

H.14

October 16, 1961

CAPITAL MARKET DEVELOPMENTS  
IN THE UNITED STATES

(Including Monthly Review of Sources and Uses  
of Financial Intermediaries)

Public security financing to obtain new capital was in light volume last week, but is expected to be in heavy volume this week. Last week, ending October 13, two large corporate security offerings, including the expiration of a rights offering, totaling \$57 million were sold and one State and local government bond issue for \$35 million was offered. This week, ending October 21, four corporate issues, including the expiration of two rights offerings, aggregating \$153 million are on the calendar while three State and local issues with par value of \$174 million are scheduled to be offered.

Bond yields. Changes in long-term bond yields were mixed last week. Yields on Aaa-rated State and local government bonds were unchanged while those on U. S. Government bonds rose two basis points and those on high-grade corporate bonds declined slightly.

Short- and intermediate-term interest rates. Yields on Treasury bills and 3-5 year U. S. Government obligations increased last week. Yields on 3-month and 6-month Treasury bills increased 6 and 3 basis points, respectively, while yields on intermediate-term U. S. Government obligations rose 2 basis points. The average rate of interest on Federal funds increased 95 basis points to 2.75 per cent. Other short- and intermediate-term interest rates were unchanged.

Mortgage yields. Average yields on 5-1/4 per cent FHA home mortgages sold in the secondary market edged 1 basis point higher in September to 5.72 per cent. This was the second consecutive small monthly increase in mortgage yields following a decline from a high of 6.24 per cent in January 1960 to a low of 5.70 in July of this year. Since yields on new corporate bonds (adjusted to an Aaa basis) declined further in September, the spread between mortgage and bond yields widened to 134 basis points.

Institutional investors. Total savings inflow during August at three major financial institutions--life insurance companies, savings and loan associations and mutual savings banks--amounted to \$1.1 billion, or 6 per cent less than a year ago. (Time deposits at commercial banks increased \$0.8 billion or about one-fifth less than last year.) This was the second consecutive month which showed a levelling off after a year of unusually high financial saving. The year-over-year comparisons, however, reflect the sharp increase in inflows a year ago rather than reductions currently. On a seasonally adjusted basis, the total inflow for August was about the same as the average for the fourth quarter of 1960 and the first quarter of this year and was somewhat above the average for the second quarter of this year.

Life insurance company assets increased \$521 million in August, about 8 per cent less than last year but about the same as the monthly average of the first half of this year. Holdings of business securities increased \$211 million, one-fourth more than last year as very large net acquisitions of long-term bonds (\$248 million) were only partly offset by a reduction in holdings of short-term "open-market" paper. Net acquisitions of real estate mortgages of \$164 million, continuing near the low level of July, were about one-fourth less than a year earlier. Liquid assets, i.e., cash and U. S. Government securities, declined slightly this month as they had a year earlier and in most other months this year, but the decline was only one-half as large as last year.

The inflow of savings capital at savings and loan associations totaled \$480 million, almost the same as in August 1960. Net acquisition of mortgages of \$880 million were higher than any other month this year except for the record month of June and were one-fourth larger than a year earlier. In financing the increased mortgage lending, these associations expanded their borrowings (primarily from the Federal Home Loan Banks) by \$130 million.

Deposits at mutual savings banks increased by \$0.1 billion, slightly less than in August 1960. Net acquisition of mortgages of \$207 million in August was the largest since January 1959 and about the same as a year ago. Combined holdings of cash and Government securities declined slightly in August for the third straight month. Net sales of business securities, while small, were considerably larger than in August 1960.

