

[22043001]



It already has allowed the closely watched federal funds rate to decline 1/4 percentage point to about 8 3/4 % from its previous target level of about 9 % .

[22043015]

The rate , which banks charge each other on overnight loans , is considered an early signal of changes in Fed policy .

[22043016]

It ended at about 8 11/16 % yesterday , but was as low as 8 1/2 % Monday .

[22043017]

The Treasury 's benchmark 30-year bond fell more than 1/2 point , or over \$ 5 for each \$ 1,000 face amount , while the yield moved above 8 % for the first time since Thursday .

[22043018]

Investment-grade corporate , municipal and mortgage-backed securities also fell .

[22043019]

But most junk bonds closed unchanged after opening slightly higher on bargain-hunting by institutional investors .

[22043020]

Some so-called high-quality junk issues , such as R.H. Macy & Co. 's 14 1/2 % subordinated debentures , rose .

[22043021]

The Macy 's issue closed up about one point at a bid price of 97 .

[22043022]

The TVA 's public debt offering was its first in 15 years .

[22043023]

Strong investor demand prompted it to boost the size of the issue from \$ 3 billion .

[22043024]

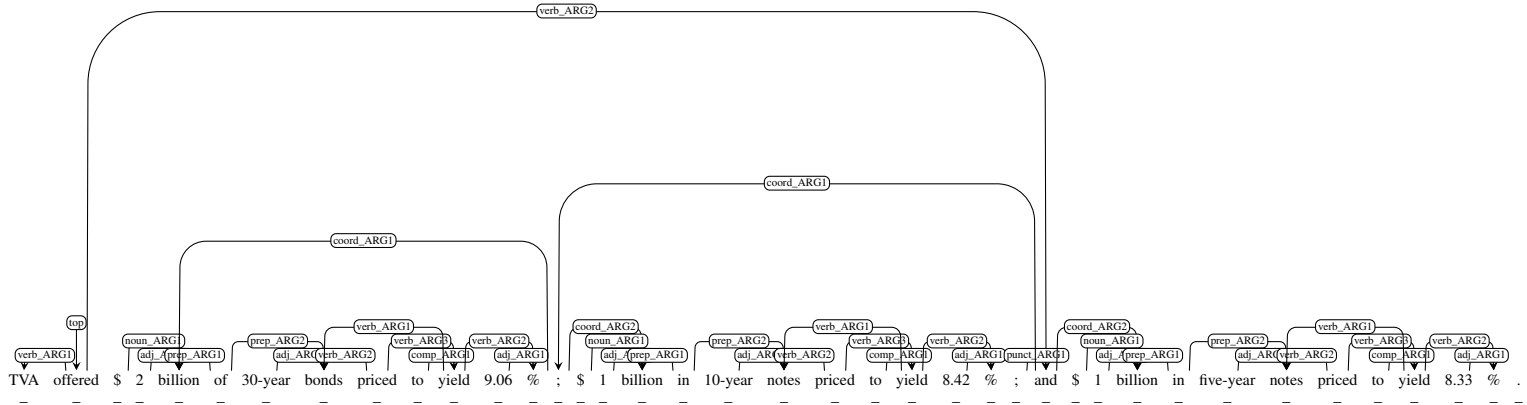
Traders said hedging related to the TVA pricing also pressured Treasury bonds .

[22043025]

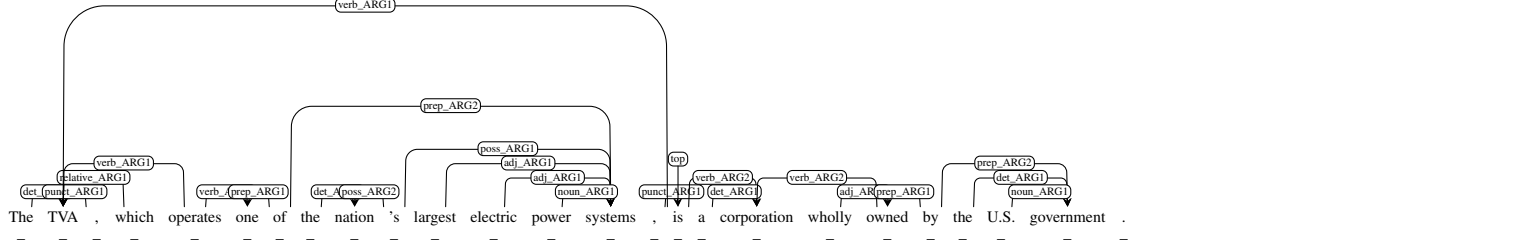
" Underwriters of the TVA bonds reduced their market risk by selling Treasuries to cover at least part of their [ TVA ] holdings , " said James R. Capra , a senior vice president at Shearson Lehman Government Securities Inc .

