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FEDERAL RESERVE BANK OF RICHMOND (Including Review of State and Local Government Bond Sales during the First Half of 1963 to Refund Outstanding Bonds)

CAPITAL MARKET DEVELOPMENTS  
IN THE UNITED STATES

Public security financing to obtain new capital was in fairly substantial volume last week, but will be more moderate this week. Last week, ending July 12, three large corporate issues totaling \$100 million, three State and local government bond issues amounting to \$71 million, and a \$20 million bond issue of Milan, Italy were sold. This week, ending July 19, two corporate issues for \$45 million, two State and local issues with par value of \$69 million and \$40 million in bonds of the United Mexican States are on the calendar for public offering to obtain new capital. In addition, the Michigan Wisconsin Pipe Line Company is scheduled to offer \$30 million in bonds to refund outstanding securities.

Bond yields. Yields on most seasoned long-term bonds rose last week. Yields on Aaa-rated corporate bonds rose up a basis point to 4.24 per cent, their highest level since late last December, but those on Baa-rated issues dropped a basis point to 4.84 per cent. U. S. Government bond yields rose a basis point further to 4.03 per cent, the highest level since early last August. Yields on Aaa-rated State and local government bonds increased three basis points to 3.11 per cent, the highest level since mid-August 1962, while yields on Baa-rated issues rose two basis points to 3.62 per cent.

Yields on new corporate bonds, adjusted to an Aaa basis, averaged 4.30 per cent last week, five basis points above the average for the week ending June 29, the last week any such bonds were offered. Most of this increase, however, was probably due to the special characteristics of one of last week's issues.

Short- and intermediate-term interest rates. Rates on 3-month and 6-month Treasury bills jumped 19 and 22 basis points, respectively, last week to 3.22 and 3.34 per cent, the highest levels since spring of 1960. Yields on 3-5 years U. S. Government obligations advanced eight basis points to 3.80 per cent, their highest level since mid-February 1962. Reflecting the full effect of the rate change late the previous week, the average yield on 90-179 day directly-placed finance company paper rose a basis point to 3.31 per cent, the highest level since spring of 1960. The spread between finance company paper and 3-month bill rates declined sharply to 9 basis points, the narrowest since 1958. The average effective Federal funds rate declined slightly to 2.97 per cent. Other rates were unchanged.

Mortgage yields, interest rates and other terms. Secondary market yields on 25-year, 5-1/4 per cent FHA-insured mortgages in June remained at the reduced level of 5.44 per cent reached in April. Offering yields on new corporate bonds continued to move within a very narrow range. As a result, the spread (118 basis points) between mortgages and bond yields in June was about the same as in March.

According to the Federal Home Administration, average interest rates for conventional first mortgages on new houses also continued at the reduced rate of the previous two months (5.80 per cent), and rates on loans on existing houses held at the May level of 5.85 per cent. The June rates were 10 to 15 basis points below a year earlier.

Based on the Home Loan Bank Board's survey of conventional first mortgages on single family houses, downward pressure on fees and other charges as well as on contract rates continued in May. Other terms apparently were also relaxed somewhat in May, but they tended to be about the same or a little more restrictive than in March. In the case of new home loans, maturity terms were 23.9 years in May, compared with 23.5 years in April and 24.0 years in March. Maturity terms on existing house loans were 19.3 years in May, as against 19.0 years in April and 19.2 years in March. Loan-to-value ratios, at 72.8 per cent for new home loans and 71.0 per cent for existing home loans, were both below their March highs of 73.4 per cent and 71.2 per cent, respectively.

Stock prices. Common stock prices declined last week in moderate trading, as prices continued their seesaw movement of recent weeks. Prices, as measured by Standard and Poor's Composite index of 500 stocks, dropped close to one per cent on balance to close at 69.64 on July 12.

State and local government bond sales during the first half of 1963 to refund outstanding securities. Bond sales by State and local governments for refunding purposes amounted to a record of approximately \$650 million during the first six months of this year; this was almost two and one-half times the full year total for 1962, and exceeded by one-fifth the previous peak annual volume of 1941. This sharp rise in financing to retire outstanding bonds reflects primarily utilization of an advance refunding technique.

The volume of State and local government refunding operations has been relatively small since the late 1930's and early 1940's, when, relative to total municipal financing, it was even more important than currently. The reasons for this are various, but include the fact that interest rates were generally rising during most of this period and that typically the bulk of the maturities of serial bond issues are not callable. The elimination of restrictive covenants in bond indentures was probably at least as important a reason for refunding in this period as was the reduction in interest costs. The decline in interest rates the last few years, together with the earlier growth in importance of large, single-maturity, very long-term revenue bond issues has contributed to the recent

rise in refundings. In addition, the spread between yields on long-term State and local government bonds and short- and intermediate-term U. S. Government securities has been such as to make advance refunding attractive. The latter involves the sale of new bonds to refund outstanding bonds a number of years (as much as ten) in advance of the date the old bonds become first callable; during the interim the proceeds of the new issues are invested in U. S. Government obligations (or time certificates of deposits, in some cases) until such time as the outstanding bonds become callable and they are required to actually redeem the bonds. While advance refunding is not an entirely new technique in municipal financing, recent State legislation and legal opinions have contributed to an increase in its utilization.