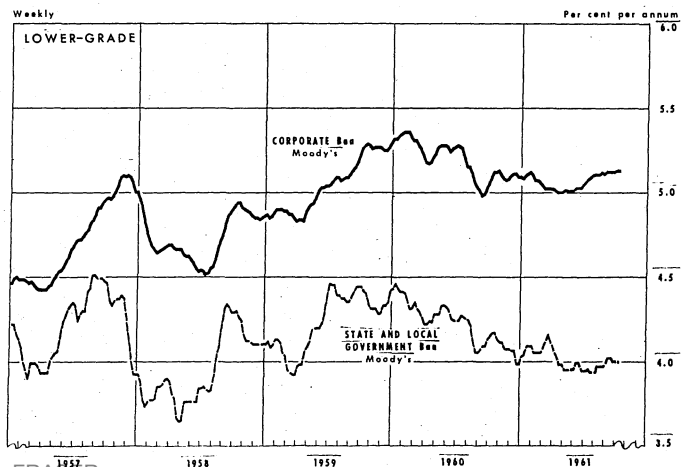
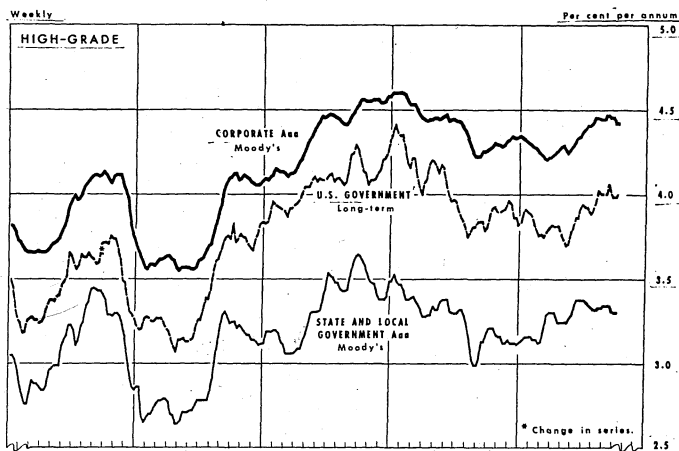
Stock prices. Common stock prices, as measured by Standard and Poor's composite index of 500 common stocks, rose slightly on balance last week, closing on October 13 at 68.04. The average daily volume of trading at 3.3 million shares was unchanged from the previous week.

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

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 government 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	.50
1958 - Low	3.55 (5/2)	3.07 (4/25)	2.64 (5/1)	.22	.34
1959-60 - High	4.61 (1/29/60)	4.42 (1/8/60)	3.65 (9/24/59)	.59	.92
1960 - Low	4.23 (9/9)	3.75 (8/5)	2.99 (9/1)	.19	.53
1961 - High	4.46 (9/15)	4.06 (9/15)	3.37 (7/6)	.57	.76
Low	4.21 (3/17)	3.70 (5/12)	3.12 (2/23)	.40	.46
Sept. 15	4.46	4.06	3.34	.40	.72
Sept. 22	4.45	4.02	3.34	.43	.68
Sept. 29	4.45	3.98	3.31	.47	.67
Oct. 6	4.43	3.98	3.30	.45	.68
October 13 p/	4.42 /	4.00	3.30	.42	.70

## Lower-grade

Date	Corporate Baa <u>1</u> /	State and local govt. Baa <u>3</u> /	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 (11/20)	4.51 (8/29)	1.27	1.21
1958 - Low	4.51 (7/11)	3.64 (5/1)	.77	.93
1959-60 - High	5.36 (2/12/60)	4.46 (1/7/60)	.84	1.08
1960 - Low	4.98 (9/9)	3.98 (12/29)	.71	.86
1961 - High	5.13 (10/13)	4.16 (3/23)	.81	.93
Low	5.00 (4/21)	3.93 (8/3)	.66	.57
Sept. 15	5.12	4.02	.66	.68
Sept. 22	5.12	4.02	.67	.68
Sept 29	5.12	4.00	.67	.69
Oct. 6	5.13	4.00	.70	.70
Oct. 13 p/	5.13 /	4.00	.71	.70

p/ Preliminary.

1/ Weekly average of daily figures. Average term of bonds included is 23-26 years.

