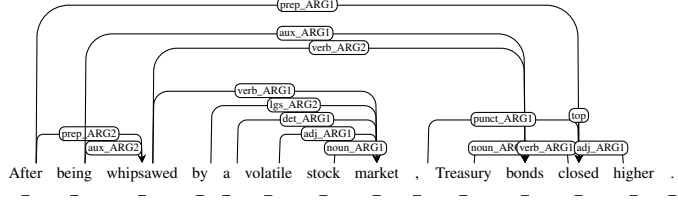


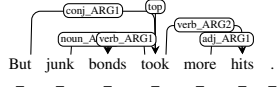
Document 1213

[21213001]



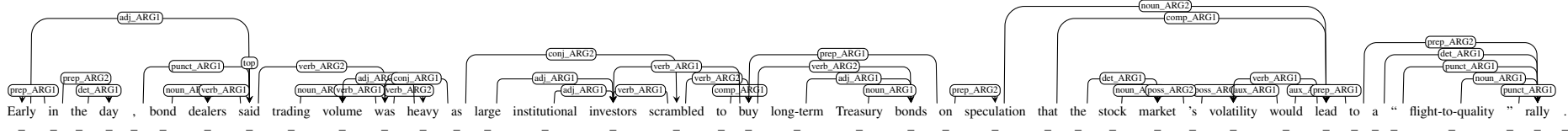
After being whipsawed by a volatile stock market, Treasury bonds closed higher.

[21213002]



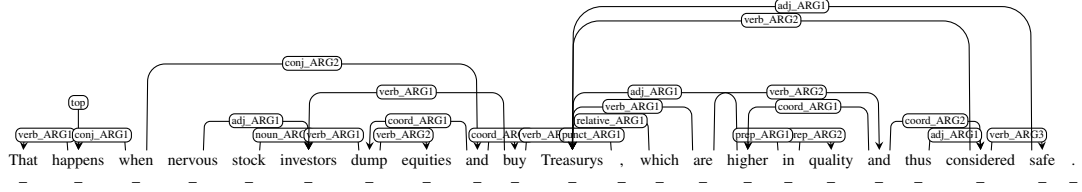
But junk bonds took more hits.

[21213003]



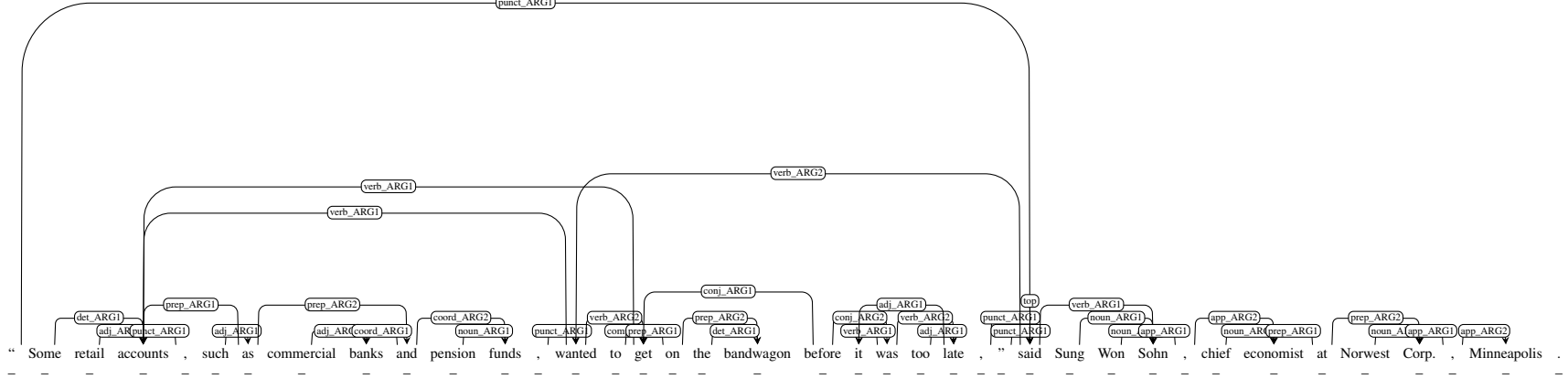
Early in the day, bond dealers said trading volume was heavy as large institutional investors scrambled to buy long-term Treasury bonds on speculation that the stock market's volatility would lead to a "flight-to-quality" rally.

