$700 BILLION DEBT LIMIT

HEARING

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

NINETY-FOURTH CONGRESS

SECOND SESSION

ON

H.R. 14114

AN ACT TO INCREASE THE TEMPORARY DEBT LIMIT, AND FOR OTHER PURPOSES

JUNE 24, 1976

Printed for the use of the Committee on Finance

U.S. GOVERNMENT PRINTING OFFICE
73-548 O WASHINGTON : 1976

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$700 BILLION DEBT LIMIT

THURSDAY, JUNE 24, 1976

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met at 10:05 a.m., pursuant to notice, in room 2221, Dirksen Senate Office Building, Hon. Harry F. Byrd, Jr., presiding.

Present: Senators Long, Byrd, Jr., of Virginia, Curtis, Fannin, and Dole.

Senator BYRD. The committee will come to order.

On midnight, June 30, the $627 billion temporary public debt limit will expire. The debt limit will drop to $400 billion.

The House has passed H.R. 14114, a bill which increases the temporary debt limit by stages to $700 billion through September 1977.

[The committee press release announcing this hearing, a staff memorandum relative to the public debt, and the bill H.R. 14114, follows:]

PRESS RELEASE

For immediate release: June 15, 1976.
Committee on Finance, U.S. Senate, Dirksen Senate Office Building.

FINANCE COMMITTEE SETS HEARINGS ON PUBLIC DEBT

The Honorable Russell B. Long (D., La.), Chairman of the Committee on Finance announced today that the Committee has scheduled hearings on extension of the temporary limit on the public debt. The Honorable Edwin H. Yeo, III, Under Secretary of the Treasury for Monetary Affairs, and James T. Lynn, Director of the Office of Management and Budget, will testify on the public debt at 10:00 a.m., Thursday, June 24, in Room 2221, Dirksen Senate Office Building.

Senator Long noted that the permanent debt limitation under present law is set at $400 billion, with a temporary additional limit of $227 billion. This temporary debt limit of $627 billion is due to expire Wednesday, June 30, 1976.

JUNE 24, 1976.

MEMORANDUM

To: Members of the Committee on Finance.
From: Michael Stern, Staff Director.
Subject: Increase in Temporary Debt Limit (H.R. 14114).

House bill.—Under present law, the permanent debt limit is set at $400 billion, with a temporary additional limit of $227 billion, effective through June 30, 1976. H.R. 14114 would:

1. Increase the temporary debt limit from $627 billion to $636 billion through September 30, 1976; $682 billion through March 31, 1977; and $700 billion through September 30, 1977; and

2. Increase from $12 billion to $17 billion the limitation on the amount of long-term bonds that may be issued bearing interest above 4¼ percent.

Budget outlook.—The most recent estimates project a $74.8 billion deficit on a consolidated basis for fiscal year 1976, a $15.9 billion deficit for the transition quarter, and a $45.7 billion deficit for fiscal year 1977. These figures are shown in the table below:

UNIFIED BUDGET

[In billions of dollars]

	1976 estimate	July to September 1976 estimate	1977 estimate
Unified budget:			
Receipts	297.9	83.6	351.5
Outlays	372.2	99.5	396.2
Deficit (−)	−74.3	−15.9	−45.7
Congressional budget resolutions:			
Receipts	300.8	86.0	362.5
Outlays	374.9	102.2	413.3
Deficit (−)	−74.1	−16.2	−50.8
Debt limit	622.6	647.2	713.1

[H.R. 14114, 94th Cong., 2d sess.]

AN ACT To increase the temporary debt limit, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) shall be temporarily increased as follows:

(1) for the period beginning on July 1, 1976, and ending on September 30, 1976, by $236,000,000,000,

(2) for the period beginning on October 1, 1976, and ending on March 31, 1977, by $282,000,000,000, and

(3) for the period beginning on April 1, 1977, and ending on September 30, 1977, by $300,000,000,000.

SEC. 2. The last sentence of the second paragraph of the first section of the Second Liberty Bond Act (31 U.S.C. 752) is amended by striking out "$12,000,000,000" and inserting in lieu thereof "$17,000,000,000".

Passed the House of Representatives June 14, 1976.

Attest:

EDMUND L. HENSHAW, Jr., *Clerk.*

Senator BYRD. This morning the committee will hear from Treasury Assistant Secretary Robert A. Gerard and from Paul O'Neill, Deputy Director of the Office of Management and Budget.

You may proceed as you wish.

STATEMENT OF HON. ROBERT A. GERARD, ASSISTANT SECRETARY OF THE TREASURY FOR CAPITAL MARKETS AND DEBT MANAGEMENT

Mr. GERARD. Thank you, Mr. Chairman.

First, let me apologize for Under Secretary Yeo's inability to be here. He was called to the White House to brief the President in connection with the upcoming summit meetings.

As the committee is aware, the temporary increase in the public debt limit enacted in March will expire on June 30. We are here this morning, therefore, to urge the committee to adopt H.R. 14114 as an appropriate vehicle for meeting the financing needs of the Federal Government during the transition quarter and fiscal year 1977.