Nine State and local government units offered large bond issues during the January-June period this year to raise funds to retire \$417 million in outstanding bonds. The table on the following page presents details on each of these new issues and on the issue, or issues, which these proceeds were used (or are to be used) to retire. Issues are divided into two groups, Group A--amounting to \$258 million--is composed of advance refundings, while Group B--totaling \$159 million--includes issues whose proceeds were used mainly to refund issues that are currently callable.

The five new issues in Group A were sold to refund a number of issues sold mainly during the period 1956-58. With the exception of the State of Colorado refunding, in which all five issues to be refunded mature serially in small amounts and one issue was callable in 1957, most of the refundings are of large, term issues not callable prior to 1967. Most of the proceeds of the new issues, therefore, will be held in escrow by trustees until actual retirement of the old issues is permissible.

Measurement of interest savings in an advance refunding is much more complex than on an issue sold to refund bonds currently callable. Interest savings on the latter can be measured by deducting the call premium on the issue to be refunded, amortized from the call date to maturity of the issue to be refunded, from the difference between net interest cost on the new and the refunded issue. In the case of an advance refunding, however, the proceeds from the new issue are invested and will be earning interest until refunding takes place and interest payments will have to be met on the old, as well as on the new, issue.

The interest savings accruing to an issuing authority through an advance refunding can be illustrated by the \$161 million refunding of Memphis, Tennessee last January; the refunding will not be completed until 1967 when the issue to be redeemed becomes callable at a price of 104.00. The bulk of the issue to be refunded--\$143 million--falls due in 1992 and was originally placed at a net interest cost of 4.47 per cent, 158 basis points higher than that on the new issue. The interest earnings from the proceeds of the new issue invested in U. S. Government bonds maturing late in 1966 will probably be sufficient to pay the interest on the new issue through

Major New State and Local Government Bond Issues Sold  
During the First Half of 1963 for the Purpose  
of Retiring Outstanding Securities

Issuing Authority	Date Sold	Amount (millions of dollars)	Maturities	Net Interest Cost	First Call Date	Call Price
<b>Group A: Advance Refunding</b>						
Jacksonville, Fla.	1/63	29.5	1964-92	3.53	-	-
To refund:	11/57	28.3	1968-95	4.64	1968	104.50
Memphis, Tenn.	1/63	104.6	1965-85	2.89	-	-
To refund:	1/63	88.7	1964-81			
	12/56	160.5	1968-92	4.47	1967	104.00
Cowlitz Co. Pub. Util. Dist. #1, Wash.	2/63	21.3	1968-2007	3.71	-	-
To refund:	6/57	19.8	1967-2007	4.90	1967	104.00
	6/61	1.5	1967-2007			
State of Colorado	5/63	21.5	1963-75	2.67	-	-
To refund:	1/56	4.0	1964-71	2.25-2.50 <sup>1/2</sup>	1957	100.00
	4/57	2.5	1967-72	3.00-3.50 <sup>1/2</sup>	1967	100.00
	9/57	5.0	1968-73	3.20-3.75 <sup>1/2</sup>	1968	100.00
	7/58	3.6	1969-74	2.25-3.50 <sup>1/2</sup>	1969	100.00
	6/59	4.8	1970-75	3.37	1970	100.00
Tulsa Municipal Airport Trust, Okla.	5/63	14.4	1968-83	3.50-3.75 <sup>1/2</sup>	-	-
To refund:	6/58	14.4	1983	4.50	1968	104.50
<b>Group B: Other Refunding</b>						
Washington Toll Bridge Auth.	2/63	37.2	1963-2002	3.67	-	-
To refund:	7/55	6.6	1963-80	n.a.	1959	105.00
	11/57	30.5	1997	n.a.	1967	100.00
Lafayette, La.	2/63	18.5	1964-91	n.a.	-	-
To refund:	2/50	7.0	1964-79	n.a.	1960	102.75
	9/54	3.0	1964-83	3.13	1959	103.75
	3/58	8.0	1964-87	4.13	1963	104.50
Fort Lauderdale, Fla.	4/63	9.4	1964-92	3.22	-	-
To refund:	1/57	9.6	1964-86	4.61	1963	104.00
Allegheny Co. San. Auth., Pa.	6/63	94.2	1964-88	3.32	-	-
To refund:	5/56	23.8	1964-96	3.34	1961	103.00
	5/57	14.2	1964-96	3.21	1962	104.00
	2/58	23.8	1964-96	3.55	1963	104.00
	11/58	19.0	1964-96	3.73	1964	104.00
	9/59	13.8	1965-96	4.24	1965	104.00

<sup>1/2</sup> An overall net interest cost is not available on these negotiated issues, but the coupon rates will aid in a rough approximation of net interest cost because these issues were placed with the underwriter at par.