[21213004]



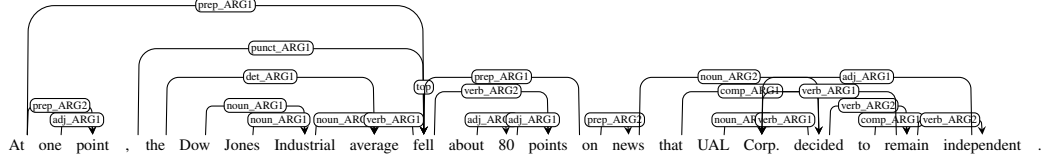
That happens when nervous stock investors dump equities and buy Treasuries, which are higher in quality and thus considered safe.

[21213005]



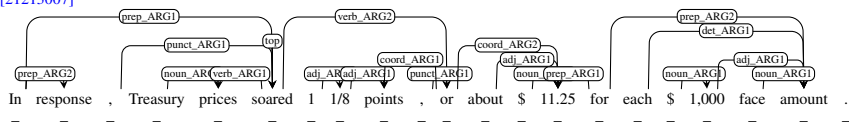
"Some retail accounts, such as commercial banks and pension funds, wanted to get on the bandwagon before it was too late," said Sung Won Sohn, chief economist at Norwest Corp., Minneapolis.

[21213006]



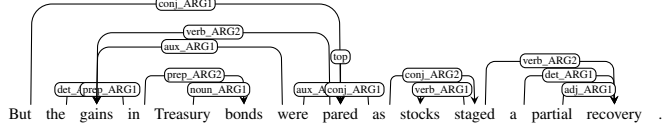
At one point, the Dow Jones Industrial average fell about 80 points on news that UAL Corp. decided to remain independent.

[21213007]



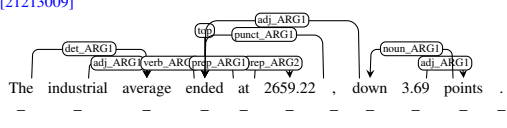
In response, Treasury prices soared 1 1/8 points, or about \$ 11.25 for each \$ 1,000 face amount.

[21213008]



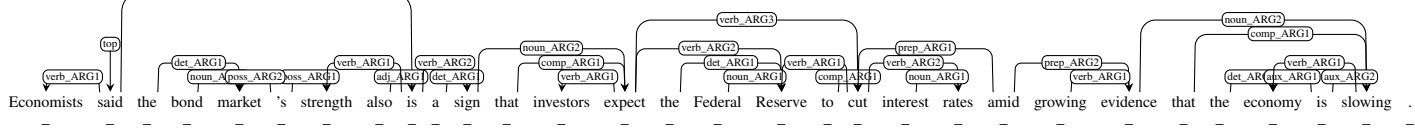
But the gains in Treasury bonds were pared as stocks staged a partial recovery.

[21213009]



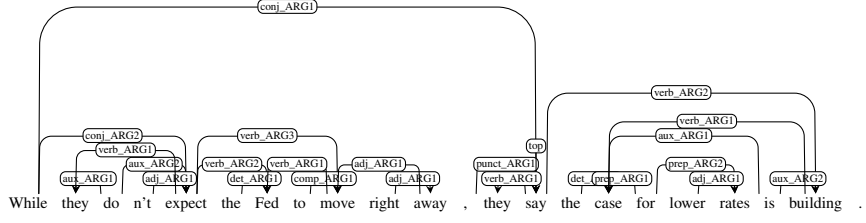
The industrial average ended at 2659.22, down 3.69 points.

[21213010]



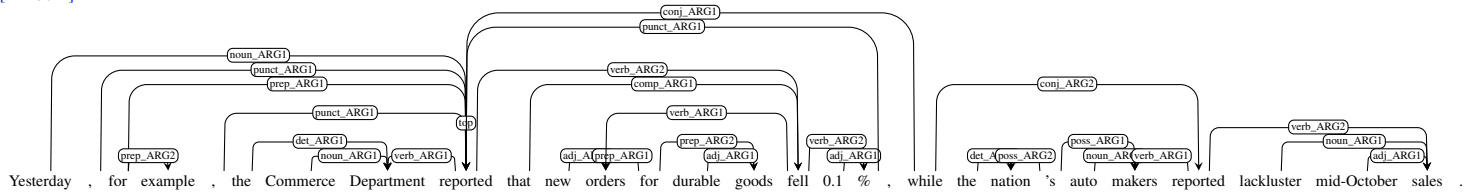
Economists said the bond market's strength also is a sign that investors expect the Federal Reserve to cut interest rates amid growing evidence that the economy is slowing.

