

Document 1874

[21874002]

Early yesterday , bonds rose as investors rushed to buy Treasury securities on the prospect that stocks would plummet in the aftermath of the massive California earthquake .

[21874003]

For example , some securities analysts warned that stocks of certain insurance companies , which face massive damage claims , would get hit hard .

[21874004]

But when the Dow Jones Industrial Average rose instead , bonds drifted lower .

[21874005]

With stocks not a major focus , " we 're waiting for the next guiding light , " said Brian J. Fabrizi , chief economist at Midland Montagu Securities Inc .

[21874006]

" If the stock market tremors are behind us , then the bond market will go back to looking at the next batch of economic numbers to determine " where interest rates are heading .

[21874007]

The Treasury 's benchmark 30-year bond , which jumped 3/8 point , or about \$ 3.75 for each \$ 1,000 face amount , during the first hour of trading , ended little changed .

[21874008]

Interest rates barely budged from Tuesday 's levels .

[21874009]

Most junk bonds , which have been battered in recent weeks , continued a slow recuperation and ended unchanged to slightly higher .

[21874010]

But some so-called high-quality junk issues fell as some mutual funds sold their most liquid issues to raise cash .

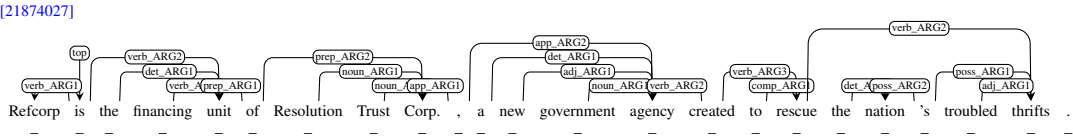
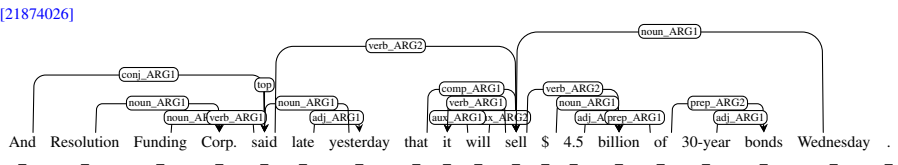
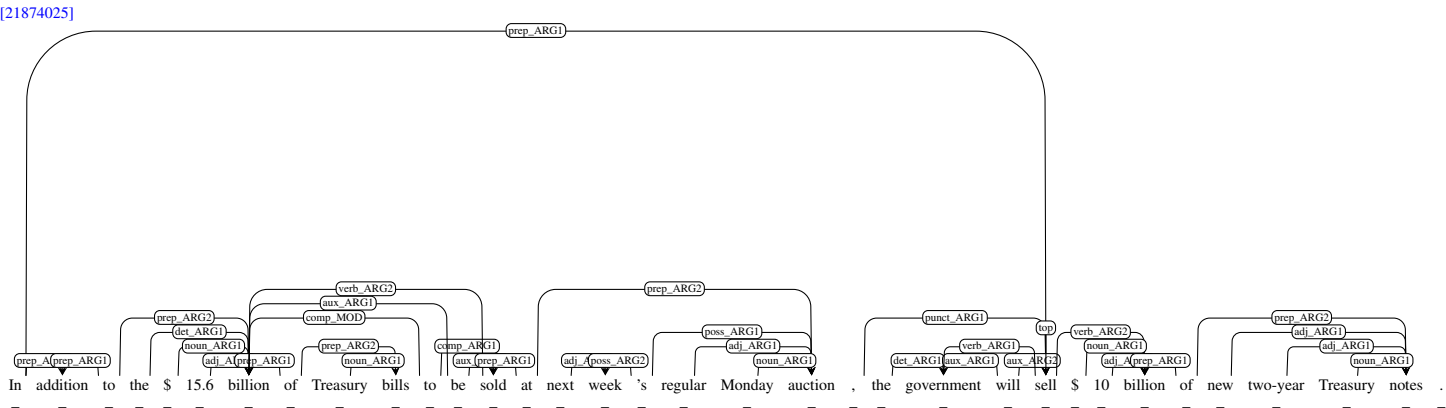
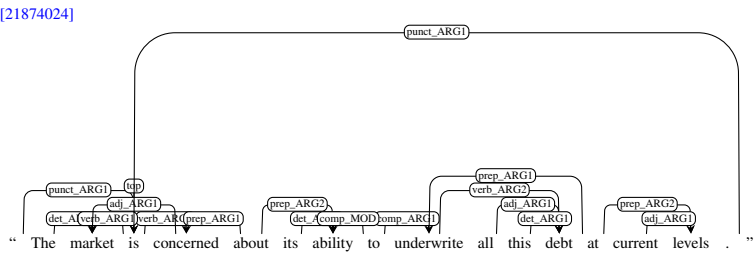
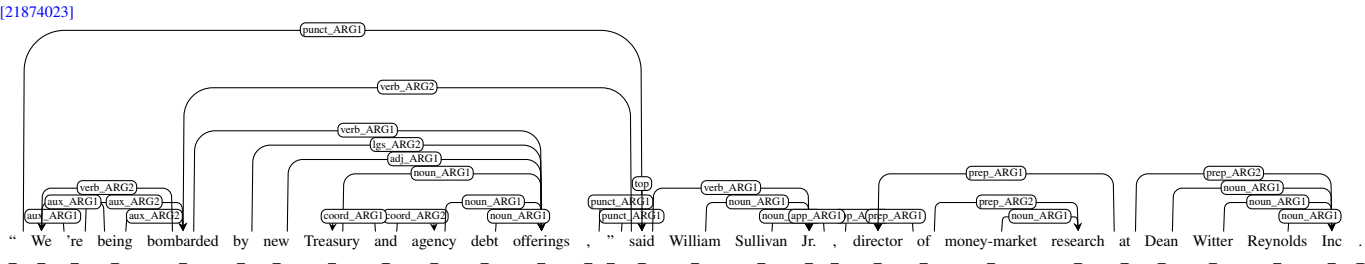
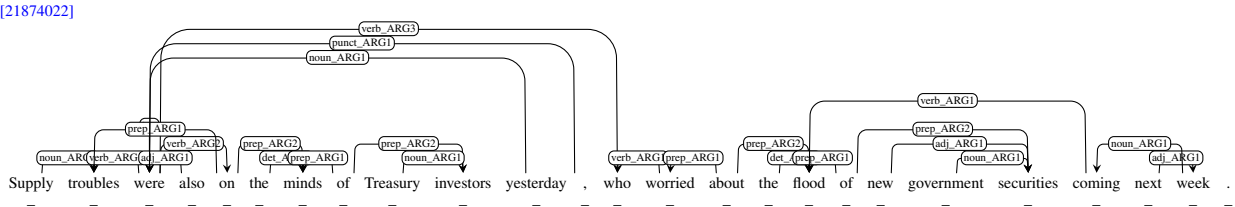
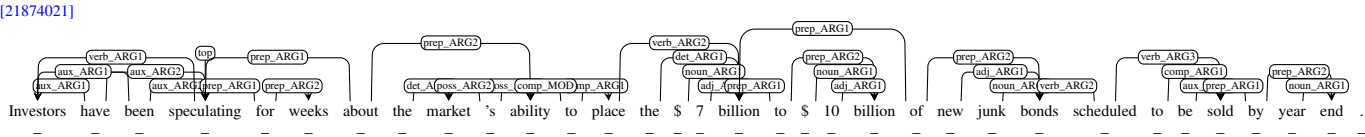
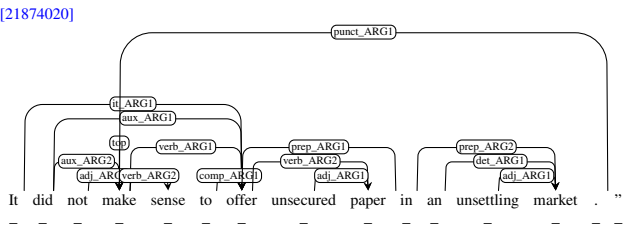
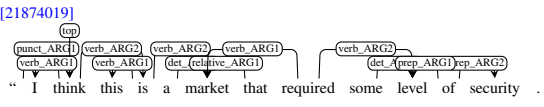
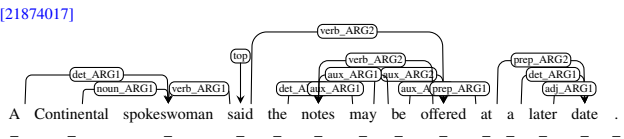
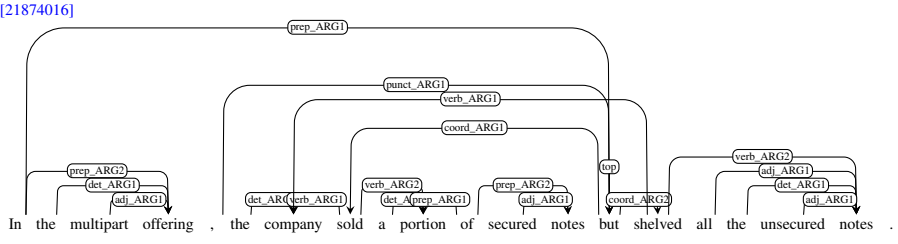
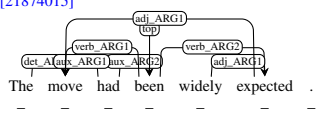
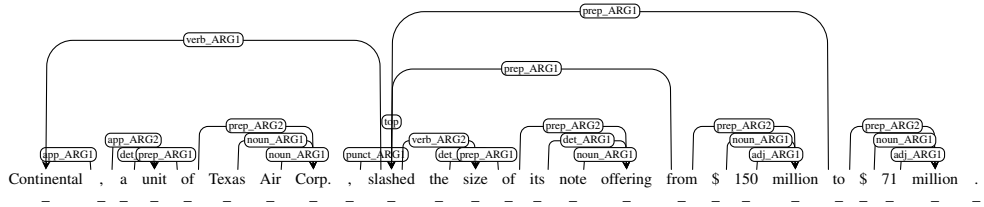
[21874011]

