

TOPICAL STUDY #13
THE COMING SHORTAGE
OF BONDS

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Economics

I. Introduction

Powerful new demographic trends are starting to dampen the growth of credit demands in the United States and, at the same time, to boost savings. As the baby boomers age they will save more and borrow less. The demand for U.S. Treasury securities by savings institutions should rise dramatically as greater deposit inflows outpace mortgage lending opportunities. The percent of federal debt held by the Social Security system and other government trust accounts is increasing. In 1983, Social Security tax rates were raised and the mounting surpluses are expected to finance the retirement needs of the baby boom generation. *We wouldn't be surprised if, by the end of the decade, investors complain about a shortage of bonds and nostalgically recall the days when yields were above 9%.*

This report investigates the credit market implications of many of the demographic trends which we examined in our Topical Study #12: *How The Baby Boomers Are Changing The Economy*, dated April 6, 1988. The implications are all bullish for bonds; yields should trend lower over the next several years. Within the next five years, government bond yields could fall to 5%. If that happens, then the Dow Jones Industrials Average could rise to 5000 within five years.

In this study, we also argue that the "debt pessimists" are wrong. Many economists say that there is too much debt in our economy. They say we are living beyond our means. They warn that we are rapidly approaching the day of reckoning. We believe that neither consumers, nor businesses are overleveraged. We do recognize that large budget and trade deficits make the U.S. economy very dependent on foreign capital inflows. The U.S. is the world's largest debtor. But, we're not convinced that's so terrible. (See our Topical Study #10: *The U.S. Becomes The World's Largest Debtor: So What?* July 14, 1987.) And we expect that both deficits will continue to narrow.

In other words, this study takes issue with the notion that we have been living beyond our means. But even if we have been living beyond our means, we aren't likely to continue to do so because the baby boomers are now starting to save more and borrow less.

What is transforming the yuppie borrowers into couch potato savers? Babies! During the baby boom from 1946 to 1964, live births totalled 76 million. In 1977, when the "echo" baby boom started, the median baby boomers were 22 years old, old enough to start having children. Between 1977 and 1987, 40 million babies were born. The baby boomers currently account for roughly one-third of the population. *The baby boomers and their kids represent almost half of our population!* Baby boomers, who are expecting either their first or second baby, tend to borrow a great deal of money to buy a house. But once they settle down, odds are they'll borrow less and save more. After all, their monthly mortgage checks include amortized principal repayments. Paying down debt is one way to save.

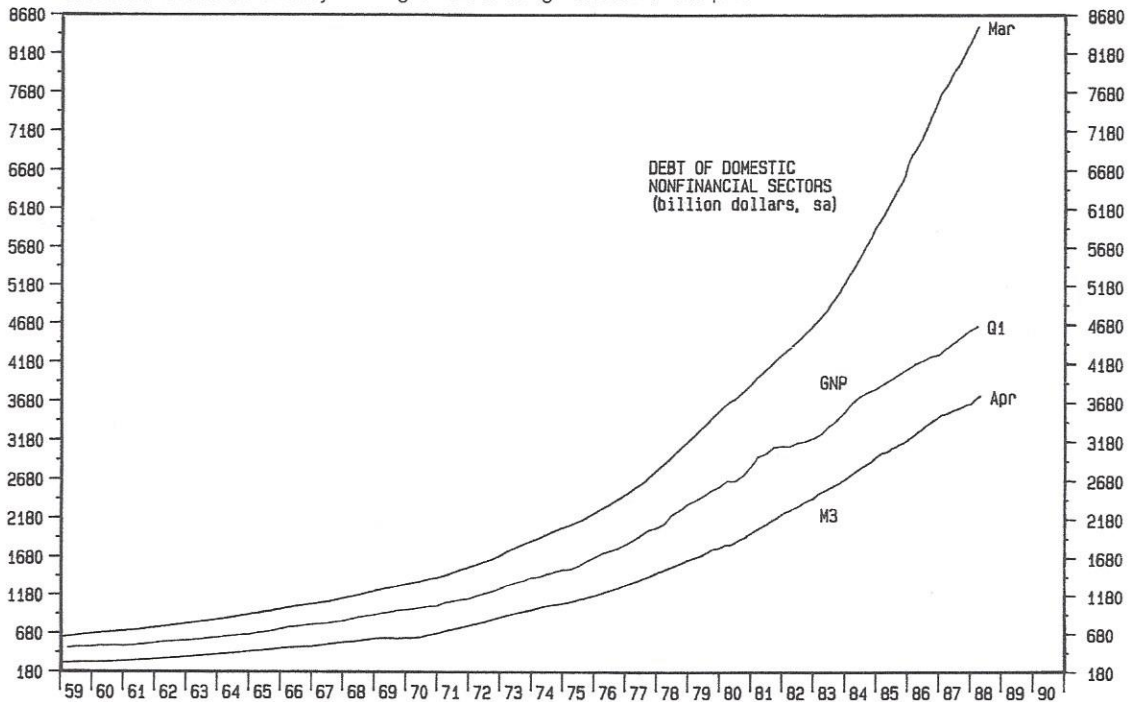
*Amalia Quintana assisted in the preparation of this study.

II. The Origins Of Debt Pessimism

Economists tend to be pessimists. Indeed, economics is known as the dismal science. One of the first economists, Robert Malthus, predicted in 1798 that miserable times were ahead because the population was growing faster than the food supply. Ever since then, economists have been associated with pessimism and gloom. Writing in 1899, Thomas Carlyle gave economists the name and reputation that survives to this day, that of the "Respectable Professors of the Dismal Science."

