

bracket private investors. (Business corporations also would buy some short municipals at times when their reserve funds were growing.) The effect of these preferences on the municipal market is brought out clearly in Table III below.

TABLE III

The Total Volume of Net New Issues of State & Municipal Bonds and the Volume Bought By Each Principal Investor Group

	(Billions of Dollars)					
	1960	1961	1962	1963	1964	1965 Est.
Net New Issues of Municipals	4.0	5.0	5.3	6.3	5.6	6.8
Net Purchases of Municipals by:						
Pension Funds	0	0	0	0	0	0
Public Retirement Funds	.3	.1	-.4	-.6	-.6	-.4
Mutual Savings Banks	0	0	-.2	-.1	0	-.1
Savings & Loan Associations ..	0	0	0	0	0	0
Life Insurance Companies	.4	.3	.1	-.2	-.1	-.3
Fire & Casualty Ins. Companies	1.0	.9	.7	.8	.4	.4
Commercial Banks	.6	2.8	4.5	5.1	3.6	5.0
Business Corporations (Est.) ...	.2	.3	.1	.4	.4	.2
Individuals & Misc.	1.5	.6	.5	.9	1.9	2.0
Total	4.0	5.0	5.3	6.3	5.6	6.8

Table III above starts with the total net volume of new money raised by states and municipalities each year since 1960. In 1964, for example, gross new issues were \$10.5 billion, retirements were \$5.5 billion, other debt was \$.6 billion, and the net of these figures was an increase in outstandings of \$5.6 billion. The table also shows by how much each investor group increased or decreased its portfolio of municipals during each of these years.

Several groups which used to buy municipals have become net liquidators in recent years, and the reason, apparent from Table I, is that municipals now yield less than corporates to these investors; these are Retirement funds, Savings banks, and Life insurance companies. The table also shows that during recent years Commercial Banks have come to dominate the municipal market. Prior to 1961, when Regulation Q was changed, commercial banks rarely bought a dominant volume of municipals. In the 1950's,