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September 26, 1960.

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

(Including Quarterly Review of Corporate
Security Financing in the United States)

Part I - United States

Three large corporate bond issues with proceeds of \$120 million and four State and local government bond issues totaling \$84 million were publicly sold last week. This week, ending September 30, two corporate bond issues totaling \$90 million and State and local government issues for \$111 million are scheduled for sale.

Long-term bond yields - Changes in yields on long-term bonds were mixed last week. Yields on State and local government and Aaa-rated corporate bonds were stable while yields on U. S. Government bonds declined and those on Baa-rated bonds rose somewhat. Yields on new corporate bond offerings appear to have increased slightly recently.

Short- and intermediate-term interest rates - Yields on Treasury bills and intermediate-term Government securities declined last week. The rate on three- to six-month directly placed finance company paper rose reflecting the increase in rates announced late in the preceding week. Other short-term interest rates were unchanged.

Housing starts - Private housing starts, which dropped by 9 per cent in July, rose almost as much in August to a seasonally adjusted annual rate of 1,275,000 units, according to preliminary estimates. This rate, which covers both fam and nonfam accommodations, was 21 per cent below the April 1959 peak and 12 per cent below a year ago. Conventional starts, which continued to account for an average of more than 7 in every 10 starts, were a slightly higher proportion of the total than a year earlier.

Stock prices - Common stock prices as measured by Standard and Poor's index of 500 stocks declined sharply on Monday and on balance changed little thereafter, closing on Friday at 53.90. This is a 1960 low for Friday data, but it is slightly above the 1960 low based on daily quotations of 53.47. Trading volume averaged 3.0 million shares a day last week; volume was heavy early in the week but lighter later.

**Corporate Security Offerings in the
Second Quarter of 1960**

Net proceeds for new capital - Corporate security offerings for new capital totaled \$2.4 billion in the second quarter of 1960, 8 per cent less than in the corresponding period of 1959 and one-fourth less than in the record second quarter of 1957. For the first six months of 1960 new

Table 1

Corporate Security Offerings for New Capital
by Type of Business of Issuer
Second Quarter 1956-60

(Net proceeds in millions of dollars)

	1960	1959 <u>r/</u>	1958	1957	1956
Total corporate offerings	2,451	2,603	2,848	3,194	2,935
Refunding	84	36	225	46	130
New capital	2,367	2,567	2,623	3,149	2,805
Manufacturing	<u>516</u>	<u>750</u>	<u>1,028</u>	<u>1,076</u>	<u>1,007</u>
Chemicals	86	45	25	35	28
Nonelectrical machinery	60	45	11	309	51
Other transportation equipment	52	46	85	2	38
Lumber, wood products	50	16	10	31	34
Primary nonferrous metals	31	10	223	75	2
Electrical machinery	31	124	72	40	325
Primary iron and steel	28	168	32	77	20
Foods	19	31	24	22	45
Paper	17	19	46	30	108
Rubber products	14	38	7	2	11
Fabricated metal products	14	21	90	46	27
Stone, clay and glass products	10	6	28	33	83
Other <u>l/</u>	104	181	375	374	235
Electric, gas and water utilities	808	979	1,004	1,135	853
Communication	153	43	63	268	106
Railroad	59	57	32	98	83
Other transportation	110	146	185	105	111
Commercial and other	122	212	57	84	65
Mining	42	44	62	38	99
Financial and real estate	<u>558</u>	<u>336</u>	<u>192</u>	<u>345</u>	<u>481</u>
Sales and consumer finance	217	151	37	260	264
Other	341	185	155	85	217

r/ Revised.l/ Includes small volume of issues of foreign manufacturers not further classified.
Note.--Details may not add to totals due to rounding.

Source.--Securities and Exchange Commission and Federal Reserve.

corporate security financing totaled \$6.9 billion, 5 per cent less than in the corresponding period of 1959.

Electric, gas, and water utilities offered securities with proceeds of \$0.8 billion, one-sixth less than a year earlier and the smallest second quarter volume for these companies since 1955. Security offerings of manufacturing corporations totaled \$0.5 billion, nearly one-third less than a year earlier and the smallest second quarter volume since 1950. The amount of securities sold was moderate for all types of manufacturers. Chemical, nonelectrical machinery, and lumber and wood products manufacturers, however, sold a larger volume of new securities in the second quarter of this year than they had a year earlier.

