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JUN 27 1962

June 25, 1962.

FEDERAL RESERVE BANK OF RICHMOND  
CAPITAL MARKET DEVELOPMENTS  
IN THE UNITED STATES

(Including Seasonally Adjusted Savings Flows to Savings and Loan Associations and Mutual Savings Banks in May)

The volume of public security financing to obtain new capital was moderately substantial last week but is expected to be fairly light this week. During the week ending June 22, four large corporate security issues (including an expiring rights offer) amounting to \$220 million were publicly offered and the Government of Australia sold a \$30 million bond issue; no large State and local government bond issues were scheduled. This week, ending June 29, two corporate issues (including an expiring rights offer) totaling \$33 million are scheduled and seven State and local government bond issues with par value of \$90 million are on the calendar. In addition the Public Service Company of New Hampshire has scheduled for sale a \$24 million bond issue to refund outstanding securities.

Bond yields. Changes in yields on seasoned, long-term bonds were mixed again last week. Yields on both Aaa- and Baa-rated corporate bonds increased one basis point while yields on U. S. Government bonds increased 3 basis points. Yields on State and local government bonds, however, declined for the first time since early May, with those on Aaa- and Baa-rated issues decreasing one and 3 basis points, respectively.

Average yields on new corporate bonds, adjusted to an Aaa basis were 4.11 per cent last week. At this level, yields were one basis point less than the average for the previous week, but they were still 9 basis points above this year's low reached in mid-May.

Short- and intermediate-term interest rates. Yields on Treasury bills and on 3-5 year U. S. Government obligations increased 4 basis points each last week. One major finance company increased the rate on its directly-placed paper with 90-179 day maturity from 3 to 3-1/8 per cent late last week, resulting in an increase of one basis point to 3.01 per cent in the average yield on all such paper. The Federal funds rate rose 20 basis points from the revised level of the previous week to average 2.95 per cent, the same as the previous high for the year. Other short- and intermediate-term interest rates were unchanged.

Housing starts. Private housing starts, including farm, rose 3 per cent further in May. The increase, which followed a very substantial upsurge in the previous two months, was to a seasonally adjusted annual rate of 1.6 million. The May rate, which is preliminary, equalled the high reached in July of 1959 and was nearly two-fifths above the reduced rate reported for February of this year.

On a three-month moving average, the most recent rate was 1.5 million, the highest since the July-August-September period of 1959 and more than a fifth above a year earlier. Including the reduced rates

earlier this year, starts over the first five months averaged 1.4 million. This was about in line with the more optimistic of the initial trade forecasts for the year as a whole.

Conventional starts, which had already risen to 77 per cent of total starts in April increased their share to 78 per cent in May. This compared with 75 per cent a year earlier and 71 per cent in May of 1959.

Savings flow to savings and loan associations and mutual savings banks in May. The seasonally adjusted net inflow of funds to savings and loan associations in May was somewhat larger than in April while the net inflow at mutual savings banks was considerably larger than a month earlier, as shown in the following table and charts. The net increase in time and savings deposits at commercial banks in May was greater than in April but smaller than in the earlier months of this year.

The net rise in savings capital at savings and loan associations in May was \$719 million, after allowance for seasonal factors, slightly larger than the reduced April inflow, but smaller than in most other recent months. Both new savings capital and withdrawals were lower in May than in April, but the former declined slightly less than the latter.

After adjustment for seasonal variation, deposits at mutual savings banks in May increased \$225 million, two-fifths more than the small April inflow and somewhat larger than in most other recent months.

Stock prices. Common stock prices declined sharply further last week in active trading. Prices, as measured by Standard and Poor's composite index of 500 common stock, declined almost 6 per cent, closing on June 22 at 52.68. At this level, stock prices were 27.5 per cent below their December 12, 1961 high and the lowest since December 1958. Trading volume averaged 4.2 million shares a day last week, 1.2 million shares less than the average for the previous week.

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

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

Table 1 - Selected Institutional Savings Flow

-3-

Savings and Loan Associations 1/

Date	New savings capital (including dividends credited)		Withdrawals of savings capital		Net new savings capital	
	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted
(In millions of dollars)						
1961 - May	1,877	2,358	1,075	1,609		749
June	2,758	2,335	1,395	1,665	1,363	670
July	2,974	2,218	2,866	1,550	108	668
August	2,008	2,308	1,518	1,610	490	698
September	1,965	2,345	1,304	1,590	661	755
October	2,241	2,455	1,517	1,684	724	771
November	1,874	2,512	1,100	1,679	774	833
December	2,734	2,448	1,226	1,708	1,508	740
1962 - January	3,946	2,465	3,458	1,796	488	669
February	1,916	2,337	1,338	1,578	578	759
March	2,305	2,564	1,371	1,626	934	938
April <u>r/</u>	2,408	2,721	2,023	2,021	385	700
May <u>p/</u>	2,131	2,674	1,310	1,955	821	719

1/ Net new savings capital is derived as the difference between new savings capital and withdrawals. The unadjusted net new savings capital series differs from the net change in savings capital series shown in Exhibit N because of statistical discrepancies between the flow series from which the former is derived and the balance sheet series from which the latter is computed. The totals of the seasonally adjusted and unadjusted data for any 12-month period will not necessarily be identical because of the nature of the adjustment procedure.

Source:--Federal Savings and Loan Insurance Corporation; seasonal adjustment by Federal Reserve.

Mutual Savings Banks 1/

Date	New regular deposits (including interest credited)		Withdrawals of regular deposits		Net new regular deposits	
	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted
(In millions of dollars)						
1961 - May	898	1,014	793	881	105	133
June	1,101	983	822	821	279	162
July	1,053	957	1,010	796	43	161
August	818	965	740	827	78	138
September	950	963	661	797	289	166
October	1,021	982	1,029	847	-8	135
November	859	1,014	682	851	177	163
December	1,081	1,007	645	827	436	180
1962 - January	1,356	1,101	1,203	879	153	222
February	745	975	595	760	150	215
March	1,111	1,043	659	785	452	258
April	<u>r/</u> 1,059	<u>r/</u> 1,011	1,129	853	<u>r/</u> -70	<u>r/</u> 158
May <u>p/</u>	961	1,085	775	857	186	228

1/ Regular deposits comprise 99 per cent of mutual savings bank deposits, but exclude Christmas and other club, industrial (payroll), and school savings deposits. Net new deposits are derived as the difference between the new deposit and withdrawal series. The unadjusted net new deposit series differs from the net change in deposit series shown in Exhibit O because of the exclusion of special deposits. The totals of the seasonally adjusted and unadjusted data for any 12-month period will not necessarily be identical because of the nature of the adjustment procedure.