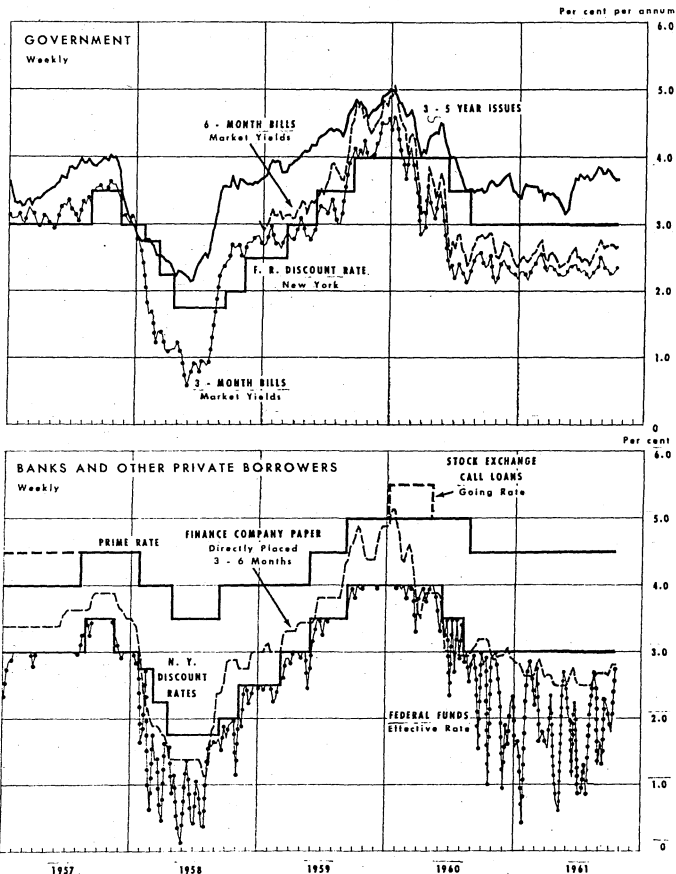
2/ Weekly average of daily figures. The series includes bonds due or callable in 10 years or more.

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.  
For spreads, high refers to widest, and low to narrowest.

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 (12/28)	2.14 (8/8)	.26	.04
1959-60 - High	4.00	4.59 (1/8/60)	5.07 (1/8/60)	5.00 (12/24/59)	.79	1.81
1960 - Low	3.00	2.11 (10/28)	2.38 (12/30)	3.40 (12/30)	.16	.38
1961 - High	3.00	2.56 (3/3)	2.78 (8/18)	3.86 (8/11)	.44	1.51
Low	3.00	2.17 (1/27)	23.5 (4/28)	3.15 (5/12)	.12	.92
Sept. 15	3.00	2.29	2.68	3.80	.39	1.51
Sept. 22	3.00	2.26	2.69	3.76	.43	1.50
Sept. 29	3.00	2.25	2.69	3.70	.44	1.45
Oct. 6	3.00	2.28	2.64	3.65	.36	1.37
Oct. 13 p/	3.00	2.34	2.67	3.67	.33	1.33

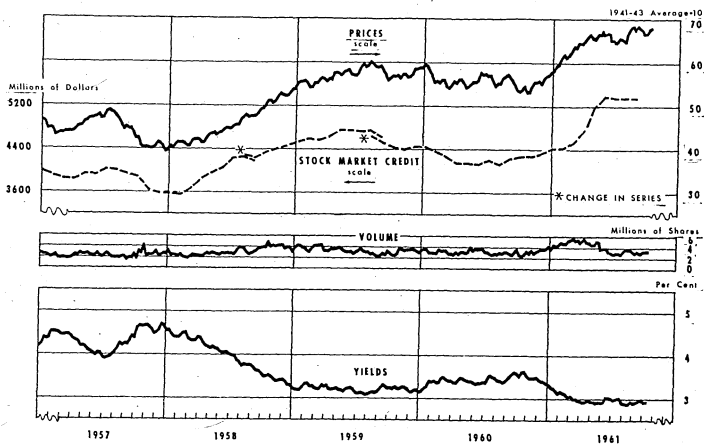
## Banks and Other Private Borrowers

Date	Stock Exchange call loan 1/	Prime rate 1/	Finance company paper 3/	Federal funds 4/	Spread between 3-mo. bills and finance co. paper
	(per cent)				
1954 - Low	3.00	3.00	1.25 (12/31)	n.a.	0
1957 - High	4.50	4.50	3.88 (11/15)	3.50 (11/8)	.63
1958 - Low	3.50	3.50	1.13 (8/8)	.13 (5/29)	-.35
1959-60 - High.	5.50	5.00	5.13 (1/22/60)	4.00 (5/13/60)	1.02
1960 - Low	4.50	4.50	2.88 (12/30)	.95 (12/2)	.22
1961 - High	4.50	4.50	2.88 (3/10)	2.85 (2/17)	.56
Low	4.50	4.50	2.50 (7/28)	.43 (1/27)	.11
Sept. 15	4.50	4.50	2.69	2.30	.40
Sept. 22	4.50	4.50	2.69	2.15	.11
Sept. 29	4.50	4.50	2.66	2.05	.41
Oct. 6	4.50	4.50	2.81	1.80	.53
Oct. 13 p/	4.50	4.50	2.81	2.75	.47

