

Corporate Medium-Term Notes, 1998

U.S. corporations issued \$150 billion of medium-term notes (MTNs) in 1998, a sharp increase from \$114 billion in 1997 (table 1.A). Issuance by financial firms reached nearly \$130 billion in 1998, and issuance by financial firms rose to \$20 billion. A total of 145 firms sold MTNs in 1998, down from 158 in 1997 (table 1.B). Year-end MTNs outstanding rose \$62 billion in 1998, to \$380 billion (tables 2.A and 3). The increase was largely accounted for by the \$56 billion rise in outstandings at financial firms, to nearly \$300 billion. Outstandings for nonfinancial firms increased \$6 billion, to \$81 billion, after having declined for the previous two years.

The rating of borrowers in the corporate MTN market has always been predominantly investment-grade (tables 5 and 6). As in 1997, roughly 99 percent of total MTN issuance had a rating of Baa or better (table 5.A). Single-A-rated issuers were again the most common, accounting for 58 percent of total gross issuance, down from 60 percent in 1997. The share of issuers with a AA rating remained stable at 25 percent. Only one issuer had a speculative-grade credit rating last year (table 5.B).

The MTN market accounts for a sizable share of intermediate and long-term borrowing by U.S. companies. One measure of the MTN market share is the volume of MTN issuance as a percent of total public issuance of investment-grade debt (MTNs plus corporate bonds). For all U.S. corporations, this measure of share was 43 percent in 1998, down from 47 percent in 1997 (table 7); for financial firms, it was 61 percent, down only slightly from 62 percent in 1997; and for nonfinancial firms, it was 15 percent, down substantially from 20 percent in 1997. Similarly, the ratio of outstanding MTN debt as a share of total corporate outstanding debt (MTNs plus corporate bonds) declined slightly over the year, from 19 percent to 15 percent (table 8).

Table 1

Gross Borrowing by U.S. Corporations in the U.S. Medium-Term Note Market

A. Millions of Dollars

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
All U.S. Corporations	30,676	34,008	46,617	72,018	74,539	86,062	87,845	98,916	93,676	114,437	149,219
Financial Corporations	22,232	26,294	29,936	45,773	50,626	57,842	70,074	79,462	81,954	98,879	128,524
Auto Finance Companies	6,699	8,575	9,874	12,380	13,450	10,755	11,219	11,631	8,642	12,076	19,732
Banking Firms	3,795	3,610	3,162	11,157	6,603	7,561	8,103	13,945	12,136	14,815	19,057
Finance Companies*	6,562	8,500	12,289	14,802	18,635	19,305	30,386	34,017	32,948	31,969	43,393
Real Estate, Insurance and Other Financial Companies	677	900	1,186	1,027	1,129	1,422	846	1,671	2,391	3,646	5,483
Savings and Loans	2,651	2,312	25	0	67	861	500	1,285	1,518	180	100
Securities Brokers	1,848	2,397	3,399	6,408	10,741	17,937	19,320	16,912	24,319	36,192	40,759
Nonfinancial Corporations	8,444	7,713	16,681	26,245	23,913	28,220	17,771	19,455	11,722	15,578	20,695
Electric, Gas and Water	1,485	2,706	3,221	5,143	7,535	10,858	2,523	2,732	1,877	2,765	3,198
Manufacturing	2,593	2,570	6,497	12,503	9,190	8,394	6,817	7,531	5,221	6,321	9,213
Services	1,926	961	1,237	2,409	1,747	3,079	3,529	4,691	3,144	4,187	6,837
Telephone and Communication	514	84	1,221	1,373	1,635	2,729	1,492	1,493	831	838	395
Transportation, Mining, and Construction	752	578	1,933	1,800	1,068	1,740	920	612	405	177	111
Wholesale and Retail Trade	1,175	815	2,573	3,018	2,738	1,420	2,489	2,396	245	1,270	941

* Excluding auto finance companies

Note. Numbers may not add up due to rounding
Data source changed between 1996 and 1997