[21213011]



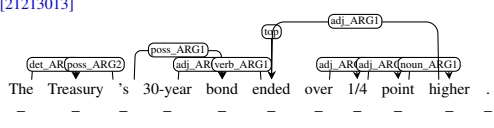
While they do n't expect the Fed to move right away, they say the case for lower rates is building.

[21213012]



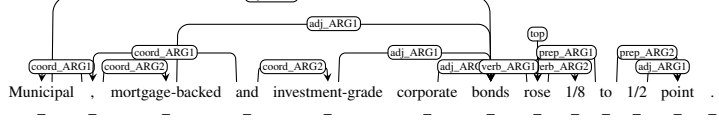
Yesterday, for example, the Commerce Department reported that new orders for durable goods fell 0.1%, while the nation's auto makers reported lackluster mid-October sales.

[21213013]



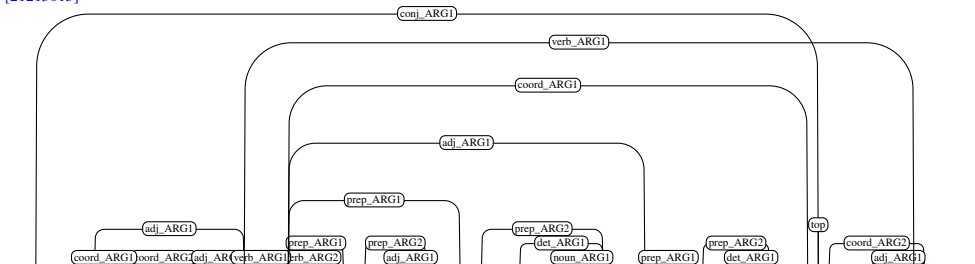
The Treasury's 30-year bond ended over 1/4 point higher.

[21213014]



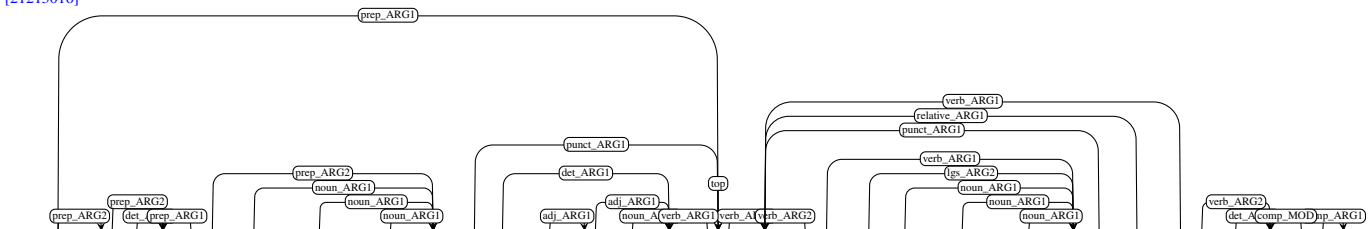
Municipal, mortgage-backed and investment-grade corporate bonds rose 1/8 to 1/2 point.

[21213015]



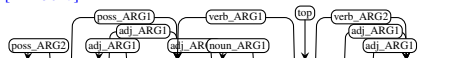
But high-yield, high-risk bonds fell 1/4 to 1/2 point with the stock market early in the session and never recovered.

[21213016]



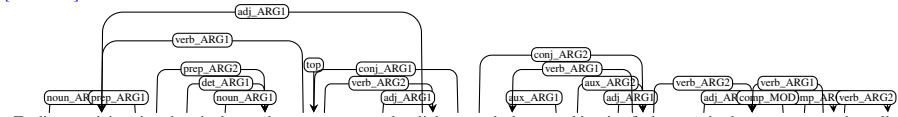
According to a trader at Drexel Burnham Lambert Inc. , the hardest hit junk bonds were those issued by RJR Holdings Capital Corp. , which are the easiest to sell

[21213017]



