

H.14

November 28, 1960

CAPITAL MARKET DEVELOPMENTS  
IN THE UNITED STATES AND CANADA

(Including Quarterly Review of State and  
Local Government Security Financing)

Part I - United States

Last week the volume of new public security financing was relatively small. Two large corporate bond issues with proceeds of \$100 million were sold and one \$25 million State and local government bond issue was publicly offered. This week, ending December 2, one \$50 million corporate offering is tentatively scheduled for sale and two State and local government bond issues with par value of \$30 million are on the new offering calendar. A \$100 million FNMA issue is also scheduled.

Bond yields - Changes in bond yields were mixed and minor last week. Yields on corporate and U. S. Government long-term bonds increased slightly while yields on State and local government obligations were stable.

Short- and intermediate-term interest rates - Yields on Treasury bills declined last week while yields on intermediate-term U. S. Government obligations rose. Rates on 90-179 day directly placed finance company paper changed little as most major finance companies continued to quote the rates announced two weeks ago.

Mortgage yields - In October, average yields in the private secondary market on selected unseasoned 5-3/4 per cent FHA new-home mortgages declined slightly further to 6.09 per cent, 15 basis points below the high in January. Although the comparatively wide spread between yields on FHA mortgages and on new issues of high-grade corporate bonds again narrowed somewhat as bond yields rose, it was still the widest for any October in the last five years.

State and Local Government Security Offerings  
in the Third Quarter of 1960

State and local governments sold \$1.8 billion of long-term bonds during the third quarter of 1960, one-seventh more than a year earlier and only slightly below the record third quarter volume in 1958. For the first nine months this year, however, State and local government financing totaled \$6.1 billion, slightly below that in the comparable period of 1959.

Long-term Security Issues of State and Local Governments  
Third Quarter 1955-60

(In millions of dollars)

	1960	1959	1958	1957	1956	1955
<u>Issuing authority:</u>						
State	259	460	436	256	119	77
County and township	122	148	126	119	87	125
Municipality	602	484	704	563	295	296
School district	294	269	338	383	294	210
Special authority	567	235	293	245	194	230
Unidentified <u>1/</u>	--	--	--	--	--	199
Total	1,843	1,596	1,897	1,566	988	1,136
<u>Purpose of issue:</u>						
New capital total	<u>1,840</u>	<u>1,548</u>	<u>1,860</u>	<u>1,544</u>	<u>971</u>	<u>1,124</u>
Schools <u>2/</u>	501	472	580	574	406	273
Highways, bridges and tunnels	475	262	237	272	105	200
Residential buildings	168	150	194	37	9	129
Hospitals and institutions	26	20	35	20	5	7
Sewer and water	263	176	260	287	170	183
Misc. public service enterprises	57	42	96	47	91	18
Veterans' aid	50	152	120	75	2	8
Other	300	273	339	232	184	109
Unidentified <u>1/</u>	--	--	--	--	--	199
Refunding	4	48	37	22	17	12
Total	1,843	1,596	1,897	1,566	988	1,136
<u>Type of issue:</u>						
General obligation	1,166	1,012	1,200	1,110	680	681
Revenue	<u>491</u>	<u>421</u>	<u>481</u>	<u>393</u>	<u>248</u>	<u>333</u>
Utility	127	200	179	304	191	n.a.
Quasi-utility	342	45	44	7	22	n.a.
Special tax	<u>4/</u>	114	100	21	6	n.a.
Rental	21	63	159	61	30	n.a.
Public Housing Authority	50	1	2	--	--	122
Federal Government loans <u>3/</u>	136	161	215	64	61	1
Total	1,843	1,596	1,896	1,566	988	1,136

n.a.--Not available.

1/ Issues of less than \$500,000 not further classified in 1955.2/ Data for 1955 probably understate school issues by about one-fourth because of unclassified small issues.3/ Coverage for 1957-60 is broader than for earlier years.4/ Less than \$500,000.

Note.--Details may not add to totals because of rounding.

Source: 1955, Bond Buyer and Federal Reserve; 1956-60, Investment Bankers Association of America. Data for 1955 not strictly comparable with data for later years.