There are two essential parts to H.R. 14114. First, it establishes new dollar limits for the transition quarter and for fiscal year 1977. It also provides an additional $5 billion of authority to issue bonds without regard to the 4¼-percent ceiling.

H.R. 14114 would increase the temporary debt limit in three stages. Specifically, it would establish a new ceiling of $636 billion for the transition quarter; a ceiling of $682 billion for the period from October 1, 1976, through March 31, 1977; and a ceiling of $700 billion for the balance of fiscal year 1977, from April 1 through September 30, 1977.

The levels of the debt subject to limit reflect the estimates of the Congressional Budget Office and are based, we understand, on the budget totals contained in the first concurrent resolution. While these levels are considerably lower than our own recommendations, there will be ample opportunity in the next Congress to deal with any changes in the amounts that may be necessary.

The first concurrent budget resolution, adopted in May, established the unified budget deficit for the transition quarter at $16.2 billion and provided for an increase in the temporary statutory debt limit of $20.2 billion to an overall limitation of $647.2 billion. The resolution also called for a budget resulting in a unified budget deficit of $50.8 billion in fiscal year 1977 and an increase in the temporary statutory debt limit of $65.9 billion over the amount specified for the transition quarter; that is, a $713 billion limit through September 30, 1977.

As a result of a reduction in the estimated debt at the end of fiscal year 1976 and certain other factors, however, the Congressional Budget Office has reduced its estimates of the debt limit requirements for the transition quarter and fiscal year 1977. It is these reduced estimates which provide the basis for the figures in H.R. 14114.

Consistent with procedures of the committee, we have provided you with an array of tables relating to the debt limit and the management of the public debt. The tables, based on the President's proposals as amended by subsequent legislation, show the debt subject to limit by month through the end of fiscal year 1977. According to our calculations, we estimate debt requirements—with a $6 billion cash balance at September 30, 1977. The peak need, however, would be $716 billion at June 15, 1977.

I would like to turn now to the question of the debt management tools I mentioned earlier: flexibility with respect to the rate of interest payable on savings bonds and the additional long-term bond authority.

SAVINGS BONDS

We have, as the committee knows, several times recommended that the Secretary, with the approval of the President, be given full discretion to vary the terms and conditions applying to savings bonds, including the rate of return. For the record, I want to repeat that recommendation, because I feel that flexibility in altering the terms of savings bonds may, at times, be important, not only for the continued success of the savings bonds program, but for Treasury debt management in the broad sense.

Given the shortness of time before the expiration of the existing temporary limit, I would urge that the committee recommend enactment of H.R. 14114 in the form passed by the House. However, knowing of the committee's strong interest in and much appreciated support for all possible improvements in Treasury debt management authority, it would be most helpful if the committee could consider this matter at an early date.

BOND AUTHORITY

The bill before you today provides for a $5 billion increase in the exception to the 4¼-percent ceiling, from $12 billion to $17 billion. Presently, we have only about $1.5 billion of the existing $12 billion exemption remaining.

We have always been most appreciative of this committee's unanimous support for increases in the exemption from the 4¼-percent ceiling. While I know that I need not repeat at length all of the reasons that argue for allowing the Treasury reasonable access to all maturity sectors of the market, I would like to include for the record the recent recommendations of the Comptroller General. I don't propose to read these excerpts today.

Senator BYRD. They will be included as a part of the record.

Mr. GERARD. Fine, Mr. Chairman.

In conclusion, Mr. Chairman, we recommend that the committee favorably report H.R. 14114 as adopted by the House. The limits provided, we believe, wil be adequate, at least through the first part of calendar 1977; and the increase in the exception to the 4¼-percent ceiling by an additional $5 billion will give us, for the time being, the tools that will allow us to do the most responsible job possible of debt management, one that will contribute to economic and financial stability. Thank you.

Senator BYRD. We have to adjourn for a rollcall.

[Whereupon, a brief recess was taken.]

Senator BYRD. The committee will come to order.

Is there another statement?

STATEMENT OF PAUL H. O'NEILL, DEPUTY DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

Mr. O'NEILL. Mr. Chairman, I do have a supporting statement, but with your permission, I will simply insert it in the record and go directly to your questions.

Senator BYRD. Suppose we do that.

Now, when is the peak period?

Mr. GERARD. According to our estimates, Mr. Chairman, the peak need in fiscal year 1977 would be on June 15, 1977.

Senator BYRD. Now, you are asking to increase the debt ceiling to $700 billion?

Mr. GERARD. That is correct.

Senator BYRD. At one time several months ago, did you not estimate a figure of $721 billion for the fiscal year, at the end of the fiscal year?

Mr. GERARD. I think that was our estimate as of last February. Our current estimate based on the President's program would be a peak of $716 billion with a $6 billion cash balance and $3 billion margin for contingencies. That is the administration's estimate.

As is clear from H.R. 14114, the Congressional Budget Office has a considerably lower estimate of the peak need. They would estimate it at $700 billion. They do not provide in their tables an estimate for the June 15 peak. They would estimate a need of $700 billion at the end of August.

