

# FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, January 8, 1964

## PRELIMINARY ANNOUNCEMENT ADVANCE REFUNDING OFFER

**To All Banking Institutions and Others Concerned  
in the Eleventh Federal Reserve District:**

There is quoted below a press statement issued today by the Treasury Department in regard to an advance refunding:

The Treasury today announced an advance refunding offer. Recent improvement in the cash position makes unnecessary any additional cash borrowing at this time. Instead, the Treasury will take advantage of the customarily favorable market conditions in January to further improve its debt structure by offering holders of six issues of outstanding Treasury securities an opportunity to extend their holdings at attractive yields. Issues maturing from August, 1964, to May, 1965, may be exchanged for additional amounts of 4 percent bonds maturing in 1970 or 4¼ percent bonds due in 1975-85.

The public holds \$15.3 billion of the securities eligible for exchange; about \$9.4 billion are also held by official accounts. The outstanding total is \$24.7 billion. Books will be open for the exchange all of next week, January 13-17. Because of differences in coupon and maturity among the various eligible issues, cash adjustments will be made to provide all subscribers with comparably attractive opportunities. The securities eligible for exchange and those being newly offered are as follows:

**Securities eligible for exchange  
and their maturity dates**

3¾% notes, E-1964 8/15/64  
5% notes, B-1964 8/15/64  
3¾% notes, F-1964 11/15/64  
4⅞% notes, C-1964 11/15/64  
2⅝% bonds, 1965 2/15/65  
4⅝% notes, A-1965 5/15/65

**Securities offered in exchange  
and their maturity dates**

4% bonds, 1970 8/15/70  
(additional issue)  
4¼% bonds, 1975-85 5/15/75-85  
(additional issue)

The total public holding of the eligible issues is appreciably less than that of other recent advance refundings. To assure ready accommodation of this offering within the current market, and preclude the possibility of excessive subscriptions of a speculative character, the Treasury is limiting the total of subscriptions it will accept for the 4 percent bonds to \$4 billion. Allotments for the 4¼ percent bonds will be limited to \$750 million. Present prospects suggest that the Treasury will not, apart from regular monthly issues of one-year bills, need to borrow for cash until April at the earliest. No substantial cash needs are expected until the approach of the next fiscal year. However, the cash position will remain sufficiently flexible to allow scope for issuance of additional amounts of Treasury bills, as needed, if further influence should be required upon short-term interest rates for balance of payments reasons.

The Treasury's objectives, now as in the past, are to conduct debt operations so as to help promote economic growth and stability while at the same time meeting the Government's cash needs, maintaining a balanced debt structure, helping to protect the balance of payments, and avoiding excessive liquidity which could create potential inflationary pressures. The current offering, in furthering those objectives, is a natural accompaniment of President Johnson's efforts, indicated today in his State of the Union message, to reduce sharply the size of the Government's deficit financing requirements, and to shorten the period over which further deficits will be incurred.

The official circulars, subscription forms, and other material containing additional details of the offering will be mailed Thursday, January 9.

Yours very truly,

Watrous H. Irons

President