

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

Circular No. 10,014
March 13, 1986

TREASURY TO AUCTION \$9,500 MILLION OF 2-YEAR NOTES

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

The following statement was issued by the Treasury Department:

The Department of the Treasury will auction \$9,500 million of 2-year notes to be issued March 31, 1986. This issue will provide about \$1,150 million new cash, as the maturing 2-year notes held by the public amount to \$8,348 million, including \$598 million currently held by Federal Reserve Banks as agents for foreign and international monetary authorities.

In addition to the maturing 2-year notes, there are \$3,746 million of maturing 4-year notes held by the public. The disposition of this latter amount will be announced next week. Federal Reserve Banks as agents for foreign and international monetary authorities currently hold \$1,035 million, and Government accounts and Federal Reserve Banks for their own accounts hold \$1,458 million of maturing 2-year and 4-year notes.

The \$9,500 million is being offered to the public, and any amounts tendered by Federal Reserve Banks for their own accounts, or as agents for foreign and international monetary authorities will be added to that amount. Tenders for such accounts will be accepted at the average price of accepted competitive tenders.

Printed on the reverse side is a table summarizing the highlights of the offering. Copies of the official offering circular will be furnished upon request directed to our Government Bond Division (Tel. No. 212-791-6619). In addition, enclosed is a copy of the form to be used in submitting tenders for this offering.

This Bank will receive tenders prior to 1:00 p.m., Eastern Standard time, Wednesday, March 19, 1986, at the Securities Department of its Head Office and at its Buffalo Branch. *All competitive tenders*, whether transmitted by mail or by other means, must reach this Bank or its Branch by that time. However, for investors who wish to submit noncompetitive tenders and who find it more convenient to mail their tenders than to present them in person, the official offering circular provides that *noncompetitive* tenders will be considered timely received if they are mailed to this Bank or its Branch under a postmark *no later than March 18*.

Bidders submitting noncompetitive tenders should realize that it is possible that the average price may be above par, in which case they would have to pay more than the face value for the securities.

Payment with a tender may be made in cash, by check, in Treasury securities maturing on or before the issue date of the securities being purchased, by a charge to an institution's reserve account at this Bank, or, in the case of Treasury Tax and Loan Note Option Depositories, by credit to a Treasury Tax and Loan Note Account. Payment by check must be in the form of an official bank check, a Federal funds check (a check drawn by a depository institution on its Federal Reserve account), or a personal check, which need not be certified. All checks must be drawn payable to the Federal Reserve Bank of New York; *checks endorsed to this Bank will not be accepted*.

Recorded messages provide information about Treasury offerings and about auction results: at the Head Office — Tel. No. 212-791-7773 (offerings) and Tel. No. 212-791-5823 (results); at the Buffalo Branch — Tel. No. 716-849-5158 (offerings) and Tel. No. 716-849-5046 (results). Additional inquiries regarding this offering may be made by calling, at the Head Office, Tel. No. 212-791-6619, or, at the Buffalo Branch, Tel. No. 716-849-5016.

E. GERALD CORRIGAN,
President.

(Over)

Amount Offered:

Description of Security:

Series and CUSIP designation Series X-1988
(CUSIP No. 912827 TK8)

Call date No provision

Interest rate To be determined, based on the average of accepted bids

Investment yield..... To be determined at auction

Premium or discount..... To be determined after auction

Interest payment dates September 30 and March 31

Minimum denomination available..... \$5,000

Terms of Sale:

Method of sale Yield auction

Competitive tenders Must be expressed as an annual yield,
with two decimals, e.g., 7.10%

Noncompetitive tenders	Accepted in full at the average price up to \$1,000,000
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Accrued interest payable by investor..... None

Payment by non-institutional investors	Full payment to be submitted with tender
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Payment through Treasury Tax and Loan (TT&L)

Note Accounts	Acceptable for TT&L Note Option Depositories
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Deposit guarantee by designated institutions Acceptable

Key Dates:

Receipt of tenders Wednesday, March 19, 1986,
prior to 1:00 p.m., EST

Settlement (final payment due from institutions)

a) cash or Federal funds..... Monday, March 31, 1986

b) readily collectible check..... Thursday, March 27, 1986

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TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2041

RESULTS OF PREVIOUS AUCTION OF 2-YEAR NOTES

Auction date: March 19, 1986

The Department of the Treasury has accepted \$9,502 million of \$21,821 million of tenders received from the public for the 2-year notes, Series X-1988, auctioned today. The notes will be issued March 31, 1986, and mature March 31, 1988.

The interest rate on the notes will be 7-1/8%. The range of accepted competitive bids, and the corresponding prices at the 7-1/8% interest rate are as follows:

	<u>Yield</u>	<u>Price</u>
Low	7.17%	99.918
High	7.21%	99.844
Average	7.19%	99.881

Tenders at the high yield were allotted 25%.

TENDERS RECEIVED AND ACCEPTED (In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>
Boston	\$ 110,975	\$ 41,725
New York	17,980,640	7,808,890
Philadelphia	33,300	33,300
Cleveland	71,310	68,310
Richmond	91,105	62,850
Atlanta	61,045	59,540
Chicago	1,660,145	648,895
St. Louis	121,455	105,455
Minneapolis	33,285	33,265
Kansas City	113,040	111,040
Dallas	25,320	16,570
San Francisco	1,513,135	505,885
Treasury	6,495	6,495
Totals	\$21,821,250	\$9,502,220

The \$9,502 million of accepted tenders includes \$773 million of noncompetitive tenders and \$8,729 million of competitive tenders from the public.

In addition to the \$9,502 million of tenders accepted in the auction process, \$305 million of tenders was awarded at the average price to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional \$1,000 million of tenders was also accepted at the average price from Government accounts and Federal Reserve Banks for their own account in exchange for maturing securities.