[22043026]

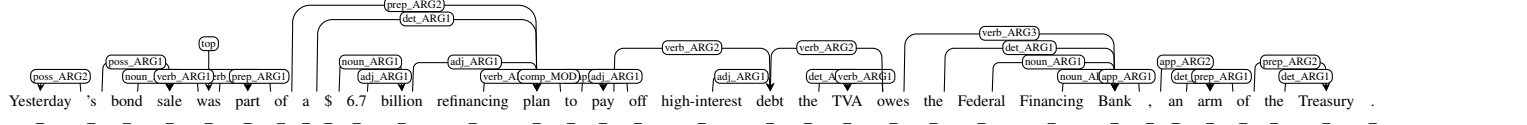




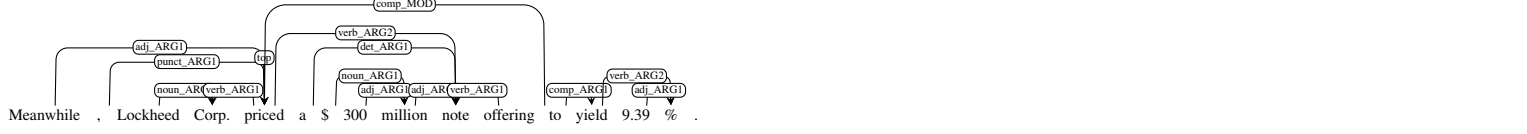
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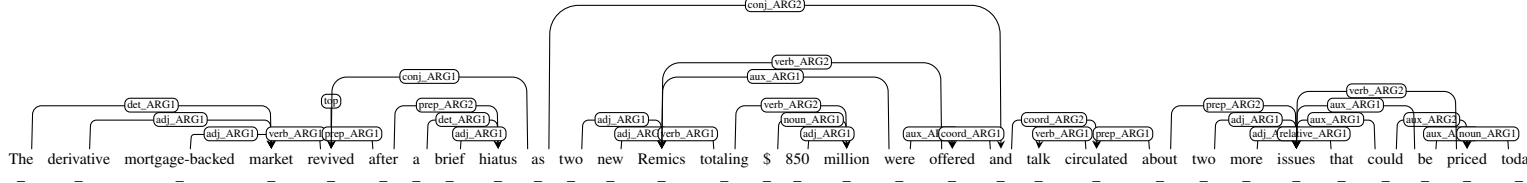
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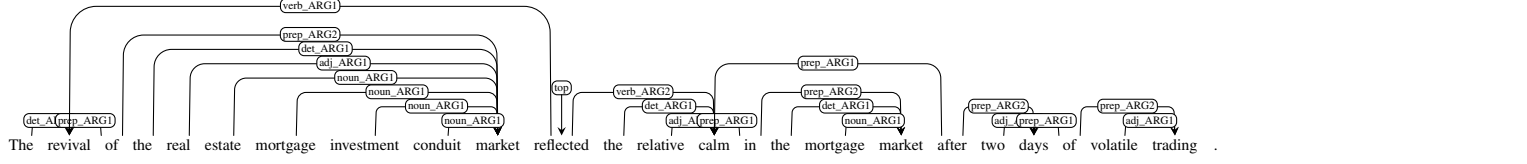
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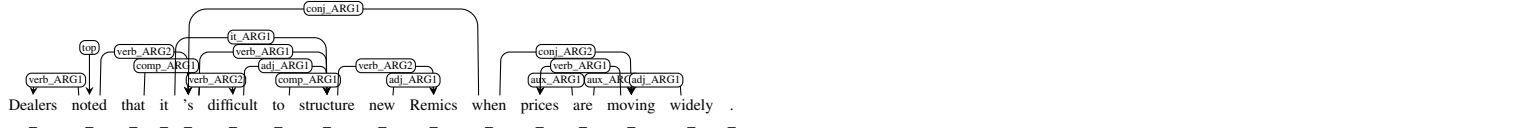
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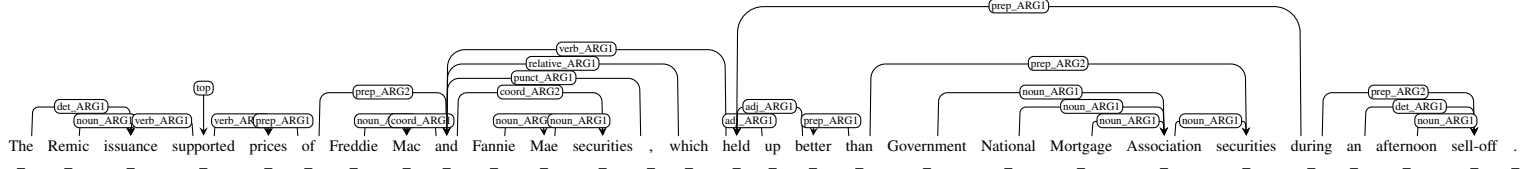
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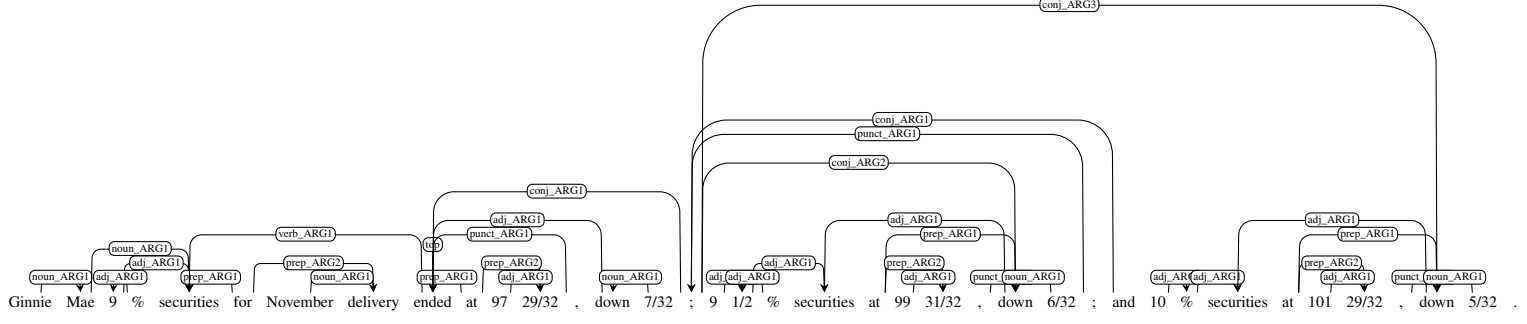
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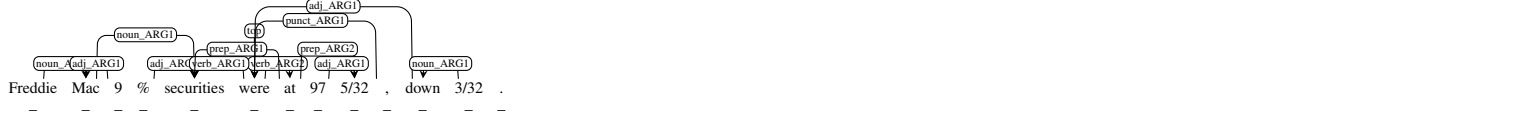
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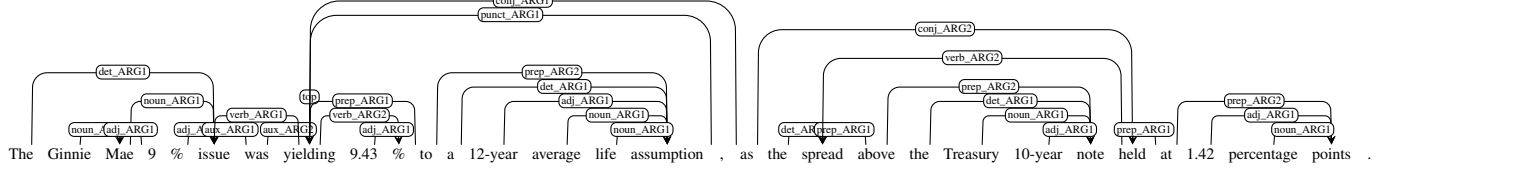
[22043054]