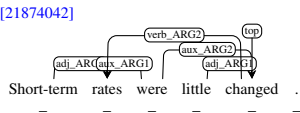
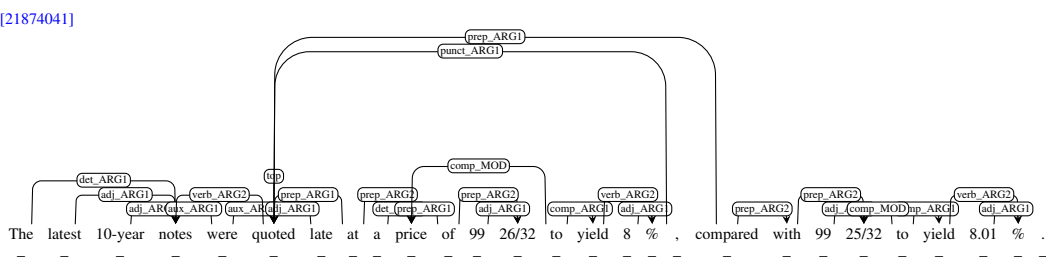
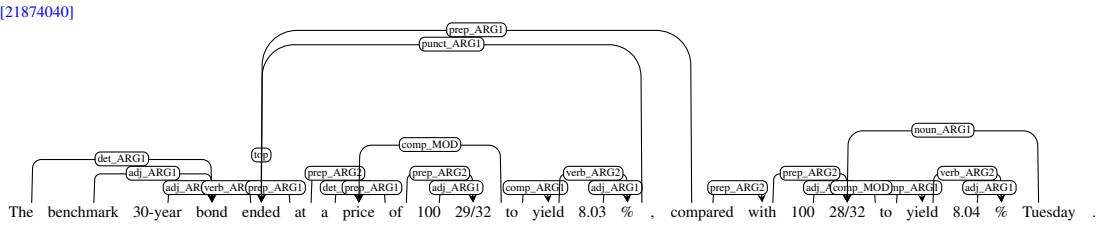
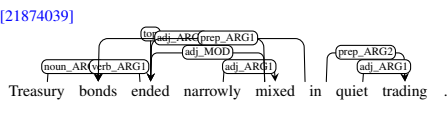
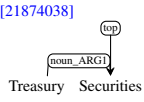
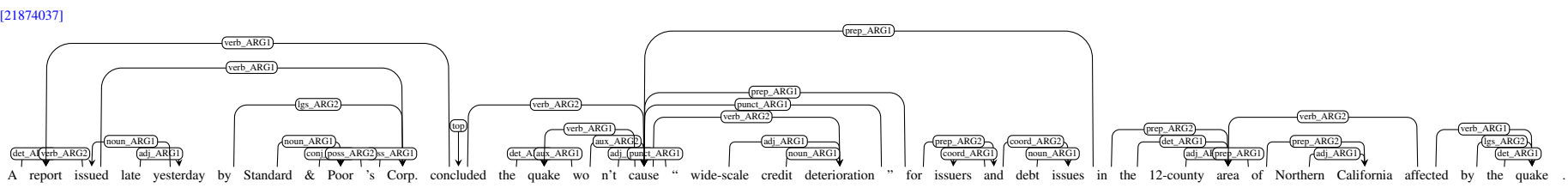
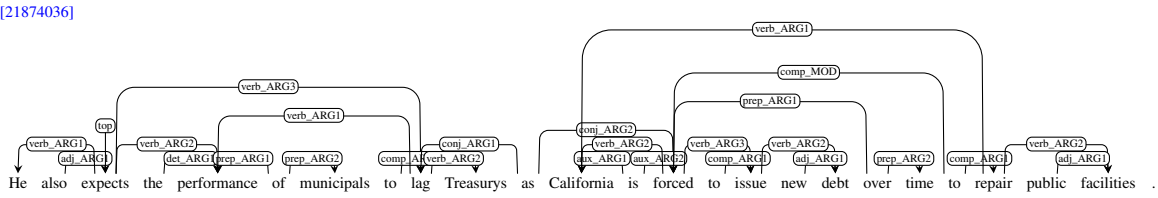
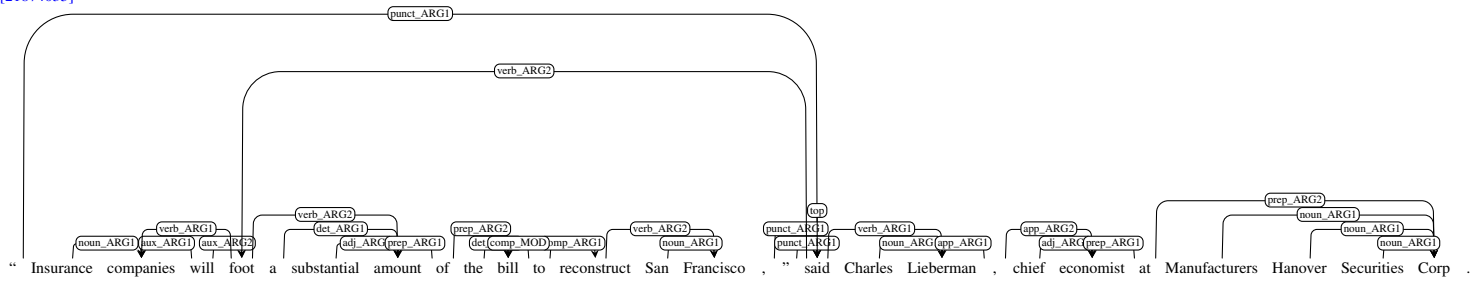