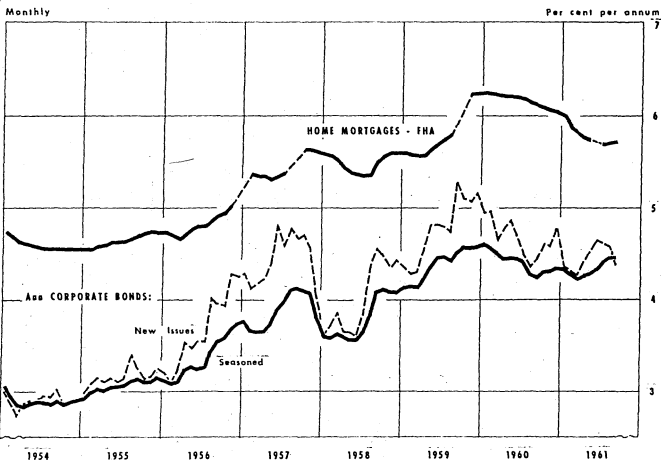
- 1/ Weekly rate shown is that in effect at end of period. Discount rate is for Federal Reserve Bank of New York. Stock Exchange call loan rate is going rate on call loans secured by customers' stock exchange collateral at New York City banks. Prime rate is that charged by large banks on short-term loans to business borrowers at 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.
- 4/ Weekly average of daily effective rate, which is the rate for the heaviest volume of purchase and sale transactions as reported to the Federal Reserve Bank of New York.
- 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



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 bal- ances 4/	Bank loans to "others" 5/
(In millions of dollars)						
1957-60 - High	60.51 (7/31/59)	3.08	4.9	4,764 (4/59)	3,401 (4/59)	1,373 (5/59)
Low	39.48 (12/29/57)	4.72	1.4	3,554 (1/58)	2,482 (12/57)	1,060 (11/57)
1961 - High	68.29 (8/18)	2.89	5.8	5,386 (5/61)	4,060 (5/61)	1,377 (8/28)
Low	58.48 (1/6)	3.32	2.7	4,424 (1/61)	3,253 (1/61)	1,161 (3/8)
August	67.79	2.90	3.5	5,349	3,972	1,377
September	67.26	2.92	3.2	n.a.	n.a.	1,320
Sept. 29	66.73	2.95	3.3	n.a.	n.a.	1,320
Oct. 6	67.97	2.91	3.3	n.a.	n.a.	1,318
Oct. 13 p/	68.04	2.91	3.3	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 Friday's only. Highs and lows are for Friday's 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
1953-58 - 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
1959-60 - 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	-.07
1961 - April	5.77	4.42	4.25	1.35	.17
May	5.75	4.51	4.27	1.24	.21
June	n.a.	4.65	4.33	n.a.	.32
July	5.70	4.62	4.41	1.08	.21
August	5.71	4.59	4.45	1.12	.14
September	5.72	4.38	4.45	1.34	-.07

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 FH, 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 mutual 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/		
	1961	1960	1959	1961	1960	1959
January	580	570	821	716	700	648
February	667	715	738	683	611	859
March	562	860	646	760	568	638
April	2,118	761	894	724	719	934
May	1,259	577	785	628	545	568
June	1,318	1,044	887	1,015	991	987
July	957	736	535	e/450	492	443
August	e/600	967	740	e/600	606	521
September	e/650	726	703	e/750	683	470
October	e/800	890	879	e/600	348	593
November		956	864		501	450
December		852	900		491	478
1st quarter	1,809	2,145	2,204	2,159	1,880	2,145
2nd quarter	4,695	2,382	2,567	2,367	2,256	2,488
3rd quarter	e/2,207	2,428	1,979	e/1,800	1,780	1,433
4th quarter		2,698	2,642		1,340	1,521
1st half	6,504	4,527	4,771	4,526	4,136	4,634
Three quarters	e/8,811	6,955	6,750	e/6,326	5,916	6,067
Year		9,653	9,392		7,257	7,588
Excluding finance companies 3/						
1st quarter	1,554	1,716	1,999			
2nd quarter	4,552	2,165	2,412			
3rd quarter	e/2,107	2,018	1,716			
4th quarter		2,347	2,503			
Year		8,246	8,630			

- e/ Estimated.      p/ Preliminary.
- 1/ Securities and Exchange Commission estimates of net proceeds.
- 2/ Investment Bankers Association of America estimates of principal amounts.
- 3/ Total new capital issues excluding offerings of sales and consumer finance companies.