Table 1

Gross Borrowing by U.S. Corporations in the U.S. Medium-Term Note Market

B. Number of Issuers

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
All U.S. Corporations	132	139	165	224	211	210	171	195	165	158	145
Financial Corporations	80	72	65	76	66	71	68	78	87	84	71
Auto Finance Companies	3	3	3	2	2	3	3	3	3	5	6
Banking Firms	16	15	13	23	16	19	16	19	21	20	14
Finance Companies*	30	30	37	38	31	28	27	31	33	33	23
Real Estate, Insurance and Other Financial Companies	9	8	5	7	10	12	11	14	18	14	18
Savings and Loans	18	11	1	0	1	2	1	3	2	1	1
Securities Brokers	4	5	6	6	6	7	10	8	10	11	9
Nonfinancial Corporations	52	67	100	148	145	139	103	117	78	74	74
Electric, Gas and Water	12	25	30	44	56	60	37	42	31	32	31
Manufacturing	21	25	41	62	51	47	39	46	29	20	26
Services	8	7	7	10	7	7	8	7	7	6	7
Telephone and Communication	2	1	9	11	10	8	6	8	5	4	2
Transportation, Mining, and Construction	5	6	8	11	8	9	7	7	3	4	3
Wholesale and Retail Trade	4	3	5	10	13	8	6	7	3	8	5

* Excluding auto finance companies

Note. Numbers may not add up due to rounding
Data source changed between 1996 and 1997

Table 2

Medium-Term Notes Outstanding

A. Millions of Dollars

	1991	1992	1993	1994	1995	1996	1997	1998
All U.S. Corporations	142,416	176,855	210,894	235,485	267,501	287,324	317,516	379,747
Financial Corporations	89,823	108,277	125,404	145,858	171,096	194,536	242,685	298,482
Auto Finance Companies	29,526	33,657	33,270	33,753	37,076	37,541	39,573	48,004
Banking Firms	15,794	17,988	19,558	21,468	27,964	33,569	41,103	55,987
Finance Companies*	31,645	39,306	45,257	57,686	70,542	78,197	83,141	98,852
Real Estate, Insurance and Other Financial Companies	2,783	3,442	4,567	4,757	6,083	8,002	12,628	21,839
Savings and Loans	1,398	805	1,002	1,250	2,255	2,670	490	340
Securities Brokers	8,678	13,078	21,751	26,944	27,176	34,556	65,639	73,460
Nonfinancial Corporations	52,593	68,578	85,490	89,627	96,405	92,788	74,832	81,265
Electric, Gas and Water	12,414	18,895	28,178	28,771	29,658	28,288	21,788	23,550
Manufacturing	21,793	27,384	30,885	31,959	33,945	34,204	25,405	28,353
Services	4,953	5,211	6,182	7,453	10,091	10,944	10,365	11,681
Telephone and Communication	2,610	3,841	5,841	6,731	7,414	5,538	6,335	6,072
Transportation, Mining, and Construction	4,482	5,097	6,482	6,233	6,094	5,713	4,028	4,040
Wholesale and Retail Trade	6,341	8,150	7,922	8,482	9,203	8,101	6,909	7,568

* Excluding auto finance companies

Note. Numbers may not add up due to rounding
Data source changed between 1996 and 1997

Table 2

Medium-Term Notes Outstanding

B. Number of Issuers with MTNs Outstanding

	1991	1992	1993	1994	1995	1996	1997	1998
All U.S. Corporations	315	354	367	376	401	411	448	427
Financial Corporations	114	119	115	114	121	126	175	168
Auto Finance Companies	3	3	3	3	3	3	8	7
Banking Firms	29	29	32	30	31	32	39	35
Finance Companies*	45	47	47	48	47	46	69	64
Real Estate, Insurance and Other Financial Companies	13	17	17	18	24	29	39	41
Savings and Loans	18	17	9	5	6	6	4	3
Securities Brokers	6	6	7	10	10	10	16	18
Nonfinancial Corporations	201	235	252	262	280	285	273	259
Electric, Gas and Water	62	74	83	83	90	91	86	85
Manufacturing	85	99	104	111	117	117	97	93
Services	14	13	13	13	14	14	19	16
Telephone and Communication	14	16	16	17	17	18	22	20
Transportation, Mining, and Construction	15	16	19	19	21	23	24	23
Wholesale and Retail Trade	11	17	17	19	21	22	25	22