New financing by financial and real estate companies in the second quarter totaled \$0.6 billion, two-thirds more than a year earlier. Sales of securities by sales and consumer finance companies were two-fifths larger in volume than in the second quarter of 1959. Security sales by other types of financial and real estate corporations also were sharply larger than a year earlier, particularly those of real estate companies.

New security issues by communication companies in the second quarter amounted to \$0.2 billion, more than \$0.1 billion larger than a year earlier. Financing by commercial and other corporations, however, totaled only \$0.1 billion, \$0.1 billion less than a year earlier.

Total gross proceeds - Gross proceeds from corporate offerings, which includes refunding issues and cost of flotation, were \$2.5 billion in the April-June period of 1960, 6 per cent less than a year earlier. Publicly offered securities, totaling \$1.7 billion, were sold in about the same volume as in the second quarter of 1959. Private placement of securities, however, totaled only \$0.8 billion, a decline of \$0.1 billion from the second quarter of 1959.

Bonds and notes were sold in about the same volume this year as in the corresponding period of 1959, but privately placed bonds were a smaller proportion of the total this year as were bonds convertible into stock. New common stock financing totaled \$0.6 billion in the second quarter, one-tenth less than in the April-June period of 1959. Preferred stock financing totaled only \$0.1 billion, nearly one-half less than in the second quarter of 1959.

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.

Table 2

Total Corporate Security Offerings by Type of Issue
2nd Quarter 1956-60

(Gross proceeds in millions of dollars)

Type of issue	1960	1959	1958	1957	1956
Total corporate offerings	2,521	2,665	2,898	3,258	2,989
<u>Type of offering</u>					
Public	1,706	1,741	1,999	2,323	1,938
Private	814	925	899	935	1,051
<u>Type of security</u>					
Bonds and notes	1,848	1,854	2,528	2,354	2,311
Public	1,072	960	1,681	1,456	1,296
Private	775	894	847	897	1,015
(Memo: Convertible)	84	202	152	170	370
Preferred stock	95	173	154	139	146
Common stock	578	639	216	765	532

n.a.--Not available.

r/ Revised.

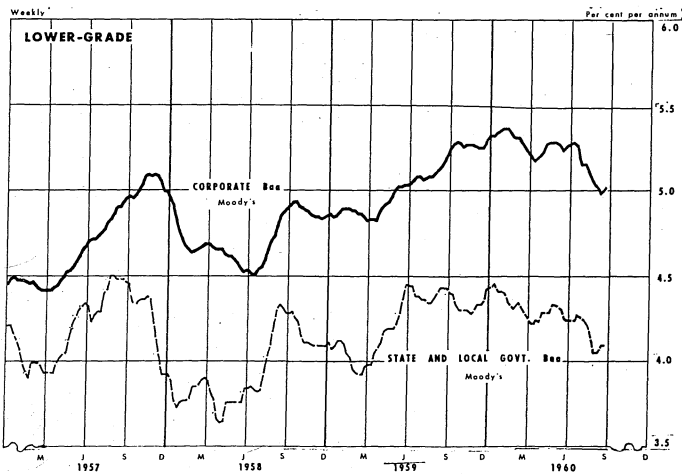
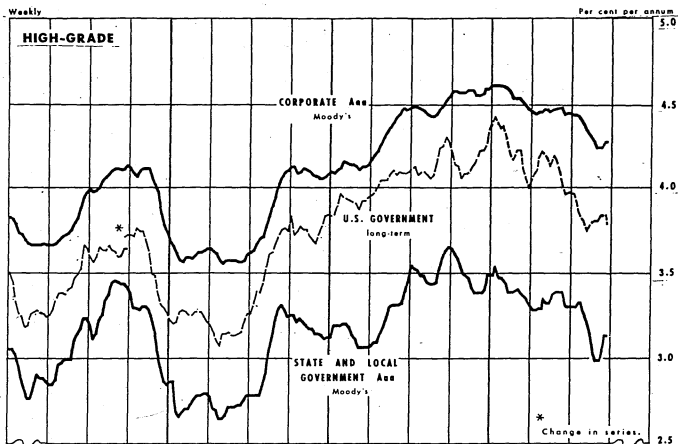
Note.--Details may not add to totals due to rounding.