Other Security Offerings  
(in millions of dollars)

	Gross long-term 1/					
	Foreign government 2/			Federal agency 3/		
	1961	1960	1959	1961	1960	1959
January	6	2	81	--	182	199
February	29	175	60	--	150	--
March	20	70	2	252	150	175
April	2	34	58	100	148	--
May	63	72	50	149	354	--
June	24	40	42	278	--	--
July	--	25	85	--	--	--
August		1	1		199	98
September		36	35		--	150
October		34	33		160	--
November		2	30		149	--
December		41	70		181	86
Year		533	547		1,672	707
	Net short-term 4/					
	State and local government 5/			Federal agency 3/		
	1961	1960	1959	1961	1960	1959
January	160	58	-4	-144	-196	-82
February	195	140	181	-162	-202	176
March	-8	-80	4	-174	-59	33
April	-103	70	197	-79	-277	50
May	-42	-146	-25	-87	170	368
June	-155	-157	-197	207	320	286
July	109	48	57	c/22	95	362
August		415	392	193	23	133
September		-175	131		-201	79
October		-16	-81		-23	280
November		50	-176		-33	240
December		-189	-117		-250	44
Year		18	362		-633	1,969

2/ Preliminary.

3/ These data differ from those in Exhibit G 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.

4/ Includes securities offered in the United States by foreign governments and their subdivisions and by international organizations. Source: Securities and Exchange Commission.

5/ Issues not guaranteed by the U. S. Government. Source: long-term, Securities and Exchange Commission; short-term, Treasury Department and Federal Reserve.

6/ These data differ from those in Exhibit G and above in that they represent new offerings less retirements, whether from the proceeds of refunding issues or from other funds. Data include only issues with original maturity of one year or less.

7/ Principally tax and bond anticipation notes, warrants or certificates and Public Housing Authority notes. In some instances FHA notes included may have a somewhat longer term than one year. Source: Bond Buyer and Federal Reserve.

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

Proceeds of Large Issues Offered

(In millions of dollars)

Month	Corporate	State and local government	Other <u>2/</u>
1960 - September	266	367	25
October	566	46	77
November	465	186	150
December	260	222	99
1961 - January	147	391	--
February	267	360	--
March	70	405	67
April	1,572	383	--
May	557	256	25
June	532	616	151
July	475	179	--
August	185	281	100
September	168	435	73

Large Individual Issues Offered October 1 through 13

Issuer	Type <u>3/</u>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Public Service Co. of Colo.	1st mtg. bds.	30.0	1991	4-1/2	4.42	Aa
Gulf States Utilities Co.	Deb.	15.0	1981	4-5/8	4.55	A
Allied Stores Corp.	Conv.sub.deb.	27.0	1981	4-1/2	4.35	Ba
Gen. Amer. Transp. Corp.	Equip.tr.ctf.	25.0	1981	4.55	4.55	A
<u>STATE AND LOCAL GOVERNMENT</u>						
New Haven, Conn.	G.O.	10.2	1963-81	2.92	1.70-3.20	Aaa
Los Angeles Sch. Dist., Cal.	G.O.	35.0	1962-86	3.45	1.50-3.60	Aa
<u>OTHER</u>						
Japan Development Bank	Bonds	15.0	1976	6	6.47 <sup>4/</sup>	--

Footnotes

- 1/ Includes corporate and other security offerings of \$15 million and over; State and local government security offerings of \$10 million and over.
- 2/ Includes foreign government and International bank for Reconstruction and Development issues and non-guaranteed issues by Federal agencies.
- 3/ In the case of State and local government securities, G. O. denotes general obligations; Rev.-Ut., revenue obligations secured only by income from public utilities; Rev.-Q.Ut., revenue bonds secured only by revenue from quasi-utilities; Rev.-S.T., revenue bonds secured by revenue from specific taxes only; Rev.-Rent., revenue bonds secured solely by lease payments.
- 4/ \$5.0 million of 1964-66 serial bonds with 5 - 5-1/4 per cent coupons not reoffered.

