

which considers more names because of its lower bonded debt requirement, had assigned approximately 20,000 ratings as of a recent date. This leaves thousands of issuers in the nonrated category.

The value of general obligation bonds sold in the 5-year period 1957 through 1961 amounted to \$26,752,648,000, with 29,019 issues. Approximately 70 percent of all issues rated by both Moody's and Standard & Poor's have similar ratings. These situations present no difficulties. But 20 percent of all issues receive higher ratings from Standard & Poor's, whereas 10 percent of all issues are given higher ratings by Moody's. Rated bonds accounted for 85 percent of the value but only 43 percent of the number of general obligations sold during this time. Thus, three out of five issues were not rated.

It might be assumed that the number of nonrated issues would decline in light of the increased volume mentioned previously. The fact that the average size of general obligation issues rose from \$868,000 in 1957 to \$1,102,000 in 1965, would give support to this theory. As a matter of fact, no such trend is apparent. The year to year variations are irregular; 1960, for instance, showed a higher percentage of nonrated issues than the 3 prior years. In 1965 nonrated bonds accounted for 12 percent of the dollar volume and 47 percent of the number of new issues.

6. APPRAISAL OF RATINGS

Although professionals realize that the NR symbol beside a bond is in no way a reflection on its investment quality, the nonrated bond does pose special problems. Generally speaking, the nonrated bond is not as readily marketable as a rated bond. This consideration affects the issuer, the dealer and the investor. The average coupon on a nonrated bond usually falls between the "A" and "Baa" groups.

Municipal bonds sold by issuer—1965

	Amount (thousands)	Percent
States.....	\$2, 287, 654	20
Counties.....	715, 907	6
Municipalities.....	2, 534, 297	23
Townships.....	23, 102	2
School districts.....	1, 828, 130	16
Special districts.....	986, 992	9
Statutory authorities.....	2, 765, 094	24
Total.....	11, 141, 176	100

Source: IBA Statistical Bulletin, No. 38, March 1966.