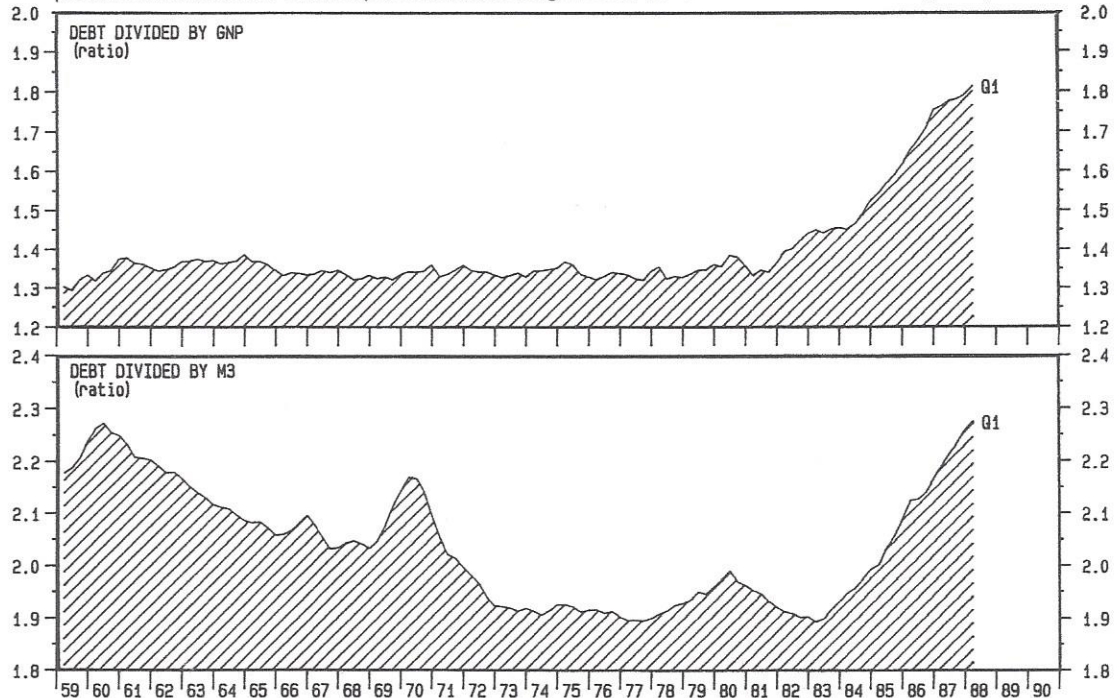
Today's Malthusians are predicting that miserable times are ahead because debt is growing much faster than national income. In fact, a glance at Exhibit 1 suggests that debt is growing exponentially while GNP is growing arithmetically. Exhibit 2 shows that the ratio of debt to GNP was remarkably stable from 1959 through 1981; it hovered between 1.3 and 1.4. Then, this ratio soared to 1.8 over the past six years.

Exhibit 1: The New Malthusian Nightmare. Debt seems to be growing geometrically while GNP seems to be growing arithmetically. How much longer can this frightening divergence possibly continue? Pessimists warn that miserable times are ahead. We, on the other hand, believe that natural and economic forces are already working toward a benign solution of this problem.



Notice also, in the lower panel of Exhibit 2, that debt has grown much faster than M3 in recent years. Since M3 consists mostly of deposits at financial intermediaries, the rising ratio of debt to M3 suggests that "primary" borrowers have been able to raise more funds directly from both domestic and foreign "primary" lenders rather than go to the financial intermediaries for loans. For example, Ginnie Mae securities make it possible for home buyers, in effect, to borrow directly from the ultimate holders of these bonds. In this case, the mortgage banker *originates* the package, but he does not *intermediate* in the flow of funds between the borrower and the lender.

Exhibit 2: The Economy's Debt Burden Has Risen Sharply In The 1980s. At the start of the decade debt was 1.4 times as large as GNP. Now it is 1.8 times as large as GNP. That's fine if the economy continues to grow, but what if a recession occurs? The high level of debt could trigger and then exacerbate a downturn. However, we don't expect a recession in 1988 or 1989. And we do expect that the growth rate of debt will soon fall below the growth rate of nominal GNP. Also, remember that one person's debt is another's asset. (Of course, we recognize that some of the creditors are foreigners.)



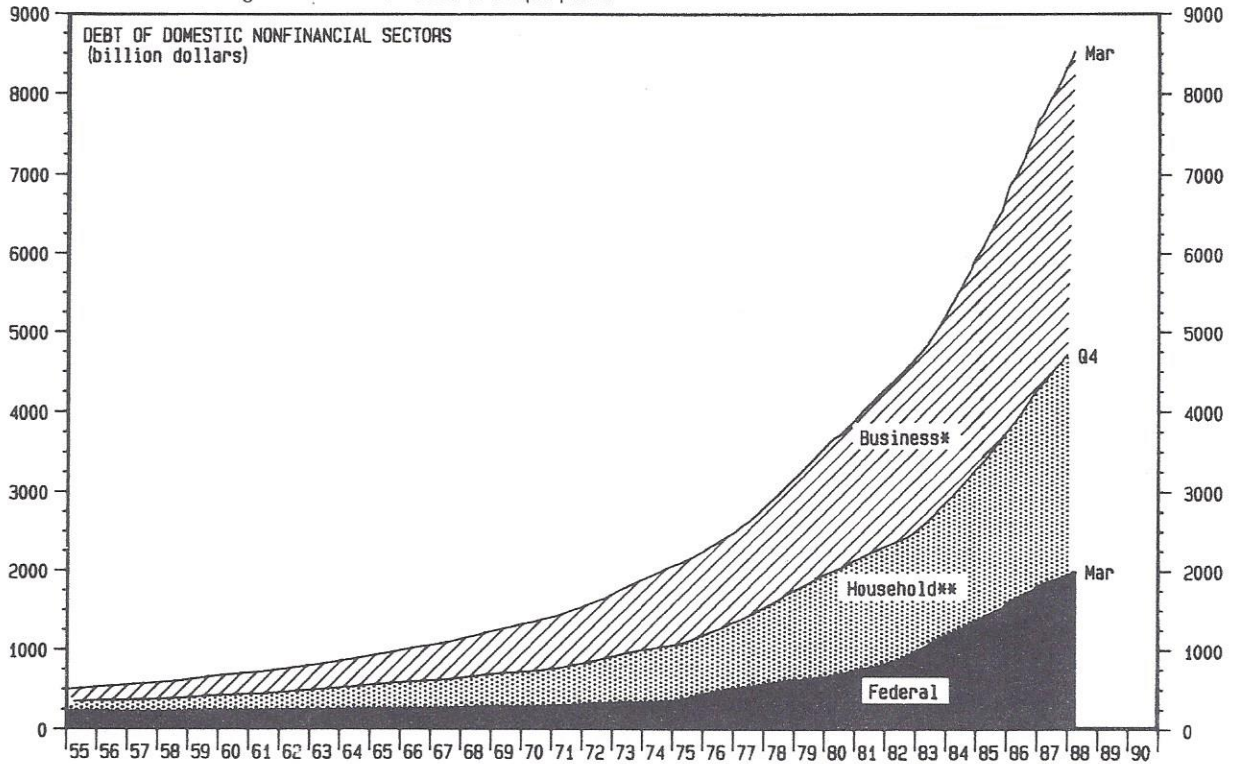
Financial innovations, such as the securitization of mortgage credit, have facilitated the dramatic rise in debt relative to GNP. The pessimists argue that in financial matters we are too sophisticated for our own good. Excessive credit demands have been accommodated too easily by the deregulated financial markets they contend. They're convinced that financial deregulation during the 1980s (such as the phasing out of Regulation Q interest rate ceilings on deposits) was a mistake. ¹

Exhibit 3 demonstrates that all major sectors of the economy have participated in the borrowing binge. At the end of 1987, the total debt of domestic nonfinancial sectors equalled \$8.3 trillion dollars. That's up 196% from 10 years ago and up 655% from 20 years ago. At the end of last year, federal debt was \$2.0 trillion, or 24% of the total, and double as much as five years ago. At \$2.8 trillion, household debt constitutes 34% of total debt. Business debt equalled \$3.6 trillion at the end of 1987, or 43% of total debt.