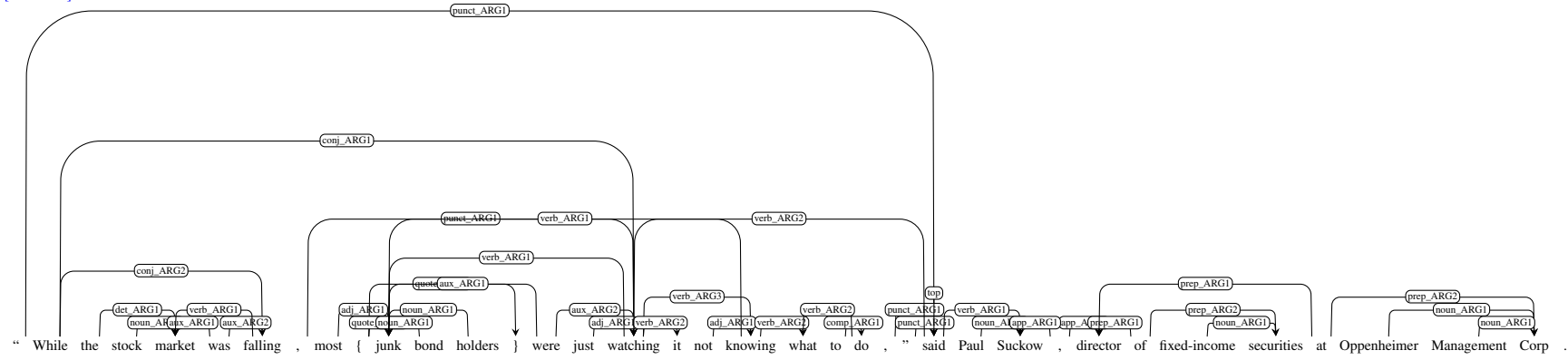
RJR's 14.70% bonds due 2007 fell 2 1/2 points.

[21213018]



Trading activity in the junk market was extremely light as dealers could n't find enough buyers to match sellers .

[21213019]



.....

[21213020]



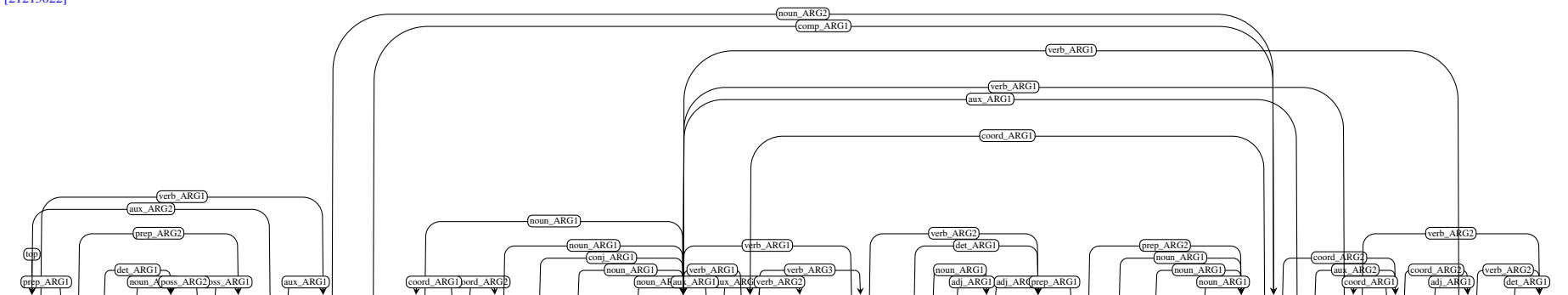
" It was like driving down the highway watching a wreck

[21213021]



Everybody was rubber-necking . ”

[21213022]



Adding to the junk market 's jitters were reports that Donaldson , Lufkin & Jenrette Securities Corp. is having trouble structuring a \$ 1.6 billion offering for TW Food Services Inc. and will postpone or even cancel the issue

[21213023]

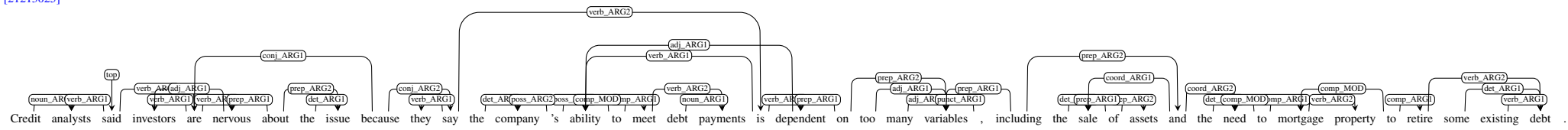
[illegible]

[21213024]

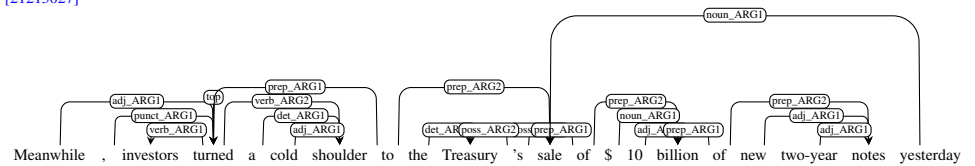


Donaldson Lufkin would n't comment .

