

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

Circular No. 10,025
April 17, 1986

TREASURY TO AUCTION \$9,750 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 \$9,750 million of 2-year notes to refund \$8,079 million of 2-year notes maturing April 30, 1986, and to raise about \$1,675 million new cash. The \$8,079 million of maturing 2-year notes are those held by the public, including \$452 million currently held by Federal Reserve Banks as agents for foreign and international monetary authorities.

The \$9,750 million is being offered to the public, and any amounts tendered by Federal Reserve Banks 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.

In addition to the public holdings, Government accounts and Federal Reserve Banks, for their own accounts, hold \$1,129 million of the maturing securities that may be refunded by issuing additional amounts of the new notes 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, April 23, 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 April 22*.

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.

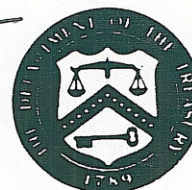
Payment with a tender may be made in cash, by check, in Treasury securities maturing on or before the issue date of the securities being purchased, by a charge to an institution's reserve account at this Bank, or, in the case of Treasury Tax and Loan Note Option Depositories, by credit to a Treasury 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)

At-Cir. No. 10,025



TREASURY NEWS

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

RESULTS OF PREVIOUS AUCTION OF 2-YEAR NOTES

Auction date: April 23, 1986

The Department of the Treasury has accepted \$9,752 million of \$18,300 million of tenders received from the public for the 2-year notes, Series Y-1988, auctioned today. The notes will be issued April 30, 1986, and mature April 30, 1988.

The interest rate on the notes will be 6-5/8%. The range of accepted competitive bids, and the corresponding prices at the 6-5/8% interest rate are as follows:

| | <u>Yield</u> | <u>Price</u> |
|---------|---------------------|--------------|
| Low | 6.63% ^{1/} | 99.991 |
| High | 6.73% | 99.807 |
| Average | 6.68% | 99.899 |

Tenders at the high yield were allotted 42%.

TENDERS RECEIVED AND ACCEPTED (In Thousands)

| <u>Location</u> | <u>Received</u> | <u>Accepted</u> |
|-----------------|---------------------|--------------------|
| Boston | \$ 17,655 | \$ 17,655 |
| New York | 15,328,500 | 7,979,440 |
| Philadelphia | 20,350 | 20,350 |
| Cleveland | 45,460 | 45,460 |
| Richmond | 72,315 | 62,315 |
| Atlanta | 91,955 | 90,955 |
| Chicago | 1,557,700 | 972,700 |
| St. Louis | 89,455 | 73,455 |
| Minneapolis | 31,660 | 31,660 |
| Kansas City | 111,720 | 111,720 |
| Dallas | 21,225 | 21,225 |
| San Francisco | 907,680 | 320,680 |
| Treasury | 4,585 | 4,585 |
| Totals | <u>\$18,300,260</u> | <u>\$9,752,200</u> |

The \$9,752 million of accepted tenders includes \$740 million of noncompetitive tenders and \$9,012 million of competitive tenders from the public.

In addition to the \$9,752 million of tenders accepted in the auction process, \$385 million of tenders was awarded at the average price to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional \$1,129 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.

^{1/} Excepting 1 tender of \$2,000,000.