Senator BYRD. What is the estimate of the deficit for fiscal year 1977?

Mr. GERARD. According to the first concurrent resolution, on which the figures in H.R. 14114 are based, $50.8 billion.

Senator BYRD. That is on a unified basis?

Mr. GERARD. That is the unified budget deficit.

Senator BYRD. But, of course, the debt is based on the Federal funds. What would the Federal funds be?

Mr. GERARD. That is correct; the CBO, I am advised, made no estimate of the Federal funds deficit.

Senator BYRD. Who made no estimate?

Mr. GERARD. The Congressional Budget Office.

Senator BYRD. I understand that, but your office must have an estimate.

Mr. O'NEILL. Yes; we do.

Under the President's budget proposals, the Federal funds deficit for fiscal year 1977 would be $57.7 billion.

Senator BYRD. That is OMB's current estimate, is it?

Mr. O'NEILL. Yes, sir, it is.

Senator BYRD. As to the fiscal 1977 deficit?

Mr. O'NEILL. Yes, sir.

Senator BYRD. Now, the way I check the figures, if you take fiscal 1971 through fiscal 1977 and add up those Federal funds deficit—that is, it is if Federal funds deficit, that creates the debt. If you add those figures up, I come up with a figure of 43 percent of the total national debt as of the end of fiscal 1977 will have been created in that period of 7 years and 3 months.

Is that roughly your calculation?

Mr. O'NEILL. Yes, sir; those numbers sound reasonable to me.

Senator BYRD. In other words, almost half of our total debt has been created, or will have been created in 7 years and 3 months?

Mr. GERARD. That is unfortunately correct.

Senator BYRD. Thank you.

Chairman Long.

The CHAIRMAN. I would like to have some additional information that you may already have here. I like to provide as much information as we can in our committee report, as well as in the hearings, to show the relevance of one factor to another. Different people can differ; if they have all the facts, they can make their own conclusion.

You are familiar with what they call the Long charts, where I try to give everyone all the information they would like to have so they can relate one thing to another and draw their own conclusions. I hope that you have prepared those charts.

Mr. GERARD. They should be in your package at the end.

The CHAIRMAN. You know the charts I usually ask for, including the one that seeks to allow for inflation, population increase and so forth so as to see how much the economy has expanded on a per capita basis in real terms. I think that is the bottom line, to see how well we are doing. That should be the last chart. I think, at the moment it ought to look pretty good for your administration. Things have been moving pretty well in the last quarter; is that correct?

Mr. GERARD. I would say on balance, yes, sir.

The CHAIRMAN. You have income moving upward, employment is moving up, gross national product moving up, in general things are looking very nice, and I think it would be a good time for you to bring the chart as near up to the present moment as you can. Would it be possible for you to add in the first quarter of 1976?

Mr. GERARD. The table 9 attached to my testimony brings it up through the end of calendar year 1975. I would have to check and see how quickly we could bring those figures up beyond that date.

The CHAIRMAN. Well, I am a little dismayed with the 1975 figures. Of course, I knew 1975 wasn't too good, but it seems to me it would look good for the administration and, frankly, look good for all of us who had anything to do with fiscal monetary policies during the last 3 months, if you could add in the first quarter of 1976.

Do you think you could add that to the chart?

Mr. GERARD. I am advised we can add that to the chart.

The CHAIRMAN. I would appreciate it if you could.

In terms of real growth, 1975 was a minus year, and I don't like. minus years; I don't think anybody does. But, I think you almost have to be in the plus column the first and second quarter of this year. Suppose you get that in and add that in.

Mr. GERARD. We will.

The CHAIRMAN. If you could add the first quarter of 1976 to the other charts, that would be good, too. Since we last had a debt limit bill, I think, on the overall, things are going pretty well for the country.

I want to say also that much as I dislike being late to a meeting, it had a bonus because I enjoy having Mr. Byrd preside over the committee; it seems like old times, and I feel very comfortable. It takes me back to the days when I served under his father as chairman of this committee, and I can't feel a lot of difference between the new Byrd and the old Byrd.

[Laughter.]

Senator BYRD. I thank the chairman.

Senator FANNIN. They are both great Byrds.

Senator BYRD. I enjoy serving under the chairmanship of Chairman Long.

The CHAIRMAN. I never could quite agree with Harry Truman we had too many Byrds in the Senate when we only had one. It seems to me we have two and they are great Byrds. I wish we had another Byrd or two, if they could meet the qualifications that the present two Byrds meet.

That is all I have to say.

Senator BYRD. Thank you, Mr. Chairman.

Senator Curtis.

Senator CURTIS. What do you anticipate will be the deficit at the end of the fiscal year with the extra quarter added on, September 30, 1976?

Mr. O'NEILL. The estimates we have based on the President's program and policy would give us a $72.6 billion deficit for fiscal year

1976, plus $17.6 billion in the transition quarter, which in the aggregate is $90.2 billion for the combination of fiscal year 1976 and the transition quarter.

Senator CURTIS. That is 90—how much?

Mr. O'NEILL. $90.2 billion.