Source:--National Association of Mutual Savings Banks; seasonal adjustment by Federal Reserve.

Chart 1

# **NEW SAVINGS CAPITAL AND WITHDRAWALS— SAVINGS AND LOAN ASSOCIATIONS**

Monthly, adjusted for seasonal variation

Billions of dollars

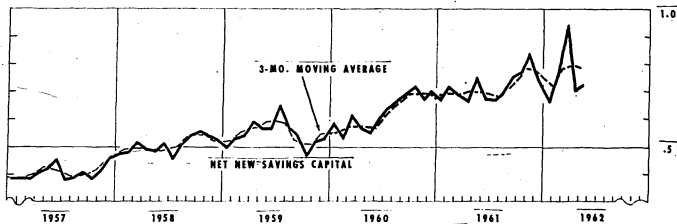
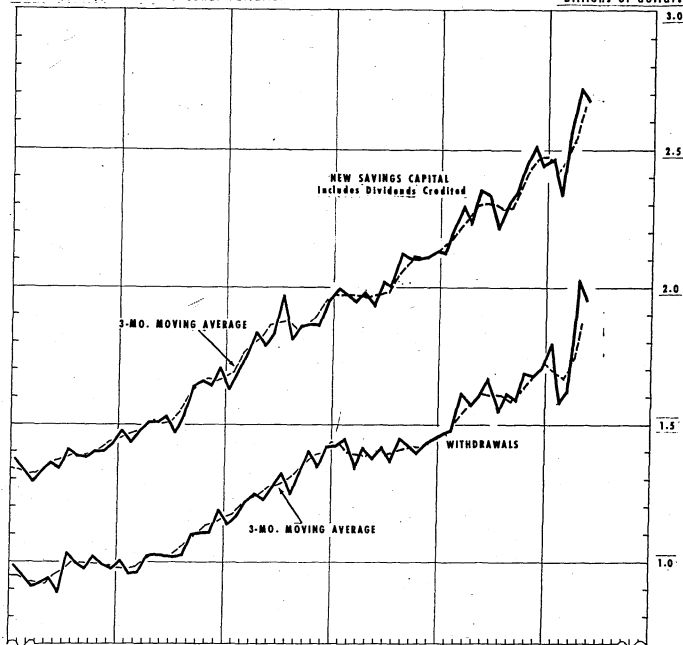
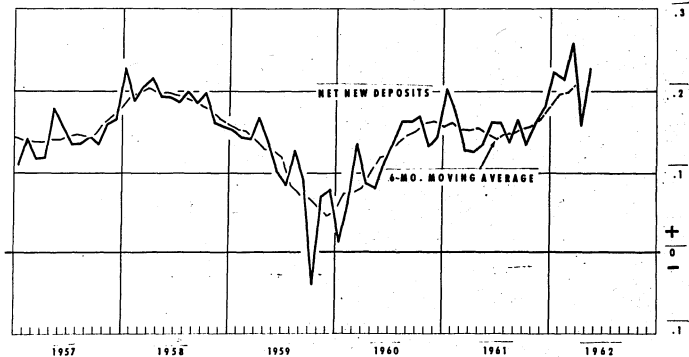
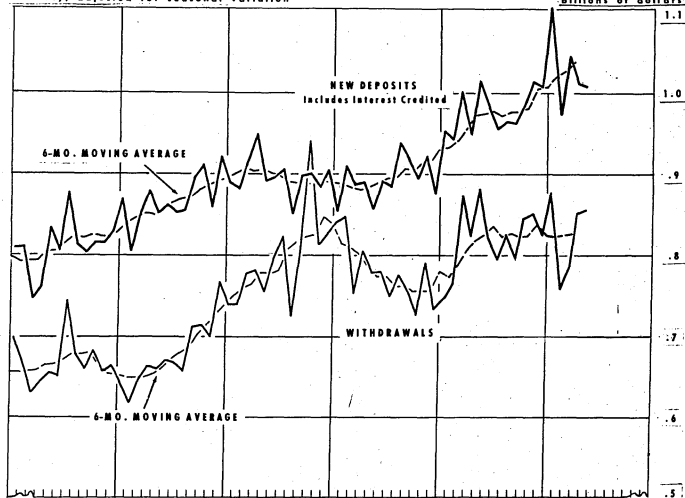


Chart 2

# **DEPOSITS AND WITHDRAWALS — MUTUAL SAVINGS BANKS**

Monthly, adjusted for seasonal variation

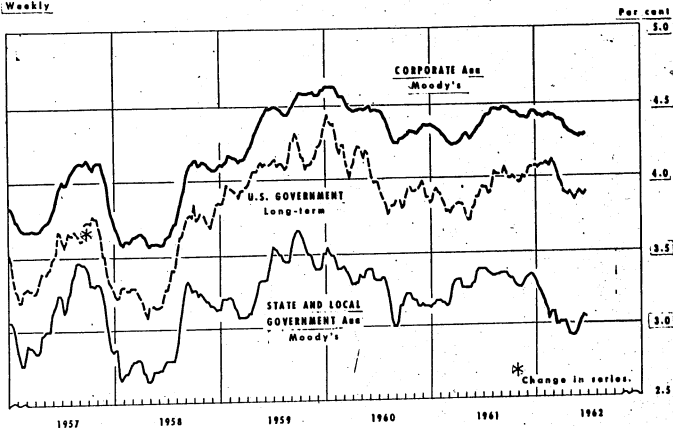
Billions of dollars



## EXHIBIT A, Part I

## LONG-TERM BOND YIELDS, HIGH-GRADE

Weekly



## Exhibit A - Part II

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)					
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
1960-61 Low	4.21 (3/17/61)	3.70 (5/12/61)	2.99 (9/1/60)	.19	.46
1961 - High	4.46 (9/15)	4.07 (12/29)	3.37 (7/6)	.57	.76
1962 - High	4.43 (2/16)	4.12 (2/23)	3.26 (1/4)	.47	1.08
Low	4.27 (5/25)	3.85 (5/11)	2.92 (5/3)	.29	.80
May 25	4.27	3.90	3.00	.37	.90
June 1	4.28	3.89	3.04	.39	.85
June 8	4.28	3.88	3.05	.40	.83
June 15	4.28	3.87	3.06	.41	.81
June 22 p/	4.29	3.90	3.05	.39	.85

Note: For footnotes see Exhibit B.

