

**FEDERAL RESERVE BANK
OF NEW YORK**
Fiscal Agent of the United States

[Circular No. 7932]
August 10, 1976]

RESULTS OF TREASURY'S AUGUST REFINANCING

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

The following statement was issued August 6 by the Treasury Department:

Through the sale of the three issues offered in the August refinancing, the Treasury raised approximately \$6.3 billion of new money and refunded \$8.0 billion of securities maturing August 15, 1976. The following table summarizes the results:

	<u>New Issues</u>				<u>Total</u>	<u>Maturing Securities Held</u>	<u>Net New Money Raised</u>
	6-7/8% 3-Year Notes (Series J-1979)	8% 10-Year Note (Series B-1986)	8% 25-Year Bond (Bonds of 1996-2001)	Non- marketable Special Issue			
Public	\$2.0	\$7.6	\$1.0	—	\$10.6	\$4.5	\$6.1
Government accounts and Federal Reserve Banks	0.7	1.5	0.6	\$0.7	3.5	3.5	—
Foreign accounts (for cash)	0.2	—	—	—	0.2	—	0.2
Total	<u>\$2.9</u>	<u>\$9.1</u>	<u>\$1.6</u>	<u>\$0.7</u>	<u>\$14.3</u>	<u>\$8.0</u>	<u>\$6.3</u>

In addition, the Treasury has released the following detailed results for each offering:

RESULTS OF AUCTION OF 3-YEAR TREASURY NOTES

(Notes of Series J-1979)

The Treasury has accepted \$2,002 million of the \$5,405 million of tenders received from the public for the 3-year notes, Series J-1979, auctioned today [August 3]. The range of accepted competitive bids was as follows:

Lowest yield	6.88% ¹
Highest yield	6.92%
Average yield	6.91%

The interest rate on the notes will be 6-7/8%. At the 6-7/8% rate, the above yields result in the following prices:

Low-yield price	99.987
High-yield price	99.880
Average-yield price	99.907

The \$2,002 million of accepted tenders includes 18% of the amount of notes bid for at the highest yield and \$673 million of noncompetitive tenders accepted at the average yield.

¹Excepting one tender of \$300,000.

(Over)

In addition, \$920 million of tenders were accepted at the average-yield price from Government accounts and Federal Reserve Banks for their own account in exchange for notes maturing August 15, 1976 (\$700 million) and from Federal Reserve Banks as agents for foreign and international monetary authorities for new cash (\$220 million).

RESULTS OF OFFERING OF 8 PERCENT, 10-YEAR TREASURY NOTES

(Notes of Series B-1986)

The Treasury announced today that it would accept approximately \$7.6 billion in subscriptions for the 10-year note maturing August 15, 1986. In addition, \$1.476 billion was allotted to Federal Reserve and Government accounts. Subscriptions accompanied by the 20 percent deposit will be accepted in full in amounts up to \$300,000. Subscriptions accompanied by the 20 percent deposit for amounts exceeding \$300,000 will be accepted in the amount of \$300,000. No other subscriptions from the public will be accepted.

Subscriptions accompanied by the 20 percent deposit totalled \$10.230 billion. Other subscriptions from the public totalled \$14.139 billion for an aggregate subscription of \$24.369 billion.

In a statement accompanying the announcement, Treasury Secretary William E. Simon noted the importance of maintaining control over the size of fixed price offerings and avoiding issues of unwieldy size. "A critical element of our debt management policy must be to insure that Treasury's financing activities are consistent with the objective of stable, properly functioning financial markets. It is also vital that we maintain our efforts to achieve a balanced debt structure. This successful sale makes an important contribution in both areas."

The ten-year note sale brings the total size of Treasury's August refinancing to \$10.6 billion, reducing net new cash needs for the balance of the transition quarter to the range of \$3.5 to \$5.5 billion.

The sale of this note has enhanced the achievement of over-all Treasury debt management objectives and will result in some additional extension of the average maturity of the privately-held marketable debt. The importance of achieving a balanced debt structure, after years of continuing decline in the average maturity, is underscored by the growing amount of gross financing required to refund maturing issues and to raise additional cash. In the first seven months of this year, the Treasury issued over \$58 billion of new coupon securities and bills to refund maturing coupon issues and to raise new money. An additional \$212 billion of bills was also issued to refund maturing bills.

RESULTS OF AUCTION OF 25-YEAR TREASURY BONDS

(Bonds of 1996-2001)

The Treasury has accepted \$1.0 billion of the \$2.5 billion of tenders received from the public for the 25-year bonds auctioned today [August 6]. The range of accepted competitive bids was as follows:

Lowest yield	7.98%
Highest yield	8.03%
Average yield	8.01%

The interest rate on the bonds will be 8%. At the 8% rate, the above yields result in the following prices:

Low-yield price	100.215
High-yield price	99.679
Average-yield price	99.893

The \$1.0 billion of accepted tenders includes 30% of the amount of bonds bid for at the highest yield and \$132 million of noncompetitive tenders accepted at the average yield.

In addition, \$0.6 billion of tenders were accepted at the average-yield price from Government accounts and from Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities.

PAUL A. VOLCKER,
President.