1966 as well as about three-eighths of the call premium on the issue to be retired; the portion of the call premium not covered by these earnings, amortized from 1967-92, will reduce interest savings on the new issue by seven basis points--to 151 basis points. In terms of dollar savings this would equal \$54 million.

The four issues included in Group B were sold to refund outstanding bond issues for various reasons in addition to the desire to obtain lower interest costs; unlike the issues in Group A, moreover, most of the issues to be retired were currently callable. The Washington Toll Bridge Authority refunding was of bonds held entirely by the State Finance Commission and at the request of the holder; therefore, the provision against a call prior to 1967 on the issue sold in 1957 was inapplicable. The primary reason for the Lafayette, Louisiana and the Allegheny County Sanitary Authority of Pennsylvania refundings was to eliminate restrictive provisions concerning operations included in the indentures of the refunded issue.

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

## LONG-TERM BOND YIELDS, HIGH-GRADE

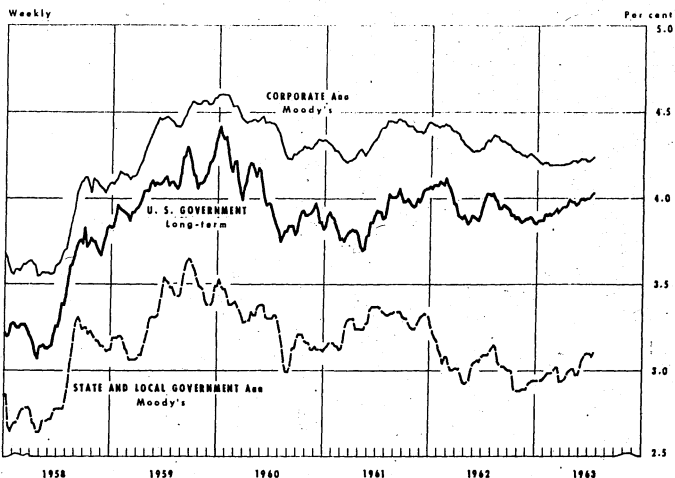


Exhibit A - Part II

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)				
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 - Low	4.23 (12/28)	3.85 (12/28)	2.88 (11/6)	.30	.80
1963 - High	4.24 (7/12)	4.03 (7/12)	3.11 (7/11)	.35	1.02
Low	4.19 (3/29)	3.87 (1/18)	2.93 (3/28)	.21	.90
June 14	4.23	3.99	3.08	.24	.91
June 21	4.22	4.00	3.10	.22	.90
June 28	4.22	4.00	3.10	.22	.90
July 5	4.23	4.02	3.08	.21	.94
July 12 p/	4.24 ✓	4.03	3.11	.21	.92

p/ Preliminary.

1/ Weekly average of daily figures. Average term of bonds included is 22-24 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 B, Part I

LONG-TERM BOND YIELDS, LOWER-GRADE

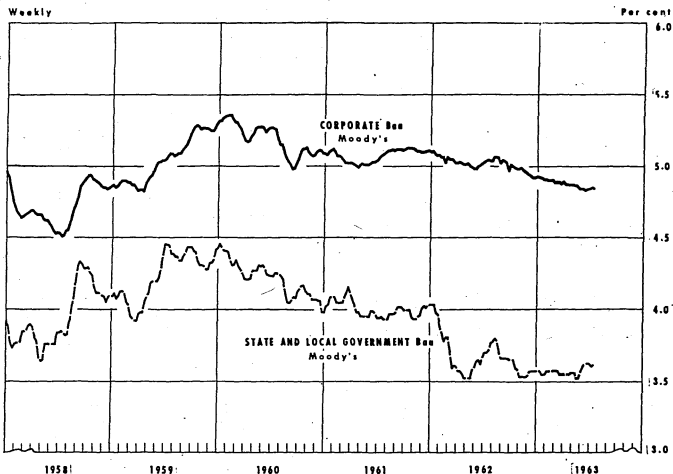


Exhibit B - Part II

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)			
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 - Low	4.92 (12/21)	3.52 (5/17)	.63	.56
1963 - High	4.93 (1/4)	3.63 (6/27)	.71	.63
Low	4.83 (6/14)	3.52 (5/23)	.60	.51
June 14	4.83	3.62	.60	.54
June 21	4.84	3.63	.62	.53
June 28	4.84	3.63	.62	.53
July 5	4.85	3.60	.62	.52
July 12 p/	4.84 ✓	3.62	.60	.51

Notes: For footnotes see Exhibit A.