Purpose of issue - Nearly all bonds sold during the third quarter were for the purpose of raising new capital, as the volume of refunding issues continued to be almost negligible. Bonds to finance all major purposes of expenditures with the exception of veterans' aid were sold in larger volume this year than last. It should be noted, however, that in August 1959 Pennsylvania sold a \$120 million bond issue to provide funds for veterans' aid. New financing for highways, bridges and tunnels ranked second in importance, totaling \$475 million, four-fifths larger than a year earlier. Most of the increased volume this year was accounted for by the \$181 million Chesapeake Bay Bridge and Tunnel Commission revenue bond issue which was sold through negotiation in August; it had been tentatively scheduled for sale several times since 1958.

Type of issuer - Municipalities, special authorities and school districts were major groups of issuers selling more bonds this third quarter than a year earlier, while States, counties and townships sold a smaller volume. Nearly half of increased financing by special authorities this year is accounted for by the Chesapeake Bay issue and most of the decline in financing by States is attributable to the large total last year reflecting the sale of the Pennsylvania issue. This year, issues by municipalities and special authorities, each totaling about \$600 million, accounted for more than 60 per cent of the total. Municipalities have been the most important group of issuers in each third quarter since 1957.

Type of issue - All types of bond financing were in larger volume than in the third quarter 1959 except Federal Government loans made to State and local governments, which were about one-sixth smaller. General obligation financing, continuing to be the most important type of issue, was nearly one-sixth larger in volume than in the third quarter of 1959. Revenue bond financing totaling nearly \$500 million was also one-sixth larger this year.

This is the first time this year that financing through revenue bond issues has been larger than in 1959. The decline in revenue bond financing in the first half this year from that of 1959 was largely accounted for by the smaller volume of very large issues (\$100 million and over). For the first nine months this year sales of revenue bonds were nearly one-fifth smaller in volume while sales of general obligations were slightly larger. Sales of public housing authority bonds and Federal Government loans were also made in larger volume during the recent three quarters.

Table 2  
Proceeds from Selected Types of Issuers  
(In millions of dollars)

	General obligations		Revenue bonds	
	1960	1959	1960	1959
1st Qtr.	1,283	1,241	480	772
2nd Qtr.	1,296	1,410	776	949
3rd Qtr.	1,166	1,012	491	421
1st 9 months	3,745	3,662	1,747	2,142

Stock prices - Common stock prices, as measured by Standard and Poor's index of 500 common stocks, increased slightly last week, closing on Friday at 56.13. Trading volume increased to average 3.2 million shares a day.

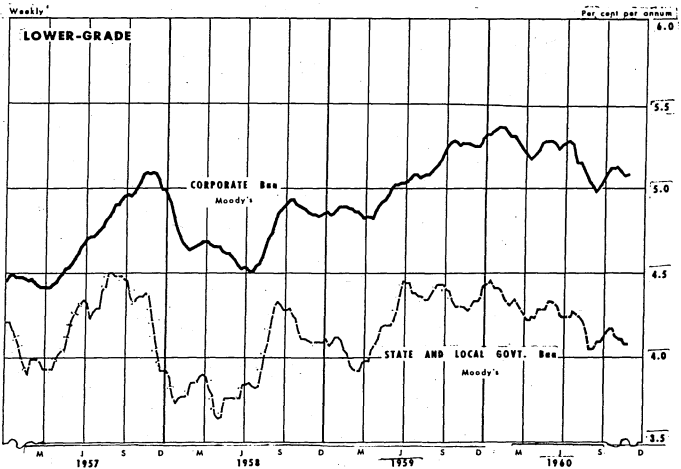
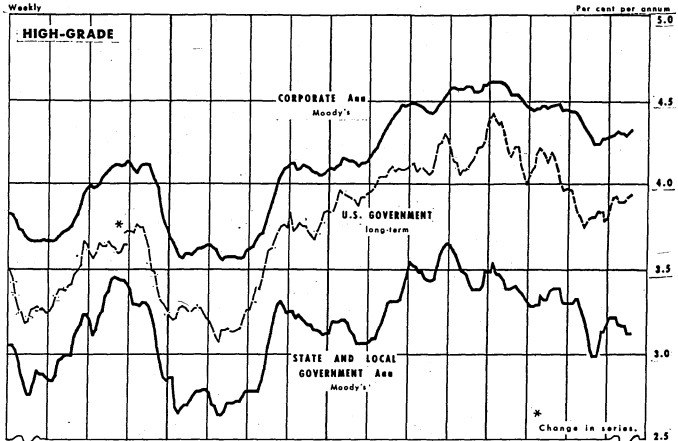
More detailed information concerning recent capital market developments is presented in the attached exhibits.