## LONG-TERM BOND YIELDS, LOWER-GRADE

Weekly

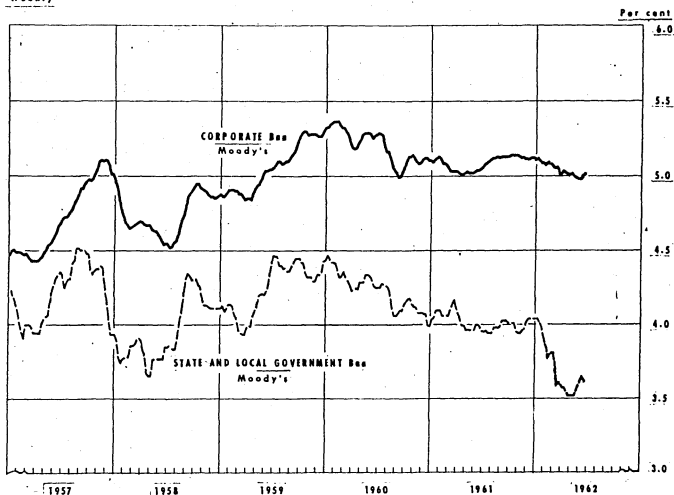


Exhibit B - Part II

Date	Corporate Baa 1/	State and local govt. Baa 3/	Spread between Aaa and Baa	
			Corporate	State and local govt.
	(per cent)			
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
1959-60 - High	5.36 (2/12/60)	4.46 (1/7/60)	.84	1.08
1960-61 Low	4.98 (9/9/60)	3.93 (11/9/61)	.66	.57
1961 - High	5.13 (10/27)	4.16 (3/23)	.81	.93
1962 - High	5.11 (1/5)	4.04 (1/11)	.73	.82
Low	4.98 (6/1)	3.52 (5/17)	.63	.56
May 25	4.98	3.58	.71	.58
June 1	4.98	3.60	.70	.56
June 8	5.00	3.64	.72	.59
June 15	5.01	3.65	.73	.59
June 22 p/	5.02	3.62	.73	.57

p/ Preliminary.  
 1/ Weekly average of daily figures. Average term of bonds included in 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.

## SHORT- AND INTERMEDIATE- TERM INTEREST RATES, GOVERNMENT

Weekly

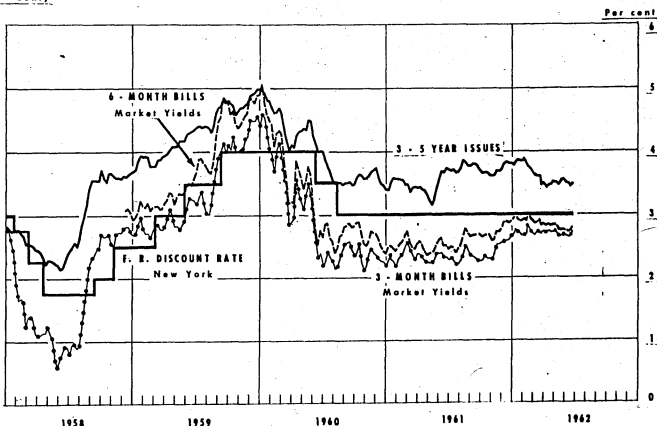


Exhibit C - Part II

Date	Discount rate 1/	Yields			Spread between yields on 3- month bills and yields on 6-mo. bills   3-5 yr. issues	
		3-month bills 2/	6-month bills 2/	3-5 year issues 2/		
		(per cent)				
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
1959-60 - H	4.00	4.59 (1/8/60)	5.07 (1/8/60)	5.00 (12/24/59)	.79	1.81
1960-61 Low	3.00	2.11 (10/28/60)	2.35 (4/28/61)	3.15 (5/12/61)	.12	.38
1961 - High	3.00	2.66 (12/29)	2.90 (12/29)	3.86 (8/11)	.44	1.51
1962 - High	3.00	2.81 (2/16)	3.02 (1/12)	3.88 (2/2)	.24	1.19
Low	3.00	2.65 (6/8)	2.74 (6/8)	3.43 (4/6)	.07	.71
May 25	3.00	2.69	2.77	3.57	.08	.88
June 1	3.00	2.68	2.76	3.53	.08	.85
June 8	3.00	2.65	2.74	3.50	.09	.85
June 15	3.00	2.69	2.76	3.46	.07	.77
June 22 p/	3.00	2.73 ✓	2.80	3.50	.07	.77

1/ Weekly rate shown is that in effect at end of period at the Federal Reserve Bank of New York.

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

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.



**SHORT- AND INTERMEDIATE-TERM INTEREST RATES,  
BANKS AND OTHER PRIVATE BORROWERS**

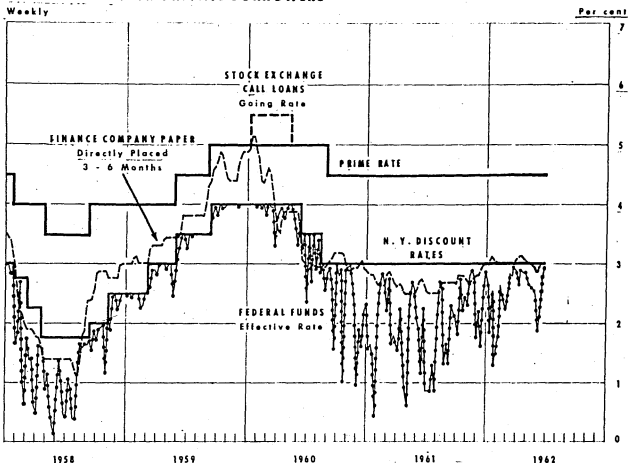


Exhibit D - Part II

Date	Stock Exchange call loan 1/	Prime rate 1/ (per cent)	Finance company paper 2/	Federal funds 3/	Spread between 3-mo. bills and finance Co. paper
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
1960-61 Low	4.50	4.50	2.50 (8/5/61)	.43 (1/27/61)	.11
1961 - High	4.50	4.50	3.00 (12/29)	2.88 (12/29)	.56
1962 - High	4.50	4.50	3.13 (4/13)	2.95 (6/22)	.41
Low	4.50	4.50	2.88 (6/1)	1.30 (1/26)	.19
May 25	4.50	4.50	2.88	2.50	.19
June 1	4.50	4.50	2.88	1.88	.20
June 8	4.50	4.50	2.99	2.15	.34
June 15	4.50	4.50	3.00	2.75	.31
June 22 p/	4.50	4.50	3.01	2.95	.28

1/ Weekly rate shown is that in effect at end of period. 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/ Average of daily rates published by finance companies for directly placed paper for varying maturities in the 90-179 day range.