Source.--Securities and Exchange Commission.

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

EXHIBIT A

LONG-TERM BOND YIELDS



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	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)	.59	.92
Low	4.23 (9/9)	3.75 (8/5)	2.99 (9/1)	.19	.53
Aug. 26	4.23	3.81	2.99	.42	.82
Sept. 2	4.23	3.84	2.99	.39	.85
Sept. 9	4.23	3.84	3.03	.39	.81
Sept. 16	4.26	3.84	3.13	.42	.71
Sept. 23 ^{p/}	4.26	3.79	3.13	.47	.66

Lower-grade

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)	.84	1.08
Low	4.98 (9/9)	4.05 (9/1)	.71	.92
Aug. 26	5.03	4.05	.80	1.06
Sept. 2	5.01	4.05	.78	1.06
Sept. 9	4.98	4.07	.75	1.04
Sept. 16	4.99	4.09	.73	.96
Sept. 23 ^{p/}	5.02	4.09	.76	.96

^{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

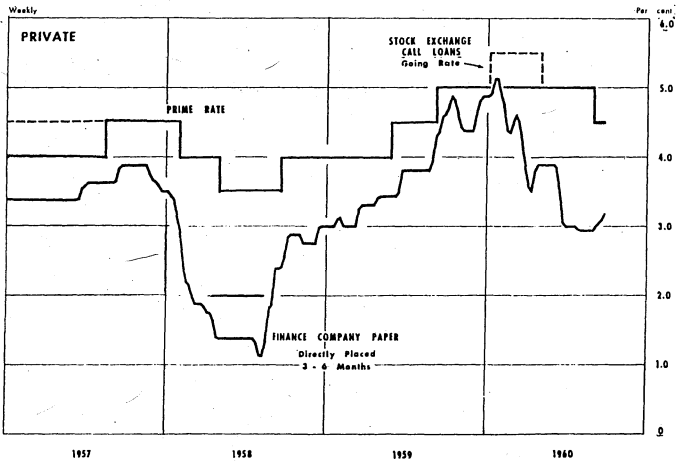
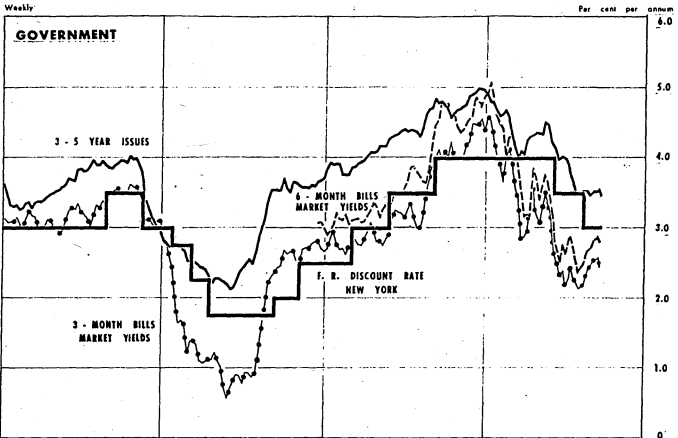


Exhibit D - Tables for Exhibit C

Short- and Intermediate-term Interest Rates

Government

Date	Discount rate $\frac{1}{2}$	Yields			Spread between yields on	
		3-month bills $\frac{2}{2}$	6-month bills $\frac{2}{2}$	3-5 year issues $\frac{2}{2}$	3-month bills and yields on 6-mo. bills	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 (6/6)	.26	.04
1959 - High	4.00	4.57 (12/24)	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)	.58	1.81
Low	3.00	2.13 (8/5)	2.39 (8/5)	3.47 (9/23)	.16	.38
Aug. 26	3.00	2.43	2.70	3.47	.27	1.04
Sept. 2	3.00	2.53	2.82	3.51	.29	.98
Sept. 9	3.00	2.56	2.83	3.51	.27	.95
Sept. 16	3.00	2.58	2.87	3.53	.29	.95
Sept. 23 $\frac{p}{2}$	3.00	2.43	2.80	3.47	.37	1.04

