FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

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April 9, 1963]

Treasury Announces Results of Competitive Bidding for $300 Million Treasury Bonds

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

The following statement was made public today by the Treasury Department:

The Treasury announced today that a syndicate headed by Salomon Brothers and Hutzler, C. J. Devine and Company, Chase Manhattan Bank, First National City Bank of New York, Chemical Bank New York Trust Company, Bankers Trust Company, and The First National Bank of Chicago, and including 67 others, was the successful bidder for the $300 million Treasury Bonds of 1989-94 offered today at competitive bidding. The winning bid was $100.55119 per $100 of face amount for a 4⅛ percent coupon, which results in a net basis cost of money to the Treasury of 4.093145 percent, calculated to maturity.

It is understood that the winning syndicate is reoffering the bonds at a price of $100.75 per $100 of face amount to yield 4.082 percent to maturity. The same syndicate was the successful bidder for the Treasury's first offering of long-term bonds at competitive bidding held on January 8, 1963, when it acquired $250 million of 4 percent bonds of 1988-93 at a net basis cost of money to the Treasury of 4.008210 percent for reoffering at par.

Other bids were submitted by:

. . . A syndicate headed by First Boston Corporation, Continental Illinois National Bank and Trust Company of Chicago, and Discount Corporation of New York, and including 64 others: $100.51259 for a 4⅛ percent coupon, resulting in a net basis cost of money of 4.095344 percent.

. . . A syndicate headed by Morgan Guaranty Trust Company of New York, Bank of America N.T. and S.A., Blyth & Company, Inc., Halsey Stuart & Company, Inc., and Aubrey G. Lanston & Company, Inc., and including 38 others: $98.21262 for a 4 percent coupon, resulting in a net basis cost of money of 4.101936 percent.

The Treasury said that it was well satisfied with the results of this second offering of bonds at competitive bidding. It again demonstrates that this new technique provides another effective method through which the Treasury can utilize the skills and judgment of the principal participants in the securities markets throughout the country—both to determine a price that is closely related to current supply and demand conditions in the market and to develop facilities for the broadened distribution of long-term Government securities at attractive prices to investors.

Again, the pricing by these three syndicates was close. All three bidders offered effective interest costs to the Treasury that fell within a range of 1/100th of 1 percent.

Although the basis cost of money to the Treasury provided by the winning bid is higher than that of the January auction, the relationship of this bid to other prevailing yields in the market is approximately the same.

ALFRED HAYES,
President.