* Excluding auto finance companies

Note. Numbers may not add up due to rounding
Data source changed between 1996 and 1997

Table 3
Net Borrowing in the Medium-Term Note Market

	1991	1992	1993	1994	1995	1996	1997	1998
All U.S. Corporations	42,375	34,440	34,039	24,592	32,015	19,823	30,192	62,231
Financial Corporations	20,677	18,454	17,127	20,454	25,238	23,440	48,149	55,797
Auto Finance Companies	5,115	4,131	-387	483	3,323	465	2,032	8,431
Banking Firms	6,766	2,194	1,569	1,910	6,496	5,605	7,534	14,884
Finance Companies*	6,897	7,661	5,950	12,429	12,856	7,655	4,944	15,711
Real Estate, Insurance and Other Financial Companies	694	660	1,125	190	1,326	1,919	4,626	9,211
Savings and Loans	-2,727	-593	197	248	1,005	415	-2,180	-150
Securities Brokers	3,932	4,401	8,673	5,194	231	7,380	31,083	7,821
Nonfinancial Corporations	21,699	15,985	16,912	4,138	6,777	-3,616	-17,965	6,433
Electric, Gas and Water	4,631	6,481	9,283	593	887	-1,370	-6,500	1,762
Manufacturing	10,840	5,591	3,501	1,074	1,986	259	-8,799	2,948
Services	1,424	259	971	1,270	2,639	852	-579	1,316
Telephone and Communication	1,034	1,232	2,000	890	684	-1,876	797	-263
Transportation, Mining, and Construction	1,210	614	1,385	-249	-139	-381	-1,685	12
Wholesale and Retail Trade	2,560	1,809	-228	560	721	-1,102	-1,192	659

* Excluding auto finance companies

Note. Numbers may not add up due to rounding
Data source changed between 1996 and 1997

Table 4

Statistics on Firm-Level Outstandings of Medium-Term Notes

A. Average Outstandings in Millions of Dollars

	1991	1992	1993	1994	1995	1996	1997	1998
All U.S. Corporations	452	500	575	626	667	699	709	889
Financial Corporations	788	910	1,090	1,279	1,414	1,544	1,387	1,777
Auto Finance Companies	9,842	11,219	11,090	11,251	12,359	12,514	4,947	6,858
Banking Firms	545	620	611	716	902	1,049	1,054	1,596
Finance Companies*	703	836	963	1,202	1,501	1,700	1,205	1,547
Real Estate, Insurance and Other Financial Companies	214	202	269	264	253	276	324	533
Savings and Loans	78	47	111	250	376	445	150	113
Securities Brokers	1,446	2,180	3,107	2,694	2,718	3,456	4,102	4,081
Nonfinancial Corporations	262	292	339	342	344	326	274	314
Electric, Gas and Water	200	255	339	347	330	311	253	280
Manufacturing	256	277	297	282	290	292	262	304
Services	354	401	476	573	721	782	546	691
Telephone and Communication	186	240	365	396	436	308	288	320
Transportation, Mining, and Construction	299	319	341	328	290	248	168	176
Wholesale and Retail Trade	576	479	466	446	438	368	276	330