Senator CURTIS. $92 billion?

Mr. O'NEILL. $90.2——

Senator CURTIS. $90.2——

Mr. O'NEILL. Right.

Senator CURTIS. And that is based upon the President's program?

Mr. O'NEILL. Yes.

Senator CURTIS. Now, what does it look like it is going to be in the light of the actions or inactions of Congress?

Mr. O'NEILL. Well, at the moment it is very difficult to say, Senator.

Senator CURTIS. There are so many unfinished transactions.

Mr. O'NEILL. Yes, there are. As I indicated in my prepared statement, while we now do have 10 months of solid data—and, in fact, yesterday, we got the May data on actual spending—there is still a degree of uncertainty as to how we will close the books when we get through all of fiscal year 1976. The numbers may vary as much as $2 or $3 billion, as they seem to this time of year, when we are in the process of closing the books on the fiscal year.

Senator CURTIS. How does this 90.2 compare to what your estimates were for the same period that you were using at the first of this calendar year?

Mr. O'NEILL. They are not markedly different. We do have a reestimate of receipts, with that reëstimate being up by $2.1 billion, and the latest estimate we made on the spending side is $1.3 billion below the estimate we made in January. So there is some movement, but I would stress caution in being too certain as to where we will actually come out. Experience over the last 2 years has shown that as we have gotten to the outlay and receipt levels we are talking about for these years—$300 and $400 billion a year—1 percent makes a fantastic difference and our ability to be precise in that range is very difficult.

Senator CURTIS. Now, it is quite difficult to be exact in reference to average rate of interest paid on the Government indebtedness, but could you give us some estimates so we know—would have an approximate figure on what is the average rate of interest the United States has to pay?

Mr. GERARD. My recollection is that the budget assumes an average rate of 5.5 percent. We calculate this figure monthly. The current weighted average interest rate on the public debt outstanding as of May 31 is 6.407 percent.

Senator CURTIS. 6.4?

Mr. GERARD. 6.4 rounded off.

Senator CURTIS. And that is a calculation as of when, you say?

Mr. GERARD. May 31 of 1976.

Senator CURTIS. Now, you have asked for certain things in addition to just raising the debt limit, such as an additional $5 billion authority to issue bonds without regard to the 4¼ percent ceiling. Will the grant of this authority assist you in holding the long-range interest costs down?

Mr. GERARD. It will assist us in achieving a balanced debt structure which should, long term, have a favorable impact on all Treasury borrowing costs but more importantly should have a favorable effect on the overall health of the credit and capital markets.

Senator CURTIS. What type of borrowing is most expensive from the standpoint of interest?

Mr. GERARD. Well, it varies from time to time, depending on market conditions. At this particular point, day for day, the yield curve doesn't have any ups and downs in it, so it means that in the most narrow sense, very short-term borrowing would be the cheapest from an interest rate standpoint, and the longer you get, the higher the rate.

Senator CURTIS. That is not always true, is it?

Mr. GERARD. That is not always true and it hasn't been true in significant periods in the past, No. 1.

No. 2, once you get beyond, say, the 5-year range, there is only a very slight difference in the rates in the longer maturities.

So from a medium and long term standpoint the ability to choose maturities, to select maturities on the basis of current market conditions is extremely important in terms of the overall health of the marketplace.

Mr. CURTIS. How does your request of this committee compare with what the House has done?

Mr. GERARD. We have in effect requested that the committee adopt the House bill.

Mr. CURTIS. Thank you, Mr. Chairman.

Senator BYRD. Senator Fannin.

Senator FANNIN. Thank you, Mr. Chairman.

In your statement on page 5 the Comptroller General has a quote indicating that the inability to at least partially finance these deficits with long term debt means that the Federal Government will become an increasingly active participant and a potentially disruptive influence in private capital markets and short segments of the capital market.

Now for some months we had a declining economy and this was not the case. It wasn't so disruptive. Now we have something of an expanding economy. Is this becoming a more serious factor?

Mr. GERARD. It could well be the third or fourth quarter of the year, Senator. To be perfectly frank at this point we have not yet seen a material development of short term business credit demand but all the economic signs and financial signs that we look at point to a growth in those demands in the latter half of this year with a consequent conflict between our own needs and the needs of the private sector. So I think the risk is very much there later this year and early in 1977.

Senator FANNIN. You are making a projection on the belief that our economy will continue to expand and that we will have greater capital needs. Of course, today capital formation is one of our greatest problems in carrying through the programs that are greatly needed, especially providing employment. I am just wondering what your projection would be, for instance, when we talk about, say, the next 6 months.

Mr. GERARD. Well, I would think that in a very gradual way in the period ahead, say, in the year ahead, we will continue to see a pickup in short term business credit demands.

We have in the first half of this year seen a healthy amount of long term corporate financing for capital formation purposes, and I think the markets have performed quite well during that period.

Senator FANNIN. So we could see quite a change in interest rates if this comes about. Is that true?

Mr. GERARD. Well, one thing I never do is attempt to predict interest rates. I think there would be some pressures, yes.

