Not for Publication

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H.14

July 5, 1960.



# CAPITAL MARKET DEVELOPMENTS IN THE UNITED STATES AND CANADA

## Part I - United States

During the week ending July 1, corporations sold large issues with aggregate proceeds for $92 million and State and local governments sold bonds totaling $125 million. The State and local government financing total includes a $75 million bond issue by the State of California, $50 million of which had been originally scheduled for sale in late May, but the only bid received (naming a 3.99 per cent interest cost) was rejected. The accepted bid last week was 3.95 per cent. An additional $18 million of bonds was scheduled for sale last week, but California rejected the only bid received.

The volume of large public security financing is expected to be moderate during this holiday-shortened week. Corporate issues with total proceeds of $74 million and State and local government bond issues amounting to $87 million are scheduled for sale.

Long-term bond yields - Bond yields changed little last week. Yields on seasoned lower grade corporate bonds increased slightly, while those on State and local government bonds remained stable. Yields on high-grade corporate and U. S. Government obligations declined slightly.

Yields on outstanding long-term bonds declined somewhat in early June, but have been relatively stable in recent weeks. At the end of the month high-grade corporate bonds were 4 basis points lower, State and local government bonds 8 basis points lower and U. S. Government obligations 15 basis points lower than at the end of May. Lower rated corporate bond yields, on balance, showed no change for the month.

Offering yields on new corporate issues have also declined. Two new A-rated, first mortgage electric utility bond issues were offered to the public last week, one to yield 4.82 per cent to investors and the other to yield 4.84 per cent, 12 and 14 basis points respectively below the yield for a comparable offering made in mid-June.

Short- and intermediate-term interest rates - Yields on Treasury bills and intermediate-term issues also declined somewhat last week. Other principal money market rates remained stable.

Most short-term interest rates declined during June. Yields on 3-month Treasury bills declined 93 basis points and those on 6-month bills 74 basis points. The June decline for yields on 3-5 year Federal issues was 38 basis points. The discount rate was lowered from 4.00 per cent to 3.50 per cent and the rate for directly placed finance company paper fell in three successive weeks from 3-7/8 per cent to 3.00 per cent.

Stock prices - Stock prices and trading activity declined last week. Standard and Poor's index of 500 common stocks closed at 57.06 on July 1, 1 per cent lower than a week earlier. Trading volume averaged 3.0 million shares a day, the lowest since early May.

Stock prices increased sharply in early June reaching 58.00 but have since declined somewhat. For the month as a whole, prices showed a net increase of 2 per cent. Trading activity was heavy throughout June until last week with volume averaging 3.5 million shares a day as compared with 3.3 million shares a day in May.

Housing starts - Private housing starts, which dropped sharply in March's bad weather and then rose as sharply in April, changed little in May at a seasonally adjusted annual rate of 1,322,000 units, according to preliminary estimates for the new Census series. This was about 17 per cent below the advanced level of a year earlier. About three-fourths of all private starts were again conventionally financed.

The new Census Bureau starts series, covering both farm and nonfarm units, incorporates both broader scope and improved reporting than the former BLS nonfarm series. It has accordingly been running at a somewhat higher level, primarily for starts on 1-family houses and for starts within States in the North Central and South regions. The new series should also represent actual month-to-month changes in starts more closely. Even so, the Census Bureau tentatively cautions that "it appears that the standard errors of estimate of the monthly level and of the month-to-month change of the new housing starts series are of the order of three to four per cent of the monthly level."

July security volume estimates - New financing for both corporations and State and local governments is expected to be moderate in July.

Corporate security issues are estimated at $675 million, three-eighths less than the large June volume, but one-fourth larger than in July 1959. Large public issues are expected to total about $250 million and takedowns of private placements are expected also to be moderate.

State and local government security financing is expected to total $500 million. This volume would be more than two-fifths smaller than the large volume in June, but only slightly smaller than in July last year.