Private

Date	Stock Exchange call loan $\frac{1}{2}$	Prime rate $\frac{1}{2}$	Finance company paper $\frac{3}{2}$	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 (11/15)	.59 (7/19)	
1958 - Low	3.50	3.50	1.13 (8/8)	-.35 (8/29)	
1959 - High	5.00	5.00	4.88 (12/31)	.86 (10/9)	
Low	4.00	4.00	3.00 (3/6)	.13 (12/4)	
1960 - High	5.50	5.00	5.13 (1/22)	1.02 (3/25)	
Low	4.50	4.50	2.94 (8/26)	.22 (4/15)	
Aug. 26	4.50	4.50	2.94	.51	
Sept. 2	4.50	4.50	3.01	.48	
Sept. 9	4.50	4.50	3.06	.50	
Sept. 16	4.50	4.50	3.11	.53	
Sept. 23 $\frac{p}{2}$	4.50	4.50	3.19	.76	

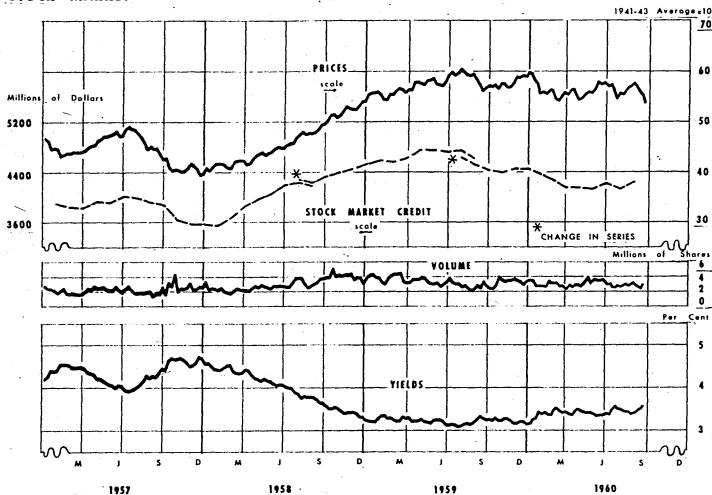
$\frac{1}{2}$ Weekly rate shown is that in effect at end of period. Discount rate is for Federal Reserve Bank of New York. Stock exchange call loan rate is going rate on call loans secured by customers' stock exchange collateral at New York City banks. Prime rate is that charged by large banks on short-term loans to business borrowers of the highest credit standing.

$\frac{2}{2}$ Market yield; weekly averages computed from daily closing bid prices. Series of 3-5 year issues consists of assorted notes and bonds.

$\frac{3}{2}$ Average of daily rates published by finance companies for directly placed paper for varying maturities in the 90-179 day range.

Note: High and Low are for individual series and may be on different dates for different series. For spreads, High refers to widest, and Low to narrowest.

STOCK MARKET



PRIVATE HOUSING STARTS

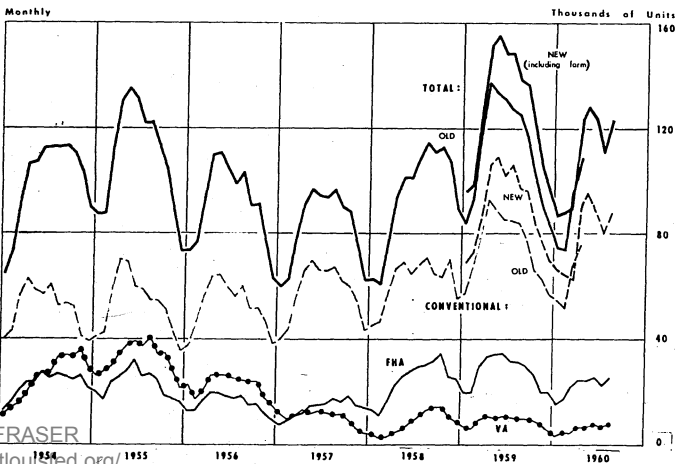


Exhibit F - Tables for Exhibit E

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	53.90 (9/23)	3.58	2.4	4,132	3,004	1,111
July	55.84	3.45	2.7	4,133	3,004	1,129
August	56.51	3.43	2.8	4,243	3,109	1,134
Sept. 9	56.11	3.45	2.7	n.a.	n.a.	1,144
Sept. 16	55.11	3.51	2.4	n.a.	n.a.	1,145
Sept. 23 p/	53.90	3.58	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.

