

recognized that dealers may withhold a part of their bond inventory from listing in the "Blue List").

The average daily volume offered in the "Blue List" for the first 4 months of 1966 was \$692 million.

The "Daily Bond Buyer," also published every business day, serves a similar purpose in presenting detailed information regarding proposed bond issues and the results of sales of new issues of municipal bonds, together with other statistical information regarding interest rates on municipal and U.S. Government bonds.

The "Daily Bond Buyer" has also offered on a subscription basis a wire service called "Munifacts." Via a private teletype circuit it helps to keep traders as well as underwriters advised on current news of pertinent importance in the municipal bond market.

One municipal broker maintains an extensive private teletype system for the simple purpose of exhibiting bonds which he has for bids to interested dealers. While this system covers over 200 dealers and dealer banks throughout the country, in reality it supplements the telephone and teletype calls which the broker generally must make in order to give complete service on the blocks of bonds which they have for sale.

3. CHANGES IN THE SECONDARY MARKET

How has the secondary market changed during the past 20 years? Using the same ratio exhibited in the first presentation, the new issues in 1946 comprised 1,876 issues with a dollar total of \$819 million; therefore it is not unreasonable to assume that the volume in the secondary was approximately \$1,800 million compared with our estimate of today's volume of \$22 billion or more. Incidentally, in 1965 new issues comprised 7,977 issues totalling a dollar volume of \$11,084 million. The number of firms advertising in the "Blue List" has risen from a total of 416 in 1946 to 664 in 1965 and we feel there are probably 100 additional firms who do not advertise in the "Blue List" and are active only in their own geographical areas. Once again their willingness to risk their own capital and effort to support the market on issues originating in their sections of our country are also strong factors contributing to the underlying strength of our market.

It is difficult once again to conduct any price research in the municipal bond secondary market since the tremendous number of issues, coupons and maturities prohibit any dollar price comparison. The range of "yields" or interest return (according to the "Bond Buyer Index") to the investor goes from a low of 1.35 percent in 1946 to a high of 3.56 percent in 1965.

Remember that "yields" go in inverse order to dollar prices.

The spread or profit margin on municipal bonds in the secondary market has declined from an average of \$12.50 per bond in 1946 to less than \$7.50 in 1965, in some cases as low as \$2.50. One should bear in mind that:

1. This is a potential gross profit and generally would be reduced by a reallocation to another recognized dealer of a fair commission for the latter's retailing bonds. This commission would in many cases be one-third or one-half of the potential gross profit.

2. Most municipal bonds are issues to be matured annually over a period of years. These "serial" issues are marketed at prices which