[21213025]

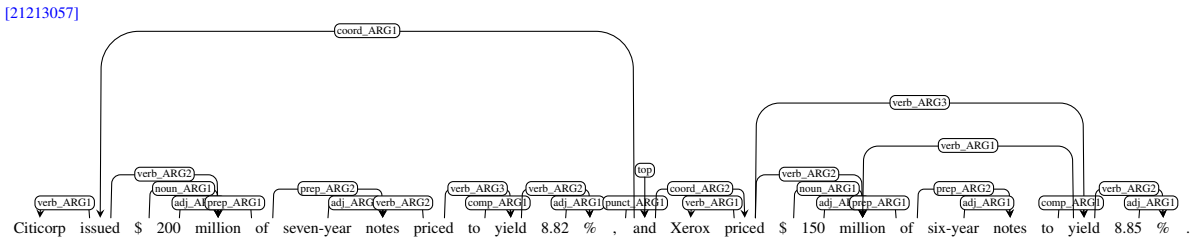
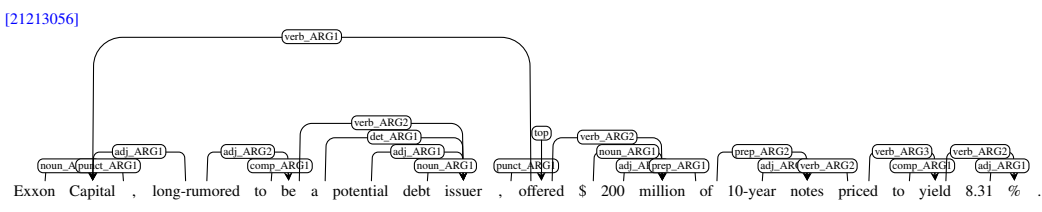
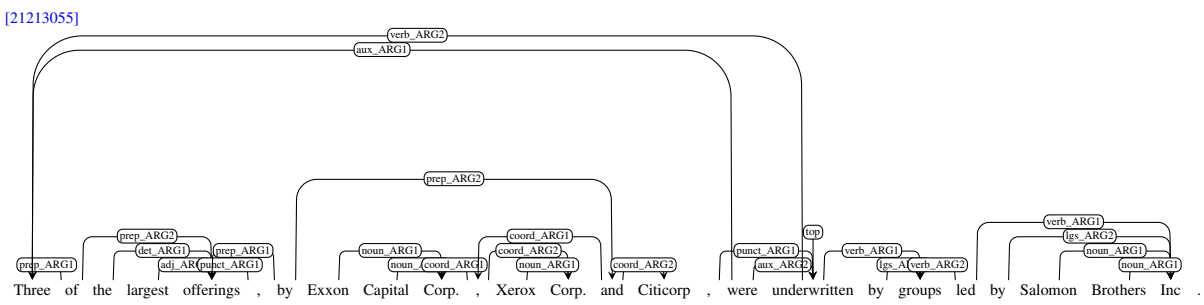
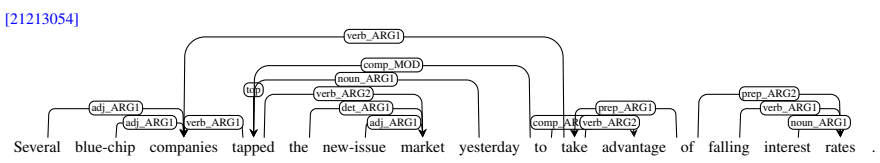
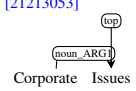
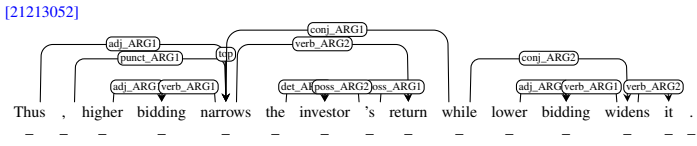
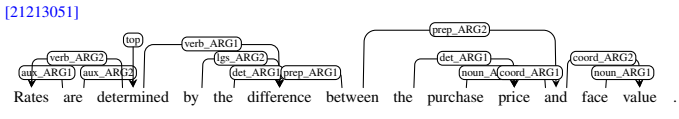