Senator FANNIN. Naturally we are all concerned because as we plan for the future and knowing the funds that will be required in the many projects that are contemplated, this must be a consideration.

Thank you very much. Thank you, Mr. Chairman.

Senator BYRD. Let me ask you this.

In your present calculation how much is in the budget for interest costs to the Government? Approximately $40 billion?

Mr. GERARD. Slightly higher than that.

Mr. O'NEILL. $45 billion.

Senator BYRD. Interest costs $45 billion. In response to a question from Senator Curtis, I understood you to say that is on the assumption that the average interest rate paid by the Government would be 5.5 percent?

Mr. GERARD. That 5.5 percent was the Treasury bill rate at that time, but the actual budget estimate was based on the entire Government yield curve at that time.

Senator BYRD. It was based on a 5.5 percent overall rate, was that it?

Mr. GERARD. It would probably be based on a somewhat higher rate, overall rate than 5.5 percent.

Senator BYRD. Well, you say it probably was. What was the assumption? You had to have an assumption.

Mr. GERARD. We will get you a precise figure, Mr. Byrd. It would have been whatever the actual yields were at the time the budget was prepared and I believe that figure was in excess of 5.5 percent. We will have a precise figure for you this afternoon.

Senator BYRD. It's now, you say, 6.4 percent?

Mr. GERARD. 6.4, that is correct.

Senator BYRD. So the indication is that the $45 billion probably will be low?

Mr. GERARD. There is a difference between the 6.4 that I gave you and the way in which we calculate the interest cost in the budget: 6.4 is all the debt now outstanding.

When we look at the interest expense in the budget for the year ahead we certainly take into account the cost of servicing the debt outstanding, but we also have to make certain predictions as to what the new money we will raise in the following fiscal year will cost us, and since rates are somewhat lower now than they were during periods in the immediate past, I am quite certain that our statement was based on an overall average of less than 6.4 percent.

Senator BYRD. In any case, it would be not less than $45 billion?

Mr. GERARD. I think that is a very safe assumption.

Senator BYRD. Then see whether I am reasonably correct on this.

For fiscal 1976, plus fiscal 1977, including the transition period, the total Federal fund deficit would equal $150 billion to $151 billion for those 2 years and 3 months.

Mr. O'NEILL. On the President's budget basis it would be $74.7 billion for fiscal year 1976, $16.3 billion for the transition quarter, and $57.7 billion for fiscal year 1977, so effectively, yes, your round number of 150 is close.

The CHAIRMAN. I would just like to make one thing clear, and that is we had hoped to have Senator Buckley at this hearing to explain his views to the effect that we ought to have no debt limit. It's unfortunate that the Senator is not able to be with us today.

[Senator Buckley's statement on the Senate floor introducing S. 3129, repealing section 21 of the Second Liberty Bond Act, and the Department of the Treasury comments on the bill, follow:]

[From the Congressional Record, Mar. 11, 1976]

By Mr. Buckley (for himself and Mr. Philip A. Hart):

S. 3129. A bill to repeal section 21 of the second Liberty Bond Act. Referred to the Committee on Finance.

Mr. Buckley. Mr. President, today I am introducing, with the cosponsorship of the distinguished Senator from Michigan, Mr. Philip A. Hart, a bill to repeal the Federal debt ceiling. We are seeking its repeal for the following reasons:

First, the debt ceiling mechanism has ceased to be an instrument for budgetary or fiscal control because the Congress has always ratified an extension in the Federal debt as a result of the stark necessity to pay the Federal Government's bills. The existence of the debt ceiling has not in any way inhibited the inclination of Congress to increase the cost and scope of the Federal Government year in and year out. Thus in practice, this paper limitation on debt has long since ceased to achieve its intended purpose of inducing fiscal restraint.

Second, with the passage of the Budget Reform Act in 1974, the Congress has developed an institutional mechanism to control the size of the Federal deficit. As a consequence, the debt ceiling limitation is no longer required even in theory because the aggregate size of the debt, and the incremental contribution to the expansion of the debt by the deficit, is now under the control of the congressional budgetary process.

Third, in the Senate, the periodic necessity to adjust the statutory debt ceiling has proven to be an irresistible temptation to utilize what is deemed to be a "veto-proof" measure as a Christmas tree on which to hand all kinds of mischievous measures. During the past 5 years, Mr. President, we have seen days on end essentially wasted as the Senate engaged in games of "chicken" with the Executive. This practice represents a clear attempt, very often successful, to circumvent the intention of the constitutional provisions granting the President the right of veto.

Mr. President, the time has come to bring to an end a practice that serves no useful purpose but which has lent itself to serious abuse of the legislative process. We have too much serious work ahead to allow ourselves to risk further diversions of our time and energies in connection with the debate of the perennial legislation to adjust the debt ceiling bill. I urge that the bill that I now send to the desk, for proper referral, be accorded early consideration and passage.

I ask unanimous consent that the text of my bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3129

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 21 of the Second Liberty Bond Act is repealed.

THE GENERAL COUNSEL OF THE TREASURY,
Washington, D.C., June 15, 1976.