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/
1960 - Sept. 30	576	212	77	836	336	127
Oct. 31	440	258	50	585	391	50
Nov. 30	260	242	--	335	560	--
Dec. 30	91	412	--	1,036	682	--
1961 - Jan. 31	110	181	--	1,046	360	--
Feb. 28	55	307	--	1,125	638	--
Mar. 31	1,580	559	--	1,700	806	--
Apr. 28	542	236	15	687	579	15
May 31	487	431	75	611	771	75
June 30	521	195	--	666	291	--
July 31	170	406	--	255	537	--
Aug. 31	175	399	73	240	530	73
Sept. 29	358	251	35	504	454	35

Forthcoming Large Offerings, as of October 13

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Public Service Electric & Gas Co.	Deb.	50.0	Oct. 18
Northern Indiana Public Service Co.	Conv. deb.	20.3	Oct. 18 (rights expire)
Georgia Power Co.	1st mtg. bds. & pf. stk.	17.0	Oct. 19
Pacific Northwest Bell Telephone Co.	Com. stk.	28.0	Oct. 20 (rights expire)
Keystone Steel & Wire Co.	Conv. sub. deb.	20.0	Oct. 23
Family Finance Corp.	Sen. deb.	25.0	Oct. 23
Niagara Mohawk Power Co.	Mtg. bds. & com. stk.	70.3	Oct. 25
*Deere & Co.	Deb.	35.0	Oct. 31
FMC Corp.	Conv. sub. deb.	30.0	Oct.
Idaho Power Co.	1st mtg. bds. & com. stk.	16.8	Nov. 2
Rochester Gas & Electric Co.	1st mtg. bds.	15.0	Nov. 15
Pacific Northwest Bell Tel. Co.	Deb.	50.0	Nov. 16
*Carolina Power & Light Co.	1st mtg. bds. & com. stk.	33.7	Nov. 17
Commerce Oil Refining Corp.	Deb., bds. & com.	45.0	Indefinite
Realty Collateral Corp.	Coll. tr. notes	20.0	Indefinite

## Forthcoming Large Offerings, as of October 13 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u>			
State of New York	G.O.	48.7	Oct. 16
State of California	G.O.	100.0	Oct. 18
State of Texas	G.O.	25.0	Oct. 19
State of Michigan	Rev.-S.T.	35.0	Oct. 24
State of Kentucky	G.O.	40.0	Oct. 25
Pittsburgh & Allegheny Co. Public Aud. Auth.	Rev.-Rent.	15.0	Oct. 26
Wayne County, Mich.	G.O.	16.8	Oct. 31
Public Housing Auth.	G.O.	78.5	Nov. 1
Philadelphia, Pennsylvania	G.O.	19.0	Nov. 2
*State of Hawaii	G.O.	10.0	Nov. 8
*Ascension-St. James Bridge & Ferry Authority	Rev.-Ut.	30.0	Nov. 13
Los Angeles Flood Cont. Dist., Cal.	G.O.	20.0	Nov. 14
Georgia State Highway Authority	Rev.-S.T.	35.0	Nov. 15
Omaha Public Power Dist., Nebraska	Rev.-Ut.	17.0	Nov. 16
Oklahoma Turnpike Auth.	Rev.	55.8	Fall
Florida Turnpike Auth.	Rev.	100.0	Fall
Orleans Parish Sch. Dist., La.	G.O.	10.0	Indefinite
Dade County, Florida	G.O.	46.0	Indefinite
Jacksonville Expressway Auth.	Rev.-Ut.	40.0	Indefinite
<u>OTHER</u>			
Govt. of New Zealand	Bonds	15.0	Oct.

\*--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 <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)
1952-1960 - high	5.30 (12/8/59)	87	5.65 (9/18/59)	123
Low	2.93 (3/31/54)	-8	3.00 (3/17/54)	-15
1961 - Jan. 12	4.60	11		
18	4.55	7		
25	4.44	-2		
Feb. 8			4.60	-2
16			4.65	5
16			4.47	-13
Mar. 23	4.37	8	4.50	5
24			4.40	-5
Apr. 13			4.65 <sup>2/</sup>	17
21			4.80 <sup>2/</sup>	32
26	4.80	43		
27	4.67	29		
May 17	4.50 <sup>2/</sup>	13	4.72	19
18	4.57	20		
19			4.80	27
23	4.65	27		
26			4.94	40
June 8			5.12	55
13			4.92	36
28	4.87	41		
July 13			4.93	29
26	4.65	14		
Aug. 3			4.90	20
9	4.85	29		
Oct. 3	4.42 <sup>2/</sup>	-14		

- <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.

