

Corporate Medium-Term Notes, 2003

Medium-term notes (MTNs) outstanding at the end of 2003 totaled \$556 billion (table 1), up from \$516 billion in 2002. The growth mirrored that of corporate bonds, and the ratio of MTNs outstanding to the sum of MTNs and bonds outstanding held steady at 12 percent. Outstandings at financial firms increased \$48 billion, while the continuing runoff at nonfinancial firms reduced their outstandings by about \$8 billion. Among financial firms, most sectors showed an increase in MTNs outstanding; the largest increase was again at non-auto finance companies, where outstandings rose \$25 billion, to \$212 billion. The second largest increase among financial firms was \$16 billion in the “other” category, which consists of insurance and real estate firms and miscellaneous investing institutions. Among nonfinancial firms, the levels of outstandings declined almost across the board; the only exception was the wholesale and retail trade category, which was unchanged from 2002. The largest decline was in the electric, gas, and water companies group.

Despite the overall increase in outstandings, the number of MTN programs fell in 2003 to 442, the lowest number since 1997 (table 2). The number of financial MTN programs dipped from 188 in 2002 to 185 in 2003. The number of nonfinancial MTN programs fell more sharply in 2003, to 257, the lowest number since 1993; the largest decrease, 8 programs, was in the electric, gas, and water companies sector. Since 1993, manufacturing has lost, on balance, 13 programs, the most of any sector.

By rating, AAA-rated MTNs outstanding recorded the largest net increase in 2003, and the vast majority of total MTNs outstanding continue to be rated investment grade (those rated BBB or higher) (table 3). Outstanding speculative grade MTNs, those rated BB or lower or in the “other” rating category, fell somewhat and accounted for only 3 percent of total outstandings. In 2003, speculative grade MTNs accounted for about 1 percent of outstandings issued by financial firms and for about 12 percent of outstandings issued by nonfinancial firms, proportions similar to those in 2002.

As is consistent with the increase in MTNs outstanding, gross issuance rose \$34 billion, to \$292 billion, in 2003 (table 4). The gain is more than accounted for by the financial sector, in which asset-backed issuance rose \$32 billion and issuance by the “other” category of financial firms rose \$16 billion. Gross issuance by finance companies dropped significantly but remained elevated relative to its history. In the nonfinancial group, fewer firms are tapping the MTN market, and issuance was down in most sectors. Overall, gross issuance by nonfinancial firms fell sharply, from \$20 billion to \$13 billion. Firms in the telephone and communication sector did not use the MTN market in 2003, reducing gross issuance by \$3 billion.

The ratings distribution of MTN issuance in 2003 was similar to that for outstanding MTNs (table 6). Among speculative-grade firms, those rated BB issued only \$50 million of MTNs, those rated B issued none, and those in the “other” credit-quality category issued about \$4 billion.

Table 1: Dollar Volume of Medium-Term Notes Outstanding
(Millions of dollars, end of period)