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

## LONG-TERM BOND YIELDS

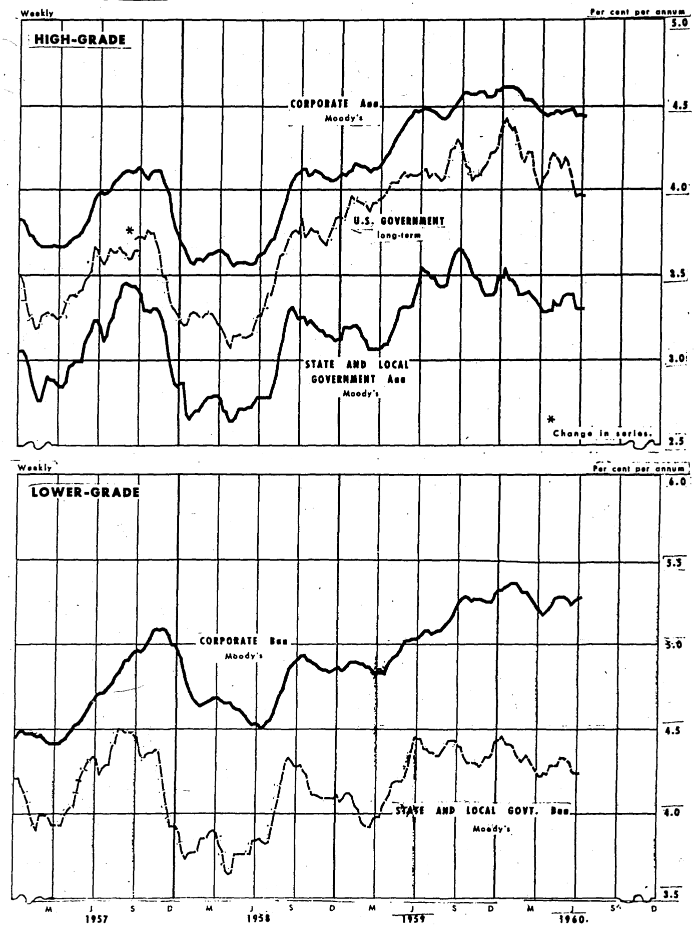


Exhibit B - Tables for Exhibit A

Long-term Bond Yields

High-grade

| Date | Corporate Aaa 1/ | U. S. Govt. long-term 2/ | State and local govt. Aaa 3/ | Spread between U. S. Govt. and Corporate Aaa | Spread between U. S. Govt. and 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) | .49 | .92 |
| Low | 4.44 (7/1) | 3.96 (7/1) | 3.28 (4/7) | .19 | .62 |
| June 3 | 4.48 | 4.07 | 3.38 | .41 | .69 |
| June 10 | 4.44 | 4.00 | 3.38 | .44 | .62 |
| June 17 | 4.45 | 3.96 | 3.31 | .49 | .65 |
| June 24 | 4.45 | 3.97 | 3.30 | .48 | .67 |
| July 1 p/ | 4.44 | 3.96 | 3.30 | .48 | .66 |

Lower-grade

| Date | Corporate Baa 1/ | State and local govt. Baa 3/ | Spread between Aaa and Baa: Corporate | Spread between Aaa and Baa: 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) | .84 | .97 |
| Low | 5.17 (4/8) | 4.22 (4/7) | .71 | .92 |
| June 3 | 5.27 | 4.32 | .79 | .94 |
| June 10 | 5.24 | 4.30 | .80 | .92 |
| June 17 | 5.26 | 4.25 | .81 | .94 |
| June 24 | 5.27 | 4.24 | .82 | .94 |
| July 1 p/ | 5.28 | 4.24 | .84 | .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.