* Excluding auto finance companies

Note. Data source changed between 1996 and 1997

Table 4

Statistics on Firm-Level Outstandings of Medium-Term Notes

B. Median Outstandings in Millions of Dollars

	1991	1992	1993	1994	1995	1996	1997	1998
All U.S. Corporations	152	167	200	200	200	210	200	211
Financial Corporations	233	229	260	346	394	323	300	340
Auto Finance Companies	9,837	10,851	13,660	15,575	15,769	15,653	922	2,310
Banking Firms	225	150	225	355	400	323	407	463
Finance Companies*	350	444	442	477	621	851	504	475
Real Estate, Insurance and Other Financial Companies	129	133	200	169	121	163	150	150
Savings and Loans	50	25	26	16	105	135	105	100
Securities Brokers	1,028	1,316	3,396	2,242	2,575	3,656	1,433	1,090
Nonfinancial Corporations	130	157	198	183	185	176	150	170
Electric, Gas and Water	103	165	185	200	197	208	160	198
Manufacturing	124	140	193	170	160	150	138	150
Services	238	300	248	299	345	503	224	199
Telephone and Communication	148	198	192	198	219	198	157	188
Transportation, Mining, and Construction	210	174	189	159	145	110	96	75
Wholesale and Retail Trade	165	150	245	250	250	166	172	200

* Excluding auto finance companies

Note. Data source changed between 1996 and 1997

Table 5

Ratings Distribution of Medium-Term Note Issuance

A. Millions of Dollars

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
AAA	1,635	1,635	4,250	2,966	4,091	9,274	10,358	4,740	2,065	10,021
AA	14,920	14,920	5,441	6,381	4,840	5,292	7,965	12,011	28,688	37,148
A	23,731	23,731	51,589	50,652	57,800	58,600	65,440	60,910	68,080	86,054
Baa	6,331	633	10,585	13,807	17,759	13,926	14,452	15,126	14,361	15,887
Ba	0	0	145	732	1,573	618	573	757	266	159
B	0	0	1	0	0	134	128	131	1,010	0

Note. Numbers may not add up due to rounding

Note. Data source has changed between 1996 and 1997

Table 5

Ratings Distribution of Medium-Term Note Issuance

B. Number of Issuers

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
AAA	14	6	9	9	8	3	2	3	3	3
AA	18	25	27	23	25	14	19	17	28	21
A	71	92	136	111	115	107	119	96	89	84
Baa	36	48	59	69	64	50	53	50	39	36
Ba	2	0	2	7	8	5	4	3	2	1
B	0	0	1	0	0	2	1	1	4	0

Note. Data source has changed between 1996 and 1997

Table 6

Ratings Distribution of Medium-Term Notes
(Millions of Dollars)

A. Year-end Outstandings

	1993	1994	1995	1996	1997	1998
All U.S. Corporations	210,894	235,485	267,501	287,324	317,516	379,747
AAA	8,799	12,725	17,021	13,599	10,732	15,948
AA	12,860	15,686	22,984	38,027	65,233	88,662
A	122,544	142,543	161,758	168,488	186,203	213,057
Baa	62,232	59,603	61,040	61,449	47,283	56,776
Ba	3,637	4,136	3,723	4,638	3,178	3,502
B	373	343	500	635	1,956	1,422
Other	0	0	0	0	2,931	380
Financial Corporations	125,404	145,858	171,096	194,536	242,685	298,482
AAA	7,570	12,130	16,621	13,045	9,753	15,271
AA	4,853	9,747	16,185	30,771	58,779	81,278
A	81,172	96,965	107,663	119,131	153,287	164,271
Baa	30,596	25,839	29,410	30,337	26,389	35,235
Ba	1,213	1,177	1,218	1,251	537	787
B	0	0	0	0	1,905	1,381
Other	0	0	0	0	1,913	260
Nonfinancial Corporations	85,490	89,627	96,405	92,788	74,832	81,265
AAA	1,229	595	400	554	999	677
AA	8,007	5,939	6,799	7,256	6,370	7,384
A	41,371	45,579	54,095	49,357	42,910	48,787
Baa	31,636	33,763	31,630	31,111	20,844	21,541
Ba	2,424	2,959	2,506	3,387	2,641	2,715
B	373	343	500	635	51	41
Other	0	0	0	0	1,018	120