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

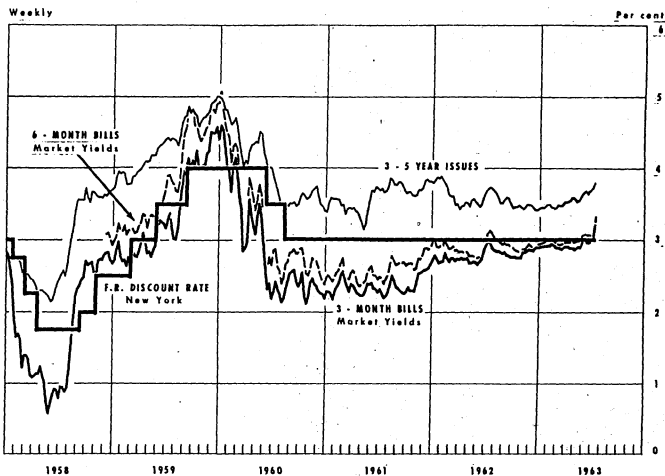


Exhibit C - Part II

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/	6-mo. bills	3-5 yr. issues
(per cent)						
1958 - Low	1.75	.58 (5/29)	3.02 (12/26)	2.14 (6/6)	.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
1960-61 Low	3.00	2.11 (10/28/60)	2.35 (4/28/61)	3.15 (5/12/61)	.12	.38
1961-62 High	3.00	2.97 (7/13/62)	3.13 (7/20/62)	3.88 (2/2/62)	.44	1.51
1962 - Low	3.00	2.65 (6/8)	2.74 (6/8)	3.41 (12/28)	.02	.52
1963 - High	3.00	3.22 (7/12)	3.34 (7/12)	3.80 (7/12)	.12	.70
Low	3.00	2.88 (3/15)	2.93 (3/8)	3.44 (1/18)	.04	.52
June 14	3.00	2.98	3.07	3.66	.09	.68
June 21	3.00	2.98	3.08	3.68	.10	.70
June 28	3.00	2.99	3.07	3.67	.08	.68
July 5	3.00	3.03	3.12	3.72	.09	.69
July 12 p/	3.00	3.22 ✓	3.34	3.80	.12	.58

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**

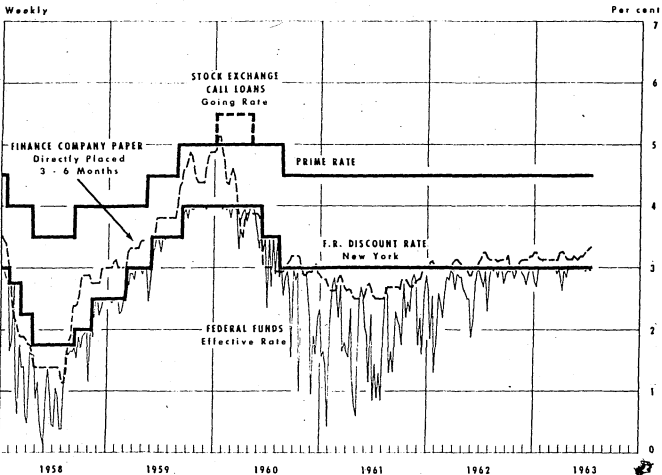


Exhibit D - Part II

Date	Stock Exchange call loan <u>1/</u>	Prime rate <u>1/</u>	Finance company paper <u>2/</u>	Federal funds <u>3/</u>	Spread between 3-mo. bills and finance co. paper
	(per cent)				
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
1961-62 - High	4.50	4.50	3.25 (7/20/62)	3.00 (12/28/62)	.56
1962 - Low	4.50	4.50	2.88 (6/1)	1.30 (1/26)	.19
1963 - High	4.50	4.50	3.31 (7/12)	3.00 (7/5)	.36
Low	4.50	4.50	3.13 (5/31)	2.63 (4/5)	.09
June 14	4.50	4.50	3.19	3.00	.21
June 21	4.50	4.50	3.21	3.00	.23
June 28	4.50	4.50	3.25	2.95	.26
July 5	4.50	4.50	3.30	3.00	.27
July 12 <u>p/</u>	4.50	4.50	3.31	2.97	.09