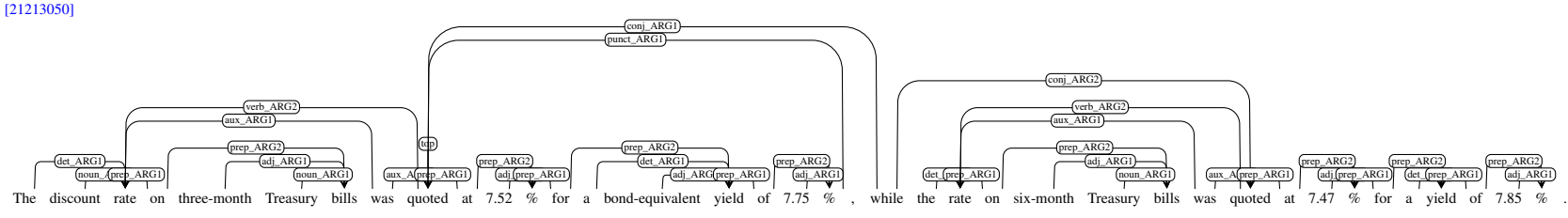
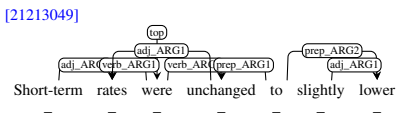
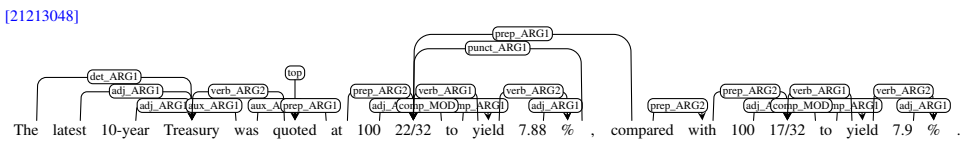
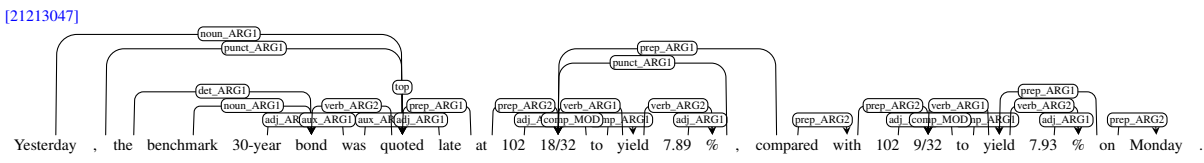
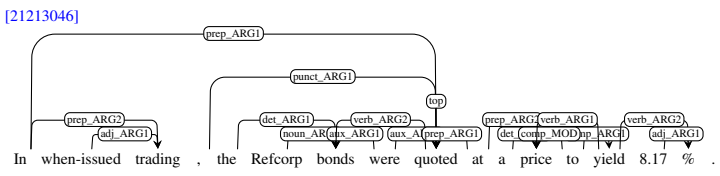
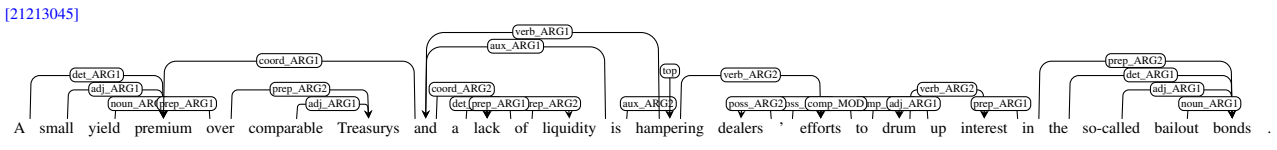
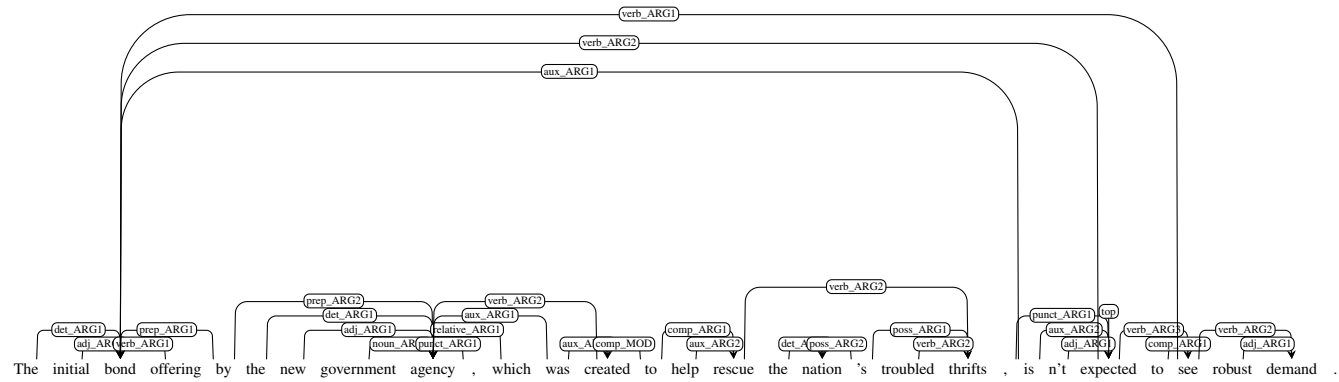