Some fear that so much debt could trigger and then exacerbate a recession. Perennially, it seems, economists forecast consumer-led recessions because the ratio of installment debt to disposable income appears "too high." Some economists even see the potential for a depression in the debt data.

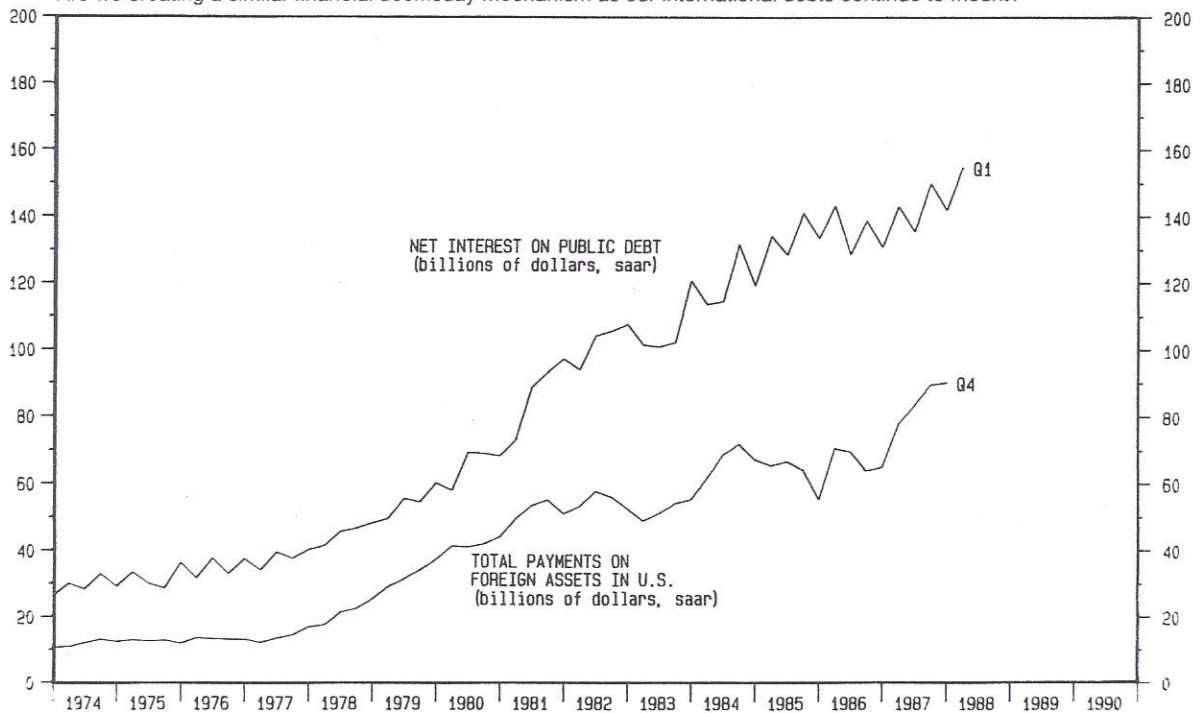
¹ See for example, Albert M. Wojnilower, "The Central Role of Credit Crunches In Recent Financial History," *Brookings Papers On Economic Activity*, Vol. 2, 1980 and Henry Kaufman, *Interest Rates, The Markets, and The New Financial World* (New York: Times Books, 1986).

Exhibit 3: All Sectors Joined In The Borrowing Binge. Per year, debt rose 9.7% from 1960 to 1970, 17.4% from 1970 to 1980, and 16.1% from 1980 to 1987. Over the past 30 years, it is up roughly fourteenfold. Federal debt has doubled since 1983. Mortgage debt has doubled since 1980. Business borrowings have also increased at a rapid pace.



*Residual includes debt of state and local governments.
**Nonfarm residential mortgages plus consumer installment credit.

Exhibit 4: Is The Federal Deficit Out Of Control? During fiscal 1987, the federal deficit was \$150.4 billion and net interest on the federal debt was \$139 billion, or 93% of the deficit. Have we accumulated so much public debt that the interest payments will keep the government in deficit forever? Are we creating a similar financial doomsday mechanism as our international debts continue to mount?



Debt pessimists worry a great deal about the budget and trade deficits. By definition, our trade deficit exists because we consume more than we produce, which does suggest that we are living beyond our means. Capital inflows from abroad must finance the trade deficit. The balance of payments will always balance. The only question is what exchange rate and interest rate are required to attract foreign capital. The pessimists warn that a still lower dollar and a much higher bond yield might be necessary.

The huge capital inflows required to offset our trade deficit have already made the U.S. the world's largest debtor. As a result, payments of income to foreign investors who own U.S. assets have risen sharply in the 1980s (Exhibit 4). These growing payments compound America's trade imbalance.

Also compounding is the federal debt. The net interest outlays of the federal government were \$139 billion during fiscal 1987, an increase of 164% since fiscal 1980 (Exhibit 4). Last year, net interest payments absorbed 16% of the government's receipts, up from 10% during 1980.

In this short topical study, we can't allay all your anxiety about the warnings issued by the debt pessimists. After all, the Cassandras have written entire books on the risks of leverage.² Don't ignore them; we do share many of their concerns. But we see several more optimistic trends which have been largely ignored by the debt Malthusians.

III. The Mortgage Lending Boom Is Just About Over

Demographic trends suggest to us that the mad scramble for housing and for mortgage credit of the 1970s and 1980s is just about over. The same trends point to more personal savings. So savings institutions should experience greater deposit inflows. In other words, the traditional lenders to the housing market will have more money to invest at the same time that the demand for mortgage loans cools off. As a result, savings institutions are likely to increase their purchases of other credit market instruments, particularly U.S. Treasury securities. Clearly, in this scenario interest rates continue to trend lower over the next several years.