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

1941-43 average=10

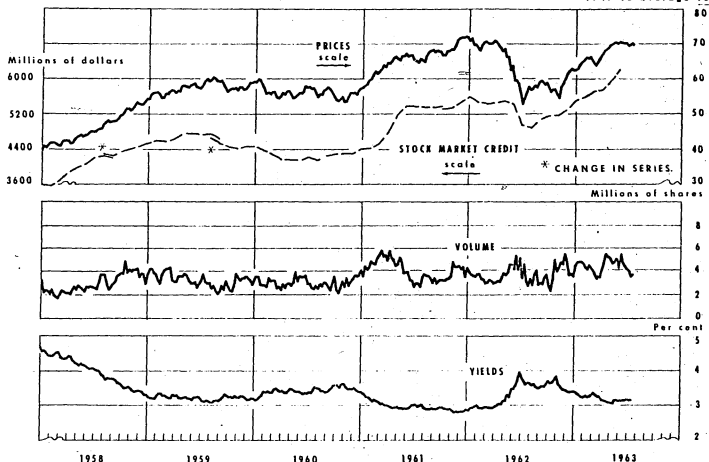


Exhibit E - Part II

Date	Stock price index <sup>1/</sup>	Common stock yields <sup>2/</sup> (per cent)	Trading volume <sup>3/</sup> (millions of shares)	Stock market customer credit		
				Total	Customers' debit balances <sup>4/</sup>	Bank loans to "others" <sup>5/</sup>
(In millions of dollars)						
1961-62 - High	72.04 (12/8/61)	2.82	10.1	5,602(12/61)	4,259 (12/61)	1,377(8/30/61)
Low	52.68 (6/22/62)	3.96	2.4	4,876(7/62)	3,562 (7/62)	1,269(9/26/62)
1963 - High	70.25 (6/21)	3.13	5.5	6,229(5/63)	4,737(5/63)	1,522(6/26)
Low	64.10 (3/1)	3.36	3.3	5,595(1/63)	4,208(1/63)	1,378(2/23)
May	70.14	3.13	4.8	6,229	4,737	1,492
June	70.11	3.16	4.5	n.a.	n.a.	1,522
June 28	69.37	3.19	4.0	n.a.	n.a.	1,522
July 5	70.22	3.16	3.5	n.a.	n.a.	1,521
July 12 p/	69.64	3.18	3.7	n.a.	n.a.	n.a.

n.a.—Not available. p/ Preliminary.

<sup>1/</sup> 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.

<sup>2/</sup> 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.

<sup>3/</sup> Averages of daily trading volume on the New York Stock Exchange.

<sup>4/</sup> 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.

<sup>5/</sup> 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

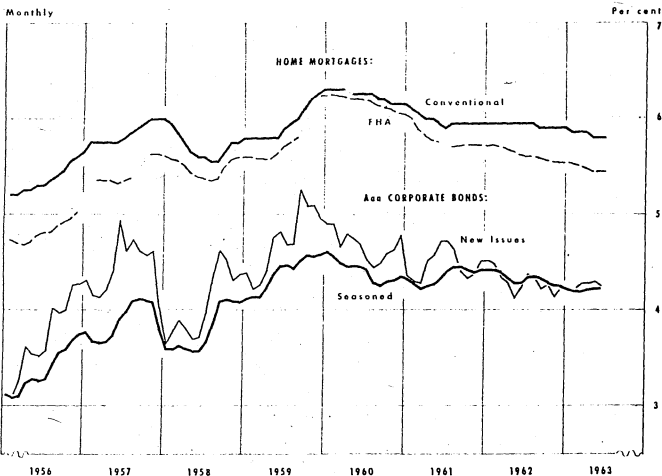


Exhibit F - Part II

Date	FHA mort- gages <sup>2/</sup>	Conven- tional mort- gages <sup>3/</sup>	Spread be- tween yields on conv. & FHA mtgs.	Aaa Corporate Bonds		Spread between yields on new corporate bonds and	
				New <sup>4/</sup>	Seasoned <sup>5/</sup>	FHA mtgs.	Seasoned bds.
1956 - Low	4.68	5.20	.47	3.08	3.08	.76	--
1957 - High	5.63	6.00	.47	4.94	4.12	1.58	1.03
1958 - Low	5.35	5.55	.15	3.65	3.57	.88	.05
1959-60 - High	6.24	6.30	.23	5.25	4.61	1.69	.73
1962-63 - High	5.72	5.95	.38	4.72	4.45	1.50	.39
Low	5.44	5.80	.23	4.12	4.22	--	-.16
1963 - March	5.47	5.85	.38	4.28	4.19	1.19	.09
April	5.44	5.80	.36	4.28	4.21	1.16	.07
May	5.44	5.80	.36	4.30	4.22	1.14	.08
June	5.44	5.80	.36	4.26	4.23	1.18	.03

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 semi-annual 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. Data relate only to 25-year mortgages with down payments of 10 per cent or more, weighted by probable volume of transactions. Yields computed by FRB, assuming 25-year mortgages are paid off in 12 years. Dashed lines indicate periods of adjustment to changes in the contractual interest rate.

3/ Based on FHA field office opinion on typical interest rates (rounded) on conventional first mortgages prevailing in the market areas of insuring office cities. Beginning with April 1961, rate relates only to new-home mortgages; prior to that date, rate related to both new as well as existing-home mortgages. Dashed line indicates this change in the series.

4/ See note for Exhibit G.

5/ Moody's Investor Service. Monthly averages of daily data. See Exhibit A.