[21213027]

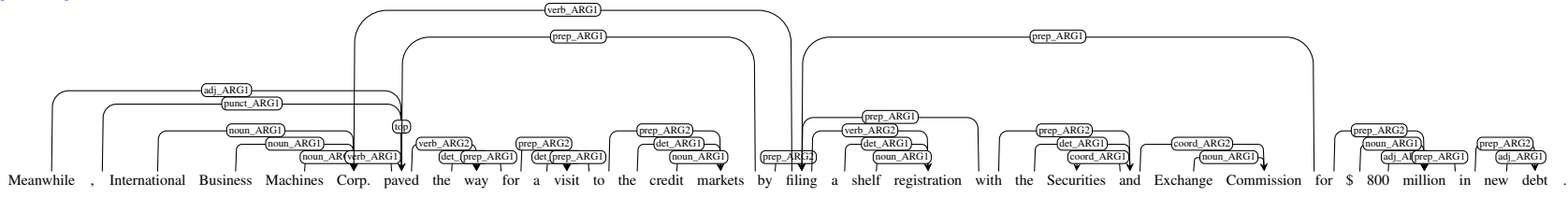


.....

[21213028]



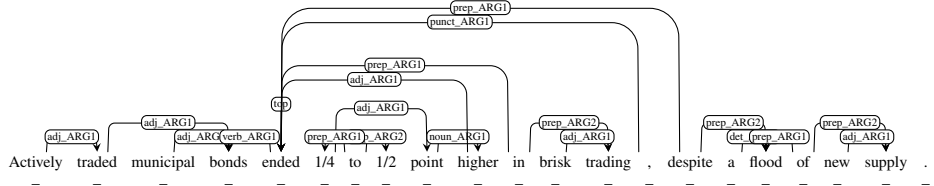
[21213058]



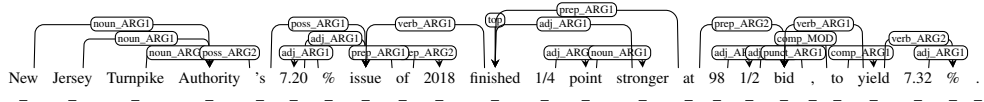
[21213061]



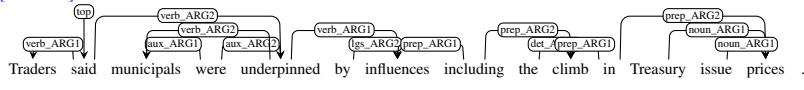
[21213062]



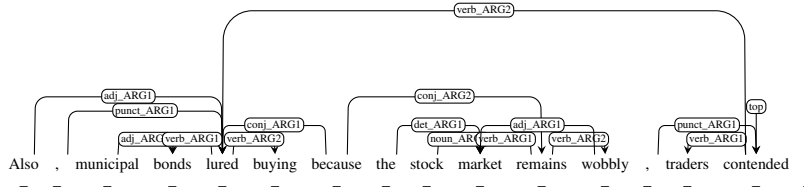
[21213063]



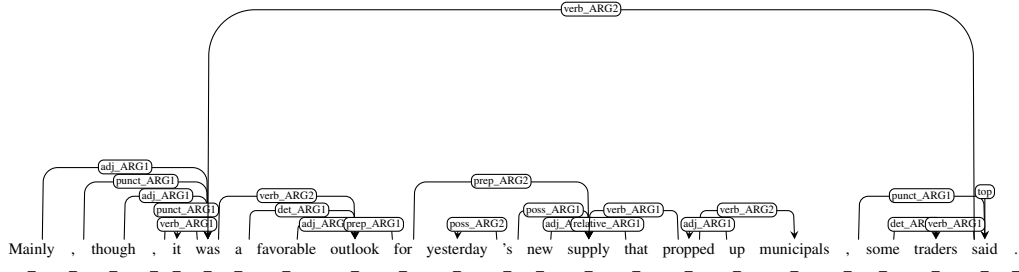
[21213064]



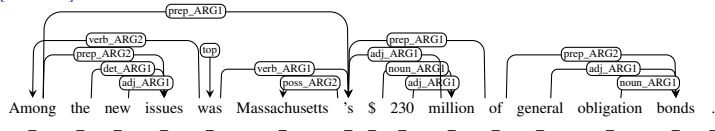
[21213065]