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

LONG-TERM BOND YIELDS



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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	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
Oct. 28	4.30	3.90	3.17	.40	.73
Nov. 4	4.30	3.90	3.16	.40	.74
Nov. 11	4.29	3.91	3.16	.38	.75
Nov. 18	4.30	3.92	3.12	.38	.80
Nov. 25 p/	4.32	3.94	3.12	.38	.82

## 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
Oct. 28	5.13	4.13	.83	.96
Nov. 4	5.10	4.11	.80	.95
Nov. 11	5.08	4.11	.79	.95
Nov. 18	5.07	4.07	.77	.95
Nov. 25 p/	5.08	4.07	.76	.95

p/ Preliminary.

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

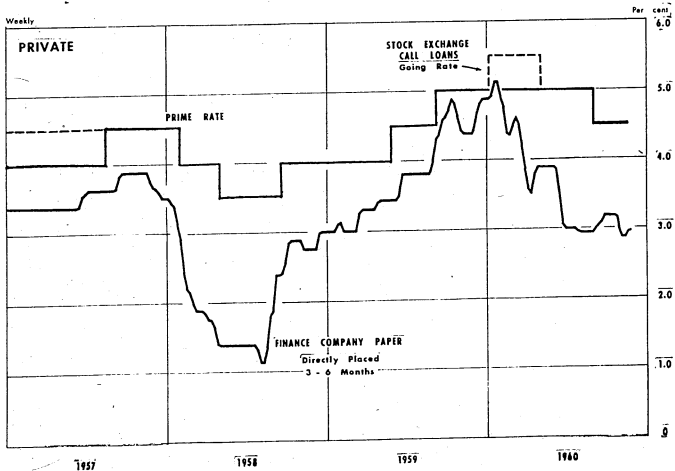
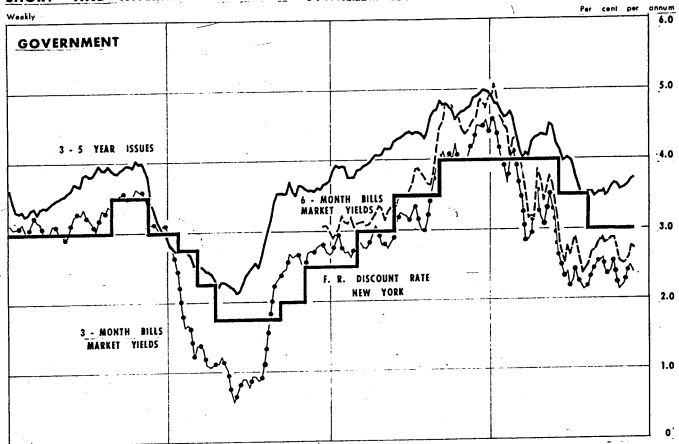
2/ Weekly average of daily figures. The series includes bonds due or callable in 10 years or more.

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.

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			Spread between yields on	
		3-month bills 2/	6-month bills 2/	3-5 year issues 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	2.11 (10/28)	2.39 (8/5)	3.47 (9/23)	.16	.38
Oct. 28	3.00	2.11	2.53	3.57	.42	1.46
Nov. 4	3.00	2.20	2.50	3.59	.30	1.39
Nov. 11	3.00	2.40	2.59	3.63	.19	1.23
Nov. 18	3.00	2.46	2.75	3.69	.29	1.23
Nov. 25 p/	3.00	2.38	2.71	3.72	.33	1.01

## 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 (11/15)	.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	2.88 (11/4)	.22 (4/15)	
Oct. 28	4.50	4.50	2.98	.87	
Nov. 4	4.50	4.50	2.88	.68	
Nov. 11	4.50	4.50	2.88	.48	
Nov. 18	4.50	4.50	2.93	.47	
Nov. 25 p/	4.50	4.50	2.94	.56	

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.