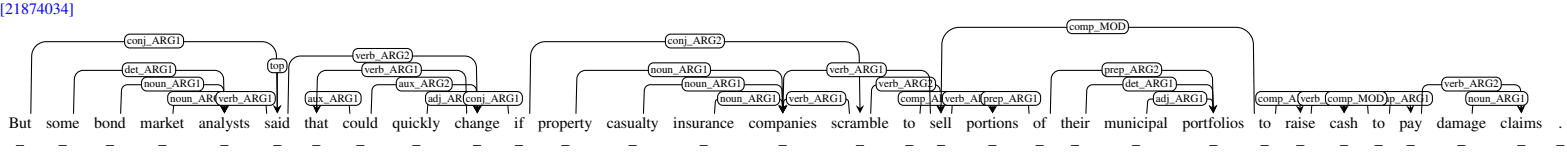
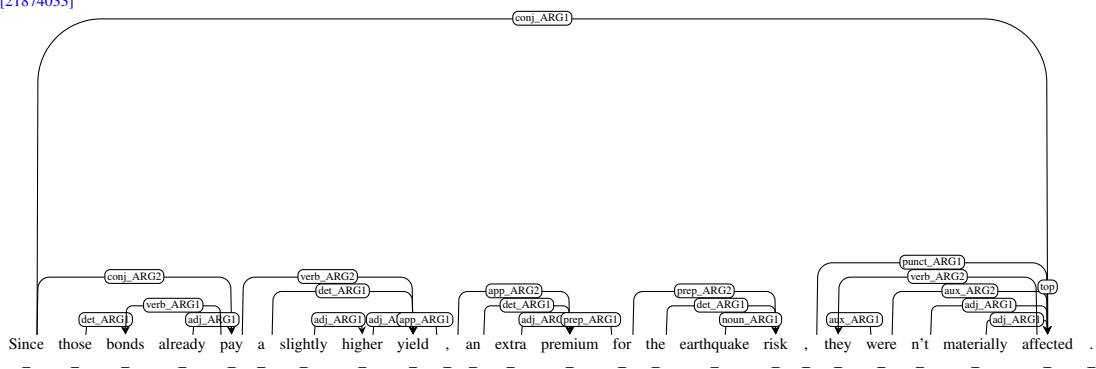
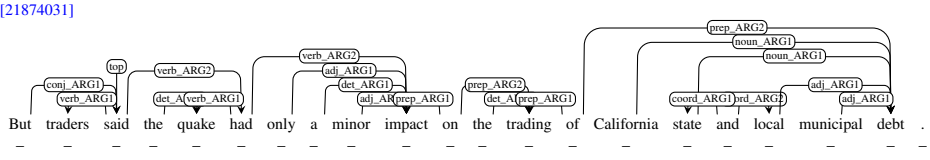
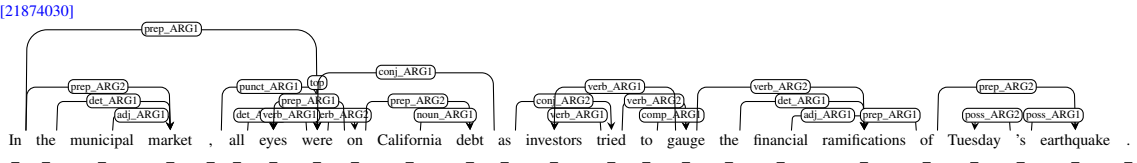
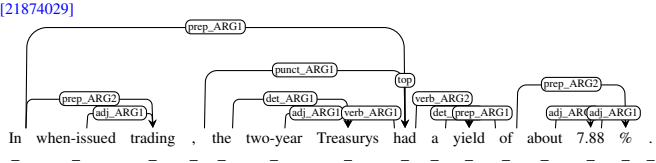
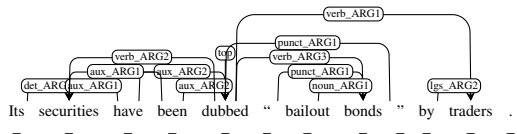
RJR Holdings Capital Corp. 's 14.7 % bonds due 2009 fell one point .