Sources and Uses of Funds by  
Life Insurance Companies

	Uses of funds 1/						Total Sources or uses
	Cash	U. S. Govt. secur- ities	Busi- ness secur- ities 2/	State and local govt. secur- ities	Mort- gages	Other	
Value of assets at end of period:	(In millions of dollars)						
1957 - Dec.	1,294	7,028	42,133	2,377	35,271	13,206	101,309
1958 - Dec.	1,363	7,182	44,612	2,691	37,092	14,640	107,580
1959 - Dec.	1,307	6,858	46,901	3,221	39,237	16,126	113,650
1960 - Dec.	1,332	6,444	48,896	3,622	41,798	17,625	119,717
1961 - Aug.	1,286	6,440	50,354	3,822	43,216	18,784	123,902
Changes:							
1959 - July	-25	39	194	110	194	146	658
Aug.	16	95	81	31	167	110	500
Sept.	-39	-181	82	18	207	108	195
Oct.	20	-18	203	14	245	91	555
Nov.	33	-132	195	18	235	146	495
Dec.	99	-168	219	24	304	313	791
1960 - Jan.	-71	153	204	-24	336	-46	552
Feb.	-53	-36	125	25	196	207	464
Mar.	-30	-167	104	35	242	115	299
Apr.	39	-85	134	21	225	95	429
May	-12	-62	231	26	203	128	514
June	33	-102	125	13	192	211	469
July	12	73	167	104	63	206	628
Aug.	4	-40	168	43	226	175	576
Sept.	-51	-6	40	82	179	122	366
Oct.	90	-62	311	33	214	11	597
Nov.	-35	23	198	26	208	102	522
Dec.	99	-103	188	17	277	173	651
1961 - Jan.	-54	101	242	49	210	202	750
Feb.	-9	-3	128	31	135	202	484
Mar.	-50	-7	148	33	208	186	518
Apr.	9	-47	135	34	202	119	452
May	75	63	170	5	170	58	541
June	-33	-150	153	5	182	242	399
July	34	39	271	7	147	22	520
Aug.	-18	--	211	36	164	128	521
Sept.							
Oct.							
Nov.							
Dec.							

1/ Uses of funds represent net changes in assets and therefore reflect net, rather than gross, uses.

2/ Includes securities of domestic corporations only.

Source - Institute of Life Insurance.



## Exhibit M

Sources and Uses of Funds by  
Savings and Loan Associations

	Uses of funds 1/				Total sources or uses	Sources of funds		
	Cash	U. S. Govt. securities	Mortgages 2/	Other assets		Net change savings capital	borrowing 3/	Other
(In millions of dollars)								
Value of assets at end of period								
1957 - Dec.	2,146	3,173	40,049	2,770	48,138	41,912	1,379	4,847
1958 - Dec.	2,585	3,819	45,627	3,108	55,139	47,976	1,444	5,719
1959 - Dec.	2,183	4,477	53,194	3,676	63,530	54,583	2,387	6,560
1960 - Dec.	2,715	4,586	60,084	4,104	71,489	62,154	2,191	7,144
1961 - Aug.	2,684	5,043	65,691	4,360	77,778	67,172	2,152	8,454
Changes:								
1959 - July	-431	108	803	-113	367	201	31	135
Aug.	-42	23	740	14	735	394	119	222
Sept.	-52	-7	679	64	684	447	148	89
Oct.	-69	10	626	86	653	396	136	121
Nov.	61	-28	460	141	634	484	56	94
Dec.	371	-25	468	-65	749	1,205	222	-678
p/1960 - Jan.	-301	196	316	-119	92	468	-462	86
Feb.	-34	65	398	65	494	409	-114	199
Mar.	49	-22	547	93	667	623	-126	170
Apr.	-27	-2	565	106	642	372	37	233
May	80	21	635	203	939	630	5	304
June	329	-143	780	-58	908	1,216	211	-519
July	-236	-33	615	-127	219	149	-127	197
Aug.	30	-27	713	2	718	489	22	207
Sept.	24	1	643	63	731	602	49	80
Oct.	104	20	605	85	814	667	-14	161
Nov.	86	36	501	153	776	558	51	167
Dec.	428	-3	572	-38	959	1,388	272	-701
p/1961 - Jan.	-95	93	371	-107	262	591	-465	136
Feb.	59	192	427	71	749	553	-80	276
Mar.	3	107	689	123	922	705	-26	243
Apr.	24	-18	694	113	813	417	88	308
May	149	--	815	216	1,180	800	41	339
June	132	31	993	-60	1,096	1,362	274	-540
July r/	-227	-8	738	-152	351	111	-1	241
Aug.	-76	60	880	52	916	479	130	307
Sept.								
Oct.								
Nov.								
Dec.								