EXHIBIT C

## SHORT- AND INTERMEDIATE- TERM INTEREST RATES

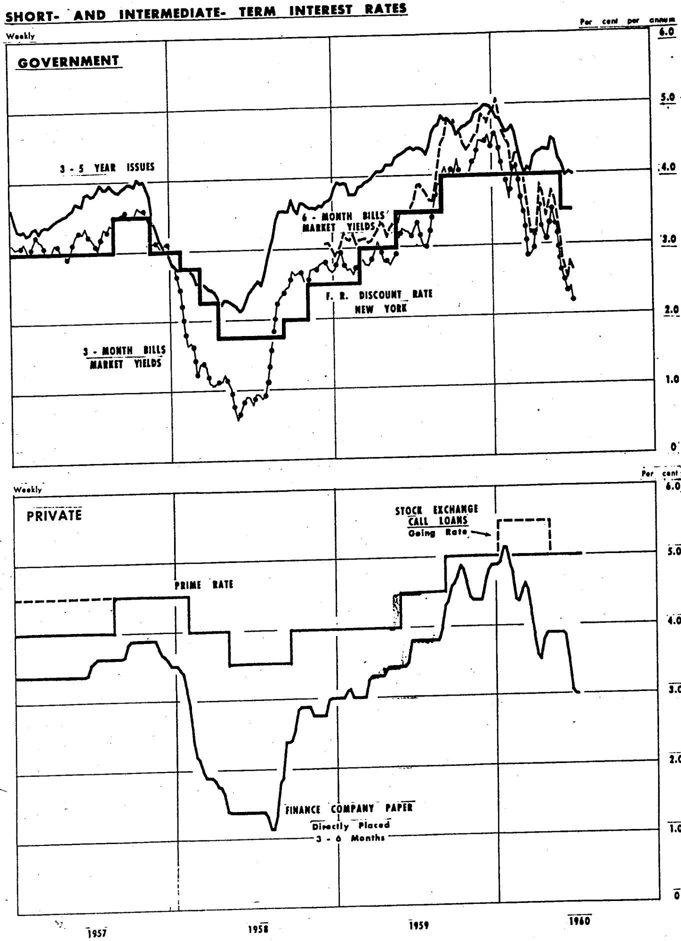


Exhibit D - Tables for Exhibit C 

Short- and Intermediate-term Interest Rates

Government

| Date | Discount rate 1/ | Yields: 3-month bills 2/ | Yields: 6-month bills 2/ | Yields: 3-5 year issues 2/ | Spread between yields on 3-month bills and yields on 6-mo. bills | Spread between yields on 3-month bills and yields on 3-5 yr. issues |
|---|---|---|---|---|---|---|
| | (per cent) | | | | | |
| 1954 - Low | 1.50 | .61 (6/11) | -- | 1.66 (4/30) | -- | .66 |
| 1957 - High | 3.50 | 3.64 (10/18) | -- | 4.04 (10/18) | -- | .86 |
| 1958 - Low | 1.75 | .58 (5/29) | 3.02 (12/26) | 2.14 (6/7) | .26 | .04 |
| 1959 - High | 4.00 | 4.57 (12/26) | 4.91 (12/31) | 5.00 (12/24) | .79 | 1.42 |
| Low | 2.50 | 2.63 (2/20) | 2.92 (1/2) | 3.70 (1/2) | .19 | .40 |
| 1960 - High | 4.00 | 4.59 (1/8) | 5.07 (1/8) | 4.97 (1/8) | .51 | 1.81 |
| Low | 3.50 | 2.31 (6/17) | 2.52 (6/17) | 3.99 (6/17) | .16 | .38 |
| June 3 | 4.00 | 2.94 | 3.18 | 4.24 | .24 | 1.30 |
| June 10 | 3.50 | 2.61 | 2.80 | 4.12 | .19 | 1.51 |
| June 17 | 3.50 | 2.31 | 2.52 | 3.99 | .21 | 1.68 |
| June 24 | 3.50 | 2.39 | 2.76 | 4.01 | .37 | 1.62 |
| July 1 p/ | 3.50 | 2.18 | 2.64 | 3.99 | .46 | 1.81 |

Private

| Date | Stock Exchange call loan 1/ | Prime rate 1/ | Finance company paper 3/ | Spread between 3-month Treasury bill yield and finance company paper rates |
|---|---|---|---|---|
| | (per cent) | | | |
| 1954 - Low | 3.00 | 3.00 | 1.25 (12/31) | 0 (12/18) |
| 1957 - High | 4.50 | 4.50 | 3.88 (11/16) | .59 (7/19) |
| 1958 - Low | 3.50 | 3.50 | 1.13 (8/8) | -.35 (8/29) |
| 1959 - High | 4.75 | 5.00 | 4.88 (12/31) | .86 (10/9) |
| Low | 3.75 | 4.00 | 3.00 (4/6) | .13 (12/4) |
| 1960 - High | 5.50 | 5.00 | 5.13 (1/22) | 1.02 (3/25) |
| Low | 5.00 | 5.00 | 3.00 (7/1) | .22 (4/15) |
| June 3 | 5.00 | 5.00 | 3.83 | .89 |
| June 10 | 5.00 | 5.00 | 3.53 | .92 |
| June 17 | 5.00 | 5.00 | 3.05 | .74 |
| June 24 | 5.00 | 5.00 | 3.00 | .61 |
| July 1 p/ | 5.00 | 5.00 | 3.00 | .82 |

1/ Weekly rate shown is that in effect at end of period. Discount rate is for Federal Reserve Bank of New York. Stock exchange call loan rate is going rate on call loans secured by customers' stock exchange collateral at New York City banks. Prime rate is that charged by large banks on short-term loans to business borrowers of the highest credit standing.