[21874013]

In the latest sign of how difficult it is to place certain junk bonds , Continental Airlines said it was forced to scale back the size of its latest offering .

[21874014]







[21874063]

And because Northern California home prices are so high , loans from the region often are too large to be included in Freddie Mac and Fannie Mac pools .

[21874064]

Meanwhile , Government National Mortgage Association 9 % securities for November delivery ended at 97 29/32 , unchanged .

[21874065]

Freddie Mac 9 % securities were at 97 4/32 , down 1/32 .

[21874066]

In derivative markets , Fannie Mac issued two \$ 400 million real estate mortgage investment conduits backed by its 9 % securities .

[21874067]

Foreign Bonds

[21874068]

British government bonds , or gilts , ended moderately lower as equities there recovered from Tuesday 's drop .

[21874070]

Traders said today may be an anxious day for the market .

[21874071]

Several key economic figures are due out and Chancellor of the Exchequer Nigel Lawson is scheduled to give the annual " Mansion House " address to the financial community .

[21874072]

The chancellor sometimes has used the occasion to announce major economic policy changes .

[21874073]

Economists do n't expect any such changes in this year 's address , given Mr. Lawson 's apparent reluctance to adjust policy currently .

[21874075]

Japan 's bellwether 4.6 % bond due 1998 ended on brokers ' screens at 95.75 to yield 5.315 % .

[21874076]

In West Germany , investors stayed on the sidelines as the bond market searched for direction .

[21874077]

The government 's 7 % issue due October 1999 fell 0.05 point to 99.90 to yield 7.01 % .