r/ Revised. p/ Preliminary.

1/ Uses of funds represent net changes in assets and therefore reflect net, rather than gross, uses. Savings and loan associations do not hold business securities and data on holdings of State and local government bonds, presumed to be small, are not available.

2/ Data for 1957 adjusted to include mortgage pledged shares as currently reported. Advances from Home Loan Banks and other borrowing.

3/ Source: Federal Savings and Loan Insurance Corporation.

Sources and Uses of Funds  
by Mutual Savings Banks

	Uses of funds 1/						Sources of funds		
	Cash	U. S. Govt. secur- ities	Busi- ness secur- ities 2/	State & local govt. secur- ities	Mort- gages	Other	Total sources or uses	Net change in deposits	Other
(In millions of dollars)									
Value of assets at end of period									
1957 - Dec.	890	7,552	4,331	682	20,951	761	35,168	31,695	3,473
1958 - Dec.	921	7,266	4,973	725	23,039	855	37,779	34,041	3,738
1959 - Dec.	829	6,864	4,849	722	24,768	910	38,942	34,983	3,959
1960 - Dec.	872	6,239	5,080	672	26,709	1,001	40,573	36,353	4,220
1961 - Aug.	819	6,316	5,141	686	28,186	1,056	42,204	37,559	4,645
Changes:									
1959 - July	-79	-13	-47	4	179	-12	32	-54	86
Aug.	3	-12	13	-1	156	33	192	80	112
Sept.	-2	-32	-2	8	160	31	163	197	-34
Oct.	-27	-281	-55	-20	137	-37	-283	-187	-96
Nov.	20	-85	-28	-8	124	42	65	-27	92
Dec.	111	-12	23	-24	132	-12	218	340	-122
1960 - Jan.	-131	-9	-12	-6	159	-12	-11	-68	57
Feb.	37	-11	-9	-9	116	43	167	50	117
Mar.	41	32	52	3	150	41	319	320	-1
Apr.	-86	-148	-19	13	129	-21	-132	-95	-37
May	42	-80	13	-23	161	63	176	58	118
June	108	-93	57	-4	169	-59	178	221	-43
July	-69	-48	38	-4	159	42	118	21	97
Aug.	-6	30	-8	-5	206	6	223	105	118
Sept.	22	-32	32	1	196	14	233	278	-45
Oct.	-8	-156	-4	-6	168	-25	-31	56	-87
Nov.	9	-68	34	-5	171	13	154	39	115
Dec.	84	-42	57	-5	157	-14	237	385	-148
1961 - Jan.	-49	106	3	-5	161	17	233	170	63
Feb.	21	100	-15	--	140	26	272	136	136
Mar.	9	117	46	-1	204	29	404	351	53
Apr.	-51	-216	-11	-2	176	-51	-154	-54	-100
May	30	-13	27	1	187	30	262	114	148
June	27	-41	32	22	201	-23	218	367	-149
July	-26	18	2	-2	201	-28	164	23	141
Aug.	-14	6	-23	1	207	54	232	99	133
Sept.									
Oct.									
Nov.									
Dec.									

1/ Uses of funds represent net changes in assets and therefore reflect net, rather than gross, uses.

2/ Includes Canadian government and political subdivisions, International Bank for Reconstruction and Development, nonguaranteed Federal agency and other bonds as well as corporate bonds and stock.

Source: National Association of Mutual Savings Banks and Federal Deposit Insurance Corporation.