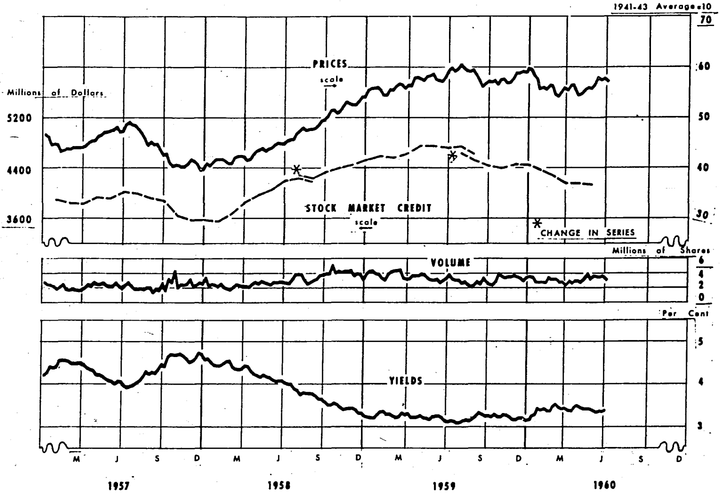
2/ Market yield; weekly averages computed from daily closing bid prices. Series of 3-5 year issues consists of selected notes and bonds.

3/ Average of daily rates published by finance companies for directly placed paper for varying maturities in the 90-179 day range.

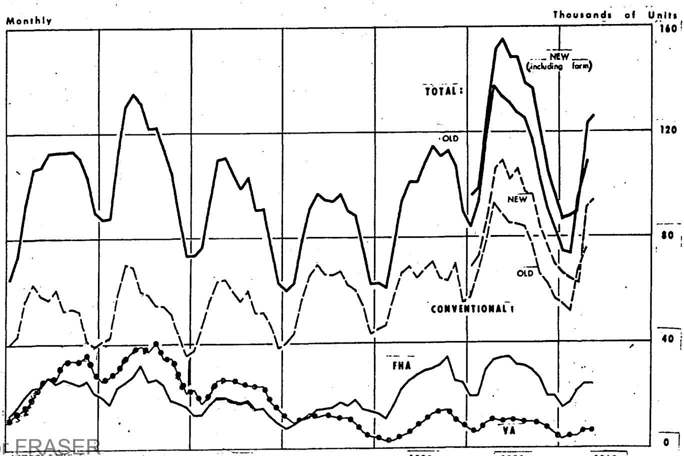
Note.--Highs and lows are for individual series and may be on different dates for different series. For spreads, high refers to widest, and low to narrowest.

EXHIBIT E

## STOCK MARKET




## PRIVATE HOUSING STARTS



## 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 | 3.9 | 4,365 | 3,198 | 1,167 |
| Low | 54.24 (3/11) | 3.51 | 2.4 | 4,132 | 3,021 | 1,111 |
| April | 55.73 | 3.41 | 2.9 | 4,153 | 3,037 | 1,116 |
| May | 55.22 | 3.42 | 3.3 | 4,132 | 3,021 | 1,111 |
| June 17 | 57.44 | 3.36 | 3.5 | n.a. | n.a. | 1,123 |
| June 24 | 57.68 | 3.35 | 3.7 | n.a. | n.a. | 1,127 |
| July 1 p/ | 57.06 | 3.38 | 3.0 | n.a. | n.a. | n.a. |

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.

## Private Housing Starts 1/

| Date | Seasonally adjusted annual rate: Nonfarm old series | Seasonally adjusted annual rate: Total new series | Unadjusted Total: Nonfarm old series | Unadjusted Total: Total new series | FHA | VA | Conventional: Nonfarm old series | Conventional: Total new series |
|---|---|---|---|---|---|---|---|---|
| | | | (Thousand of units) | | | | | |
| '59 - Jan. | 1,364 | 1,533 | 84 | 96 | 20 | 7 | 57 | 70 |
| Feb. | 1,403 | 1,546 | 94 | 99 | 20 | 6 | 67 | 73 |
| Mar. | 1,403 | 1,598 | 118 | 128 | 30 | 10 | 78 | 88 |
| Apr. | 1,434 | 1,613 | 137 | 151 | 34 | 11 | 93 | 106 |
| May | 1,370 | 1,597 | 134 | 153 | 34 | 10 | 89 | 108 |
| June | 1,368 | 1,577 | 131 | 148 | 35 | 11 | 85 | 102 |
| July | 1,375 | 1,578 | 127 | 148 | 32 | 11 | 85 | 106 |
| Aug. | 1,340 | 1,450 | 125 | 138 | 31 | 10 | 84 | 97 |
| Sept. | 1,323 | 1,509 | 117 | 136 | 30 | 10 | 77 | 97 |
| Oct. | 1,180 | 1,378 | 102 | 120 | 27 | 9 | 66 | 84 |
| Nov. | 1,210 | 1,356 | 91 | 105 | 20 | 8 | 62 | 76 |
| Dec. | 1,330 | 1,451 | 83 | 96 | 20 | 6 | 57 | 69 |
| 60 - Jan. | 1,216 | 1,366 | 75 | 87 | 16 | 4 | 55 | 67 |
| Feb. | 1,115 | 1,367 | 74 | 88 | 18 | 5 | 52 | 65 |
| Mar. | 1,125 | 1,112 | 95 | 90 | 22 | 5 | 68 | 63 |
| Apr.p/ | 1,135 | 1,324 | 109 | 123 | 25 | 7 | 76 | 91 |
| May p/ | -- | 1,322 | -- | 126 | 25 | 7 | -- | 94 |