## YIELDS ON NEW AND SEASONED CORPORATE BONDS

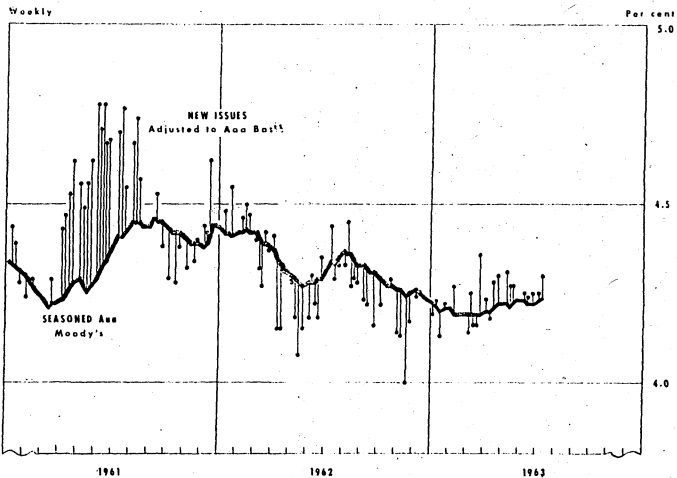


Exhibit G - Part II

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

	Number of issues	Am't of issues included (mil. of dollars)	Average yield (per cent)		Number of issues	Am't of issues included (mil. of dollars)	Average yield (per cent)
<b>Weekly averages:</b>							
1963 - Feb. 1	1	25.0	4.21	May 3	1	25.0	4.22
8	2	64.0	4.27*	10	2	266.0	4.31*
15	--	--	--	17	1	30.0	4.27
22	4	100.0	4.19	24	3	76.0	4.27
Mar. 1	1	12.0	4.14	31	--	--	--
8	2	55.0	4.25*	June 7	1	50.0	4.23*
15	2	24.4	4.16	14	3	34.0	4.25
22	3	87.0	4.16	21	2	115.0	4.24
29	2	222.0	4.36*	28	2	46.5	4.25
Apr. 5	2	45.0	4.23	July 5	--	--	--
12	1	6.0	4.18	12	2	80.0	4.30*
19	3	95.0	4.28				
26	3	128.0	4.30				

Notes: Averages of offering yields on all new issues of publicly offered corporate bonds rated Aaa, Aa and A by Moody's Investors Service (except serial PBR convertible issues, offerings of natural gas pipeline and foreign exchange, and bonds guaranteed by the Federal Government) weighted by amount of offering. Before averaging, new offerings are adjusted to a composite Aaa basis by deducting from the actual offering yield the amount of the weekly average yield for seasoned bonds of the appropriate industry-quality group over the composite average for seasoned Aaa-rated bonds (Moody's). Averages considered unrepresentative because of special characteristics of the offerings included are denoted by an asterisk.

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

(In millions of dollars)

	New capital					
	Corporate 1/			State and local 2/		
	1963	1962	1961	1963	1962	1961
January	613	592	580	p/732	876	711
February	594	859	667	p/726	1,133	689
March	1,144	807	562	p/973	628	764
April	p/915	1,113	2,118	p/846	873	722
May	p/924	760	1,259	e/850	912	640
June	e/1,100	1,132	1,318	e/850	786	1,034
July	e/ 650	582	1,028	e/500	612	486
August		749	762		544	604
September		579	647		427	734
October		835	1,090		650	679
November		703	948		578	789
December		1,103	1,000		550	610
1st quarter	2,351	2,258	1,809	p/2,431	2,637	2,165
2nd quarter	e/2,939	3,005	4,695	e/2,546	2,571	2,396
3rd quarter		1,910	2,437		1,582	1,824
4th quarter		2,641	3,038		1,779	2,078
1st half	e/5,290	5,264	6,504	e/4,977	5,208	4,561
Three quarters		7,173	8,941		6,790	6,385
Year		9,814	11,979		8,568	8,463
	Excluding finance companies 3/					
1st quarter	2,284	2,199	1,554			
2nd quarter	e/2,639	2,919	4,552			
3rd quarter		1,775	2,337			
4th quarter		2,410	2,807			
Year		9,303	11,253			

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	Memo: foreign issues included	Mfg.	Public utility	Communi- cations	Other issuers
		Publicly offered	Privately offered						
1960 - III	2,520	1,336	754	429	38	562	652	317	896
IV	2,832	1,462	955	416	17	625	696	381	997
1961 - I	1,992	662	880	449	76	515	381	81	832
II	5,352	2,303	1,275	1,774	155	1,466	1,081	1,095	1,052
III	2,566	772	1,139	654	69	935	595	104	803
IV	3,236	967	1,424	845	62	792	836	147	1,263
1962 - I	2,378	1,155	716	507	68	655	430	456	717
II	3,250	1,389	1,222	639	257	996	983	231	794
III	2,184	853	1,024	307	56	601	375	275	659
IV	2,957	1,089	1,568	300	179	769	568	321	986
1963 - I	2,700	1,108	1,306	287	128	947	326	236	842
II e/	3,750	1,385	1,986	378	n.a.	714	796	181	1,248
1961 - July	1,075	424	392	259	52	428	269	16	315
Aug.	813	225	411	177	7	255	215	13	279
Sept.	678	123	336	218	10	252	111	75	209
Oct.	1,155	336	509	310	25	271	306	25	487
Nov.	987	414	348	225	12	215	362	80	291
Dec.	1,094	217	567	310	25	306	168	42	485
1962 - Jan.	647	273	232	143	3	205	89	73	225
Feb.	884	497	232	155	12	131	148	362	218
Mar.	847	386	253	209	54	318	193	21	275
Apr.	1,217	654	227	336	10	384	377	88	264
May	801	247	420	134	147	270	196	64	229
June	1,232	488	575	169	100	342	410	79	301
July	630	200	366	67	13	217	118	88	159
Aug.	922	477	363	82	--	218	110	120	301
Sept.	632	176	295	161	43	166	148	67	199
Oct.	976	539	314	123	46	153	141	260	282
Nov.	784	286	446	52	34	271	175	4	253
Dec.	1,197	264	808	125	99	345	252	57	451
1963 - Jan.	695	350	243	102	25	135	114	125	238
Feb.	642	259	289	94	43	220	115	68	191
Mar.	1,363	499	774	91	60	592	97	43	412
Apr. p/	1,067	380	468	218	59	155	363	72	325
May e/	1,363	550	718	95	183.	234	233	84	373
June g/	1,320	455	800	65	n.a.	325	200	25	550

