

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

Circular No. 10,035
May 15, 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 \$8,548 million of 2-year notes maturing May 31, 1986, and to raise about \$1,200 million new cash. The \$8,548 million of maturing 2-year notes are those held by the public, including \$900 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 \$644 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 Daylight Saving time, Wednesday, May 21, 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 May 20*.

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)

**HIGHLIGHTS OF TREASURY
OFFERING TO THE PUBLIC
OF 2-YEAR NOTES
TO BE ISSUED JUNE 2, 1986**

Amount Offered:

To the public \$9,750 million

Description of Security:

Term and type of security 2-year notes
 Series and CUSIP designation Z-1988
 (CUSIP No. 912827 TR3)
 Maturity date May 31, 1988
 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 November 30 and May 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
 Accrued interest payable by investor None
 Payment by non-institutional investors Full payment to be submitted
 with tender
 Payment through Treasury Tax and Loan (TT&L)
 Note Accounts Acceptable for TT&L Note
 Option Depositories
 Deposit guarantee by designated institutions Acceptable

Key Dates:

Receipt of tenders Wednesday, May 21, 1986,
 prior to 1:00 p.m., EDST
 Settlement (final payment due from institutions)
 a) cash or Federal funds Monday, June 2, 1986
 b) readily collectible check Thursday, May 29, 1986

TREASURY NEWS



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

RESULTS OF PREVIOUS AUCTION OF 2-YEAR NOTES

Auction date: May 21, 1986

The Department of the Treasury has accepted \$9,811 million of \$35,599 million of tenders received from the public for the 2-year notes, Series Z-1988, auctioned today. The notes will be issued June 2, 1986, and mature May 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	7.20%	99.863
High	7.20%	99.863
Average	7.20%	99.863

Tenders at the high yield were allotted 81%.

TENDERS RECEIVED AND ACCEPTED (In Thousands)

<u>Location</u>	<u>Received</u>	<u>Accepted</u>
Boston	\$ 110,335	\$ 27,335
New York	32,024,415	9,156,505
Philadelphia	27,785	27,785
Cleveland	80,520	45,520
Richmond	94,795	48,795
Atlanta	54,205	35,205
Chicago	1,477,565	152,565
St. Louis	105,310	99,310
Minneapolis	51,510	41,510
Kansas City	129,655	122,655
Dallas	17,855	17,855
San Francisco	1,418,970	29,970
Treasury	6,160	6,160
Totals	\$35,599,080	\$9,811,170

The \$9,811 million of accepted tenders includes \$773 million of noncompetitive tenders and \$9,038 million of competitive tenders from the public.

In addition to the \$9,811 million of tenders accepted in the auction process, \$378 million of tenders was awarded at the average price to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional \$644 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.