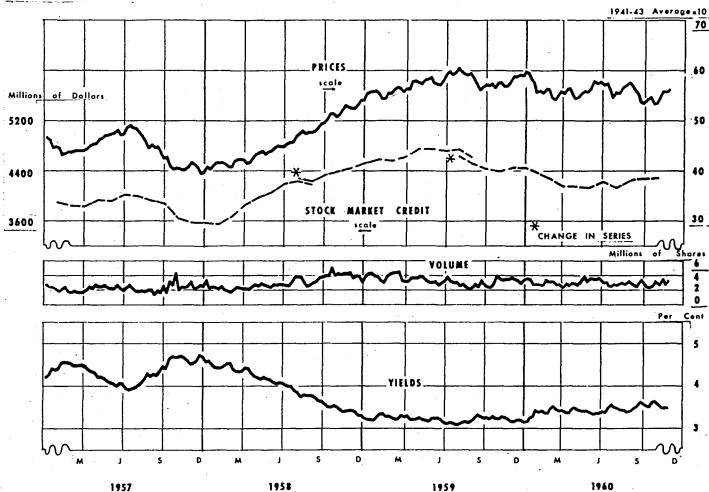
2/ Market yields; weekly averages computed from daily closing bid prices. Series of 3-5 year issues consists of selected notes and bonds.

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

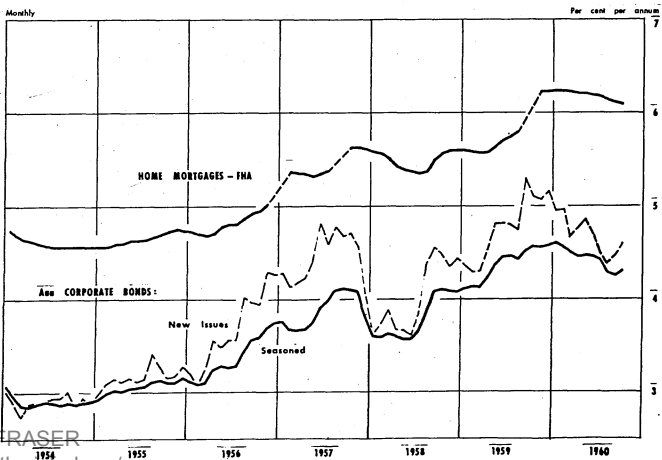
Note: High and low rates for individual series and may be on different dates for different series. For spreads, high refers to widest, and low to narrowest.



**STOCK MARKET**



**MORTGAGE AND BOND YIELDS**



## 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	53.32 (10/21)	3.62	2.2	4,132	3,004	1,111
September	54.81	3.51	2.9	4,282	3,137	1,145
October	53.73	3.59	2.6	4,294	3,133	1,161
Nov. 11	55.87	3.48	3.4	n.a.	n.a.	1,152
Nov. 18	55.82	3.48	2.8	n.a.	n.a.	1,150
Nov. 25 p/	56.13	3.47	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.

## Mortgage and Bond Yields 1/

Date	FHA mortgages 2/	Aaa corporate bonds 1/		Spread between new corporate bonds and	
		New 3/	Seasoned 4/	FHA mortgages	Seasoned bonds
1953-1958 - High	5.63 (11/57)	4.81 (6/57)	4.12 (9/57)	1.96	.90
Low	4.56 (2/55)	2.74 (3/54)	2.84 (4/54)	.54	-.12
1959-1960 - High	6.24 (1/60)	5.29 (9/59)	4.61 (1/60)	1.76	.77
Low	5.57 (3/59)	4.29 (2/59)	4.12 (1/59)	.83	.08
1960 - June	6.19	4.69	4.45	1.50	.24
July	6.17	4.49	4.41	1.68	.08
August	6.13	4.37	4.28	1.76	.09
September	6.11	4.45	4.25	1.66	.20
October	6.09	4.60	4.30	1.49	.30

1/ Neither mortgage nor bond yields take into account servicing costs which are much higher for mortgages than bonds. Generally, bonds pay interest semi-annually; mortgages, monthly. Mortgage yields, if computed as equivalent to a semiannual interest investment, would be slightly higher than given in the table.