Issuer	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
All U.S. corporations	210,895	235,486	267,501	287,323	302,102	388,729	420,565	446,439	479,178	515,912	556,053
Financial corporations	125,405	145,857	171,096	194,535	221,247	290,424	320,165	349,344	384,903	422,883	470,612
Finance companies	78,527	91,439	107,618	115,738	121,370	150,041	164,238	167,616	192,739	243,445	264,934
Auto	33,270	33,753	37,076	37,541	38,496	45,794	57,016	48,017	58,333	56,430	52,532
Other	45,257	57,686	70,542	78,197	82,874	104,247	107,222	119,599	134,406	187,016	212,402
Commercial banks	19,558	21,468	27,964	33,569	35,666	52,201	63,333	61,200	54,693	48,238	52,383
Other depository institutions	1,002	1,250	2,255	2,670	600	340	840	265	165	150	100
Securities brokers	21,751	26,944	27,176	34,556	56,692	74,105	75,717	94,379	95,807	77,219	77,504
Asset-backed	n.a.	n.a.	n.a.	n.a.	81	3,668	4,965	9,951	20,351	32,846	38,478
Other ¹	4,567	4,756	6,083	8,002	6,838	10,069	11,072	15,933	21,148	20,986	37,214
Nonfinancial corporations	85,490	89,629	96,405	92,788	80,855	98,305	100,400	97,095	94,275	93,028	85,441
Electric, gas, and water	28,178	28,771	29,658	28,288	21,979	24,464	23,972	26,877	27,543	26,537	23,686
Manufacturing	30,885	31,959	33,945	34,204	21,941	29,734	30,143	27,291	27,792	29,778	27,644
Services	6,182	7,453	10,091	10,944	12,009	14,382	15,494	13,171	12,958	11,382	11,010
Telephone and communication	5,841	6,731	7,414	5,538	13,367	15,951	16,165	15,365	11,575	11,580	9,845
Transportation, mining, and construction	6,482	6,233	6,094	5,713	3,887	5,232	6,088	5,945	6,129	5,441	4,903
Wholesale and retail trade	7,922	8,482	9,203	8,101	7,672	8,542	8,538	8,446	8,278	8,310	8,354
Memo:											
Ratio of MTNs to sum of corporate bonds and MTNs ²	17	19	19	18	19	15	14	13	12	12	12

Note. Components may not sum to totals because of rounding. Data source changed between 1996 and 1997. Data from 1997 through 2001 were significantly revised in 2002.

¹“Other” financial corporations consists of insurance and real estate firms and miscellaneous investing institutions.

²Corporate bond data are from Moody’s Investors Service. Corporate bonds and MTNs exclude private placements, Eurobonds, Yankee bonds, and U.S. agency securities. The corporate bond data also exclude asset-backed securities, which have been removed from the MTN data for this calculation.

n.a. Not available.

Table 2: Number of Issuers with Medium-Term Notes Outstanding
(End of period)

Issuer	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
All U.S. corporations	367	376	401	411	435	460	456	460	461	460	442
Financial corporations	115	114	121	126	156	167	170	177	176	188	185
Finance companies	50	51	50	49	59	63	62	64	61	65	61
Auto	3	3	3	3	7	7	6	6	6	6	5
Other	47	48	47	46	52	56	56	58	55	59	56
Commercial banks	32	30	31	32	36	37	38	40	39	36	36
Other depository institutions	9	5	6	6	4	3	4	3	3	2	1
Securities brokers	7	10	10	10	18	19	18	17	17	15	15
Asset-backed	n.a.	n.a.	n.a.	n.a.	2	3	4	7	8	21	21
Other ¹	17	18	24	29	37	42	44	46	48	49	51
Nonfinancial corporations	252	262	280	285	279	293	286	283	285	272	257
Electric, gas, and water	83	83	90	91	87	92	91	94	98	95	87
Manufacturing	104	111	117	117	91	98	95	90	92	93	91
Services	13	13	14	14	25	25	24	25	23	18	19
Telephone and communication	16	17	17	18	26	25	24	22	22	20	20
Transportation, mining, and construction	19	19	21	23	21	24	23	21	22	21	19
Wholesale and retail trade	17	19	21	22	29	29	29	31	28	25	21

Note. Components may not sum to totals because of rounding. Data source changed between 1996 and 1997. Data from 1997 through 2001 were significantly revised in 2002.

¹“Other” financial corporations consists of insurance and real estate firms and miscellaneous investing institutions.

n.a. Not available.

