.8	6.5	85.4	--
Oct.	108.3	101.8	6.5	105.5	--
Nov.	105.6	100.3	5.3	92.6	*
Dec.	116.3	111.4	4.9	92.2	*
1960 - Jan.	137.6	128.3	9.3	86.1	--
Feb.	135.8	128.9	6.9	116.7	--
Mar.	133.2	124.6	8.6	135.0	--
Apr. p/	103.4	96.1	7.3	102.6	*

\*--Less than \$50,000.

1/ Data represent unpaid principal balances of the mortgages involved, exclusive of premiums, discounts, or other charges. Offerings are amounts of applications received during the period from sellers proposing that FNMA execute purchasing contracts. An immediate purchase contract covers existing mortgages which the seller must deliver to FNMA within 45 days. A standby commitment contract relates to proposed mortgages, on housing not yet under construction, which the seller must usually deliver within one year. Purchases include those under both immediate purchase and standby commitment contracts. Data exclude FNMA activity under Special Assistance and Management and Liquidating Programs.

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 r/	1958
January	577	821	728	736	639	812
February	715	738	857	620	858	953
March	860	646	1,553 <sup>3/</sup>	p/556	646	511
April	e/725	894	1,140	e/725	932	798
May	e/650	785	597	e/550	593	895
June	e/1,050	887	887	e/600	1,006	551
July		535	1,107		567	806
August		740	540		516	403
September		703	1,114		465	651
October		879	862		597	456
November		864	518		519	474
December		900	920		455	435
1st quarter	2,151	2,204	3,139	e/1,912	2,143	2,276
2nd quarter	e/2,425	2,567	2,623	e/1,875	2,531	2,244
3rd quarter		1,979	2,760		1,548	1,860
4th quarter		2,642	2,300		1,571	1,365
1st half	e/4,576	4,771	5,762	e/3,787	4,674	4,520
Three quarters		6,750	8,522		6,222	6,380
Year		9,392	10,823		7,793	7,746
	Excluding finance companies 4/					
1st quarter	e/1,722	1,999	2,899			
2nd quarter	e/2,125	2,412	2,586			
3rd quarter		1,716	2,731			
4th quarter		2,503	2,213			
Year		8,630	10,429			

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 <sup>1/</sup>

(In millions of dollars)

	Long-term					
	Foreign government <sup>2/</sup>			Federal agency <sup>3/</sup>		
	1960	1959	1958	1960	1959	1958
January	2	81	196	182	199	1,163
February	75	60	53	150	--	251
March	70	2	--	150	175	--
April		58	139		--	523
May		50	198		--	--
June		42	120		--	--
July		85	9		--	164
August		1	5		98	--
September		35	17		150	--
October		33	58		--	220
November		30	123		--	--
December		70	74		86	--
Year		547	992		707	2,321
	Short-term					
	State and local government <sup>4/</sup>			Federal agency <sup>3/</sup>		
	1960	1959	1958	1960	1959	1958
January	268	190	233	479	359	371
February	345	428	460	463	500	208
March	365	295	273	512	489	144
April		563	357		486	209
May	<sup>p/</sup> 339	411	354	509	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

<sup>p/</sup> Preliminary.<sup>1/</sup> 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.<sup>2/</sup> Includes securities offered in the United States by foreign governments and their subdivisions and by international organizations. Source: Securities and Exchange Commission.<sup>3/</sup> Issues not guaranteed by the U. S. Government. Source: long-term, Securities and Exchange Commission; short-term, Federal Reserve.<sup>4/</sup> 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 - 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
April	309	370	71