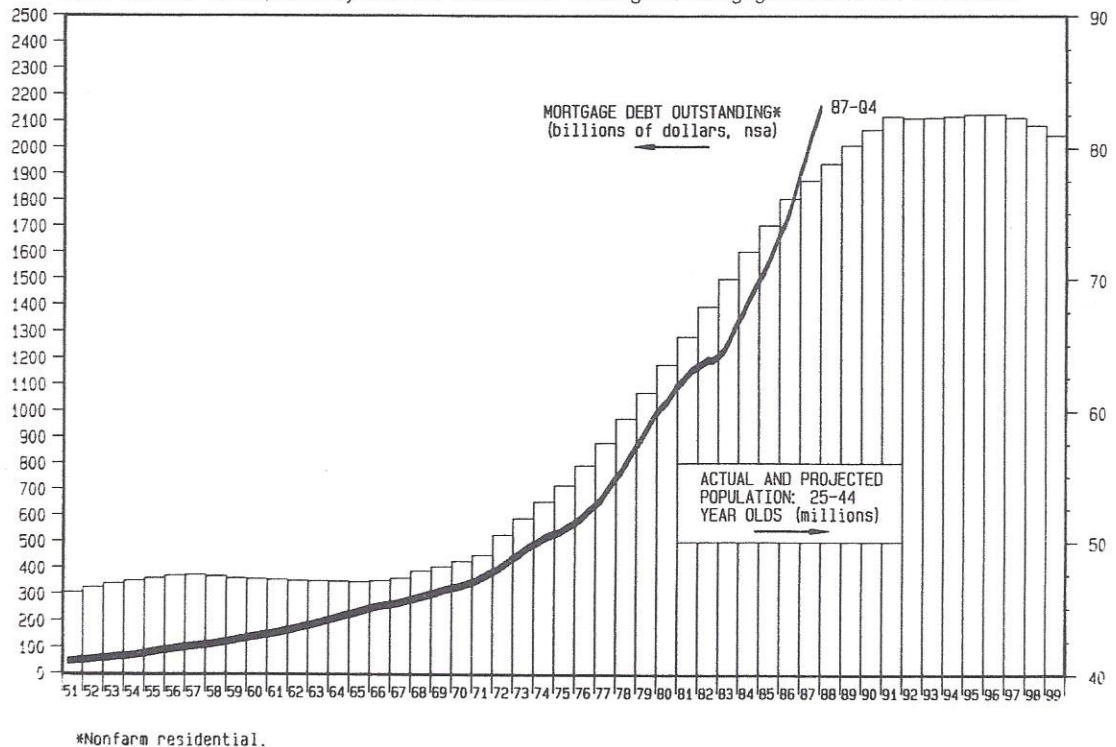
In the early seventies, the oldest baby boomers turned 25 and started to swell the traditionally house-hungry 25-44 year old group. The number of people in this group hovered between 43 million and 48 million from 1946 through 1969 (Exhibit 5). Then, the 25-44 year cohort soared to 64 million in 1980, and should peak around 82 million in 1991.³ The 25-34 year group peaks next year.

As the baby boomers poured into the 25-44 group, demand for mortgage loans soared. The baby boomers overwhelmed the housing market. The country added a million new households every year between 1960 and 1970. Then the baby boom arrived: Between 1970 and 1980 the number of households grew by 1.7 million a year and 1.4 million per year from 1980 through 1987. The average existing single-family home price increased roughly fourfold from \$25,000 during 1970 to \$106,000 during 1987. The market value of residential properties (which we crudely estimate by multiplying the number of households by the average home price) skyrocketed from \$1.6 trillion in 1970 to \$9.6 trillion in 1987.

² See Tom Congdon, *The Debt Threat* (New York: Basil Blackwell, 1988) and Alfred L. Malabre, Jr., *Beyond Our Means* (New York: Random House, 1987).

³ In 1991, the oldest will be 45 and the youngest will be 27.

Exhibit 5: The Baby Boom Borrowing Binge Should Subside. There are 76 million baby boomers out there. The oldest of the group were born in 1946 and today they are 42 years old; the youngest were born in 1964 and are 24 years old. They started to overwhelm the housing market in the early 1970s as the oldest turned 25. They demanded more housing and caused prices to soar. As they move into their forties, the baby boomers' demand for housing and mortgage credit should slow down.



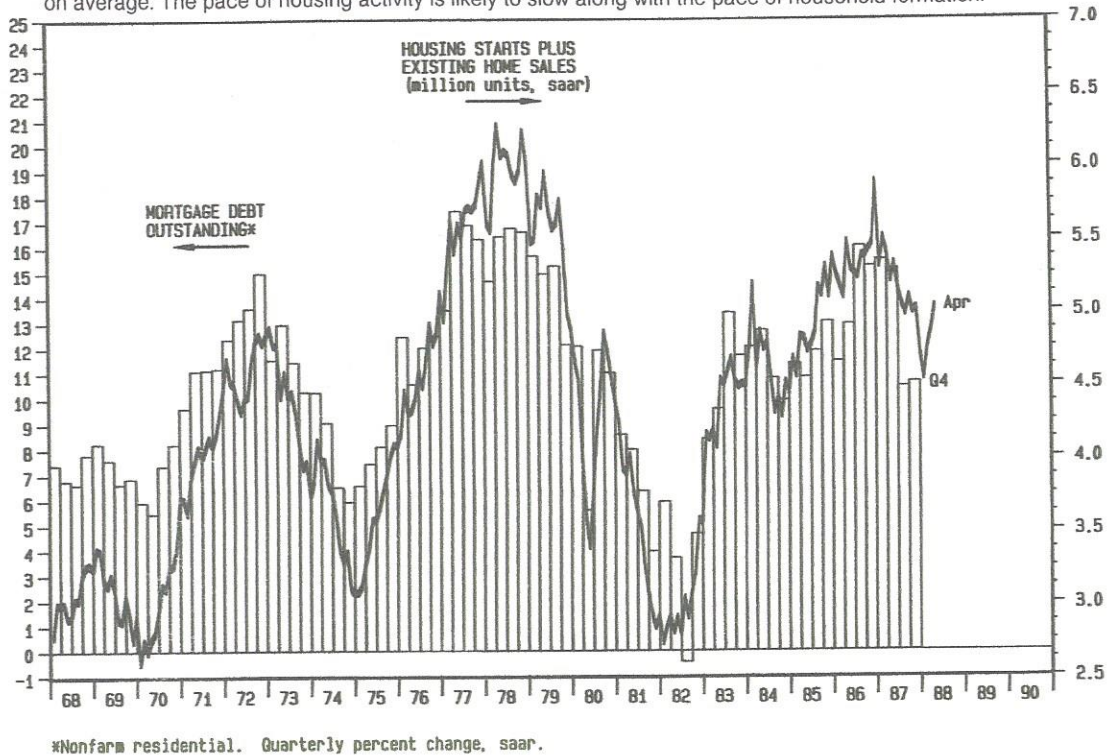
Mortgage loan demand swelled because more households needed homes and house prices soared. From 1970 through 1987, nonfarm residential mortgages outstanding increased from \$348 billion to \$2,071 billion (Exhibit 5). That's a sixfold increase in mortgages. Nonfarm mortgages currently constitute 27% of the total debt of nonfinancial sectors in the U.S.

