

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

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TREASURY AUCTION PROCEDURES
New Quarterly Auction Cycle

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

Printed on the reverse side of this letter is a Treasury Department press release announcing changes in Treasury's regular auction cycle. A summary of these changes follows:

- Beginning this month, the Treasury will auction 5-year notes on a monthly basis. These new notes, along with the current 2-year notes, will settle on the last day of each month.
- The Treasury has discontinued the sales of 5-year, 2-month notes, and 4-year notes. The last 5-year, 2-month note was issued on December 3, 1990. The last 4-year note was issued on December 31, 1990.

Should you have any questions regarding this matter, please contact Christina H. Ryan, Manager of our Government Bond Department, at (212) 720-1498.

WHITNEY R. IRWIN,
Vice President.

(OVER)

TREASURY NEWS



Department of the Treasury • Washington, D.C. • Telephone 566-2

FOR IMMEDIATE RELEASE
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TREASURY ANNOUNCES CHANGE IN REGULAR QUARTERLY AUCTION CYCLES BEGINNING IN JANUARY 1991

The Treasury Department today announced that, beginning in January 1991, the Treasury will auction, on a monthly basis, 5-year notes for settlement on the last day of each month. They will mature five years from the date of issue. The Treasury expects to announce the regular monthly 2- and 5-year notes during the third week of each month. The announcement of regular 2- and 5-year notes is tentatively scheduled for January 16, 1991.

The Treasury will discontinue sales of 5-year, 2-month, notes that have been offered in regular quarterly auctions since February 1980. The last 5-year, 2-month note was the one auctioned on Thursday, November 28, for settlement on Monday, December 3. Furthermore, following the sale of 4-year notes in December, which is tentatively scheduled to be announced on December 19, the Treasury will discontinue sales of 4-year notes. The Treasury has offered 4-year notes in regular quarterly auctions since June 1975.

On balance, the change in Treasury's financing pattern will add four intermediate term coupon offerings each year, compared with the current quarterly offerings of 4-year and 5-year, 2-month notes. The monthly cycle of 5-year notes will have the advantage that the Treasury can raise added cash in the intermediate term maturity sector and lessen Treasury's reliance on short-term bills to finance the Federal deficit. Moreover, the end-of-month maturity dates of the 5-year notes will spread Treasury maturities more evenly throughout the year and lessen the build-up of maturing issues on Treasury's regular mid-quarter refunding dates, when 3-, 10-, and 30-year securities are offered.

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