## Large Individual Issues Offered May 1 through 27

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
Columbia Gas Sys., Inc.	Com. stk.	26.0				
Wisconsin Telephone Co.	Deb.	20.0	1995	4-7/8	4.80	Aaa
Gen. Amer. Transp. Co.	E.T.	30.0	1980	4-7/8	4.84	A
Wisconsin Elec. Pwr. Co.	Com. stk.	18.1				
Milwaukee Gas Light Co.	1st mtg. bds.	22.0	1985	5-5/8	5.45	Baa
Uris Building Corp.	S.F. deb.	23.0	1975	6-1/2	4/	--
<u>STATE AND LOCAL GOVERNMENT</u>						
State of Minnesota	G.O.	48.8	1961-79	3.45	2.50-3.50	Aa
Pub. Housing Authorities Jacksonville, Florida	G.O.	133.4	1961-2000/75	3.83	2.40-3.90	Aaa
Letroit Sch. Dist., Mich.	Rev.-Ut.	30.0	1962-80/71	3.48	2.70-3.50	Aa
Denver, Colorado	G.O.	10.0	1961-85/74	4.04	2.80-4.05	A
	Rev.-Ut.	11.8	1963-87/70	4.09	3.30-4.25	Baa
<u>OTHER</u>						
Montreal, Canada	S.F. deb.	28.0	1980	5-3/8	5.40	A

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.

4/ Uris Building Corp's \$23 million issue offered in units with stock.

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 - 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	--
May 31	483	277	30	553	502	60

Forthcoming Large Offerings, as of May 27

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Florida Light & Power Co.	Com. stk.	20.0	June 1
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 3
Northwestern Bell Tel. Co.	Deb.	45.0	June 7
Midwestern Gas Transmission Co.	1st mtg. bds.	60.0	June 8
*Baltimore Gas & Electric Co.	1st ref. mtg. bds.	25.0	June 10
Consolidated Edison Co. of N. Y.	1st ref. mtg. bds.	50.0	June 15
James Talcott Inc.	Senior notes	20.0	June 21
*Gulf States Utilities Co.	1st mtg. bds.	17.0	June 28
*Tampa Electric Co.	1st mtg. bds.	25.0	June 29
Montgomery Ward Credit Corp.	Deb.	50.0	June 30
Illinois Bell Telephone Co.	Com. stk.	61.0	June 30
Texas Eastern Transmission Corp.	Deb.	25.0	(rights expire) Indefinite
Commerce Oil Refining Corp.	Deb., bds. & com.	45.0	Indefinite

## Forthcoming Large Offerings, as of May 27 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
King Co. Sch. Dist. No. 1, Wash.	G.O.	10.0	June 1
Memphis, Tennessee	G.O.	15.0	June 7
Pennsylvania Gen. State Auth.	Rev.	25.0	June 7
Los Angeles Dept. of Wtr. and Pwr., California	Rev.-Ut.	15.0	June 8
State of Kentucky	G.O.	30.0	June 14
State of Michigan	Rev.-Ut.	25.0	June 14
Milwaukee, Wisconsin	Rev.-Ut.	15.0	June 14
*Philadelphia Sch. Dist., Pa.	G.O.	10.0	June 14
*Commonwealth of Puerto Rico	G.O.	17.0	June 15
*Alabama Education Authority	G.O.	50.0	June 21
State of Ohio	G.O.	15.0	June 21
State of California	G.O.	50.0	June
*Carmen -Smith Hydro-Elec. Proj., Ore.	Rev.-Ut.	25.0	July 19
*Chesapeake Bay Bridge Tunnel Comm.	Rev.-Ut.	200.0	Indefinite
<u>OTHER</u>			
Alberta Municipal Finance Corp.	S.F. deb.	30.0	June 16
*Liberian Iron Ore Ltd.	Bds. & stk.	30.0	Indefinite

\*--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 <sup>1/</sup>

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)
1952-1959 - High	5.30 (12/8/59)	87	5.65 (9/18/59)	123
Low	2.93 (3/31/54)	-3	3.00 (3/17/54)	-15
1959 - July	*4.93	31	5.07	17
Aug.	4.83	23		
Sept.			*5.65	60
Oct.	5.13 <sup>2/</sup>	36	5.33	43
Nov.	*5.08	42		
Dec.	*5.30	63	5.45 <sup>2/</sup>	51
1960 - Jan. 7			5.30 <sup>2/</sup>	28
Feb. 25	5.08	44		
26	5.10	46		
Mar. 15	4.90 <sup>2/</sup>	32		
16	4.73 <sup>2/</sup>	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		
May 10	4.88	32		
12			5.10	26
25			5.20	33

\*--Single observation, not an average.