3/ 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.

## STOCK MARKET

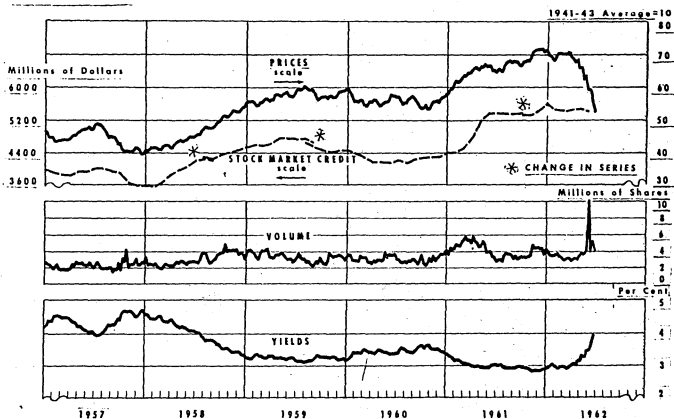


Exhibit E - Part II

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)						
1960-61 - High	72.04 (12/8/61)	2.82	5.8	5,602 (12/61)	4,259 (12/61)	1,377 (8/30/61)
Low	53.32 (10/21/60)	3.62	2.2	4,142 (5/60)	3,004 (7/60)	1,121 (5/25/60)
1962 - High	70.94 (3/16)	2.93	10.1	5,491 (4)	4,111 (1)	1,418 (5/9)
Low	52.68 (6/22)	3.96	3.0	5,408 (5)	4,000 (5)	1,348 (1/24)
April	68.05	3.05	3.5	5,491	4,079	1,412
May	62.99	3.32	5.0	5,408	4,000	1,408
June 8	58.45	3.57	4.2	n.a.	n.a.	1,381
June 15	55.89	3.73	5.4	n.a.	n.a.	1,354
June 22 p/	52.68	3.96	4.2	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 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.

EXHIBIT F, Part I

PRIVATE HOUSING STARTS

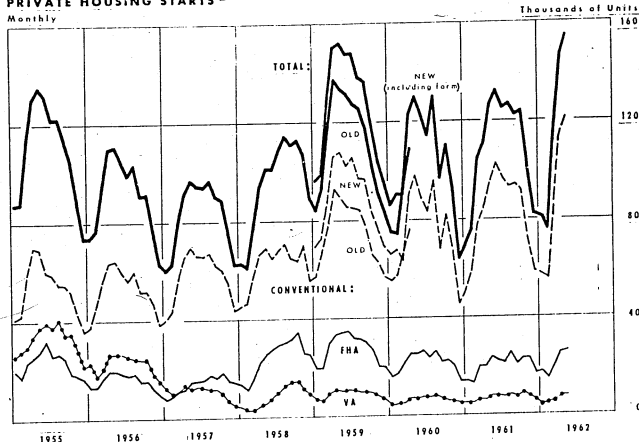


Exhibit F - Part II

Date	Total	Unadjusted			
	Seasonally adjusted annual rate	Unadjusted	FHA	VA	Conventional
(Thousands of units)					
1961 - May	1,291	127	24	8	96
June	1,381	132	22	8	103
July	1,343	125	21	7	97
Aug.	1,326	127	26	8	93
Sept.	1,383	122	21	7	94
Oct.	1,434	124	23	9	91
Nov.	1,351	103	23	7	72
Dec.	1,297	82	17	6	59
1962 - Jan.	1,273	81	18	4	58
Feb.	1,152	76	15	5	56
Mar.	1,434	r/115	21	6	r/88
Apr.	r/1,538	147	r/25	8	113
May p/	1,587	155	26	8	121

1/ 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 starts are units started under commitments by these agencies to insure or guarantee the mortgages. As reported by FHA and VA, a unit is started when a field office receives the first compliance inspection report, which is made before footings are poured in some cases but normally after the foundations have been completed. Capehart 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.

## Yields on New Corporate Bond Issues Adjusted to an Aaa Basis

	Number of issues included	Amount of issues included (millions of dollars)	Average yield (per cent)		Number of issues included	Amount of issues included (millions of dollars)	Average yield (per cent)
<b>Monthly averages:</b>				December 15	1	40.0	4.55*
1961 - July	4	273.0	4.62	22	--	--	--
August	4	115.0	4.59	29	--	--	--
September	2	78.8	4.38				
October	7	200.0	4.26	1961 - High		4.68 (6/16)	
November	9	229.0	4.32	Low		4.21 (11/3)	
December	3	115.0	4.39				
1962 - January	4	130.0	4.45	1962			
February	5	394.5	4.50	January 5	--	--	--
March	6	240.0	4.23	12	1	60.0	4.50
April	7	299.0	4.17	19	--	--	--
May	7	148.0	4.09	26	3	70.0	4.40
June				February 2	--	--	--
				9	2	19.5	4.40
				16	1	300.0	4.52*
<b>Weekly averages:</b>				23	1	50.0	4.50
1961 - July 7	--	--	--				
14	1	8.0	4.60	March 2	1	25.0	4.37
21	1	200.0	4.64	9	1	30.0	4.29
28	2	65.0	4.46	16	1	65.0	4.23
August 4	2	55.0	4.54	23	2	60.0	4.21
11	1	20.0	4.73*	30	2	85.0	4.22
18	1	40.0	4.60	April 6	2	98.0	4.21
25	--	--	--	13	2	26.0	4.12
September 1	--	--	--	20	2	100.0	4.17*
8	--	--	--	27	--	--	--
15	1	18.0	4.46	May 4	2	115.0	4.14
22	--	--	--	11	2	28.0	4.21*
29	1	60.8	4.36	18	2	41.0	4.02
October 6	2	45.0	4.25	25	2	39.0	4.07
13	--	--	--	June 1	1	17.0	4.06
20	2	60.0	4.21	8	3	115.0	4.24*
27	3	95.0	4.28	15	4	67.0	4.12
November 3	3	45.0	4.21	22	3	145.0	4.11
10	--	--	--	29			
17	4	94.0	4.29				
24	1	60.0	4.35				
December 1	1	30.0	4.40				
8	2	75.0	4.29				

Note: Averages of offering yields on all new issues of publicly sold bonds rated Aaa, Aa and A by Moody's Investors Service (except serial, equipment trust and convertible issues, offerings of natural gas pipeline and foreign companies, and issues guaranteed by the Federal Government) weighted by size of issues. Yields on Aa- and A-rated bonds are first adjusted to an Aaa basis, using the comparable spreads in yields on seasoned bonds (Moody's averages). Averages reflect changes in industrial composition, type, maturity, and call provisions of new offerings. Weekly averages considered unusually unreliable as indicators of interest rates on new issues because of the small number or special characteristics of offerings included etc. are marked with an asterisk. Source: weekly data, Federal Reserve; monthly data, First National Bank of New York.