Table 3: Dollar Volume of Medium-Term Notes Outstanding, by Issuer Rating
(Millions of dollars, end of period)

Issuer and Rating	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
All U.S. corporations	210,894	235,486	267,501	287,323	302,102	388,729	420,567	446,439	479,177	515,912	556,053
AAA	8,799	12,725	17,021	13,599	11,470	16,779	25,620	38,901	69,613	120,080	146,655
AA	12,860	15,686	22,984	38,027	48,541	51,318	50,110	98,170	107,747	116,368	124,964
A	122,544	142,543	161,758	168,488	197,197	266,444	283,925	248,306	193,948	216,588	225,398
BBB	62,232	59,603	61,040	61,449	37,515	43,563	49,610	45,399	95,088	46,211	43,242
BB	3,637	4,136	3,723	4,638	5,166	5,989	6,200	7,268	7,422	5,069	4,820
B	373	343	500	635	884	898	403	4,712	520	0	0
Other ¹	450	451	475	488	1,331	3,740	4,698	3,684	4,839	11,596	10,975
Financial corporations	125,404	145,857	171,096	194,535	221,248	290,424	320,166	349,344	384,903	422,883	470,612
AAA	7,570	12,130	16,621	13,045	10,013	15,562	24,505	38,230	67,431	117,056	143,475
AA	4,853	9,747	16,185	30,771	34,180	34,492	30,757	81,514	91,406	109,847	118,117
A	81,172	96,964	107,662	119,131	157,758	214,799	234,069	204,320	154,586	174,350	187,514
BBB	30,596	25,839	29,410	30,337	16,142	20,098	25,199	15,426	66,858	16,584	16,077
BB	1,213	1,177	1,218	1,251	1,346	1,263	938	1,795	714	244	161
B	0	0	0	0	704	718	243	4,546	440	0	0
Other ¹	0	0	0	0	1,105	3,492	4,455	3,513	3,468	4,803	5,269
Nonfinancial corporations	85,490	89,629	96,405	92,788	80,854	98,305	100,401	97,095	94,274	93,028	85,441
AAA	1,229	595	400	554	1,456	1,217	1,115	671	2,181	3,024	3,180
AA	8,007	5,939	6,799	7,256	14,361	16,826	19,353	16,656	16,341	6,522	6,847
A	41,371	45,579	54,095	49,357	39,440	51,644	49,857	43,985	39,363	42,238	37,884
BBB	31,636	33,763	31,630	31,111	21,372	23,464	24,411	29,973	28,230	29,627	27,165
BB	2,424	2,959	2,506	3,387	3,819	4,726	5,262	5,473	6,708	4,825	4,659
B	373	343	500	635	180	180	160	166	80	0	0
Other ¹	450	451	475	488	226	248	243	171	1,371	6,793	5,706

Note. Components may not sum to totals because of rounding. Data source changed between 1996 and 1997. Data from 1997 through 2001 were significantly revised in 2002.

¹“Other” rating category consists of firms rated less than B and those not rated by Standard and Poor’s or Moody’s Investors Service.

n.a. Not available.

Table 4: Dollar Volume of Gross Issuance of Medium-Term Notes
(Millions of dollars)

Issuer	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
All U.S. corporations	86,061	88,144	98,916	93,677	114,436	149,219	170,753	210,183	222,931	257,754	292,273
Financial corporations	57,841	70,374	79,461	81,954	98,878	128,524	149,291	190,487	205,827	237,383	278,825
Finance companies	30,060	41,605	45,648	41,590	44,045	63,125	70,570	74,122	89,988	128,183	108,018
Auto	10,755	11,219	11,631	8,642	12,076	19,732	26,909	17,534	28,945	16,327	14,048
Other	19,305	30,386	34,017	32,948	31,969	43,393	43,661	56,588	61,043	111,856	93,970
Banking firms	7,561	8,103	13,945	12,136	14,815	19,057	24,038	22,199	18,128	13,090	19,973
Savings and loans	861	500	1,285	1,518	180	100	500	0	0	0	0
Securities brokers	17,937	19,320	16,912	24,319	36,192	40,759	46,275	78,761	70,875	57,870	64,251
Asset-backed	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5,438	8,469	14,929	28,599	60,845
Other ¹	1,422	846	1,671	2,391	3,646	5,483	2,470	6,936	11,907	9,641	25,738
Nonfinancial corporations	28,220	17,770	19,455	11,723	15,558	20,695	21,462	19,696	17,104	20,370	13,449
Electric, gas, and water	10,858	2,523	2,732	1,877	2,765	3,198	2,493	5,586	3,716	4,217	2,413
Manufacturing	8,394	6,817	7,531	5,221	6,321	9,213	7,023	5,699	5,726	7,139	5,296
Services	3,079	3,529	4,691	3,144	4,187	6,837	5,012	1,941	3,843	3,015	3,719
Telephone and communication	2,729	1,492	1,493	831	838	395	4,292	3,788	1,580	3,115	0
Transportation, mining, and construction	1,740	920	612	405	177	111	1,558	1,088	1,304	709	896
Wholesale and retail trade	1,420	2,489	2,396	245	1,270	941	1,084	1,594	935	2,175	1,125