<sup>1/</sup> 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.

<sup>2/</sup> 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.

## Part II - Canada

The Canadian dollar continued to decline last week in spite of a \$28 million City of Montreal offer on the United States market. The margin by which the United States Treasury bill exceeded the Canadian bill narrowed during the week. Shorter-term bond yields moved upward slightly as the Treasury dominated the bond market with the offering of a one-year Treasury bill and a 2-1/2 year bond to refinance two maturing long bills.

**Money market conditions.** Heavy chartered bank purchases of Treasury bills kept bill yields virtually unchanged last week in the face of a substantial reduction in the holdings of the general public. The average yield on the short Treasury bill rose only 2 basis points from 2.99 per cent a week ago to 3.01 per cent at last Thursday's auction (see Table). The yield on the 6-month Treasury bill also increased by 1 1/2 basis points from 3.22 per cent to 3.36 per cent. There was no change in the Bank of Canada Treasury bill holdings during the week. During the week the average closing rate on day-to-day loans decreased to 2.56 per cent compared with 2.65 per cent the week before.

With the slight decline in the U.S. bill yield, the spread favoring the United States 3-month Treasury bill was reduced from 0.43 per cent to 0.25 per cent. The premium on the 3-month forward Canadian dollar declined during the week and the net incentive to hold United States bills was unchanged at 0.13 per cent per annum (see Table).

**Bond market conditions.** The Canadian bond market was dominated last week by a \$240 million Government financing. With Treasury borrowing in the form of 1 year bills and 2-1/2 year bonds, bond yields in the shorter range of maturities (up to 5 years) rose but yields declined in the intermediate- and long-term sectors of the market. Several maturities declined to their lowest levels for the year. The spread between several comparable Canadian and United States securities (Thursday yields for bills and Wednesday yields for bonds) was as follows (figures in parenthesis refer to the previous week):

-0.25 per cent on a 91-day bill (-0.43)  
 -0.29 per cent on a 182-day bill (-0.48)  
 0.24 per cent on an 8-year bond (0.31)  
 0.88 per cent on a 20-year bond (0.87)  
 1.30 per cent on a 35-year bond (1.29)

The Treasury accepted tenders from primary distributors for \$140 million Government of Canada securities on the following terms:

	<u>Amount</u>	<u>Maturity</u>	<u>Coupon</u>	<u>Average issue price</u>	<u>Average yield</u>
Treasury bill	\$50 m.	June 2, 1961	--	96.71	3.39
Bond	\$90 m.	Dec. 1, 1962	4-1/4	99.91	4.29

In addition, the Bank of Canada took \$50 million of the one-year bills and \$50 million of the 2-1/4 year bonds. The new offering will provide for the refinancing of \$200 million of one-year Treasury bills maturing on June 10, 1960 and \$40 million of a 253-day bill of last October maturing on June 10. The Minister of Finance also announced that \$46.6 million residual amounts of the Sixth Victory Loan will be paid off at maturity on June 11, 1960.

In early trading, the new bonds eased to 99.65 compared to the 99.91 issue price. Activity in the corporate and local government sectors of the market was limited during the week.

The City of Montreal sold \$28 million of securities in the United States last week. Half the total is due on June 1, 1980 and the remainder on June 15, 1980. The bonds were purchased at 98.63 to yield 5-3/8 per cent and will be reoffered to the public at 99.70 to yield 5.4 per cent. Press reports state that the Alberta Municipal Financing Corporation has increased its proposed borrowings in the United States to \$30 million; debentures maturing on June 15, 1985 with sinking funds will be offered.