We believe that the recent slowdown in the growth of mortgage loans outstanding could be the beginning of a major structural change in this market, and is directly related to the aging of the baby boom (Exhibit 6). The pace of household formation should slow. As the baby boomers move into their 40s, most of them will be married, and aging out of the most divorce-prone years. This means divorce rates should drop. The rise in the age of marriage should come to a halt. These two trends in marriages and divorces should result in a dramatic slowing of household growth, closer to one million per year.

In the Sunday, June 5 issue of *The New York Times*, Professor Jib Fowles of the University of Houston writes that the rising ratio of marriageable men to marriageable women implies an increase in family formations, and a decline in the number of households since fewer people will be living alone (currently about one fourth of all households are single-person). First-time bridegrooms tend to marry women who are two to three years younger. "And since each year of the baby boom until 1957 saw a larger number of births than the previous year, each age group of older males sought partners among a younger and larger group of females," observes Professor Fowles. So, for the last two decades, there has been a shortage of eligible males. Starting in 1987, the balance should change. For the past three years the average age at first marriage for women has been dropping, a signal that their relative undersupply is being felt. Last year, the birth rate was the highest since 1964 and the divorce rate fell to its lowest level in 12 years.

Exhibit 6: Demand For Houses And Mortgages Should Ease As The Baby Boom

Ages. From 1970 through 1987, housing transactions totalled 80 million units, or 4.5 million units per year on average. The pace of housing activity is likely to slow along with the pace of household formation.



As the population ages, along with the baby boomers, more home buyers will be repurchasers rather than first-timers. Repurchasers, including more elderly people living alone and middle-aged divorced Americans, are likely to require less mortgage credit than first-time buyers.

Over the past 10 years, the U.S. League of Savings Institutions has conducted a biennial Home Buyer Survey. The recently released 1987 report, titled *Homeownership: A Decade of Change*, observes that the "aging of our population in general, and the baby-boom generation in particular, is now clearly reflected in home buyer profiles." Exhibit 7 summarizes the League's six surveys since 1977. The median age of the home buyers has increased by almost five years, from 32.4 years in 1977 to 37.0 years in 1987. The League projects that the median age of the home buyer will reach 40 years by 1990.

The median age of the baby boomers was 32 years in 1987 and will rise to 35 years in 1990. Interestingly, the median age of the first-time buyer in 1987 was also 32 years. First-time buyers made up 35% of home buyers in 1987 down from 39% in 1985.

Exhibit 7: National Home Buyers Survey Shows Rising Median Age And Fewer First-Timers.

	1987	1985	1983	1981	1979	1977
Who They Were						
A Demographic Profile						
Median age	37.0 yrs.	35.8 yrs.	34.4 yrs.	33.6 yrs.	32.8 yrs.	32.4 yrs.
First-time Buyers	31.5 yrs.	30.3 yrs.	29.3 yrs.	28.1 yrs.	27.8 yrs.	26.0 yrs.
Repurchasers	40.3 yrs.	39.4 yrs.	38.3 yrs.	34.7 yrs.	33.6 yrs.	36.0 yrs.
Unmarried	26.0%	25.2%	25.8%	29.6%	22.4%	17.0%
One- and two-person households	53.6%	52.9%	51.3%	57.4%	51.9%	45.8%
An Economic Profile						
Median income	\$45,996	\$42,396	\$35,987	\$39,196	\$28,110	\$22,700
Importance of second income*	54.5%	56.5%	53.6%	52.1%	53.9%	47.2%
First-time Buyers	35.1%	39.1%	39.7%	13.5%	17.8%	36.3%
What They Purchased...						
Condominiums	13.5%	13.4%	10.9%	21.5%	11.0%	N/A
New homes	24.8%	22.1%	19.1%	26.1%	30.8%	25.4%
Homes 25 or more years old	30.0%	33.9%	34.2%	29.5%	27.5%	23.7%
Median size of home (sq. ft.)	1,568	1,461	1,451	1,450	N/A	N/A
...and Its Cost						
Median purchase price	\$95,000	\$75,000	\$65,000	\$72,000	\$58,000	\$44,000
Median downpayment	\$19,850	\$14,100	\$12,000	\$16,100	\$12,282	\$9,000
Median total monthly housing expense	\$822	\$770	\$709	\$816	\$550	\$400
Mortgage payment	\$601	\$573	\$524	\$624	\$401	\$273
Real estate taxes	\$96	\$75	\$65	\$72	\$58	\$54
Utilities	\$100	\$100	\$100	\$100	\$75	\$60
Hazard insurance	\$25	\$22	\$20	\$20	\$16	\$13
How They Afforded Their Purchase						
Less than 20% downpayment	50.4%	55.9%	55.1%	30.9%	42.9%	32.1%
Housing expense exceeding 25% of household income	30.5%	33.5%	40.4%	44.9%	45.7%	38.1%

* Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.