2/ Based on FHA field-office opinions about average bid prices in the private secondary market for new-home mortgages for immediate delivery. Since late 1955, data relate only to 25-year mortgages with downpayments of 10 per cent or more, weighted by probable volume of transactions. Yields computed by FHB, assuming 25-year mortgages are paid off in 12 years. Dashed lines indicate periods of adjustment to changes in the contractual interest rate.

3/ First National City Bank of New York. Averages of offering yields of all new issues of publicly-sold bonds rated Aaa, Aa or A by Moody's Investors Service (except serial and convertible issues and offerings of natural gas and foreign companies) weighted by size of issue. Yields on Aa and A issues are first adjusted to an Aaa basis by the spread between yields of outstanding bonds in these categories and those on Aaa-rated bonds. The series reflects changes in industrial composition, maturity, type, etc. of new offerings.

4/ Moody's Investors Service. Monthly averages of daily data. See Exhibit B.

## 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 <sup>3/</sup>	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	727	535	1,107	571	567	806
August	962	740	540	599	516	403
September	738	703	1,114	p/670	465	651
October	e/1,000	879	862	e/325	537	456
November	e/825	864	518	e/550	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	2,427	1,979	2,760	p/1,840	1,548	1,860
4th quarter		2,642	2,300		1,571	1,365
1st half	4,519	4,771	5,762	4,247	4,674	4,520
Three quarters	6,945	6,750	8,522	p/6,087	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	1,977	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&amp;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	2	81	196	182	199	1,163
February	175	60	53	150	--	251
March	70	2	--	150	175	--
April	34	58	139	148	--	523
May	72	50	198	354	--	--
June	40	42	120	--	--	--
July	25	85	9	--	--	164
August	1	1	5	199	98	--
September	36	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	475	500	208
March	365	295	273	511	489	144
April	365	563	357	509	486	209
May	351	411	354	632	675	161
June	297	245	264	435	289	329
July	280	246	289	312	727	437
August	505	467	423	468	365	206
September	199	399	369	296	665	330
October	p/146	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 PHA notes included may have a somewhat longer term than one year. Sources: Bond Buyer.

## Exhibit I

-14-

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 - 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
September	266	367	25
October	566	46	77

## Large Individual Issues Offered November 1 through 25

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>CORPORATE</u>						
United Gas Corp.	1st mtg. coll. tr. bds.					
		30.0	1980	5	4.88	A
United Gas Corp.	S.F. deb.	30.0	1980	5-1/8	5.05	Baa
Pacific Gas & Elec. Co.	1st ref.mtg.bds.	60.0	1992	4-5/8	4.63	Aa
Commercial Credit Co.	Sen. notes	50.0	1980	4-3/4	4.83	--
New Jersey Bell Tel. Co.	Deb.	20.0	2000	4-7/8	4.72	Aaa
Northern Natural Gas Co.	S.F. deb.	20.0	1980	4-7/8	4.85	A
Idaho Power Co.	1st mtg. bds.	15.0	1990	4-7/8	4.78	Aa
John Deere Credit Corp.	Deb.	50.0	1985	4-7/8	4.95	--
Wisc. Elec. Power Co.	1st mtg. bds.	30.0	1990	5	4.85	Aa
B. F. Goodrich Co.	Deb.	60.0	1985	4-5/8	4.63	Aa
Consolidated Edison Co. of New York	1st ref.mtg.bds.	75.0	1990	5	4.87	Aa
United Airlines	Conv.sub.deb.	25.0	1985	4-7/8	4.88	Ba

## Large Individual Issues Offered November 1 through 25 (Cont'd)

Issuer	Type <sup>3/</sup>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u>						
Cook County, Illinois	Rev.-S.T.	25.0	1961-75	3.16	1.70-3.35	A
Trenton, New Jersey	G.O.	10.9	1961-85	3.05	1.60-3.25	Aa
State of Mississippi	G.O.	12.0	1961-80	3.34	1.60-3.40	Aa
Port of Los Angeles, Cal.	Rev.-Ut.	14.0	1963-85	3.82	2.30-3.90	A
State of Massachusetts	G.O.	34.8	1961-2009	3.15	1.60-3.55	Aa
Philadelphia, Pa.	G.O.	35.1	1962-91	3.47	1.85-3.65	A
Port of New York Authority	Rev.-Ut.	25.0	1989	3.81	3.75	A
<u>OTHER</u>						
Tennessee Valley Auth.	Bds.	50.0	1985	4.44	4.40	Aaa