[22043055]



[22043056]



[22043057]



[22043058]

Confusion over the near-term trend for rates dominated the municipal arena , as gyrations in the stock market continued to buffet bonds .

[22043059]

Long tax-exempt dollar bonds were mostly flat to 3/8 point lower after a whipsaw session of moving inversely to stocks in modest dealer-led trading .

[22043060]

Prices of pre-refunded municipal bonds were capped by news that Chemical Securities Inc. , as agent for a customer , will accept bids today for two large lists of bonds that include many such issues .

[22043061]

The lists total \$ 654.5 million .

[22043062]

Pre-refunded bonds are called at their earliest call date with the escrowed proceeds of another bond issue .

[22043063]

Meanwhile , several new issues were priced .

[22043064]

Underwriters led by PaineWebber Inc. set preliminary pricing for \$ 144.4 million of California Health Facilities Financing Authority revenue bonds for Kaiser Permanente .

[22043065]

Tentative reoffering yields were set from 6.25 % in 1993 to 7.227 % in 2018 .

[22043068]

The 6 3/4 % notes yield 6.25 % .

[22043069]

Foreign Bonds

[22043071]

West Germany 's 7 % bond due October 1999 was at 99.95 late yesterday , off 0.10 point from Monday , to yield 7.01 % .

[22043072]

The 6 3/4 % notes due April 1994 were up 0.10 point to 97.85 to yield 7.31 % .

[22043073]

British government bonds surged on renewed volatility in the stock market .

[22043074]

The Treasury 11 3/4 % bond due 2003/2007 rose 23/52 to 112 10/32 to yield 10.03 % .

[22043075]

But Japanese bonds ended weaker .