Note. Numbers may not add up due to rounding
Data source changed between 1996 and 1997

Table 6

Ratings Distribution of Medium-Term Notes

B. Net Change

	1993	1994	1995	1996	1997	1998
All U.S. Corporations	34,039	24,592	32,015	19,823	30,192	62,231
AAA	2,722	3,926	4,296	-3,422	-2,867	5,216
AA	-277	2,826	7,298	15,043	27,206	23,429
A	33,030	19,999	19,215	6,730	17,715	26,854
Baa	-2,389	-2,629	1,437	409	-14,166	9,493
Ba	632	499	-413	915	-1,460	324
B	320	-30	157	135	1,321	-534
Other	0	0	0	0	0	-2,551
Financial Corporations	17,127	20,454	25,238	23,440	48,149	55,797
AAA	2,640	4,560	4,491	-3,576	-3,292	5,518
AA	-1,743	4,894	6,438	14,586	28,008	22,499
A	25,504	15,793	10,698	11,468	34,156	10,984
Baa	-9,446	-4,757	3,571	927	-3,948	8,846
Ba	224	-36	41	33	-714	250
B	-52	0	0	0	1,905	-524
Other	0	0	0	0	0	-1,653
Nonfinancial Corporations	16,912	4,138	6,777	-3,616	-17,965	6,433
AAA	82	-634	-195	154	445	-322
AA	1,466	-2,068	860	457	-886	1,014
A	7,525	4,208	8,516	-4,738	-6,447	5,877
Baa	7,057	2,127	-2,133	-519	-10,267	697
Ba	408	535	-453	881	-746	74
B	372	-30	157	135	-584	-10
Other	0	0	0	0	0	-898

Note. Numbers may not add up due to rounding
Data source changed between 1996 and 1997

Table 7
 Ratio of Medium-Term Note Issuance to the
 Sum of Medium-Term Note and Corporate Bond Issuance
 for Investment-Grade Issuers
 (percent)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
All U.S. Corporations	31	33	42	41	37	35	54	47	43	47	43
Financial Corporations	42	44	58	57	57	51	63	59	57	62	61
Auto Finance Companies	62	61	73	74	73	62	73	77	81	71	76
Banking Firms	28	33	58	64	32	27	34	40	30	47	53
Finance Companies*	40	40	50	48	62	65	69	65	72	73	63
Real Estate, Insurance and Other Financial Companies	19	38	85	38	36	17	21	20	19	20	21
Savings and Loans	40	36	3	0	8	45	49	72	89	12	400
Securities Brokers	58	46	67	54	69	65	84	75	76	75	76
Nonfinancial Corporations	20	18	28	27	21	21	35	26	16	18	15
Electric, Gas and Water	11	24	26	27	18	21	23	24	23	20	15
Manufacturing	14	13	22	25	21	23	49	27	15	18	20
Services	49	56	46	61	40	48	58	45	36	38	37
Telephone and Communication	47	3	25	20	19	13	25	15	12	13	2
Transportation, Mining, and Construction	42	15	37	26	18	16	10	8	4	2	1
Wholesale and Retail Trade	34	29	45	34	29	16	43	35	4	15	8

Note. In the ratio, the volume of MTNs and corporate bonds does not include convertible bonds, Federal agency bonds, asset backed securities, or private placements.

Table 8

Ratio of Medium-Term Notes Outstanding to the
Sum of Medium-Term Notes and Corporate Bonds Outstanding
(percent)

	1991	1992	1993	1994	1995	1996	1997	1998
All U.S. Corporate MTNs and Bonds	14	16	17	19	19	18	19	15
All U.S. Corporate MTNs and Bonds with Investment-Grade Ratings	17	19	21	23	23	22	23	17

Source. Moody's Investor Service for corporate bond outstandings. Both Moody's and Federal Reserve figures exclude private placements, asset-backed securities, bonds issued by Federal agencies, Eurobonds, and Yankee bonds. Moody's figures include convertible bonds.