Private Housing Starts 1/

Date	Seasonally adjusted annual rate		Unadjusted					
	Nonfarm old series	Total new series	Total		FHA	VA	Conventional	
			Nonfarm old series	Total new series			Nonfarm old series	Total new series
(Thousand of units)								
1959 - 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
1960 - 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.	1,135	1,325	109	r/124	25	7	76	91
May	--	1,342	--	128	25	7	--	96
June r/	--	1,302	--	124	26	8	--	88
July r/	--	1,184	--	111	23	7	--	80
Aug. p/	--	1,275	--	123	26	8	--	88

Total starts are Census estimates, which are not strictly comparable with old nonfarm series developed by BLS. A dwelling unit is started when excavation begins; all units in an apartment structure are considered started at that time. FHA and VA data represent units started, as based on field office reports of first compliance inspections which are made before footings are poured in some cases but normally after the foundations have been completed. Caphart military housing units are excluded. Conventional starts are derived as a residual, although total and FHA and VA starts are not strictly comparable in concept or timing; they include both units financed by conventional mortgages 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	1958
January	577	821	728	738	639	812
February	715	738	857	623	858	953
March	860	646	1,553 ^{2/}	575	646	511
April	766	894	1,140	731	932	798
May	567	785	597	550	593	895
June	1,034	887	887	1,030	1,006	551
July	p/717	535	1,107	p/555	567	806
August	e/925	740	540	e/600	516	403
September	e/700	703	1,114	e/600	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	1,936	2,143	2,276
2nd quarter	2,367	2,567	2,623	2,311	2,531	2,244
3rd quarter	e/2,377	1,979	2,760	e/1,750	1,548	1,860
4th quarter		2,642	2,300		1,571	1,365
1st half	4,719	4,771	5,762	4,247	4,674	4,520
Three quarters	e/6,890	6,750	8,522	e/5,997	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	2,150	2,412	2,586			
3rd quarter	e/1,922	1,716	2,731			
4th quarter		2,503	2,213			
Year		8,630	10,429			

e/ Estimated.

p/ Preliminary.

1/ Securities and Exchange Commission estimates of net proceeds.

2/ Investment Bankers Association of America estimates of principal amounts.

3/ Includes \$718.3 million AT&T convertible debenture issue.

4/ Total new capital issues excluding offerings of sales and consumer finance companies.

Other Security Offerings ^{1/}

(In millions of dollars)

	Long-term					
	Foreign government ^{2/}			Federal agency ^{3/}		
	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	72	50	198	354	--	--
June	40	42	120	--	--	--
July	--	85	9	--	--	164
August		1	5	p/200	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/}		
	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	365	563	357	509	486	209
May	351	411	354	632	675	161
June	297	245	264	435	289	329
July	207	246	289	312	727	437
August		467	423	468	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. Sources: Securities and Exchange Commission.

^{3/} Issues not guaranteed by the U. S. Government. Sources: long-term, Securities and Exchange Commission; short-term, Federal Reserve.

^{4/} Principally tax and bond anticipation notes, warrants or certificates and Public Housing Authority notes. In some instances PMA notes included may have a somewhat longer term than one year. Sources: Bond Buyer.

Large Long-term Public Security Issues for New Capital
(Other than U. S. Treasury) 1/

Proceeds of Large Issues Offered

(Millions of dollars)

Month	Corporate	State and local government	Other <u>2/</u>
1959 - 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
June	442	561	30
July	303	191	--
August	581	298	75