Hon. RUSSELL LONG,
Chairman, Committee on Finance, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on S. 3129, "To repeal section 21 of the Second Liberty Bond Act."

The bill would repeal section 21 of the Second Liberty Bond Act to eliminate the limitation imposed on the public debt of the United States.

The public debt limit in the past has provided the Congress with a means of focusing on the Government's total fiscal position. However, the debt limit has never served to limit the public debt—since the debt level is dictated by the Government's overall fiscal policy, i.e., the action or inaction by the Congress on the President's budget, and the level of tax and other receipts by the Government.

Further, with the passage of landmark legislation in 1974, the Congressional Budget and Impoundment Control Act of 1974, the Congress established procedures for evolving spending and revenue decisions within the Congressional budget process—including the projection of a budget deficit or surplus and the establishment of a public debt ceiling for the fiscal year beginning each October 1. Secretary Simon, in his June 1975 testimony before your Committee and the Committee on Ways and Means on the temporary debt ceiling, suggested that as the new congressional budget and debt limit process is placed into effect the Committees "should consider doing away with separate legislation on the debt ceiling and concentrating on our debt management operations."

Therefore, the Department recommends enactment of S. 3129.

The Department has been advised by the Office of Management and Budget that there is no objection from the standpoint of the Administration's program to the submission of his report to your Committee.

Sincerely yours,

RICHARD R. ALBRECHT,
General Counsel.

He is in the hospital and I think that is very unfortunate for the Nation because his views on taxes, I think, are probably more solid than those of the average Senator, and the country is probably worse off because the Senator is confined to the hospital at this moment.

Our loss in that respect is the Nation's loss but we must go on with the business and, therefore, we will have to get by without him, even though we would like very much to have him here to testify.

I had assured him he would have an opportunity to present his statement here and it's unfortunate the time is running out on us, and unless he recovers more rapidly that I can anticipate at this moment we may have to proceed with this legislation in the absence of Senator Buckley.

But I hope he is back in time to at least give us his views on this subject on the floor.

Senator FANNIN. Senator Roth devised the formula whereby for every dollar of tax cut that there be a commensurate rate dollar of expenditures cut.

Are you familiar with his particular proposal?

Mr. O'NEILL. Yes.

Senator FANNIN. Would you want to comment?

Mr. O'NEILL. Well, if I understand the amendment, it would effectively seek to both reduce spending and taxes. Senator Roth indicated he was talking about $10 billion which was effectively the amount the President suggested he added to the size of the existing tax cuts.

The CHAIRMAN. I thought that is what we tried to commit ourselves to in the last Congress before we went home, that when we came back here and looked at this tax cut this year, we would try to agree that every dollar of additional tax cuts would be accompanied not by a dollar of tax increase, but by a dollar of spending cuts.

That is what I thought we agreed to. I know that those who had some doubts about it put every if and but and caveat the mind of man could conceive to avoid facing up to that unpleasant duty. But I thought that was the whole idea, and I thought that is what I was committing myself to when we went down and had the confrontation with the President last year.

So as far as this Senator is concerned, there may be a lot of Senators who want to duck out on that commitment, but I don't care to duck out on it. I thought it was a good-faith commitment. I gave Senator Muskie unanimous consent to consider his amendment out there on the Senate floor the other day when the Chair found it necessary to rule that Mr. Muskie's amendment was out of order because the budget law might be construed as precluding the offering of the amendment. But now I would hope Senator Muskie would be willing, if need be, to give consent for the Senate to vote on such an amendment, if only on this bill.

Senator FANNIN. I commend the chairman for the action he took, and it's regrettable the Senate did not concur at this particular time, but I hope when we get to that point that he will be able to prevail.

The CHAIRMAN. I believe that by simple majority the Senate could waive that provision of the budget law and vote on it. In view of the fact that many of us thought that was the commitment that we made to the President when we passed that last tax cut bill, it seems to me that we ought to stand up and be counted like men on that issue; we shouldn't duck out on some technicality.

I am not afraid to face it, and I would hope that every Senator would be man enough to quit hiding behind technicalities and stand up and be counted on that tough issue. I admit it's difficult to stand up and say you are willing to cut spending to balance off some of these spread-the-joy tax cuts where everybody gets $35 a head. But I thought we had committed ourselves to that as men of honor. That is what I thought, and I know the way we reported that proposal out of the Finance Committee, we didn't leave ourselves all these ifs, ands, buts, and qualifications that came along later. That was somebody else's thought after the members in the Finance Committee voted to do our duty and measure up to the responsibility.

Senator FANNIN. I certainly agree with the Senator and hope that is accomplished before we finish this bill.

The CHAIRMAN. I am glad you brought the point up, because I am sorry to say it had slipped my mind. I don't believe in promising things and then not meeting the commitment.

Senator FANNIN. I know the Senator has that reputation. Thank you.

The CHAIRMAN. Thank you very much.

[The prepared statements of Messrs. Gerard and O'Neill follow:]

STATEMENT OF PAUL H. O'NEILL, DEPUTY DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

Mr. Chairman and Members of the Committee:

I appear before you today in support of the request for an increase in the statutory debt limit.