**Long-term Corporate and State and Local Government  
Security Offerings and Placements**

(In millions of dollars)

	New capital					
	Corporate 1/			State and local 2/		
	1962	1961	1960	1962	1961	1960
January	592	580	570	p/843	713	707
February	859	667	715	e/1000	689	689
March	807	562	860	e/625	764	708
April	1,120	2,118	761	e/850	723	719
May	e/700	1,259	577	e/800	641	545
June	e/1,000	1,318	1,044	e/650	1,034	991
July		1,028	736		485	492
August		762	967		604	606
September		647	726		734	683
October		1,090	890		678	348
November		948	956		789	501
December		1,000	852		606	491
1st quarter	2,258	1,809	2,145	p/2,468	2,166	1,880
2nd quarter	e/2,420	4,695	2,382	e/2,300	2,397	2,256
3rd quarter		2,437	2,428		1,823	1,780
4th quarter		3,038	2,698		2,049	1,340
1st half	e/5,078	6,504	4,527	p/4,768	4,563	4,136
Three quarters		8,941	6,955		6,386	5,916
Year		11,979	9,653		8,435	7,257
Excluding finance companies 3/						
1st quarter	2,199	1,554	1,716			
2nd quarter	e/2,720	4,552	2,165			
3rd quarter		2,337	2,018			
4th quarter		2,807	2,347			
Year		11,253	8,246			

e/ Estimated by Federal Reserve.

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.

New Corporate Security Issues, Type of Issue and Issuer  
(In millions of dollars)

Quarter or month	Gross proceeds for new capital and refunding 1/				Net proceeds for new capital 1/ 2/			
	Total	Bonds		Common and pfd. stock	Mfg.	Public utility	Communi- cations	Other issuers
		Publicly offered	Privately offered					
1960 - I	2,265	934	795	536	298	598	189	1,059
II	2,537	1,074	770	692	511	808	149	913
III	2,520	1,336	754	429	562	652	317	896
IV	2,832	1,462	955	416	625	696	381	997
1961 - I	1,992	662	880	449	515	381	81	832
II	5,352	2,303	1,275	1,774	1,466	1,081	1,095	1,052
III	2,566	772	1,139	654	595	595	104	803
IV	3,236	967	1,424	845	836	836	147	1,263
1962 - I	2,378	1,155	716	507	655	430	456	717
II								
III								
IV								
1961 - Jan.	601	178	294	129	169	137	21	253
Feb.	695	273	255	167	99	160	41	368
Mar.	696	211	331	154	248	84	19	211
Apr.	2,231	713	348	1,170	574	254	994	297
May	1,342	666	355	320	447	439	85	289
June	1,779	924	572	283	446	389	16	467
July	1,075	424	392	259	428	369	16	315
Aug.	813	225	411	177	255	215	13	279
Sept.	678	123	336	218	252	111	75	209
Oct.	1,155	336	509	310	271	306	25	487
Nov.	987	414	348	225	215	362	80	291
Dec.	1,094	217	567	310	306	168	42	485
1962 - Jan.	647	273	232	143	205	89	73	225
Feb.	884	497	232	155	131	148	362	218
Mar.	847	386	253	200	318	193	21	275
Apr.	1,222	652	238	332	378	376	86	280
May e/	740	230	350	160	200	230	40	230
June								
July								
Aug.								
Sept.								
Oct.								
Nov.								
Dec.								

p/ Preliminary. e/ Estimated by Federal Reserve. 1/ Gross proceeds exceed net proceeds by the cost of flotation. 2/ For total see Exhibit H; other issuers are extractive, railroad and other transportation, real estate and finance and commercial and other. Source.--Securities and Exchange Commission.

Other Security Offerings  
(In millions of dollars)

	Gross long-term 1/					
	Foreign government 2/			Federal agency 3/		
	1962	1961	1960	1962	1961	1960
January	142	6	2	246	---	182
February	10	29	175	156	---	150
March	35	20	70	---	252	150
April	10	2	34	461	100	148
May	e/ 88	66	72	e/ --	149	354
June		29	40		278	--
July		5	25		--	--
August		2	1		250	199
September		--	36		193	--
October		43	34		--	160
November		34	2		225	149
December		--	41		--	181
Year		236	533		1,448	1,672
Jan.-May	e/285	123	353	e/863	501	984
	Net short-term 4/					
	State and Local government 5/			Federal agency 3/		
	1962	1961	1960	1962	1961	1960
January	18	160	58	247	-144	-196
February	466	195	140	-156	-162	-202
March	-186	-8	-80	226	-174	-59
April	p/40	-103	70	-346	-79	-277
May	e/-216	-42	-146	p/116	-87	170
June		-155	-157		207	320
July		109	46		22	95
August		518	415		193	23
September		-86	-175		108	-201
October		-6	-16		98	-23
November		54	50		56	-33
December		-116	-189		-114	-250
Year		520	18		-76	-633
Jan.-May	p/122	202	42	p/ 87	-646	-564

p/ Preliminary. e/ Estimated by Federal Reserve.

1/ These data differ from those in Exhibit H 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 political subdivisions and international organizations. Source: Securities and Exchange Commission.

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

4/ These data differ from those in Exhibit H 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.

5/ 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 than one year. Source: Bond Buyer and Federal Reserve.