- <sup>1/</sup> Includes corporate and other security offerings of \$15 million and over; State and local government security offerings of \$10 million and over.
- <sup>2/</sup> Includes foreign government and International Bank for Reconstruction and Development issues and non-guaranteed issues by Federal agencies.
- <sup>3/</sup> In the case of State and local government securities, G.O. denotes general obligations; Rev.-Ut., revenue obligations secured only by income from public utilities; Rev.-Q.Ut., revenue bonds secured only by revenue from quasi-utilities; Rev.-S.T., revenue bonds secured by revenue from specific taxes only; Rev.-Rent., revenue bonds secured solely by lease payments.

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

Expected Proceeds from Forthcoming Large Issues

Date of computation	During month following date shown			Subsequent to date shown		
	Corporate	State and local govt.	Other 2/	Corporate	State and local govt.	Other 2/
1959 - 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	--
Sept. 30	576	212	77	836	336	127
Oct. 31	440	258	50	585	391	50

Forthcoming Large Offerings, as of November 25

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Beneficial Finance Corp.	Deb.	50.0	Nov. 30
Southern Bell Telephone & Telegraph	Deb.	75.0	Dec. 6
Northern States Power Co.	1st mtg. bds.	35.0	Dec. 7
Potomac Electric Power Co.	1st mtg. bds.	40.0	Dec. 8
Consumers Power Co.	1st mtg. bds.	35.0	Dec. 13
Commerce Oil Refining Corp.	Deb., bds. & com.	45.0	Indefinite
Liberian Iron Ore, Ltd.	Bds. & stk.	30.0	Indefinite
*Public Service Electric & Gas Co.	Pfd. stk.	25.0	Indefinite
<u>STATE AND LOCAL GOVERNMENT</u>			
Alabama Highway Authority	Rev.-S.T.	15.0	Nov. 29
Florida Development Comm.	Rev.-Ut.	14.5	Nov. 30
*State of Texas	G.O.	12.5	Dec. 5
San Diego Sch. Dist., Calif.	G.O.	10.0	Dec. 6
Maryland State Roads Comm.	Rev.-S.T.	12.5	Dec. 7
*Dade County, Florida	G.O.	12.0	Dec. 14
*Public Housing Authorities	--	97.6	Dec. 14
State of Michigan	Rev.-Ut.	25.0	Dec. 14
Oklahoma City Metro. Improvement Auth., Oklahoma	Rev.-Ut.	55.0	December

## Forthcoming Large Offerings, as of November 25 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
Los Angeles Dept. of Wtr. and Pwr., California	Rev.-Ut.	12.0	Indefinite
Orleans Parish School Dist., La.	G.O.	10.0	Indefinite
Kentucky Turnpike Authority	Rev.	55.0	Indefinite
Dade County, Florida	G.O.	46.0	Indefinite
New York State Housing Fin. Agency	Rev.	100.0	Indefinite
<u>OTHER</u>			
Federal National Mortgage Association	Bds.	100.0	Nov. 30

\*--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 K

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
	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	51
1960 - Jan.			*5.30 <sup>2/</sup>	28
Feb.	5.09	45		
Mar.	4.82	25	4.97	9
Apr.	4.91	37	5.14	35
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	27		
28	4.55 <sup>2/</sup>	17		
Oct. 5	4.63 <sup>2/</sup>	24		
21	4.67 <sup>2/</sup>	22		
Nov. 4			4.88	26
16	4.78	33		
17	4.85	40		
18			5.05	43

\*--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.

November 28, 1960

Part II - Canada

Canadian interest rates, both short-term and longer-term, rose further last week for the ninth consecutive week. The Canadian short bill rate, which has risen by 2.09 per cent since September 22, exceeded the U.S. bill yield by 1.38 per cent last week, the largest spread in about two years. The net incentive to hold the Canadian bill on a covered basis widened to almost 0.90 per cent per annum. The Government announced plans for financing the \$609 million of 3 per cent bonds maturing December 1960, as well as some advance partial financing of the 3 per cent bonds which will mature one year hence. The Canadian dollar rose slightly last week while the discount on the forward dollar widened. There was little change in industrial stock prices on the Canadian exchanges.