Large Individual Issues Offered September 1 through 23

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
CORPORATE						
Virginia Elec. & Pow. Co.	1st ref. mtg. bds.	25.0	1990	4-5/8	4.58	Aa
Public Serv. Co. of Colo.	Pfd. stk.	15.0				
Utah Power & Light Co.	1st mtg. bds.	16.0	1990	4-7/8	4.80	A
Public Serv. Elec. & Gas Co.	1st ref. mtg. bds.	50.0	1990	4-3/4	4.62	Aa
Pacific Pow. & Lt. Co.	1st mtg. bds.	20.0	1990	5-1/8	5.08	Baa
Union Electric Co.	1st mtg. bds.	50.0	1990	4-3/4	4.65	Aa
STATE AND LOCAL GOVERNMENT						
Alameda-Contral Costa Transit Dist., Calif.	Rev.-Ut.	16.5	1962-80 ^{4/}	3.20	1.80-3.35	Aa
Ala Highway Auth.	Rev.-Ut.	15.0	1961-80	3.61	1.70-3.70	A
New York State Thruway Auth.	G.O.	50.0	1985-95	3.46	3.20-3.45	Aaa
City & Co. of San Fran.	G.O.	21.5	1961-80 ^{4/}	3.00	1.60-3.25	Aa
Pa. St. Hwy. & Bridge Auth.	Rev.-Ut.	10.0	1961-80/68	3.15	1.50-3.30	Aa
Public Housing Auths.	--	48.9	1961-2001	3.44	1.50-3.60	Aaa
Puerto Rico Aqueduct & Sewer Auth.	Rev.-Ut.	10.0	1962-2000	4.20	2.25-4.40	Baa
Milwaukee, Wisc.	G.O.	10.8	1961-73	2.69	1.50-2.85	Aaa
City of Alton, Ill.	Rev.-S.T.	25.0	1961-85	3.78	1.80-3.90	A

Large Individual Issues Offered September 1 through 23 (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> (Cont'd)						
State of Connecticut	G.O.	35.4	1963-80	2.89	2.00-3.10	Aaa
Buffalo, New York	G.O.	12.3	1961-89	2.83	1.40-3.25	Aaa
<u>OTHER</u>						
None						

- ^{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/} 1980 maturity 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 - 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
July 29	596	275	--	1,006	324	--
Aug. 31	216	283	--	731	283	--

Forthcoming Large Offerings, as of September 23

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
New York Telephone Co.	Ref. mtg. bds.	60.0	Sept. 25
Continental Can Co.	Deb.	30.0	Sept. 30
San Diego Gas & Elec. Co.	1st mtg. bds.	30.0	Oct. 5
Youngstown Sheet & Tube Co.	1st mtg. S.F. bds.	60.0	Oct. 5
household Finance Corp.	Deb.	50.0	Oct. 6
Columbia Gas System	Deb.	30.0	Oct. 7
Louisville Gas & Elec. Co.	1st mtg. bds.	16.0	Oct. 19
Pacific Lighting Gas Supply Co.	S.F. deb.	25.0	Oct. 20
Florida Power Co.	1st mtg. bds.	25.0	Oct. 21
American Telephone and Telegraph Co.	Deb.	250.0	Oct. 25
General Acceptance Corp.	Sen. deb.	20.0	October
Associated Dry Goods Corp.	S.F. deb.	20.0	October
John Deere Credit Corp.	Deb.	50.0	October
*Idaho Power Co.	1st mtg. bds.	15.0	Nov. 15
Trustors' Corp.	Partic. certif.	40.0	Indefinite
Commerce Oil Refining Corp.	Deb., bds. & com.	45.0	Indefinite
Liberian Iron Ore, Ltd.	Bds. & stk.	30.0	Indefinite
Natural Gas Pipeline of America	1st mtg. bds.	25.0	Indefinite
Natural Gas Pipeline of America	Pfd. stk.	15.0	Indefinite

Forthcoming Large Offerings, as of September 23 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
Detroit, Michigan	G.O.-Rev.	11.2	Sept. 27
Detroit Michigan School Dist.	G.O.	10.0	Sept. 27
State of Louisiana	G.O.	15.0	Sept. 28
State of California	G.O.	75.0	Sept. 28
Los Angeles, Calif., Dept. of Wtr. and Pwr.	Rev.-Ut.	12.0	Oct. 5
*Oreleans Parish, La., School Dist.	G.O.	10.0	Oct. 5
Los Angeles County, Calif., Flood Control Dist.	G.O.	10.0	Oct. 18
*Pa. State Public School Bldg. Auth.	Rev.-Rent.	21.3	Oct. 19
Kentucky Turnpike Auth.	Rev.	55.0	October
*Los Angeles Harbor Dist., Calif.	Rev.	12.0	Nov. 15
*New York State housing Finance Agency	Rev.	100.0	November
<u>OTHER</u>			
Commonwealth of Australia	Bds.	25.0	Sept. 28
*High Authority of the European Coal and Steel Community	Bds. & notes	35.0	Oct. 17
*Tennessee Valley Auth.	Bds.	50.0	Nov. 15

*--Included in table for first time.