IV. The Coming Shortage Of Government Bonds

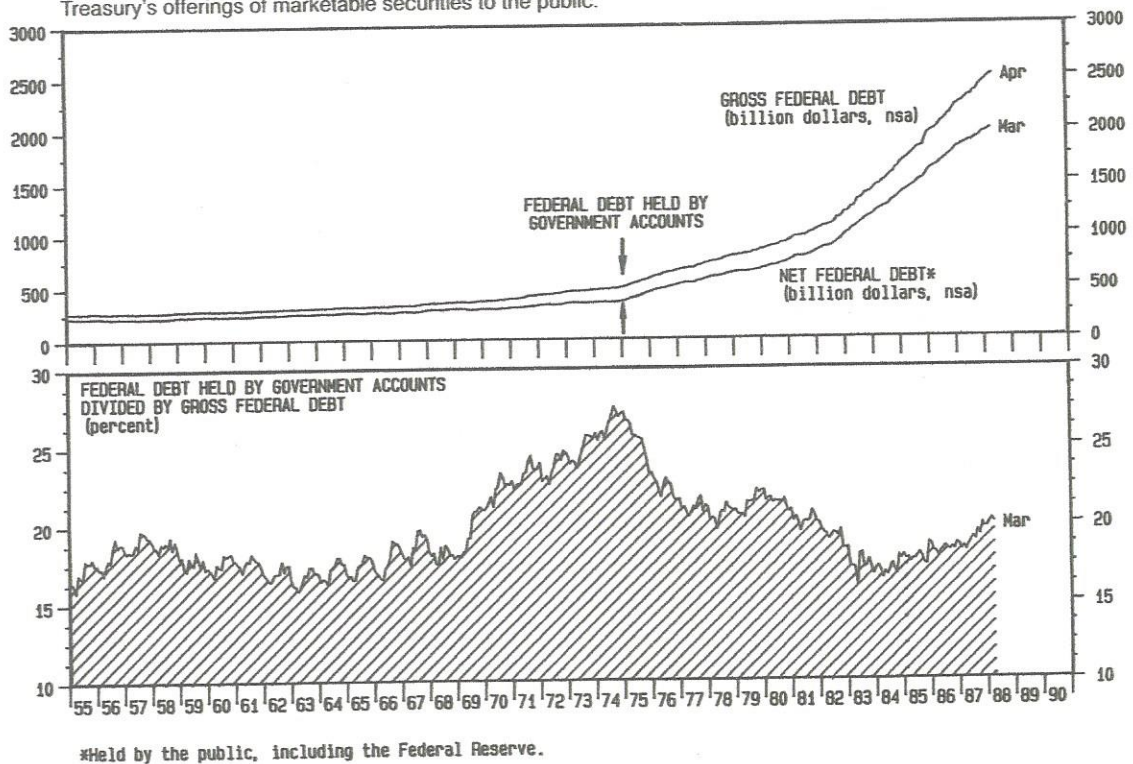
From fiscal 1983 through fiscal 1987, the federal deficit totalled \$977 billion, or \$195 billion per year on average. No wonder that bond traders say, "The bond crop never fails." So suggesting that a shortage of government bonds might develop over the next few years seems ridiculous. But we're serious. We can identify three trends which support our contrary hypothesis.

First, we just examined the demographic trends which should reduce the demand for mortgage credit. Older baby boomers are likely not only to borrow less, but also to save more. Some of these savings will go directly (or indirectly through bond funds) into government securities. Inflows into savings deposits should also increase, and a greater portion of these funds will be invested in government securities if mortgage credit needs abate as we expect.

Second, economic growth should narrow the federal deficit. Recently, the Congressional Budget Office reduced its estimate of the fiscal 1988 deficit by \$11 billion to \$150 billion because of better-than-expected economic growth. Of course, a federal bailout of the savings and loan industry could widen the deficit, but soaring grain prices should reduce government support payments to farmers. Even if the annual deficits continue to hover between \$150-\$200 billion, that's at most 4.5% of current nominal GNP. And if GNP continues to grow without interruption over the next few years, as we expect, then the deficit becomes even less significant relative to the size of the economy.

Third, in the March 30, 1987 issue of *Fortune*, Professor Michael J. Boskin of Stanford University, a noted expert on Social Security, argues that the retirement system could start running "gigantic" surpluses in coming years which could swallow up the entire national debt by the year 2030. Can't wait that long? Well, Exhibit 8 shows that the share of public debt securities held by the various government trust funds is already starting to rise. (See the June 1, 1988 issue of our weekly *Money & Business Alert* for a detailed discussion of the Social Security surplus.)

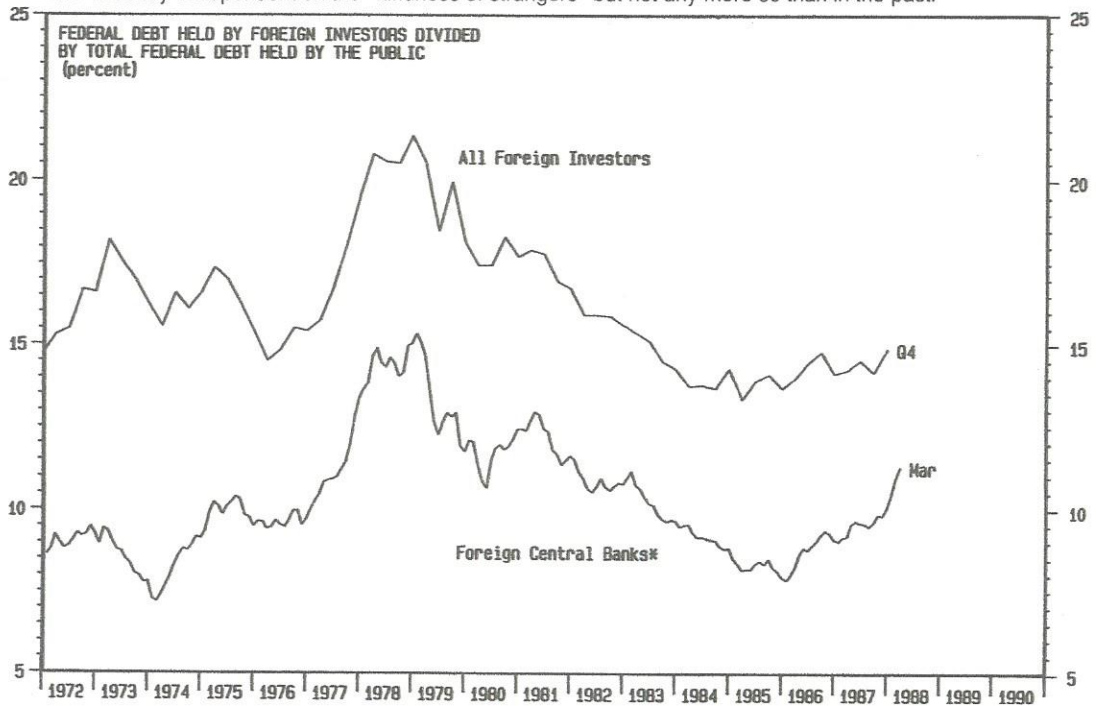
Exhibit 8: Government Trust Funds Own 20% Of The Gross Federal Debt. The trust funds, particularly the Social Security fund, are projected to run larger surpluses in coming years. The surpluses are invested in nonmarketable Treasury issues. If the deficit of the rest of the government remains constant, then rising trust fund surpluses will reduce the unified budget deficit and reduce the Treasury's offerings of marketable securities to the public.