Money market. The average yield on the Canadian 3-month Treasury bill rose from 3.48 per cent the week before to 3.77 per cent last week. The yield on the 6-months bill rose from 3.78 per cent to 3.93 per cent. The chartered banks sold \$30 million of bills while the general public purchased \$29 million and the Bank of Canada purchased \$1 million. The average closing rate on day-to-day loans was 3.48 per cent compared with 3.19 per cent the week before

There was a further widening of the spread favoring the Canadian bill over the U.S. bill to 1.38 per cent, the largest in over a year, as a result of the sharp rise in the Canadian yield. There was a slight increase in the discount on the forward Canadian dollar to 0.49 per cent per annum; however, the net incentive to hold the Canadian bill on a covered basis rose to 0.89 per cent compared with 0.77 per cent the week before.

Bond market. Bond yields rose last week for all maturities. The spread between selected comparable Canadian and United States securities (Thursday yield for bills and Wednesday yield for bonds) were as follows (figures in parenthesis refer to the previous week):

1.38 per cent on a 91-day bill (1.08)  
1.23 per cent on a 182-day bill (1.02)  
0.68 per cent on an 8-year bond (0.72)  
1.30 per cent on a 30-year bond (1.22)  
1.28 per cent on a 35-year bond (1.27)

There was little change in bond holdings during the week. The general public sold \$5 million, the chartered banks sold \$3 million, and the Bank of Canada sold \$3 million while the Government accounts purchased \$10 million. The general public purchased another \$271 million of the new Savings Bond issue. Total sales of the new series reached \$785 million by November 22; the purchases included \$208 million through payroll deductions.

On Friday, the Finance Minister announced that the maturity on December 15 of \$609 million of 3 per cent bonds would be met with only a \$200 million new bond offering to the public. For the remainder, the Minister expects to draw down the Government's cash balances by \$109 million,

retire \$100 million now held by the Government's Securities Investment Account, and refund \$200 million directly with the Bank of Canada. The details of the \$200 million public offering will be announced today.

The Minister also announced that steps would be taken to reduce the \$1,021 billion of 3 per cent bonds maturing on December 1, 1961. Some \$200 million of the 1961 bonds held by the Bank of Canada will be replaced by an equal amount of the new short-term issue announced today. Retirement of \$200 million of the 1961's will reduce that refunding to more manageable proportions.

Mr. Fleming also stated that the Government would probably require new money early in 1961 to rebuild its balances. Several offerings of moderate size are contemplated. He stated that "more frequent issues of smaller size appeared to be preferable to much larger issues more widely spaced."

The Pacific Gas Transmission Co. placed a \$90 million issue privately with some 16 U.S. and Canadian financial institutions. The first mortgage bonds have a coupon of 5-1/4 per cent and are due January 1, 1986. A two-part \$40 million Quebec Hydro Series AA sinking fund debenture was issued last week. The issue consists of (1) \$14.5 million five year, 5 per cent, nonredeemable, at 99-1/4 to yield 5.17 per cent; (2) \$25.5 million, 23-year, 5-1/2 per cent nonredeemable for 21 years, at 99 to yield 5.58 per cent.

Foreign exchange. The Canadian dollar rose during the week and closed at 102.38 (U.S. cents) last Friday compared with 102.02 (U.S. cents) the week before. The 3-month forward discount on the Canadian dollar increased from 0.31 per cent per annum to 0.49 per cent per annum with the widening of the spread favoring the Canadian Treasury bill.

Stock exchange. There was little change in the price of industrial stock on the Canadian exchanges during the week ending November 21.

	<u>Toronto</u>	<u>Montreal</u>	<u>New York Standard &amp; Poor</u>
1960 - High	532.56	271.1	60.51
Low	472.38	250.3	55.98
November 14	500.38	265.4	59.06
15	500.09	265.1	59.31
16	499.59	264.4	59.17
17	498.44	264.8	58.99
18	498.19	265.2	59.29
21	497.23	265.6	59.38

The volume of sales declined to \$7.444 million in the week ended November 18, compared with \$8.944 million the week before.