1/ Includes corporate and other issues of \$15 million and over; State and local government issues of \$10 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues and non-guaranteed issues by Federal agencies.

Note.--Deletions for reasons other than sale of issue: None.

Yields on New and Outstanding
Electric Power Bonds, Rated Aa and A ^{1/}

Date	Aa-rated offering yields		A-rated offering yields	
	Actual (per cent)	Amount above seasoned yields (basis points)	Actual (per cent)	Amount above seasoned yields (basis points)
1952-1959 - 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 ^{2/}	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			4.95	11
28	4.82	25		
29	4.84	27		
July 8			4.93	11
13			4.88	8
Sept. 15			4.80	24
23	4.65	25		

*--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

Last week, a further sharp fall of nearly 40 basis points in Canadian Treasury bills brought bill yields to the lowest level since July 1958. The yield on the Canadian 3-month bill was 82 basis points below the yield for the short United States bill. With the exchange risk covered, there is now an incentive of 0.33 per cent in favor of the United States bill over the Canadian bill. Canadian bond yields also eased in most maturities but not as much during the past week as did bond yields in the United States. During the week, the Canadian dollar declined from 103.08 U.S. cents to 102.63 U.S. cents.

Money market conditions. At last Thursday's auction, the average yield on the 3-month Treasury bill fell sharply to 1.68 per cent per annum compared with 2.07 per cent in the previous week. Since the middle of July the rate has declined by 187 basis points. The 6-month bill yield also fell sharply to its low for the year of 1.99 per cent from 2.36 per cent in the previous week (see Table). The chartered banks purchased \$52 million of Treasury bills while the general public sold \$37 million and the Bank of Canada sold \$16 million. The average closing rate on day-to-day loans fell to 1.68 per cent from 1.75 per cent in the previous week.

Due to the virtual doubling of the spread between the U.S. and Canadian bills, the net incentive to hold the United States bill increased sharply to 0.33 per cent per annum from 0.04 per cent in the previous week (see Table).

Bond market. During the week, Canadian bond yields eased generally in most maturities (see Table). Due to proportionally larger falls in U.S. bond yields, the spread favoring Canadian bonds over U.S. bonds widened. The spread between selected comparable Canadian and United States securities (Thursday yield for bills and Wednesday yield for bonds) were as follows (figures in parentheses refer to the previous week):

-0.82 per cent on a 91-day bill (-0.46)
-0.86 per cent on a 182-day bill (-0.48)
0.67 per cent on an 8-year bond (0.60)
0.92 per cent on a 20-year bond (0.88)
1.03 per cent on a 35-year bond (0.97)

For the fifth week in succession, there was no change in the bond holdings of the Bank of Canada. The Government accounts sold \$3 million of bonds while the chartered banks purchased \$3 million. The general public sold \$7 million of savings bonds.

New issues of Government, municipal and corporation bonds through September 12, 1960 in Canada have been in greater volume than in the corresponding period of 1959 (see Table). New corporation bonds (which decreased by nearly \$395 million in the first eight and a half months of 1959 compared with the same period of 1958) have staged a substantial comeback; they show an increase of over \$175 million in the period through

September 12, 1960, as compared with the same period of 1959. Borrowing by municipalities and provinces are also running well ahead of comparable borrowings last year. Government bond borrowings in 1960 have been running at about the 1959 volume but short-term financing is appreciably below last year's levels.

The terms of Series 15, Canada Savings Bonds, were announced on September 19. They will be dated November 1, 1960, will mature in 10 years and will provide an average yield of 4.71 per cent per annum if held to maturity compared with the all-time peak in 1959 of 4.98 per cent. Interest payable annually is graduated to provide 4 per cent the first year, 4-1/4 per cent the second year, 4-1/2 the third year, 4-3/4 per cent the fourth year and 5 per cent for each of the remaining six years. This year the limit per buyer is reduced to \$10,000 from \$20,000 in 1959 and the bonds will pay no premium upon redemption at maturity, whereas last year there was a 3 per cent nontaxable bonus.

An issue of \$5 million of Province of Newfoundland 20-year, 5-1/2 per cent noncallable bonds has been announced. The bonds mature October 1, 1980, and are priced at 97-1/2 to yield 5.71 per cent.