Developments since the President submitted his budget to the Congress in January have not lessened the Administration's commitment to the basic goals established in the President's budget. We believe that the combination of tax and spending changes proposed by the President are essential to ensure continued recovery.

Before discussing the 1977 budget outlook, I would like to describe the budget trends in fiscal year 1976 and the transition quarter.

Fiscal year 1976.--Even though we are now in the last month of fiscal year 1976, our estimates are necessarily tentative. A quick review of the report on actual spending in May, which was issued yesterday, indicates that outlays are running somewhat below the path we predicted earlier this month.

Receipts are now estimated at $299.6 billion, $2.1 billion above the budget estimate. This increase reflects reestimates based on collection experience since January. Like the budget, our current estimates assume that the $1.7 billion of import fees on petroleum products, which were being held in a deposit fund pending the recent Supreme Court decision, will be recorded as receipts in 1976.[1] The current estimates also assume that the proposed writeoff of silver certificates will occur in 1977 rather than in 1976. In comparison to the budget, this reduces 1976 receipts by $0.2 billion, and increases 1977 receipts by the same amount.

Earlier this month we estimated 1976 outlays at $372.2 billion, $1.3 billion below the budget estimate. Based on 10 months of actual data, we estimated that spending in a variety of areas was running below expectations. Attachment A shows the detail on significant changes in the estimates since March.

The transition quarter.--The deficit for the transition quarter is currently estimated at $17.6 billion. Receipts are now estimated to be $81.9 billion, and outlays are estimated to be $99.5 billion.

Fiscal year 1977.--There is considerable uncertainty about the budget outlook for fiscal year 1977. The first concurrent resolution recently adopted by the Congress called for receipts of $362.5 billion and outlays of $413.3 billion, resulting in a deficit of $50.8 billion. The Administration does not support these targets. The President indicated his strongly held views when the resolution was adopted by the Congress. He said:

> The resolution fails to check growth in Federal spending. It fails to put us on the track to a balanced budget in three years. And it ignores the additional $10 billion tax cut I recommended for the American people. The individual appropriations actions the Congress must take to implement their spending ceiling must come to me for action. The Congress should be on notice that it is my intention to hold Federal spending to the lower limit I proposed. I will not be a willing partner to the risk of another round of double-digit inflation.

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[1] The estimates given to the House Committee on Ways and Means on June 1 assumed that these fees would be recorded as receipts in the transition quarter.

Consistent with the schedule provided in the Congressional Budget Act of 1974, we are now in the process of a comprehensive review of the assumptions underlying the budget estimates in preparation for the next budget update, which will be submitted by July 15.

Our current estimate of receipts is $351.5 billion, $0.2 billion above the March 25 estimate. The current estimate reflects the tax changes that the President proposed as of March 25, modified only to reflect the shift of the proposed writeoff of silver certificates into 1977. A more extensive review of the receipts estimates will be made for the July 15 budget update.

Our current projection of outlays for 1977 is $397.2 billion. This estimate takes into account the major Administration proposals and congressional changes that have occurred since the last update in March. A breakdown of the changes in budget outlays since March is shown in Attachment A.

Debt.--Most of the Federal debt subject to statutory limitation arises from the Federal funds part of the unified budget. For this reason, changes in the debt subject to limit are more closely related to the Federal funds surplus or deficit than to the unified budget surplus or deficit. Therefore, I have attached to my statement for the record a table indicating budget totals by fund group. (Attachment B.)

In addition, off-budget Federal agencies have a significant effect on government borrowing and on the debt subject to limit. I have also attached a table for the record that indicates the effect of off-budget Federal agency activity on the debt subject to limit and includes the level of the debt limit that we anticipate will be needed, taking into account these transactions as well as other means of financing, such as changes in the cash balance. (Attachment C.)

Mr. Chairman, I would be glad to answer your questions.

Attachment A

CHANGE IN BUDGET OUTLAYS
(fiscal years; in billions of dollars)

	1976	1977
January budget estimate	373.5	394.2
Reestimates and Administration changes:		
Included in March 25 update	0.3	0.1
Subsequent changes:		
Reestimates[1]:		
Health, Education, and Welfare (largely health programs)	0.9	---
Defense and military assistance	-0.7	---
Agriculture (largely commodity loans, short-term credit, and purchases)	-0.6	---
Labor (largely employment and training assistance, and summer youth employment)	-0.4	---
Veterans Administration (largely readjustment benefits)	-0.4	---
Treasury (largely earned income credit and interest)	-0.6	---
Housing and Urban Development tandem plan sales	0.2	---
Civil Service Commission (largely due to fewer annuitants than anticipated)	-0.2	---
Offshore oilland receipts	0.1	---
National Aeronautics and Space Administration	0.1	---
All other reestimates (net)	-0.4	---
Other Administration changes:		
Strategic petroleum reserve supplemental	*	0.9
Navy shipbuilding supplemental	*	0.3
Swine flu program	*	0.1
Basic opportunity grants	---	-0.1
Aid to railroads and mass transit	*	0.1
Other supplementals and amendments	0.1	0.2
Contingency allowance	---	-0.7
Total, without congressional changes	372.0	395.1
Congressional action and inaction:		
Included in March 25 update	0.6	1.5
Subsequent action and inaction:		
Inaction on foreign assistance appropriations	-0.1	---
Action on enrolled second 1976 supplemental	-0.2	0.4
Other	-0.1	0.1
Current estimate	372.2	397.2
Congressional spending target	374.9	413.3

[1] Reestimates have been made only for 1976 and reflect 10 months of actual data. A preliminary review of subsequent 1976 data suggests that the current 1976 outlay estimates could be too high. Reestimates for 1977 will be issued in the budget update required by July 15.