'otal starts are Census estimates, which are not strictly comparable with old nonfarm series developed by BLS. A lwelling unit is started when excavation begins; all units in an apartment structure are considered started at that ;ime. FHA and VA starts are units started under commitments by these agencies to insure or guarantee the mortgages. ls reported by FHA and VA, a unit is started when a field office receives the first compliance inspection report, which is made before footings are poured in some cases but normally after the foundations have been completed. apehart military housing units are excluded. Conventional starts are derived as a residual, although total and HA and VA starts are not strictly comparable in concept or timing; they include both units financed by conventional ortgages and units without mortgages.

Exhibit G

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 | 621 | 858 | 953 |
| March | 860 | 646 | 1,553 3/ | 578 | 646 | 511 |
| April | p/789 | 894 | 1,140 | 712 | 932 | 798 |
| May | e/550 | 785 | 597 | e/550 | 593 | 895 |
| June | e/1,100 | 887 | 887 | e/1,000 | 1,006 | 551 |
| July | | 535 | 1,107 | e/550 | 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 | 1,935 | 2,143 | 2,276 |
| 2nd quarter | e/2,439 | 2,567 | 2,623 | e/2,262 | 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/4,590 | 4,771 | 5,762 | e/4,197 | 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 | 1,722 | 1,999 | 2,899 | | | |
| 2nd quarter | e/2,139 | 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.

Exhibit H



Other Security Offerings 1/

(In millions of dollars)

| | Long-term | | | | | |
|---|---|---|---|---|---|---|
| | Foreign government 2/ | | | Federal agency 3/ | | |
| | 1960 | 1959 | 1958 | 1960 | 1959 | 1958 |
| January | * | 81 | 196 | 182 | 199 | 1,163 |
| February | 175 | 60 | 53 | 150 | -- | 251 |
| March | 70 | 2 | -- | 150 | 175 | -- |
| April | 33 | 58 | 139 | 148 | -- | 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 4/ | | | Federal agency 3/ | | |
| January | 268 | 190 | 233 | 479 | 359 | 371 |
| February | 345 | 428 | 460 | 463 | 500 | 208 |
| March | 365 | 295 | 273 | 512 | 489 | 144 |
| April | 365 | 563 | 357 | 509 | 486 | 209 |
| May | p/ 267 | 411 | 354 | 986 | 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 I

## 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 - 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 |
| May | 139 | 234 | 28 |

### Large Individual Issues Offered during June

| Issuer | Type 3/ | Amount (millions of dollars) | Maturity | Coupon rate or net interest cost | Offering yield | Rating |
|---|---|---|---|---|---|---|
| **CORPORATE** | | | | | | |
| Florida Lt. & Pwr. Co. | Com. stk. | 23.1 | | | | |
| Mich. Wisc. P. L. Co. | 1st mtg.p.l.bds. | 30.0 | 1980 | 5-7/8 | 5.70 | Baa |
| So. Elec. Generating Co. | 1st mtg. bds. | 40.0 | 1992 | 5-1/4 | 5.20 | A |
| Natl. Cash Register Co. | S.F. deb. | 40.0 | 1985 | 4-3/4 | 4.75 | A |
| Northwestern Bell Tel. Co. | Deb. | 45.0 | 1998 | 4-7/8 | 4.80 | Aaa |
| Midwestern Gas Transm. Co. | 1st mtg. bds. | 60.0 | 1980 | 5-3/4 | 5.70 | -- |
| Baltimore Gas & Elec. Co. | 1st ref.mtg.bds. | 25.0 | 1980 | 4-7/8 | 4.75 | Aaa |
| Consol. Edison Co. of N.Y. | 1st ref.mtg.bds. | 50.0 | 1990 | 4-3/4 | 4.70 | Aa |
| James Talcott, Inc. | Sr. notes | 20.0 | 1980 | 5-1/2 | 5.58 | -- |
| Harvey Aluminum Co. | Com. stk. | 17.1 | | | | |
| Gulf States Utilities Co. | 1st mtg. bds. | 17.0 | 1990 | 4-7/8 | 4.82 | Aa |
| Tampa Electric Co. | 1st mtg. bds. | 25.0 | 1990 | 5 | 4.84 | Aa |
| Montgomery Ward Credit Corp | Deb. | 50.0 | 1990 | 4-7/8 | 4.92 | -- |