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

**Proceeds of Large Issues Offered**

(In millions of dollars)

Month	Corporate				State and local government	Other <sup>2/</sup>
	Total	Bonds (other than convertibles)	Convertible bonds	Stocks		
1961 - May	557	480	15	62	256	25
June	532	435	--	97	616	151
July	475	285	75	115	179	--
August	185	165	--	20	281	100
September	168	78	33	58	435	73
October	354	205	67	81	326	40
November	391	320	26	45	480	250
December	255	125	--	130	307	--
1962 - January	195	170	--	25	561	145
February	425	425	--	--	662	64
March	366	330	15	21	259	30
April	648	430	51	167	423	55
May	200	170	--	30	373	88

**Large Individual Issues Offered June 1 through 22**

Issuer	Type <sup>3/</sup>	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<b>CORPORATE</b>						
Alabama Power Co.	1st mtg. bds.	17.0	1992	4-3/8	4.39	A
Mountain States Tel. & Tel. Co.	Deb.	50.0	2002	4-1/2	4.38	Aaa
United Gas Corp.	1st mtg & coll. tr. bds.	40.0	1982	4-5/8	4.45	A
Transcontinental Gas Pipe Line Co.	S.F. deb.	30.0	1982	5	5.10	Baa
Transcontinental Gas Pipe Line Co.	Pfd. stk.	15.0				
Columbia Gas System, Inc.	Deb.	25.0	1987	4-1/2	4.50	A
Container Corp. of America	S.F. deb.	25.0	1987	4.40	4.40	A
Northern States Power Co.	1st mtg. bds.	15.0	1992	4-3/8	4.28	Aa
Texas Gas Transmission Co.	Deb.	40.0	1982	5	5.00	Baa
Consolidated Edison Co.	1st & ref. mtg. bds.	100.0	1992	4-3/8	4.26	Aa
Cincinnati Gas & Electric Co.	1st mtg. bds.	25.0	1992	4-3/8	4.23	Aaa
Pet Milk Co.	S.F. deb.	20.0	1982	4-1/4	4.30	A
*Phillips, N.V. (foreign corp.)	Com. stk.	75.0				
<b>STATE AND LOCAL GOVERNMENT</b>						
Maricopa Co., Arizona	G.O.	11.2	1963-73	2.72	1.65-2.90	A
Honolulu Co., New York	G.O.	10.8	1963-91	2.85	1.50-3.40	Aaa



## Large Individual Issues Offered June 1 through 22 (Cont'd)

Issuer	Type 3/	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 California	G.O.	100.0	1964-88	3.21	1.80-3.40 <sup>4/</sup>	Aa
Public Utility Dist. No. 1, Chelan Co., Wash.	Rev.-Ut.	13.85 <sup>5/</sup>	2012	n.a.	n.a.	--
<u>OTHER</u>						
Govt. of Australia	Bonds	30.0	1982	5-1/2	5.71	A

\*--Rights offering.

- 1/ Includes corporate and other security offerings of \$15 million and over; State and local government security offerings of \$10 million and over.
- 2/ Includes foreign government and International Bank for Reconstruction and Development issues and non-guaranteed issues by Federal agencies.
- 3/ In the case of State and local government securities, G.O. denotes general obligations; Rev.-Ut., revenue obligations secured only by income from public utilities; Rev.-Q.Ut., revenue bonds secured only by revenue from quasi-utilities; Rev.-S.T., revenue bonds secured by revenue from specific taxes only; Rev.-Rent., revenue bonds secured solely by lease payments.
- 4/ 1/4 per cent bonds maturing 1988 were reoffered to yield 4.35.
- 5/ An additional \$27.6 million was sold to refund outstanding bonds.

**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/
1961 - 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
Oct. 31	346	597	--	411	693	--
Nov. 30	356	295	--	421	498	--
Dec. 29	161	223	--	591	415	--
1962 - Jan. 31	480	465	64	525	567	64
Feb. 28	222	153	--	341	239	--
Mar. 30	628	453	--	693	539	--
Apr. 30	185	333	95	598	452	95
May 31	587	184	55	692	337	55

**Forthcoming Large Offerings, as of June 22**

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<b><u>CORPORATE</u></b>			
Puget Sound Power & Light Co.	Pfd. stk.	15.0	June 27
New England Electric System	Com. stk.	18.3	June 29
			(rights expire)
New England Tel. & Tel. Co.	Deb.	50.0	July 11
Atlantic City Electric Co.	Deb.	15.0	July 19
Houston Lighting & Power Co.	1st mtg. bds.	30.0	July
Southwestern Bell Tel. Co.	Deb.	100.0	August 8
Air Reduction Co., Inc.	Conv.sub.deb.	34.5	Indefinite
Commerce Oil Refining Corp.	Deb., bds. & com.	45.0	Indefinite
Virginia Electric & Power Co.	Com. stk.	40.0	Indefinite
Columbia Bancorporation	Conv.sub.deb.	30.0	Indefinite
<b><u>STATE AND LOCAL GOVERNMENT</u></b>			
Houston Ind. Sch. Dist., Texas	G.O.	12.5	June 26
Penna. Public School Bldg. Auth.	Rev.-Rent.	14.2	June 26
Wisconsin State Agencies Bldg. Corp.	Rev.-Rent.	13.2	June 26
Baltimore Co., Md.	G.O.	18.8	June 27
Georgia State Highway Auth.	Rev.-S.T.	16.6	June 27
Dallas Ind. Sch. Dist., Tex.	G.O.	10.0	June 27
Texas Univ./Texas A&M, Texas	Rev.-Rent.	10.0	June 28
Memphis, Tenn.	G.O.	23.0	July 10
Los Angeles Sch. Dist., Cal.	G.O.	21.0	July 10
*Greater Peoria Sanitary & Sewage Disposal Dist., Ill.	G.O.	20.0	July 10

## Forthcoming Large Offerings, as of June 22 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u> (CONT'D)			
Tarrant County, Texas	G.O.	13.5	July 12
*Florida Development Comm.	Rev.-Rent.	25.0	July 12
Orlando Utilities Comm., Fla.	Rev.-Ut.	14.0	July 17
*Dallas, Texas	Rev.-Ut.	12.4	July 23
San Diego Unif. Sch. Dist., Cal.	G.O.	14.8	July 31
San Antonio, Texas	G.O.	20.0	August 8
De Kalb Co., Georgia	G.O.	14.0	Indefinite
Pittsburgh, Penna.	G.O.	35.0	Indefinite
Jefferson County, Colorado	G.O.	19.2	Indefinite
Dade County, Florida	G.O.	46.0	Indefinite
Jacksonville Expressway Auth., Fla.	Rev.-Ut.	40.0	Indefinite
<u>OTHER</u>			
Kingdom of Norway	Bonds	25.0	Indefinite

\*--Included in table for first time.

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

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

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

JUN 27 1962

FEDERAL RESERVE BANK  
OF RICHMOND

June 25, 1962.