Exchange rate. The Canadian dollar continued to decline during the week. At Thursday's closing, it was at 101.31 U.S. cents compared with 101.47 U.S. cents a week earlier (see Table).

Housing loans and starts. During the period January to April, housing loans declined from \$171 million in 1959 to \$40 million in 1960. The chartered banks reported only 34 loans in this period in 1960 compared with 6,460 loans a year earlier. Reduced direct Government assistance in housing loans and the mid-December rise in mortgage interest rates from 6 to 6-3/4 per cent account for the curtailed mortgage activity in 1960. Adverse weather conditions have also hindered construction activity. In cities with population above 5,000, housing starts declined from 4,520 units in 1959 to 2,407 starts in 1960 in the first four months of the year.

Stock market conditions. Prices of industrial stocks increased early last week following the trend of the previous week as noted in the following table:

	Toronto	Montreal	New York Standard & Poor
May 11	488.94	279.1	58.11
18	493.50	283.1	59.12
25	497.21	285.8	59.32

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

Selected Canadian Money Market and Related Data

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	3-mo. Treas. bills			Canadian dollar			Net incen- tive to hold Can. bills/
	Canada a/	U.S. b/	Spread over U.S.	c/ Spot	3-mo. forward	discount (-) premium (+) d/	
1959 - High	6.16	4.49	2.96	105.51	--	--	--
Low	3.25	2.80	0.30	102.58	--	--	--
1960 - High	5.14	4.63	0.90	105.27	--	0.31	0.48
Low	2.67	2.86	-0.69	101.31	--	-0.72	-0.57
May 5	2.82	3.09	-0.27	103.30	103.31	0.06	-0.21
12	2.67	3.36	-0.69	102.59	102.63	0.12	-0.57
19	2.99	3.42	-0.43	101.47	101.55	0.31	-0.12
26	3.01	3.26	-0.25	101.31	101.34	0.12	-0.13

a/ Average yield at weekly tender on Thursday.

b/ Composite market yield for the U.S. Treasury bill on Thursday close of business.

c/ In U.S. cents.

d/ Spread between spot rate and 3-month forward Canadian dollar on Thursday closing, expressed as per cent per annum.

e/ (Column 3) spread over U.S. Treasury bill, plus (column 6) 3-month forward discount or premium.

Selected Government of Canada Security Yields

	6-mo. Treas. bills		Intermediate bonds (8 yr.)		Long-term bonds			
	Canada a/	Spread over U.S. b/	Canada c/	Spread over U.S. d/	(20 year)		(35 year)	
					Canada e/	Spread over U.S. f/	Canada g/	Spread over U.S. h/
1959 - High	6.24	--	5.37	--	5.30	--	5.05	--
Low	5.11	--	4.50	--	4.44	--	4.73	--
1960 - High	5.33	0.85	5.55	1.11	5.42	1.22	5.28	1.61
Low	2.90	-0.69	4.65	0.24	5.06	0.87	5.11	0.98
May 5	3.00	-0.42	5.04	0.76	5.17	0.93	5.24	1.41
12	2.90	-0.69	4.85	0.71	5.15	1.01	5.20	1.44
19	3.22	-0.48	4.67	0.31	5.08	0.87	5.12	1.29
26	3.26	-0.29	4.65	0.24	5.06	0.88	5.14	1.30

a/ Average yield at weekly tender on Thursday.

b/ Spread between Canadian auction rate and composite market yield of U.S. bill on close of business Thursday.

c/ Government of Canada 2-3/4 per cent of June 1967-68.

d/ Spread over U.S. Government 2-1/2 per cent of 1963-68.

e/ Government of Canada 3-1/4 per cent of October 1879.

f/ Spread over U.S. Government 3-1/4 per cent of 1978-83.

g/ Government of Canada 3-3/4 per cent of September 1996 - March 1998.

h/ Spread over U.S. Government of 1995.