Large Individual Issues Offered during June (Cont'd)

| Issuer | Type 3/ | Amount (millions of dollars) | Maturity | Coupon rate or net interest cost | Offering yield | Rating |
|---|---|---|---|---|---|---|
| STATE AND LOCAL GOVERNMENT | | | | | | |
| King Co. Sch. Dist. #1, Washington | G.O. | 10.0 | 1962-80/70 | 3.67 | 2.75-3.75 | A |
| Memphis, Tennessee | G.O. | 17.7 | 1961-90 | 3.33 | 2.25-3.50 4/ | Aa |
| Penna. Gen. State Auth. | Rev.-Rent. | 25.0 | 1963-87/70 | 3.61 | 3.80-3.70 | -- |
| Los Angeles Dept. of Wtr. and Pwr., California | Rev.-Ut. | 15.0 | 1961-90/65 | 3.68 | 2.40-3.75 | Aa |
| State of Kentucky | G.O. | 30.0 | 1962-71/68 | 2.94 | 2.40-3.00 | Aa |
| State of Michigan | Rev.-S.T. | 25.0 | 1961-85/74 | 3.94 | 2.70-4.00 | A |
| Milwaukee, Wisconsin | Rev.-Ut. | 15.0 | 1961-90 | 3.56 | 2.25-3.60 | Aa |
| Phila. Sch. Dist., Penna. | G.O. | 10.0 | 1962-85 | 3.71 | 2.70-3.80 | A |
| Commonwealth of Puerto Rico | G.O. | 17.0 | 1961-80/75 | 3.89 | 2.50-3.90 | A |
| State of Connecticut | G.O. | 28.9 | 1961-80 | 3.06 | 2.10-3.15 | Aaa |
| Oroville-Wyandotte Irrig. Dist., California | Term | 47.9 | 2010 | 4.17 | 4.05 | -- |
| | Serial | 14.1 | 1966-85/80 | | 3.10-3.75 | |
| State of Maryland | G.O. | 13.5 | 1963-75 | 2.98 | 2.40-3.00 | Aaa |
| Alabama Educational Auth. | Rev.-S.T. | 50.0 | 1962-80/65 | 4.00 | 3.00-3.95 | Aa |
| State of Ohio | G.O. | 15.0 | 1960-70 | 2.77 | 1.65-2.85 | Aaa |
| New York State Power Auth. | Term | 80.0 | 2006 | 4.14 | 4.13 | -- |
| | Serial | 20.0 | 1965-80 | | 3.25-3.80 | |
| Maryland State Roads Comm. | Rev.-S.T. | 20.0 | 1961-75/68 | 3.52 | 2.25-3.50 | Aa |
| State of California | G.O. | 75.0 | 1962-86 | 3.94 | 2.50-4.00 | Aa |
| Florida Development Comm. | Rev.-Ut. | 16.8 | 1965-90/64 | 4.84 | 3.75-4.75 | Baa |
| Dallas Ind.Sch.Dist.,Texas | G.O. | 15.0 | 1961-80 | 3.44 | 2.20-3.55 | A |
| OTHER | | | | | | |
| Alberta Mun. Finance Corp. | S.F. deb. | 30.0 | 1985 | 4-7/8 | 4.91 | Aa |

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/ 1/4 per cent bonds of 1989 and 1/10 per cent bonds of 1990 not reoffered.

Exhibit J

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 - 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 |
| June 30 | 237 | 180 | 30 | 455 | 380 | 30 |

Forthcoming Large Offerings, as of July 1

| Issuer | Type | Amount (millions of dollars) | Approximate date of offering |
|---|---|---|---|
| CORPORATE | | | |
| Illinois Bell Telephone Co. | 1st mtg. bds. | 50.0 | July 7 |
| Mississippi River Fuel Co. | S.F. deb. | 24.0 | July 8 |
| Commercial Credit Co. | Senior notes | 50.0 | July 12 |
| Northern Illinois Gas Co. | 1st mtg. bds. | 30.0 | July 14 |
| American Can Co. | Deb. | 40.0 | July 14 |
| State Loan & Finance Co. | S.F. deb. | 20.0 | July 20 |
| *Southern Counties Gas Co. | 1st mtg. bds. | 23.0 | July 27 |
| Seaboard Finance Co. | S.F. deb. | 40.0 | Aug. 2 |
| El Paso Natural Gas Co. | Com. stk. | 30.0 | Aug. 11 (rights expire) |
| Consumers Power Co. | Conv. deb. | 38.1 | Aug. 12 (rights expire) |
| Texas Eastern Transmission Corp. | Deb. | 25.0 | Indefinite |
| Commerce Oil Refining Corp. | Deb., bds. & com. | 45.0 | Indefinite |
| *Trustors' Corp. | Participation certif. | 40.0 | Indefinite |
| STATE AND LOCAL GOVERNMENT | | | |
| Salt River Proj. Agric. Imp. & Pwr. Dist., Arizona | Rev.-Ut. | 19.0 | July 6 |
| State of North Carolina | G.O. | 10.7 | July 6 |
| District of Columbia Armory Board | Rev.-Ut. | 19.8 | July 7 |

