

FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 5388]
September 18, 1963]

Preliminary Results of Treasury's Advance Refunding

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 Department announced today that it is well pleased with the results of the recently completed advanced refunding. More than \$6.5 billion of public holdings were exchanged for the new issues, 28.3 percent of the total of eligible issues held by the public.

Public holders subscribed for \$1,568 million of the new 3 $\frac{7}{8}$ percent bonds of November 1968, \$3,698 million of the new 4 percent bonds of August 1973 and \$1,260 million of the 4 $\frac{1}{8}$ percent bonds of May 1989-94 (which had been originally issued through competitive bidding earlier in the year).

The large subscriptions for the longer-term issues reflect the continued strength of the long-term bond market and the confidence of the investing public in the prevailing level of long-term interest rates.

This advance refunding will greatly facilitate the Treasury's 1964 financing operations. In the pre-refunding portion of the operation, investors exchanged 48.0 percent of the issues eligible for subscription, thereby reducing the amount of securities maturing on May 15, 1964 from a publicly held total of about \$8.0 billion to a total of about \$4.2 billion. This will not only facilitate the Treasury's refunding of the remaining May 1964 maturities, but it will enable the market to accommodate readily the substantial additional quantities of Treasury bills which will be sold to meet cash requirements.

The junior advance refunding, in reducing the total amount of debt held by the public maturing in 1966-67 by some \$2.7 billion, will also facilitate the orderly refunding of maturing issues during the years immediately ahead. Some 17.8 percent of the eligible issues held by the public were exchanged.

The advance refunding has had the effect of increasing the average length of the debt by more than four months. At the end of September, the average length of the debt will be more than 5 years and 3 months, the highest level since July 1956.

There follows a breakdown of the subscriptions received from Government Accounts and from all other subscribers, and a breakdown of the securities exchanged into the securities offered in this advance refunding, together with the total amounts eligible for exchange (all amounts are in millions of dollars):

SUBSCRIPTIONS BY GOVERNMENT ACCOUNTS AND OTHERS

Subscriber	3 $\frac{7}{8}$ % Bonds 1968	4% Bonds 1973	4 $\frac{1}{8}$ % Bonds 1989-94	Total
Government Accounts	\$ 23	\$ 171	\$ 0	\$ 194
Others	1,568	3,698	1,260	6,526
TOTALS	\$1,591	\$3,869	\$1,260	\$6,720

(OVER)

AMOUNTS OF SECURITIES ELIGIBLE FOR EXCHANGE AND AMOUNTS OF NEW SECURITIES TO BE ISSUED

Eligible for Exchange Securities	Amounts (millions)	New Securities to be Issued (millions)			Total	% exchanged	Total unexchanged (millions)
		3 7/8% Bonds 1968	4% Bonds 1973	4 1/8% Bonds 1989-94			
PUBLIC HOLDINGS							
3 1/4% Ctf., B-1964	\$ 2,375	\$ 619	\$ 500	\$ 365	\$1,484	62.5	\$ 891
4 3/4% Notes, A-1964	2,073	193	197	122	512	24.7	1,561
3 3/4% Notes, D-1964	3,591	756	789	320	1,865	51.9	1,726
3 3/4% Bonds of 1966	3,254	—	586	114	700	21.5	2,554
4% Notes, A-1966	2,703	—	276	106	382	14.1	2,321
3 5/8% Notes, B-1967	4,122	—	695	91	786	19.1	3,336
3 3/4% Notes, A-1967	4,926	—	655	142	797	16.2	4,129
TOTAL PUBLIC HOLDINGS	\$23,044	\$1,568	\$3,698	\$1,260	\$6,526	28.3	\$16,518
GOVT. ACCOUNTS AND FEDERAL RESERVE BANKS							
3 1/4% Ctf., B-1964	\$ 3,318	\$ 2	\$ 0	\$ 0	\$ 2	0.1	\$ 3,316
4 3/4% Notes, A-1964	2,860	0	15	0	15	0.5	2,845
3 3/4% Notes, D-1964	302	21	0	0	21	7.0	281
3 3/4% Bonds of 1966	343	—	31	0	31	9.0	312
4% Notes, A-1966	1,751	—	68	0	68	3.9	1,683
3 5/8% Notes, B-1967	165	—	14	0	14	8.5	151
3 3/4% Notes, A-1967	356	—	43	0	43	12.1	313
TOTAL GOVT. ACCOUNTS AND FEDERAL RESERVE BANKS..	\$ 9,095	\$ 23	\$ 171	\$ 0	\$ 194	2.1	\$ 8,901
GRAND TOTALS	\$32,139	\$1,591	\$3,869	\$1,260	\$6,720	20.9	\$25,419

Details by Federal Reserve Districts as to subscriptions will be announced later this week.

ALFRED HAYES,
President.