TABLE 1.—*Regression parameters for equations explaining bond sales as percent of permanent income*

Partial regression coefficients	Amount	Amount
T/Y^p		0.211
		(.039)
r_{sl}		.672
		(.197)
r_{us}		−.406
		(.265)
$r_{us} - r_{sl}$	−0.598	
	(.193)	
E/Y^p	.423	
	(.157)	
F/Y^p	.791	−.108
	(.264)	(.373)
$(S/Y^p)_{t-1}$	−.802	−.399
	(.115)	(.097)
$(r^{ei} - r)_{sl}$	[1] .523	[2] .349
	(.156)	(.082)
V/Y^p	.104	.002
	(.028)	(.028)
P'	−.023	−.137
	(.024)	(.037)
Reg. Q	.35	
	(.11)	
C/Y^p		.578
		(.249)
Standard error	.11	.11
R^2	.82	.82
Durbin-Watson ratio	2.55	2.13
Constant term	.977	1.54

[1] $i=1$.
[2] $i=3$.

REGRESSION EQUATION SYMBOLS IN TABLE 1

B — Bond sales.
Y^p — Permanent income. This is always lagged ½ year, whether the variable with which it is combined is lagged or current.
S — State and local debt minus debt repayments during the following period. Excludes miscellaneous accruals, trade debt, and debt to U.S. Government.
T — Time and savings deposits at commercial banks.
E — Compensation of employees plus "other purchases" of State and local governments, in national income and product accounts. (E thus equals expenditures on goods and services less construction, in the same accounts).
F — Federal grants-in-aid to State and local governments.
P' — Construction cost index (Department of Commerce composite) as percent of implicit GNP deflator. (The former is converted to the same base as the latter.)
$r_{us} - r_{sl}$ — Interest yield on long-term U.S. Government bonds minus the Moody's triple-A municipal yield.
$(r^{ei} - r)_{sl}$ — Expected interest rate on municipals, by the ith definition of expectations, minus the actual interest rate on municipals (i=1, 2, 3, 4). The i definitions of expected interest rates are as follows:
- $i=1$ Expected rate equal the sum of the current and past 2 half-year values with weights of 0.25, 0.67, and 0.08 going back in time.
- $i=2$ Expected rate equals trend values for 2 trends, one for 1952–59 and the other for 1960–65.
- $i=3$ Expected rate equals the average rate during the preceding half year.
- $i=4$ Expected rate equals the past half-year rate plus its change from the preceding half year.

Reg. Q — Dummy variable for the amendment to Regulation Q at the beginning of 1962 (coded 0 for for 1952–61, 1 for 1962–65, half years.)
C — Contract awards by State and local governments.
V — Stock price index (Moody's 500 shares) with a 1958 base.

NOTE.—All dollar magnitudes are seasonally adjusted, including the stock of State and local debt(s). All percentages and rates (including interest rate spreads) are scaled in 1/100 of a point; for example, the municipal bond yield, 338, should be read as 3,38 percent. The dependent variable is itself a percentage written in basis points, like every independent variable except Reg. Q. All percentage numerators and interest rates shown in table 1 are current period values except the debt stock(s) variable whish is lagged by ½ year.