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

	<u>Bank of Canada</u>			<u>Chartered banks</u>		<u>General public</u>		
	<u>Treas. bills.</u>	<u>Bonds</u>	<u>Government Total</u>	<u>Treas. bills.</u>	<u>Bonds</u>	<u>Savings bonds</u>	<u>Treas. bills.</u>	<u>Bonds</u>
March 23	+ 43	- 9	- 17	+ 9	0	- 7	- 32	+ 10
30	+ 25	- 34	- 10	+ 2	+ 16	- 8	- 12	+ 19
April 6	+ 28	- 30	- 3	- 10	+ 9	- 6	- 19	+ 38
13	+ 37	0	- 11	- 33	+ 3	- 7	+ 14	- 10
20	+ 14	0	+ 3	- 4	+ 2	- 5	- 11	- 5
27	- 10	+ 7	+ 2	+ 7	- 18	- 8	+ 3	+ 7
May 4	+ 9	+ 14	+ 1	+ 17	- 7	- 7	- 26	- 8
11	- 3	0	+ 2	+ 14	- 2	- 8	- 26	0
18	- 15	+ 4	- 8	+ 7	+ 17	- 7	- 6	- 15
25	0	- 4	- 3	+ 40	+ 1	- 7	- 39	+ 5

Source: Bank of Canada, Weekly Financial Statistics.

Sales of New Government, Municipal, and Corporate Bonds  
(millions of Canadian dollars)

	<u>1960 to May 24</u>	<u>1959 to May 25</u>	<u>1958 to May 26</u>
Government (direct)	3,149.0	2,875.0	3,395.0
Government (guaranteed)	---	150.0	300.0
Provincial (direct)	138.5	111.0	195.0
Provincial (guaranteed)	153.8	127.8	150.4
Municipal	218.1	142.9	186.4
Corporation	<u>273.7</u>	<u>152.1</u>	<u>453.7</u>
	3,933.0	3,558.8	4,680.4
Less short term	<u>2,520.0</u>	<u>2,675.0</u>	<u>2,445.0</u>
	1,413.0	888.8	2,235.4

Of the above, the following amounts have been sold in the United States

Provincial (direct)	25.0	75.0	100.0
Provincial (guaranteed)	22.0	56.2	70.0
Municipal	82.7	4.6	66.2
Corporation	<u>42.0</u>	<u>24.0</u>	<u>82.8</u>
	171.7	159.8	319.0

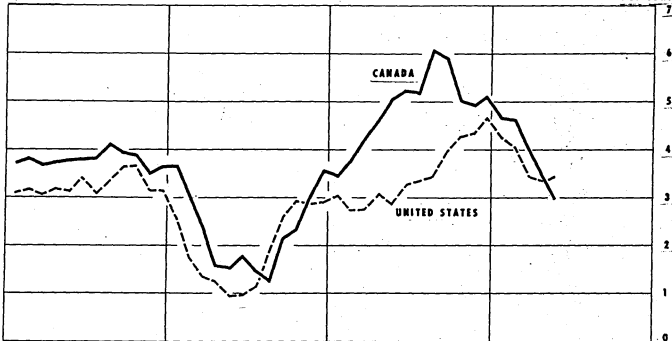
Source: Weekly Bond Sales Summary, A. E. Ames & Co., Ltd.

### CANADA - UNITED STATES

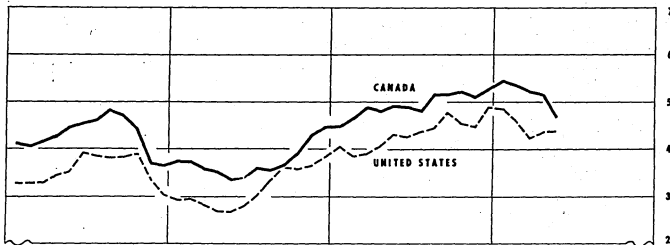
#### THREE-MONTH TREASURY BILL RATES

Monthly

Per cent



#### GOVERNMENT MEDIUM TERM BOND YIELDS



#### LONG TERM GOVERNMENT BOND YIELDS