p/ Preliminary. e/ Estimated by Federal Reserve. l/ Gross proceeds exceed net proceeds by the cost of flotation. z/ 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/		
	1963	1962	1961	1963	1962	1961
January	232	142	6	--	246	--
February	133	10	29	148	156	--
March	76	35	20	--	--	252
April	p/ 57	10	2	p/186	461	100
May	p/114	86	66	p/ --	--	149
June	e/ 10	50	29	e/460	--	278
July		25	5		--	--
August		8	2		150	250
September		31	--		175	193
October		151	43		--	--
November		88	34		--	225
December		101	--		--	--
Year		737	236		1,188	1,448
Jan.-June	e/622	333	152	e/794	863	779
	Net short-term 4/					
	State and local government 5/			Federal agency 3/		
	1963	1962	1961	1963	1962	1961
January	75	18	160	-106	247	-144
February	78	466	195	-189	-156	-162
March	-367	-186	-8	-482	226	-174
April	589	127	-103	292	-364	-79
May	p/-151	-84	-42	p/380	82	-87
June	n.a.	-118	-155	p/275	284	207
July		78	109		261	22
August		339	518		227	193
September		-406	-86		-157	108
October		71	-6		379	98
November		234	54		55	56
December		-161	-116		-80	-114
Year		378	520		1,004	-76
Jan.-June	n.a.	223	47	170	319	-439

p/ Preliminary. e/ Estimated by Federal Reserve. n.a. --Not available.

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. 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 maturity than one year. Source: Bond Buyer and Federal Reserve.

## Exhibit K

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

## Proceeds of Large Issues Offered

(In millions of dollars)

	Corporate				State and Local government	Other <u>2</u>
	Total	Bonds (Other than convertibles)	Convertible bonds	Stocks		
1962 - June	472	387	--	85	266	30
July	165	135	--	30	321	20
August	286	226	60	--	272	--
September	191	100	--	91	153	194
October	434	398	--	36	320	25
November	178	178	--	--	217	--
December	198	178	20	--	193	75
1963 - January	234	215	--	19	344	48
February	186	125	35	26	367	63
March	394	372	--	22	570	--
April	409	263	--	146	431	134
May	149	149	--	--	489	43
June	348	348	--	--	472	460

## Large Individual Issues Offered July 1 through 12

Issuer	Type <u>3</u>	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rat- ing
<u>CORPORATE</u>						
*Pacific Northwest Bell Tel. Co.	Com. stk.	20.0				
Northern Natural Gas Co.	S. F. deb.	30.0	1983	4-3/8	4.40	A
Illinois Bell Tel. Co.	1st mtg. bds.	50.0	2003	4-3/8	4.36	Aaa
Hitachi, Ltd.	Com. stk.	20.9				
<u>STATE AND LOCAL GOVT.</u>						
New York State Dormitory Auth.	Rev.-Rent	22.5	1965-95	3.38	2.00-3.50 <sup>4</sup>	A
Memphis, Tennessee	G.O.	10.0	1964-88	3.03	1.75-3.25 <sup>2</sup>	A
Penna. Gen. State Authority	Rev.-Rent	50.0	1966-90	3.32	2.10-3.50	--
Racine Sturtevant etc. Unif. S. D. #1, Wisconsin	G.O.	10.6	1964-83	3.05	1.75-3.25	A
<u>OTHER</u>						
Milan, Italy	Bonds	20.0	1978	5-1/2	5.63	--



## Footnotes

\*--Rights offering.

n.a.--Not available.

- 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/ 1/10 per cent bonds maturing 1993-95 reoffered to yield 4.40 per cent.
- 5/ 1/10 per cent bonds maturing 1987-88 reoffered to yield 4.30 per cent.