Note. Components may not sum to totals because of rounding. Data source changed between 1996 and 1997. Data from 1999 through 2001 were significantly revised in 2002.

¹“Other” financial corporations consists of insurance and real estate firms and miscellaneous investing institutions.

n.a. Not available.

Table 5: Number of Issuers of Medium-Term Notes

Issuer	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
All U.S. corporations	210	171	195	165	158	145	150	145	122	135	141
Financial corporations	71	68	78	87	84	71	77	80	67	86	96
Finance companies	31	30	34	36	38	29	29	34	27	32	34
Auto	3	3	3	3	5	6	5	5	4	4	5
Other	28	27	31	33	33	23	24	29	23	28	29
Banking firms	19	16	19	21	20	14	16	13	11	13	16
Savings and loans	2	1	3	2	1	1	1	0	0	0	0
Securities brokers	7	10	8	10	11	9	11	11	9	9	10
Asset-backed	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4	6	8	19	19
Other ¹	12	11	14	18	14	18	16	16	12	13	17
Nonfinancial corporations	139	103	117	78	74	74	73	65	55	49	45
Electric, gas, and water	60	37	42	31	32	31	22	25	20	15	14
Manufacturing	47	39	46	29	20	26	24	18	18	17	19
Services	7	8	7	7	6	7	10	9	6	5	4
Telephone and communication	8	6	8	5	4	2	5	4	2	2	0
Transportation, mining, and construction	9	7	7	3	4	3	6	4	5	4	3
Wholesale and retail trade	8	6	7	3	8	5	6	5	4	6	5

Note. Components may not sum to totals because of rounding. Data source changed between 1996 and 1997. Data from 1999 through 2001 were significantly revised in 2002.

¹“Other” financial corporations consists of insurance and real estate firms and miscellaneous investing institutions.

n.a. Not available.

Table 6: Dollar Volume of Gross Issuance of Medium-Term Notes, by Issuer Rating
(Millions of dollars)

Issuer and Rating	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
All U.S. corporations	86,063	87,844	98,916	93,675	114,470	149,269	170,753	210,181	222,932	257,754	292,273
AAA	4,091	9,274	10,358	4,740	2,065	10,021	15,832	25,730	38,811	89,342	107,347
AA	4,840	5,292	7,965	12,011	28,688	37,148	15,277	49,541	49,183	74,277	83,115
A	57,800	58,600	65,440	60,910	68,080	86,054	124,568	122,556	102,860	82,130	89,474
BBB	17,759	13,926	14,452	15,126	14,361	15,887	10,289	9,713	29,392	7,092	7,964
BB	1,573	618	573	757	266	159	478	451	526	0	50
B	0	134	128	131	1,010	0	100	50	0	0	0
Other ¹	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4,209	2,140	2,160	4,912	4,323

Note. Components may not sum to totals because of rounding. Data source changed between 1996 and 1997. Data from 1999 through 2001 were significantly revised in 2002.

¹“Other” rating category consists of firms rated less than B and those not rated by Standard and Poor’s or Moody’s Investors Service.

n.a. Not available.