Couldn't these three favorable trends be overwhelmed if foreign investors decide to sell their holdings of U.S. government securities? All foreign investors own 15% of net U.S. federal debt: Foreign central banks currently own 11% of our public debt and nonofficial foreigners account for the remaining 4% (Exhibit 9). Last year, private foreign investors did sell some of their Treasury holdings. But the central bankers stepped up their purchases in an effort to support the foreign-exchange value of the dollar.

Exhibit 9: Foreigners Own Same Percentage of U.S. Federal Debt As In 1972.

The Treasury is dependent on the "kindness of strangers" but not any more so than in the past.



*Marketable U.S. Government securities held in custody at the Federal Reserve for foreign official accounts.

Private foreign investors buy Treasuries because they expect to earn an attractive return. Last year and earlier this year, they sold because they feared that large U.S. trade deficits would continue to depress the dollar, which would lower their home currency return. The central bankers purchased the dollars (and invested the proceeds in U.S. Treasuries) because they feared that a lower dollar might further depress their countries' export businesses.

Since the start of the year, we've forecast that the dollar was hitting bottom: It was low enough to stimulate a narrowing of the trade deficit, with exports likely to grow faster than imports. April's surprisingly low trade gap confirms our forecasts. It should continue to narrow gradually and the dollar should remain stable. Private foreign investors should resume their bond buying activities in the United States. Central bankers are likely to be sellers any time the dollar shows too much strength.

V. Work In Progress

The pessimists have done a good job of alerting us to the risks to our economy from excessive debt. But their story has clearly been one-sided. We will continue to focus our research efforts on a more balanced view. We need to have a close look at consumer installment debt and business borrowing. For now, we'll leave you with three interesting exhibits which again suggest that the debt pessimists are overstating their case.

Exhibits 10 and 11 examine the consumer sector's income statement and balance sheet data on a per household basis. Usually, economists analyze the ratios of the debt aggregates to total disposable income. Debt-to-income ratios have risen sharply in recent years. Many economists believe that consumer debt loads are excessive and could trigger a recession.

Exhibit 10: Income Statement Data Per Household.

	Personal Income	-	Personal Taxes	=	Disposable Income	=	Personal Savings	+	Personal Outlays	
	(1)		(2)		(3)		(4)		Total (5)	Rent* (6)
1987	\$41,300		\$6,200		\$35,100		\$1,300		\$33,800	\$4,900
1985	38,100		5,600		32,500		1,500		31,000	4,300
1983	33,800		4,900		28,900		1,600		27,400	3,800
1981	30,600		4,800		25,800		1,900		23,900	3,300
1979	26,300		3,900		22,400		1,500		20,800	2,700
1977	21,700		3,100		18,600		1,200		17,400	2,300

* Tenant- and owner-occupied.

Exhibit 11: Balance Sheet Data Per Household.

	Household Debt	=	Mtg. Debt	+	Consumer Installment Debt			Home Price*	Car Price**
	(1)		(2)		Total (3)	Auto (4)	Revolving (5)	(6)	(7)
1987	\$29,300		\$22,800		\$6,500	\$2,825	\$1,615	\$106,200	\$11,993
1985	23,900		18,400		5,500	2,214	1,285	90,608	10,866
1983	19,500		15,400		4,100	1,586	853	82,508	10,187
1981	17,700		14,000		3,700	1,403	711	77,975	8,503
1979	16,000		12,400		3,600	1,386	644	64,000	6,781
1977	12,400		9,600		2,800	1,000	455	47,050	5,697

* Average existing single-family.

** Average new.

But, on a per household basis and relative to asset values, debt doesn't appear excessive to us. In 1987, the "average" household had disposable income of \$35,100, mortgage debt of \$22,800, and auto debt of \$2,825. Mortgage debt was only 22% of the average value of existing homes and auto debt was only 16% of the average price of one and a half new cars in 1987.

Exhibit 12 shows the ratio of total car registrations to the number of households. In 1946, there were 0.7 cars per household on average. This ratio rose steadily until it reached 1½ cars per household in 1973. It has been hovering at that level ever since.

What does it all mean? Our "automobile standard of living" has improved over the last four decades. There are more families with two income earners who need two cars to get to work. Baby boom demographics have undoubtedly contributed to the proliferation of cars. The robust demand for consumer credit, in general, and auto credit, in particular, was clearly boosted by the same factors that stimulated the rise in cars per household. Now, it seems we've reached an equilibrium of 1½ cars per household. So auto credit demands should grow more slowly especially if global competitive pressures keep a lid on auto prices.

Exhibit 12: Households Seem Content Owning 1½ Cars.