An issue of \$1,447,400 Orillia (Ontario) 1-to-20 year serials has been offered at an interest rate of 5.75 per cent on nearly all of the issue; the 11-to-20 year maturities are offered on a 5.65 per cent yield basis.

Stock exchange. Industrial stock prices on the Canadian exchanges fell generally during the week as noted in the following table:

	<u>Toronto</u>	<u>Montreal</u>	<u>New York Standard and Poor</u>
1960 - High	532.94	320.0	65.02
Low	472.38	259.3	57.00
August 2	475.06	259.3	58.41
September 2	506.50	271.0	60.41
13	501.25	270.3	59.05
14	500.06	270.4	58.60
15	498.06	269.6	58.37
16	493.94	268.0	58.24
19	486.63	264.1	56.81
20		264.7	57.02

Foreign exchange. During the week, the Canadian spot dollar declined to 102.63 (U.S. cents) on Thursday from 103.08 the week before (see Table). The premium on the 3-month forward dollar increased to 0.49 per cent per annum from 0.42 per cent the previous week.

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.	Spot c/	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	--	0.99	0.94
Low	1.68	2.15	-0.82	101.31	--	-0.72	-0.57
Sept. 1	2.01	2.58	-0.57	103.03	103.08	0.19	-0.38
8	2.09	2.55	-0.46	103.06	103.13	0.24	-0.22
15	2.07	2.53	-0.46	103.08	103.19	0.42	-0.04
22	1.68	2.50	-0.82	102.63	102.75	0.49	-0.33

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		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	1.99	-0.86	4.09	0.21	4.63	0.85	4.68	0.95
Aug. 31	2.24	-0.63	4.15	0.54	4.65	0.88	4.75	1.03
Sept. 7	2.32	-0.50	4.09	0.44	4.63	0.85	4.68	0.95
14	2.36	-0.48	4.17	0.60	4.68	0.88	4.69	0.97
21	1.99	-0.86	4.14	0.67	4.66	0.92	4.70	1.03

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 1979.

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)

	<u>Bank of Canada</u>		<u>Government</u>	<u>Chartered banks</u>		<u>General public</u>		
	<u>Treas. bills</u>	<u>Bonds</u>		<u>Total</u>	<u>Treas. bills</u>	<u>Bonds</u>	<u>Savings bonds</u>	<u>Treas. bills</u>
July 21	- 15	- 5	+ 13	- 4	- 4	- 6	+ 4	- 4
28	+ 18	- 13	+ 25	+ 4	- 3	- 6	- 37	- 10
Aug. 4	- 3	+ 11	+ 57	- 12	- 34	- 5	0	- 35
11	- 12	+ 5	+ 15	- 8	+ 1	- 5	+ 11	- 9
18	- 3	+ 17	+ 2	+ 21	+ 10	- 5	- 19	- 23
25	- 6	+ 1	+ 1	+ 24	+ 2	- 6	- 14	- 4
31	0	0	+ 4	+ 11	+ 9	- 5	- 10	- 9
Sept. 7	0	0	+ 4	- 11	+ 18	- 4	+ 13	- 19
14	0	0	0	+ 8	+ 11	+ 2	- 3	- 12
21	- 16	0	+ 3	+ 52	+ 3	- 7	- 37	0

Source: Bank of Canada, Weekly Financial Statistics.

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

	<u>1960</u>	<u>1959</u>	<u>1958</u>
	<u>to Sept. 12</u>	<u>to Sept. 14</u>	<u>to Sept. 15</u>
Government (direct)	\$5,309.0	\$5,383.5	\$5,235.0
Government (guaranteed)	250.0	150.0	300.0
Provincial (direct)	229.0	185.7	205.0
Provincial (guaranteed)	274.0	280.7	277.3
Municipal Corporation	340.8	282.4	275.9
	201.2	224.9	619.0
	<u>6,821.9</u>	<u>6,507.2</u>	<u>6,912.3</u>
Less short term	<u>4,440.0</u>	<u>4,913.0</u>	<u>4,306.0</u>
	2,381.9	1,594.3	2,606.3

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

Provincial (direct)	25.0	90.0	100.0
Provincial (guaranteed)	52.0	116.2	70.0
Municipal Corporation	110.9	66.4	106.8
	<u>50.3</u>	<u>32.0</u>	<u>107.2</u>
	238.2	304.6	383.9

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