H.14

*CAPITAL MARKET DEVELOPMENTS*  
(IN THE U.S.)

(Supplement)

Corporate Security Offerings in the  
First Quarter of 1962

Net proceeds from corporate security offerings during January-March of this year totaled \$2.3 billion, nearly one-fifth more than the small volume of the corresponding period of 1961 but well below the high first quarter totals of 1957 and 1958. Almost all of the proceeds were for new capital; financing to refund outstanding securities totaled \$62 million, less than half of last year's first quarter total.

Industrial distribution. Security sales by communication companies totaled \$456 million in the first quarter, reflecting a \$300 million debenture issue of AT&T sold in February this year. Other broad industry groups showing appreciable year-to-year increases included manufacturing, electric, water and gas utilities, and commercial firms. New offerings of railroads and mining showed little change, while issues of other transportation and financial and real estate companies were below the year-ago volume.

New security offerings of manufacturers totaled \$0.7 billion, one-fourth more than a year earlier and the second largest first quarter volume (after 1957) on record. Almost one-half of the proceeds were to finance plant and equipment expenditures, which this year are expected to be 8 per cent above 1961 but 8 per cent below 1957. No large issues of \$100 million or over were sold during the first quarter, and volume was spread widely among the major industrial classifications.

New security financing by electric, gas and water utilities amounted to \$0.4 billion during the first three months of 1962, one-tenth more than last year but considerably less than during the first quarter of other recent years. Utility outlays for plant and equipment during the first quarter were slightly larger than a year ago (though no increase is projected for the year as a whole), but repayment of bank loans nevertheless totaled close to \$300 million, more than twice a year earlier. Thus, internal funds, mainly depreciation allowances, appear to be providing a larger share of this year's utility financing requirements.

Financial and real estate companies offered securities with net proceeds of \$0.4 billion during the first quarter of this year, one-fifth less than during January-March last year and the smallest first quarter volume since 1954. This decline was due entirely to a sharp drop in new offerings by sales and consumer finance companies, which amounted to only \$59 million, one-fourth the 1961 volume and considerably less than in the first quarter of any other recent year. Net sales of directly-placed short-term paper by finance companies, in contrast, were sharply larger this year than last. Security sales of other financial and real estate firms of \$0.3 billion were a first quarter record and almost one-half more than a year earlier.

Types of issues. Gross proceeds, which include refundings and costs of flotation, totaled \$2.3 billion during the first quarter of this year. Publicly-offered issues amounted to \$1.6 billion, three-fifths larger

than last year; private placements of \$0.7 billion, on the other hand, were one-fifth less than last year and in the smallest volume since 1954.

In the January-March period, bond financing of \$1.9 billion was one-fifth larger than last year, while sales of common stock issues of \$0.5 billion were two-fifths larger; both figures, however, were below earlier highs. Preferred stock financing amounted to only \$16 million, the smallest volume since 1943. Financing through convertible bonds was rather light, about \$0.1 billion, almost one-third less than last year.

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

Table 1

-3-

Corporate Security Offerings for New Capital by Type  
of Business of Issuer and Use of Proceeds  
First Quarter 1957-62  
(Net proceeds in millions of dollars)

	1962	1961	1960	1959	1958	1957
Total corporate offerings	2,320	1,951	2,214	2,232	3,273	3,493
Refunding	62	142	69	28	134	49
New capital	2,258	1,809	2,145	2,204	3,139	3,445
New money	2,009	1,648	1,972	1,899	3,066	3,180
Other purposes	250	161	174	306	73	264
New capital						
Manufacturing	655	515	298	358	514	1,297
New money	556	413	264	288	495	1,147
Other purposes	99	102	34	70	19	150
Electric, gas & wtr. util.	430	381	598	813	1,091	981
New money	423	376	597	745	1,066	915
Other purposes	7	5	2	68	25	66
Communication	456	81	189	105	867	428
New money	453	75	189	104	865	425
Other purposes	3	5	1/	2	1	3
Railroad	48	51	31	52	95	112
New money	48	51	31	52	95	112
Other purposes	--	--	--	--	--	--
Other transportation	94	157	119	239	90	90
New money	93	156	117	227	88	89
Other purposes	1	1	2	13	2	1
Commercial and other	184	114	174	197	46	67
New money	155	84	129	103	43	57
Other purposes	28	30	45	94	3	10
Mining	42	57	115	26	53	83
New money	36	53	52	25	48	71
Other purposes	6	4	63	1	5	12
Financial and real estate	350	453	620	414	382	387
New money	245	439	591	355	365	365
Other purposes	105	15	29	59	17	22
Other	59	255	429	205	240	208
Sales and cons. fin.	291	198	191	209	142	179

1/ Less than \$500,000.

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

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

Table 2

Security Offerings for New Capital by  
Manufacturing Companies  
First Quarter 1957-62

(New proceeds in millions of dollars)

	1962	1961	1960	1959	1958	1957
All Manufacturing	655	515	298	358	514	1,297
Chemicals	91	35	22	33	67	51
Electrical machinery	87	48	92	25	43	18
Foods	64	13	12	34	3	17
Nonelectrical machinery	61	9	18	19	58	91
Petroleum and refining	57	64	3	1	15	393
Textiles and apparel	56	21	21	6	6	24
Stone, clay and glass	55	26	13	1/	14	57
Primary iron and steel	28	31	3	63	23	106
Other transportation equipment	27	5	11	7	4	36
Paper	22	36	--	38	76	48
Printing	20	4	2	3	4	4
Fabricated metal products	9	6	25	17	4	22
Rubber products	7	19	11	4	1	6
Lumber, wood products	5	16	3	2	2	2
Motor vehicle and equipment	4	1	10	1/	15	51
Primary nonferrous metals	3	13	1	55	64	308
Beverages	3	--	--	15	1	1
Tobacco	--	--	--	--	--	--
Other 2/	78	168	51	36	114	55

1/ Less than \$500,000.

2/ 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.

Table 3

-5-

**Total Corporate Security Offerings by Type of Issue  
First Quarter 1958-62**

(Gross proceeds in millions of dollars)

Type of issue	1962	1961	1960	1959	1958	1957
Total corporate offerings	2,378	1,992	2,265	2,282	3,318	3,558
<u>Type of offering</u>						
Public	1,644	1,047	1,404	1,427	2,521	2,626
Private	734	946	861	855	797	932
<u>Type of security</u>						
Bonds and notes	1,871	1,543	1,729	1,622	2,846	2,706
Public	1,155	662	934	787	2,067	1,798
Private	716	880	795	835	779	908
(Memo: Convertible)	(78)	(120)	(114)	(136)	(805)	(469)
Preferred stock	16	96	100	14	182	98
Common stock	490	354	435	518	289	753

Source.--Securities and Exchange Commission.