Forthcoming Large Offerings, as of July 1 (Cont'd)

| Issuer | Type | Amount (millions of dollars) | Approximate date of offering |
|---|---|---|---|
| STATE AND LOCAL GOVERNMENT (Cont'd) | | | |
| Chicago, Illinois | G.O. | 37.0 | July 7 |
| Santa Clara Co., California | G.O. | 11.5 | July 12 |
| Nassau Co., N. Y. | G.O. | 27.1 | July 12 |
| Carmen-Smith Hydro-Elec. Proj., Ore. | Rev.-Ut. | 25.0 | July 19 |
| *Washington Toll Bridge Auth. | Rev.-Ut. | 30.0 | July 20 |
| Chesapeake Bay Bridge & Tunnel Comm. | Rev.-Ut. | 200.0 | Indefinite |
| OTHER | | | |
| Liberian Iron Ore Ltd. | Bds. & stk. | 30.0 | July 14 |

*--Included in table for first time.

1/ Includes corporate and other issues of $15 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: Illinois Bell Telephone Company's $61 million stock issue offered to stockholders--AT&T subscribed for 99 per cent of the shares.

Exhibit K

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) |
| 1952-1959 - 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 2/ | 36 | 5.33 | 43 |
| Nov. | *5.08 | 42 | | |
| Dec. | *5.30 | 63 | 5.45 | 51 |
| 1960 - Jan. 7 | | | 5.30 2/ | 28 |
| Feb. 25 | 5.08 | 44 | | |
| 26 | 5.10 | 46 | | |
| Mar. 15 | 4.90 2/ | 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 | | |
| May 10 | 4.88 | 32 | | |
| 12 | | | 5.10 | 26 |
| 25 | | | 5.20 | 33 |
| June 17 | | | 5.00 | 16 |
| 28 | | | 4.82 | 1 |
| 29 | | | 4.84 | 3 |

*--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.

Part II - Canada

The spread favoring the Canadian short Treasury bill over the United States bill widened to 0.88 per cent, the largest since early February, as the Canadian and United States rates moved in opposite directions. The premium on the 3-month forward Canadian dollar continued and the net incentive to hold the Canadian bill rose to a 1960 high of 0.94 per cent per annum. Bond yields continued to decline to new lows for the year. Stock prices also declined. The Canadian dollar steadied close to 102 (U.S. cents).

Money market conditions. The average yield on the 3-month Treasury bill at last Thursday's auction increased to 3.07 per cent from 2.98 per cent a week ago. The 6-month bill rate also rose to 3.23 per cent as compared with 3.19 per cent a week ago. The chartered banks decreased their holdings of Treasury bills by $46 million while the general public made net purchases of $40 million and the Bank of Canada holdings increased $5 million. The average closing rate on day-to-day loans increased to 3.03 per cent compared with 2.93 per cent in the previous week.

The spread favoring the Canadian short Treasury bill over the United States bill increased to 0.88 per cent as the rate on the Canadian bill rose and the United States bill rate declined. With the continued premium on the 3-month forward dollar, the net incentive to hold the Canadian bill rose to a high for the year at 0.94 per cent per annum.

Bond market conditions. Bond yields reached new lows for the year for most maturities. The spread between selected 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):

0.88 per cent on a 91-day bill (0.59)
0.62 per cent on a 182-day bill (0.40)
0.45 per cent on an 8-year bond (0.43)
1.01 per cent on a 20-year bond (0.99)
1.25 per cent on a 35-year bond (1.28)

The general public decreased their bond holdings by $17 million; the chartered banks bought $11 million and the Bank of Canada $5 million during the week.

A $50 million, 14-year, 5-3/4 per cent noncallable bond was offered by the Bell Telephone Co. of Canada last week at par and immediately jumped to a premium. Corporate bond prices also rose last week.

Exchange rate. The Canadian dollar rose to 102.12 (U.S. cents) on June 27, and fluctuated within narrow limits around 102 through the week.

