

FEDERAL RESERVE BANK OF NEW YORK

Fiscal Agent of the United States

Circular No. 10,002
February 12, 1986

OFFERING OF TWO SERIES OF TREASURY BILLS

\$6,800,000,000 of 91-Day Bills, To Be Issued February 20, 1986, Due May 22, 1986
\$6,800,000,000 of 182-Day Bills, To Be Issued February 20, 1986, Due August 21, 1986

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

Following is the text of a notice issued by the Treasury Department:

The Department of the Treasury, by this public notice, invites tenders for two series of Treasury bills totaling approximately \$13,600 million, to be issued February 20, 1986. This offering will result in a paydown for the Treasury of about \$1,100 million, as the maturing bills are outstanding in the amount of \$14,704 million. Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D.C. 20239, prior to 1:00 p.m., Eastern Standard time, Tuesday, February 18, 1986. The two series offered are as follows:

91-day bills (to maturity date) for approximately \$6,800 million, representing an additional amount of bills dated November 21, 1985, and to mature May 22, 1986 (CUSIP No. 912794 KG8), currently outstanding in the amount of \$7,466 million, the additional and original bills to be freely interchangeable.

182-day bills for approximately \$6,800 million, to be dated February 20, 1986, and to mature August 21, 1986 (CUSIP No. 912794 LA0).

The bills will be issued on a discount basis under competitive and non-competitive bidding, and at maturity their par amount will be payable without interest. Both series of bills will be issued entirely in book-entry form in a minimum amount of \$10,000 and in any higher \$5,000 multiple, on the records either of the Federal Reserve Banks and Branches, or of the Department of the Treasury.

The bills will be issued for cash and in exchange for Treasury bills maturing February 20, 1986. In addition to the maturing 13-week and 26-week bills, there are \$8,525 million of maturing 52-week bills. The disposition of this latter amount was announced last week. Tenders from Federal Reserve Banks for their own account and as agents for foreign and international monetary authorities will be accepted at the weighted average bank discount rates of accepted competitive tenders. Additional amounts of the bills may be issued to Federal Reserve Banks, as agents for foreign and international monetary authorities, to the extent that the aggregate amount of tenders for such accounts exceeds the aggregate amount of maturing bills held by them. For purposes of determining such additional amounts, foreign and international monetary authorities are considered to hold \$2,048 million of the original 13-week and 26-week issues. Federal Reserve Banks currently hold \$2,173 million as agents for foreign and international monetary authorities, and \$5,670 million for their own account. These amounts represent the combined holdings of such accounts for the three issues of maturing bills. Tenders for bills to be maintained on the book-entry records of the Department of the Treasury should be submitted on Form PD 4632-2 (for 26-week series) or Form PD 4632-3 (for 13-week series).

Each tender must state the par amount of bills bid for, which must be a minimum of \$10,000. Tenders over \$10,000 must be in multiples of \$5,000. Competitive tenders must also show the yield desired, expressed on a bank discount rate basis with two decimals, e.g., 7.15%. Fractions may not be used. A single bidder, as defined in Treasury's single bidder guidelines, shall not submit noncompetitive tenders totaling more than \$1,000,000.

Banking institutions and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions in and borrowings on such securities may submit tenders for account of customers, if the names of the customers and the amount for each customer are furnished. Others are only permitted to submit tenders for their own account. Each tender must state the amount of any net long position in the bills being offered if such position is in excess of \$200 million. This information should reflect positions held as of 12:30 p.m., Eastern time, on the day of the auction. Such positions would include bills acquired through "when issued" trading, and futures and forward transactions as well as holdings of outstanding bills with the same maturity date as

This Bank will receive tenders for both series prior to 1:00 p.m., Eastern Standard time, Tuesday, February 18, 1986, at the Securities Department of its Head Office and at its Buffalo Branch. Tender forms for both series are enclosed. Please be sure to use them to submit tenders and return them in the enclosed envelope. Forms for submitting tenders directly to the Treasury are available from the Government Bond Division of this Bank. Tenders not requiring a deposit may be submitted by telegraph, subject to written confirmation; no tenders may be submitted by telephone. Settlement must be made in cash or other immediately available funds or in Treasury securities maturing on or before the issue date. Treasury Tax and Loan Note Option Depositories may make payment for Treasury bills by credit to their Treasury Tax and Loan Note Accounts.

Results of the last weekly offering are shown on the reverse side of this circular.

E. GERALD CORRIGAN, *President*.

Please note that the auction will be held Tuesday, February 18, 1986.

(OVER)

RESULTS OF LAST WEEKLY OFFERING OF TREASURY BILLS
(TWO SERIES TO BE ISSUED FEBRUARY 13, 1986)

RANGE OF ACCEPTED COMPETITIVE BIDS:	13-week bills			:	26-week bills		
	maturing May 15, 1986			:	maturing August 14, 1986		
	Discount	Investment		:	Discount	Investment	
	<u>Rate</u>	<u>Rate 1/</u>	<u>Price</u>	:	<u>Rate</u>	<u>Rate 1/</u>	<u>Price</u>
Low	7.17%	7.40%	98.188	:	7.22%	7.60%	96.350
High	7.18%	7.41%	98.185	:	7.23%	7.61%	96.345
Average	7.18%	7.41%	98.185	:	7.23%	7.61%	96.345

Tenders at the high discount rate for the 13-week bills were allotted 67%.
Tenders at the high discount rate for the 26-week bills were allotted 68%.

TENDERS RECEIVED AND ACCEPTED
(In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>	:	<u>Received</u>	<u>Accepted</u>
Boston	\$ 66,970	\$ 36,370	:	\$ 67,725	\$ 33,725
New York	21,811,635	6,085,760	:	19,847,510	5,973,125
Philadelphia	26,830	26,830	:	20,445	20,445
Cleveland	44,380	42,300	:	33,030	33,030
Richmond	50,860	50,860	:	61,815	50,715
Atlanta	50,620	38,220	:	135,155	91,160
Chicago	1,647,060	83,060	:	1,535,940	179,460
St. Louis	95,135	54,970	:	91,470	46,470
Minneapolis	50,320	14,320	:	51,230	15,230
Kansas City	78,990	54,295	:	46,190	46,190
Dallas	39,425	29,425	:	29,105	22,505
San Francisco	1,339,485	147,805	:	1,181,035	106,835
Treasury	<u>363,950</u>	<u>363,950</u>	:	<u>398,255</u>	<u>398,255</u>
TOTALS	\$25,665,260	\$7,028,365	:	\$23,498,905	\$7,017,145
<u>Type</u>			:		
Competitive	\$22,521,620	\$3,884,725	:	\$20,120,195	\$3,638,435
Noncompetitive	<u>1,154,425</u>	<u>1,154,425</u>	:	<u>1,016,410</u>	<u>1,016,410</u>
Subtotal, Public	\$23,676,045	\$5,039,150	:	\$21,136,605	\$4,654,845
Federal Reserve	1,781,715	1,781,715	:	1,700,000	1,700,000
Foreign Official Institutions	<u>207,500</u>	<u>207,500</u>	:	<u>662,300</u>	<u>662,300</u>
TOTALS	\$25,665,260	\$7,028,365	:	\$23,498,905	\$7,017,145

1/ Equivalent coupon-issue yield.