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			Canadian dollar			Net incentive 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	1.38	105.27	--	0.99	1.05
Low	1.68	2.10	-0.82	102.16	--	-0.72	-0.57
Oct. 27	3.03	2.10	0.93	102.30	102.33	0.12	1.05
Nov. 3	3.22	2.21	1.01	102.80	102.70	-0.37	0.64
10	3.21	2.45	0.76	102.53	102.52	-0.06	0.70
17	3.48	2.40	1.08	102.20	101.94	-0.31	0.77
24	3.77	2.39 <sup>2</sup> / <sub>f</sub>	1.38	102.38	102.25	-0.49	0.89

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).

f/ Due to Thursday holiday, Friday closing yields used for U.S.

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	--	5.27	--	5.30	--	5.05	---
Low	5.11	--	4.50	--	4.44	--	4.73	---
1960 - High	5.33	1.02	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
Oct. 27	3.34	0.84	4.55	0.76	4.92	1.04	4.93	1.16
Nov. 3	3.51	1.03	4.62	0.81	4.89	1.04	4.92	1.17
10	3.47	0.83	4.62	0.76	4.99	1.14	5.01	1.24
17	3.78	1.02	4.67	0.72	5.09	1.22	5.05	1.27
24	3.93	1.23	4.70	0.68	5.20	1.30	5.09	1.28

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>Treas. bills</u>	<u>Bonds</u>	<u>Savings bonds</u>	<u>Treas. bills</u>	<u>Bonds</u>
Sept. 21	- 16	0	+ 3	+ 52	+ 3	- 7	- 37	0
28	- 27	- 2	- 1	+ 41	+ 16	- 5	- 14	- 5
Oct. 6	- 1	+ 5	+ 3	+ 2	+ 68	- 5	+ 3	+165
13	+ 44	- 1	+ 2	- 20	+ 23	* 5	- 19	- 27
20	+ 27	- 4	+ 23	- 20	+ 23	+ 2	- 4	- 42
27	- 4	+ 6	+ 9	- 16	+ 12	+ 3	+ 20	- 24
Nov. 3	- 11	- 5	+ 6	+ 8	+ 19	+ 9	+ 6	- 17
10	- 1	- 1	+ 2	+ 6	+ 7	+199	- 6	- 7
17	+ 3	+ 10	- 1	- 28	+ 6	+151	+ 26	- 17
24	+ 1	- 3	+ 8	- 30	- 3	+271	+ 29	- 5

Source: Bank of Canada, Weekly Financial Statistics.

**Canadian Government Direct Debt Maturing in Fiscal Year to March 31, 1961**  
(millions of Canadian dollars)

<u>Date of maturity 1960</u>	<u>Description</u>	<u>Amount</u>
April 1 <sup>a</sup> / <sub>2</sub>	Loans of 1958 & 59	329.0
June 1 <sup>b</sup> / <sub>2</sub>	Sixth Victory Loan	46.6
October 1 <sup>c</sup> / <sub>2</sub>	Loan of 1959	135.0
November 1	Canada Savings Bonds 1950	11.3
December 15	Loans of 1957 & 1959	515.0
December 15	Loans of 1959	94.0
	Total bonds	1,130.9
	3-mo. Treas. bills <sup>d</sup> / <sub>2</sub>	1,375.0
	6-mo. Treas. bills <sup>d</sup> / <sub>2</sub>	510.0
June 10 <sup>e</sup> / <sub>2</sub>	1-year Treas. bills	200.0
June 10 <sup>e</sup> / <sub>2</sub>	253-day Treas. bills	40.0
	Total bills	2,125.0
	Total bills and bonds	3,244.9
Total direct debt outstanding, June 1, 1960		15,804

a/ Refinanced with 9-year; 5-1/2 per cent bonds and 3-year, 5-1/2 per cent bonds, priced to yield 5.82 and 5.59 per cent respectively. See Capital Market Developments, March 21, 1960.

b/ Paid off at maturity. See Capital Market Developments, May 31, 1960.

c/ Refinanced with \$100 million of 1-year bills and \$140 million of 2-1/2 year, 4-1/2 per cent bonds, priced at 99.65. See Capital Market Developments, May 31, 1960.

d/ Total amount of 3-month and 6-month Treasury bills outstanding was reduced by \$145 million from March 1, 1960 to October 30, 1960.

e/ Refinanced with \$121 million of 5-1/2 per cent, 15-year bonds. Remaining \$14 million repaid.