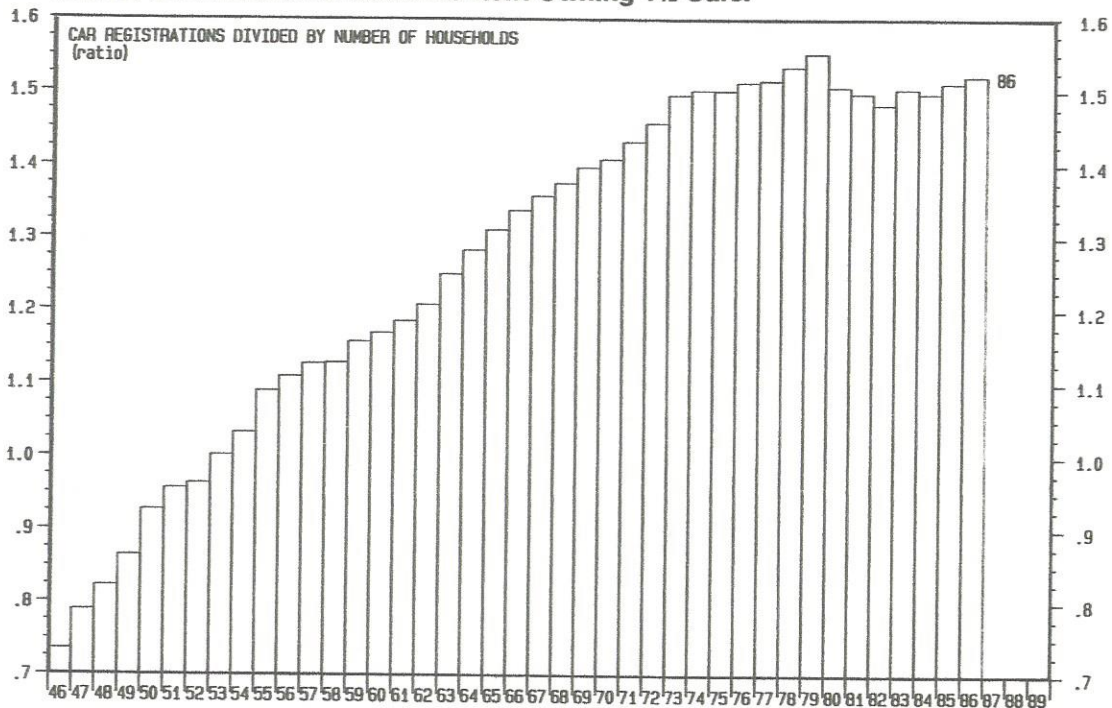
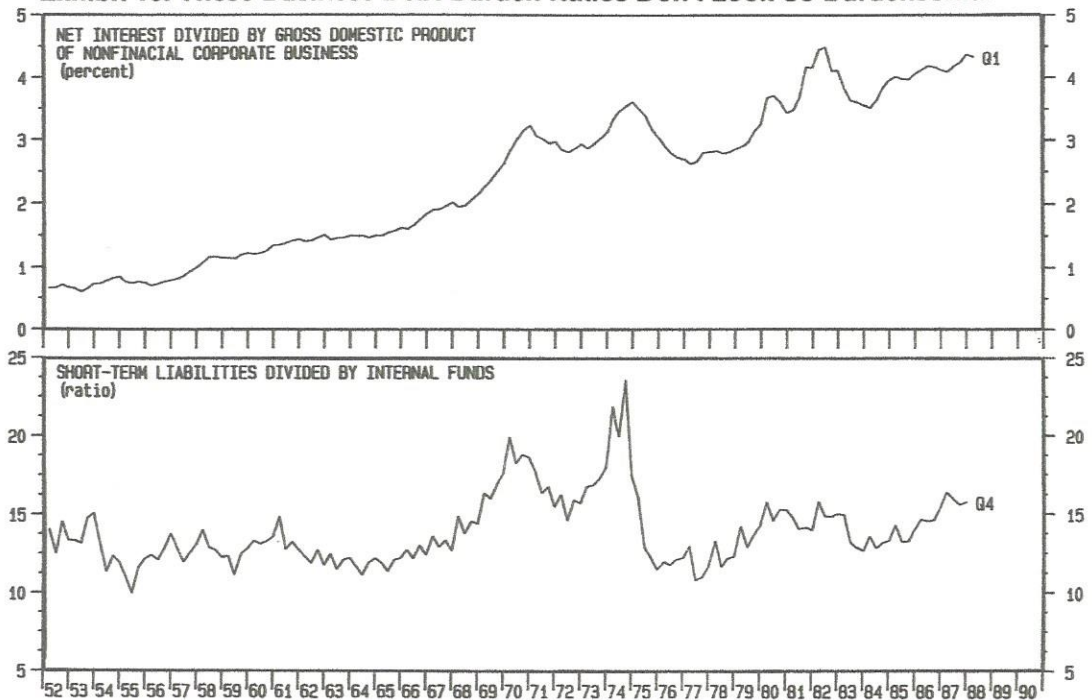


Exhibit 13 is our token optimistic view of business debt. The March 15, 1988 issue of *The Wall Street Journal* included a front page story titled "Borrowing Binge: Takeover Trend Helps Push Corporate Debt And Defaults Upward—Analysts Worry That Load Will Worsen Downturn In The Next U.S. Recession." *The Journal* noted, "As corporate profits increased last year, the share of earnings soaked up by interest payments fell to an estimated 49.2% from 56.8% in 1986. But most analysts aren't impressed." It doesn't make any sense to compare interest expense to income after expenses! Exhibit 13 shows the ratio of net interest to revenues of nonfinancial corporations. There is a disturbing uptrend, but the ratio is under 5%! And the ratio of short-term liabilities to internal cash flow is no higher today than it was in the 1950s.

Exhibit 13: These Business Debt Burden Ratios Don't Look So Burdensome.



VI. Conclusion

Our New Wave Economics is an empirically-based framework which examines several important new trends in the economy; trends which have been largely ignored by the traditional models. We spotlighted five New Wave trends in the March 30, 1988 issue of our weekly *Money & Business Alert*. In this topical study and our previous one, we examined the demographic trends which should influence our economy over the next several years.

We've tried to be balanced, but we're obviously inclined toward optimism given our effort to counter the grimly biased scenarios of the debt pessimists. Sure, debt has grown rapidly in recent years, but so have assets. *One person's debt is another's asset*. Of course, asset values are contingent on market conditions, while debt is owed at par value. Debt becomes burdensome when income is no longer available to service the debt. If too many debtors experience this problem at the same time, then they will be forced to sell their collateral assets at distressed prices.

In the New Wave World, rolling recessions are more likely than economy-wide recessions. Debtors will be squeezed in the sectors and sections of the country that are experiencing a downturn. But if the overall economy continues to grow, then a national deflationary spiral isn't very likely to occur.

Global economic growth, based on productivity and disciplined by global competitive pressures, is sustainable. Economic growth generates more savings which increases wealth. As the capitalist world grows richer, the portfolio demand for bonds increases. Despite all the dire warnings about our large federal deficit, there has been a strong demand for U.S. Treasury securities in the world economy. The notion that we will someday have to pay off the federal debt becomes less inevitable once we recognize that the demand for debt securities grows along with the global economy and global portfolios. The day of reckoning may never arrive.

Topical Studies

- #1 Dr. Edward Yardeni, *Exports Should Weaken U.S. Recovery*, March 22, 1983
- #2 Dr. Edward Yardeni, *The Ten Pillars of Faith*, April 6, 1984
- #3 Deborah Johnson, *Behind the Corporate Borrowing Binge*, June 13, 1984
- #4 Dr. Edward Yardeni, *Why Has the Leading Index of Inflation Failed So Badly?*, October 24, 1984
- #5 Dr. Edward Yardeni, *The Case For Lower Oil Prices*, December 12, 1984
- #6 Dr. Edward Yardeni, *The True Story Behind The Mighty Dollar*, January 9, 1985
- #7 Dr. Edward Yardeni, *Plenty Of Cash Around To Fuel Additional Stock And Bond Gains*, January 30, 1985
- #8 Dr. Edward Yardeni, *No Shortage Of Gluts*, July 10, 1985
- #9 Dr. Edward Yardeni, *The Protectionist Road To Depression*, September 9, 1985
- #10 Dr. Edward Yardeni, *The U.S. Becomes The World's Largest Debtor: So What?*, July 14, 1987
- #11 Dr. Edward Yardeni and Deborah Johnson, *The Restructuring of Corporate America Is Bullish*, December 9, 1987
- #12 Dr. Edward Yardeni, *How The Baby Boomers Are Changing The Economy*, April 6, 1988

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