Stock exchange conditions. Industrial stock prices on both Canadian exchanges continued to decline during the early part of last week but share prices in Toronto rose sharply on Friday June 30:

| | Toronto | Montreal | New York Standard and Poor |
|---|---|---|---|
| 1960 - High | 532.94 | 320.0 | 65.02 |
| Low | 484.60 | 277.9 | 57.00 |
| June 20 | 490.50 | 279.8 | 60.96 |
| 24 | 489.00 | 280.0 | 61.46 |
| 27 | 487.50 | 278.2 | 61.00 |
| 28 | 484.00 | 277.1 | 60.57 |
| 29 | 485.75 | 276.0 | 60.59 |
| 30 | 488.00 | 275.1 | 60.52 |

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

## Selected Canadian Money Market and Related Data

| | 3-mo. Treas. bills: Canada a/ | U.S. b/ | Spread over U.S. | Canadian dollar: Spot c/ | 3-mo. forward | discount (-) premium(+) d/ | Net incentive to hold Can. bills e/ |
|---|---|---|---|---|---|---|---|
| 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 | 0.94 |
| Low | 2.65 | 2.19 | -0.69 | 101.31 | -- | -0.72 | -0.57 |
| June 9 | 2.65 | 2.63 | 0.02 | 101.88 | 101.92 | 0.18 | 0.20 |
| 16 | 2.71 | 2.32 | 0.39 | 101.67 | 101.77 | 0.37 | 0.76 |
| 23 | 2.98 | 2.39 | 0.59 | 101.84 | 101.91 | 0.24 | 0.83 |
| 30 | 3.07 | 2.19 | 0.88 | 102.03 | 102.05 | 0.06 | 0.94 |

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

## Selected Government of Canada Security Yields

| | 6-mo. Treas. bills: Canada a/ | Spread over U.S. b/ | Intermediate bonds (8 yr.): Canada c/ | Spread over U.S. d/ | Long-term bonds (20 year): Canada e/ | Spread over U.S. f/ | Long-term bonds (35 year): 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 | 2.89 | -0.69 | 4.49 | 0.21 | 4.85 | 0.87 | 4.94 | 0.98 |
| June 9 | 2.89 | 0.06 | 4.54 | 0.42 | 4.96 | 0.98 | 5.05 | 1.37 |
| 16 | 2.92 | 0.38 | 4.53 | 0.49 | 4.95 | 1.05 | 5.04 | 1.39 |
| 23 | 3.19 | 0.40 | 4.50 | 0.43 | 4.87 | 0.99 | 4.96 | 1.28 |
| 30 | 3.23 | 0.62 | 4.50 | 0.45 | 4.85 | 1.01 | 4.94 | 1.25 |

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 Canadian dollars, par value)

| | Bank of Canada | | | Chartered banks | | General public | | |
|---|---|---|---|---|---|---|---|---|
| | Treas. bills | Bonds | Government Total | Treas. bills | Bonds | Savings bonds | Treas. bills | Bonds |
| April 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 |
| June 2 | - 54 | - 48 | - 2 | + 32 | + 8 | - 7 | - 4 | + 73 |
| 9 | - 1 | 0 | - 9 | - 9 | + 5 | - 7 | + 9 | - 3 |
| 16 | + 20 | + 13 | - 12 | - 41 | + 5 | - 3 | - 52 | - 11 |
| 23 | - 4 | + 13 | - 17 | + 5 | - 2 | - 7 | - 1 | + 4 |
| 30 | + 5 | + 5 | 0 | - 46 | + 11 | - 7 | + 40 | - 17 |

Source: Bank of Canada, Weekly Financial Statistics.

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

| | 1960 to June 27 | 1959 to June 29 | 1958 to June 20 |
|---|---|---|---|
| Government (direct) | 3,749.0 | 3,950.0 | 3,970.0 |
| Government (guaranteed) | -- | 150.0 | 300.0 |
| Provincial (direct) | 150.0 | 111.0 | 205.0 |
| Provincial (guaranteed) | 233.8 | 198.8 | 182.0 |
| Municipal | 292.3 | 225.6 | 257.3 |
| Corporation | 309.1 | 172.5 | 560.2 |
| | 4,734.2 | 4,807.9 | 5,474.5 |
| Less short term | 3,120.0 | 3,475.0 | 3,020.0 |
| | 1,614.2 | 1,332.9 | 2,454.5 |

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

| | | | |
|---|---|---|---|
| Provincial (direct) | 25.0 | 75.0 | 100.0 |
| Provincial (guaranteed) | 52.0 | 56.2 | 70.0 |
| Municipal | 110.7 | 44.5 | 106.8 |
| Corporation | 50.3 | 24.0 | 102.1 |
| | 238.0 | 199.7 | 378.8 |

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