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 <u>2/</u>	Corporate	State and local govt.	Other <u>2/</u>
1962 - June 29	120	202	--	458	377	25
July 31	302	273	--	477	427	--
Aug. 31	170	61	175	312	215	175
Sept. 28	363	187	--	546	387	--
Oct. 31	203	96	--	328	243	--
Nov. 30	170	194	75	360	328	75
Dec. 28	269	177	25	314	311	25
1963 - Jan. 31	167	376	--	412	843	33
Feb. 28	142	458	--	572	755	--
Mar. 29	376	381	45	421	763	45
Apr. 30	149	447	40	234	599	40
May 31	223	255	460	288	582	460
June 28	170	142	75	215	287	75

Forthcoming Large Offerings, as of July 12

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
*Burroughs Corp.	Deb.	25.0	July 19
Northern Ill. Gas Co.	1st mtg. bds.	20.0	July 24
Eaton Mfg. Co.	Deb.	25.0	July 30
Pacific Power & Light Co.	S.F. deb.	30.0	July 31
*Indiana & Michigan Elec. Co.	1st mtg. bds.	45.0	August 7
*United Aircraft Corp.	Deb.	43.0	August 20 (rights expire) Indefinite
Commerce Oil Refining Corp.	Deb., bds.&com.	45.0	
<u>STATE AND LOCAL GOVERNMENT</u>			
Univ. System Bldg. Auth. of Ga.	Rev.-Rent.	20.0	July 16
State of Connecticut	G.O.	49.0	July 17
Dallas, Texas	Rev.-Ut.	13.6	July 22
New York City, N. Y.	G.O.	103.0	July 23
*State of New Hampshire	G.O.	23.6	August 1
State of California	G.O.	100.0	August 7

## Forthcoming Large Offerings, as of July 12 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)			
Alexandria, La.	Rev.-Ut.	11.4	August 20
Pittsburgh, Pa.	G.O.	35.0	Indefinite
Jefferson County, Colorado	G.O.	12.9	Indefinite
Dade County, Florida	G.O.	46.0	Indefinite
Jacksonville Expressway Auth., Fla.	Rev.-Ut.	40.0	Indefinite
Southern Ill. Univ.	Rev.-Rent.	10.5	Indefinite
<u>OTHER</u>			
United Mexican States	Bonds	40.0	July 17
Nippon Tel. & Tel. Public Corp.	Bonds	20.0	July 24

\*--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 of Federal agencies.

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

Foreign Government and Corporate Security Offerings  
and Placements in the United States

## Part I: Public Offerings

Sale Date	Amount (millions of dollars)	Issuer and Description of Issue
		A. Sold May 1 through July 12
5/1	27.5	Government of Japan--5-1/2% bonds, due 1980--reoffered to yield 5.71%
5/22	15.0	Copenhagen, Denmark--5-3/8% bonds, due 1978--reoffered to yield 5.55%
6/12	10.0	Oslo, Norway--5-1/4% bonds, due 1978--reoffered to yield 5.4
*7/10	20.0	Milan, Italy--5-1/2% bonds, due 1978--reoffered to yield 5.63%
*7/10	20.9	Hitachi, Ltd.--Common stock
		B. Prospective Offerings
7/17	40.0	United Mexican States--bonds
7/24	20.0	Nippon Tel. & Tel. Public Corp.--bonds

## Part II: Private Placements--Reported May 1 through July 12

Date reported	Amount (millions of dollars)	Issuer and Description of Issue
5/1	50.0	Bell Telephone Company of Canada--4-7/8% first mortgage bonds, maturing 1988--no information available on takedown
5/2	10.0	Laurentide Financial Corp.--5% senior notes, maturing 1978--no information available on takedown
5/6	20.0	Province of Ontario--4% debentures, maturing 1966-69--no information available on takedown
5/14	16.3	Delta Acceptance Corp., Ltd.--notes, maturing 1975--no information available on takedown
6/4	18.0	Consolidated Gold Fields of South Africa, Ltd.--promissory notes, maturing 1971--no information available on takedown
6/13	15.0	Nippon Express Co.--6-1/2% convertible debentures, maturing 1978--no information available on takedown
6/20	13.5	Mitsubishi Electric Corp.--6-1/2% convertible debentures, maturing 1978--no information available on takedown.
6/25	12.5	Quebec Natural Gas Corp.--5-1/2% first mortgage bonds, maturing 1987--no information available on takedown.
6/28	10.0	Farbwerke Hoechst A.G.--5% promissory notes, maturing 1968--no information available on takedown.
6/28	5.0	Dai Nippon Printing Co. Ltd.--convertible debentures, maturing 1978--no information available on takedown.

Note: For retrospective data on aggregate foreign corporate and government security offerings in the United States see Exhibits I and J. There is no simple relationship between the data shown in this Exhibit and that shown in Exhibits I and J because the latter includes privately placed securities in the period in which funds are actually taken down but only in the amount of takedown, while the placements shown in this exhibit are included when reported, frequently with little or no information concerning timing of takedowns. Full or partial takedowns may take place both prior and subsequent to the date a placement is reported.