CHART 1  
CORPORATE SECURITY OFFERINGS;  
USE OF NET PROCEEDS  
First Quarter 1957-62

Millions of dollars

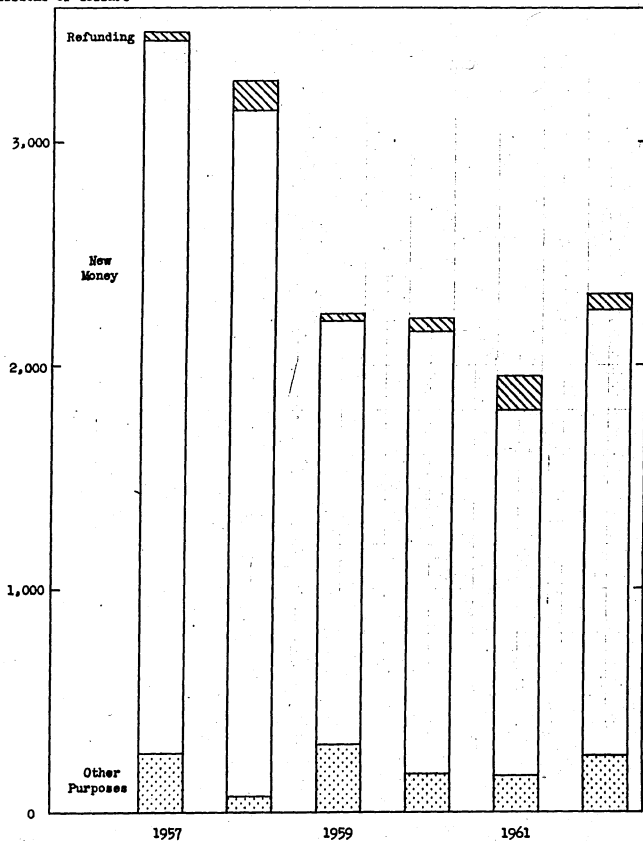


CHART 2  
CORPORATE SECURITY OFFERINGS BY TYPE OF BUSINESS  
First Quarter 1957-62

Millions of dollars

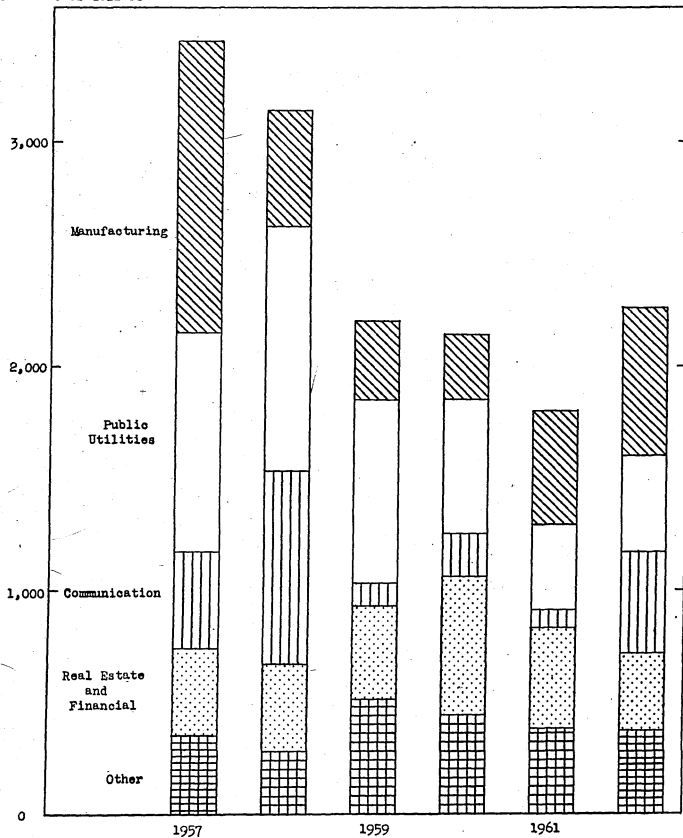


CHART 3  
CORPORATE SECURITY OFFERINGS BY TYPE OF ISSUE  
First Quarter 1957-62

Millions of dollars

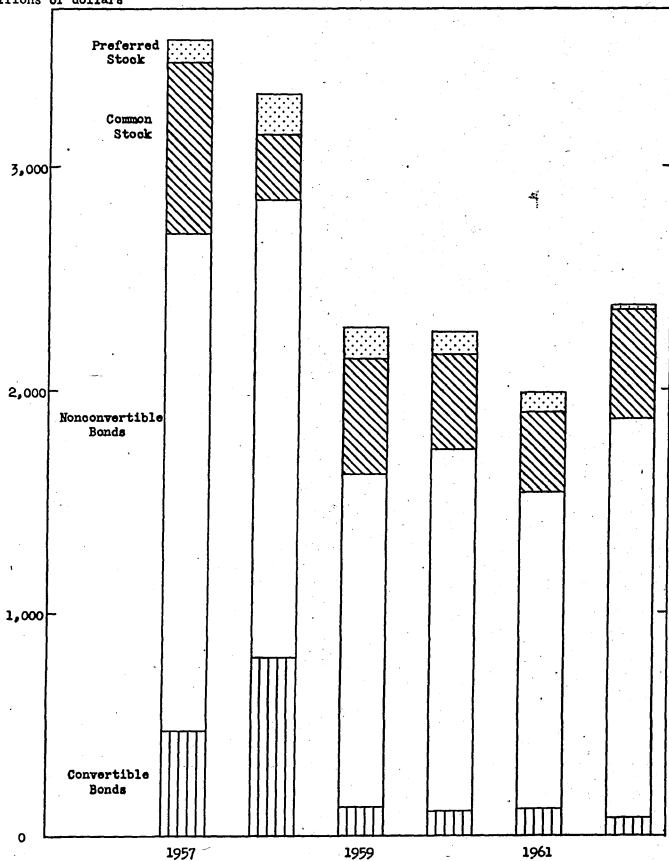


CHART 4  
PERCENTAGE DISTRIBUTION OF BONDS SOLD BETWEEN  
THOSE PUBLICLY OFFERED AND PRIVATELY PLACED  
First Quarter 1957-62