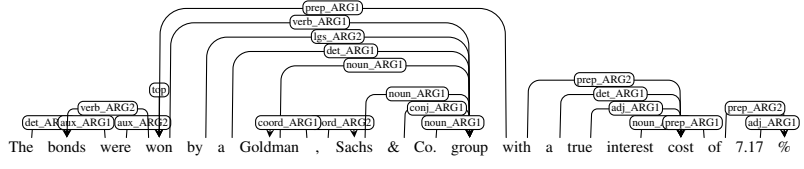
[21213066]



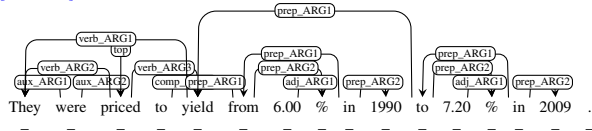
[21213067]



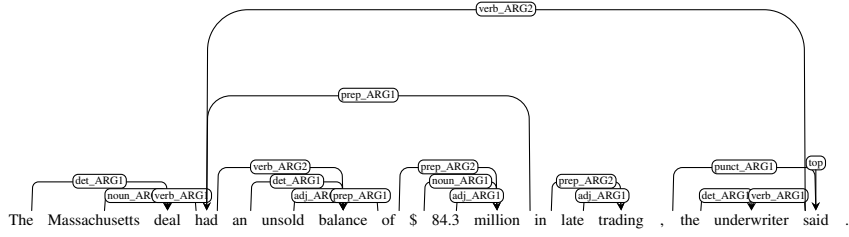
[21213068]



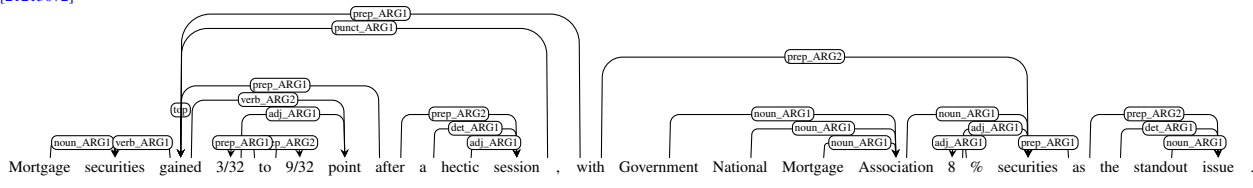
[21213069]



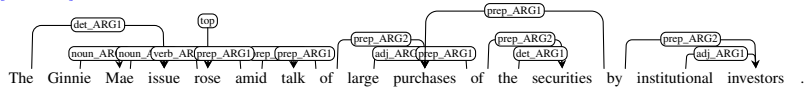
[21213070]



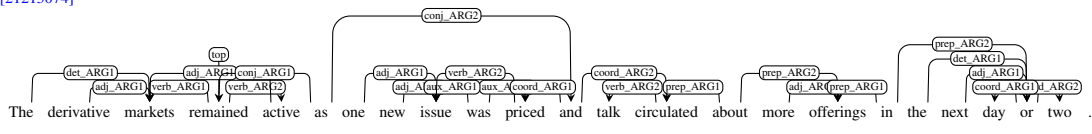
[21213072]



[21213073]



[21213074]



[21213075]

The Federal Home Loan Mortgage Corp. issued a \$ 500 million real estate mortgage investment conduit backed by its 8 1/2 % securities .

[21213077]

The deal by the Ford Motor Co. unit , priced Monday , was increased to \$ 3.05 billion from \$ 2.58 billion .

[21213079]

Freddie Mac 9 % securities were at 97 21/32 , up 5/32 .

[21213080]

The Ginnie Mac 9 % issue was yielding 9.34 % to a 12-year average life assumption , as the spread above the Treasury 10-year note held at 1.46 percentage points .

[21213081]

Foreign Bonds

[21213082]

The Eurodollar bond market sprang to life late in the European trading session after the Dow Jones Industrial Average tumbled .

[21213083]

Eurodollar bonds are often issued by foreign corporations , but interest and principal are paid in dollars .

[21213084]

The bonds ended about 1/2 point higher yesterday .

[21213085]

Prices of European government bonds also rose as U.S. stocks declined .

[21213088]

In Japan , government bond prices fell .

[21213089]

The No. 111 4.6 % bond due 1998 ended on brokers' screens at 95.22 , down 0.17 point , to yield 5.41 % .