* $50 million or less.

Attachment B

BUDGET TOTALS BY FUND GROUP
(fiscal periods; in billions of dollars)

	1975 Actual	1976 Estimate	TQ Estimate	1977 Estimate
Receipts:				
Federal funds	187.5	201.0	54.7	230.9
Trust funds	118.6	134.2	33.8	157.8
Interfund transactions	-25.1	-35.7	-6.6	-37.2
Total budget receipts	281.0	299.6	81.9	351.5
Outlays:				
Federal funds	238.5	275.7	71.0	288.6
Trust funds	111.2	132.2	35.1	145.8
Interfund transactions	-25.1	-35.7	-6.6	-37.2
Total budget outlays	324.6	372.2	99.5	397.2
Surplus or deficit (-):				
Federal funds	-51.0	-74.7	-16.3	-57.7
Trust funds	7.4	2.0	-1.3	12.0
Total budget	-43.6	-72.6	-17.6	-45.7

Attachment C

DEBT SUBJECT TO LIMIT
(fiscal periods; in billions of dollars)

	1976	Estimate TQ	Estimate 1977
Unified budget deficit	72.6	17.6	45.7
Portion of budget deficit attributable to trust funds surplus or deficit (-)	2.0	-1.3	12.0
Federal funds deficit	74.7	16.3	57.7
Effect of off-budget agencies on debt subject to limit	9.3	4.6	11.1
Total to be financed	84.0	20.9	68.8
Means of financing other than borrowing, and other adjustments	-0.9	0.8	3.2
Change in debt subject to limit	83.1	21.7	72.0
Debt subject to limit, beginning of fiscal period	534.2	617.3	639.0
Anticipated debt subject to limit, end of fiscal period	617.3	639.0	711.0

STATEMENT OF ROBERT A. GERARD, ASSISTANT SECRETARY (CAPITAL MARKETS AND DEBT MANAGEMENT)

Mr. Chairman and Members of this Distinguished Committee:

As the Committee is aware, the temporary increase in the public debt limit enacted in March will expire on June 30. We are here this morning, therefore, to urge the Committee to adopt H. R. 14114 as an appropriate vehicle for meeting the financing needs of the Federal Government during the Transition Quarter and fiscal year 1977.

There are two essential parts to H. R. 14114. First, it establishes new dollar limits for the Transition Quarter and for fiscal year 1977. It also provides an additional $5 billion of authority to issue bonds without regard to the 4-1/4 percent ceiling.

H. R. 14114 would increase the temporary debt limit in three stages. Specifically, it would establish a new ceiling of $636 billion for the Transition Quarter; a ceiling of

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$682 billion for the period from October 1, 1976, through March 31, 1977; and a ceiling of $700 billion for the balance of fiscal year 1977, from April 1 through September 30, 1977.

The levels of the debt subject to limit reflect the estimates of the Congressional Budget Office and are based, we understand, on the budget totals contained in the First Concurrent Resolution. While these levels are considerably lower than our own recommendations, there will be ample opportunity in the next Congress to deal with any changes in the amounts that may be necessary.

The First Concurrent Budget Resolution, adopted in May, established the unified budget deficit for the Transition Quarter at $16.2 billion and provided for an increase in the temporary statutory debt limit of $20.2 billion to an overall limitation of $647.2 billion. The Resolution also called for a budget resulting in a unified budget deficit of $50.8 billion in fiscal year 1977 and an increase in the temporary statutory debt limit of $65.9 billion over the amount specified for the Transition Quarter; that is, a $713 billion limit through September 30, 1977.

As a result of a reduction in the estimated debt at the end of fiscal year 1976, however, the Congressional Budget Office has reduced its estimates of the debt limit requirements for the Transition Quarter and fiscal year 1977. It is these reduced estimates which provide the basis for the figures in H. R. 14114.

Consistent with procedures of the Committee, we have provided you with an array of tables relating to the debt limit and the management of the public debt. The tables, based on the President's proposals as amended by subsequent legislation, show the debt subject to limit by month through the end of fiscal year 1977. According to our calculations, we estimate debt requirements -- with a $6 billion cash balance and a $3 billion contingency allowance -- at $711 billion at September 30, 1977. The peak need, however, would be $716 billion at June 15, 1977.

I would like to turn now to the question of the debt management tools I mentioned earlier: flexibility with respect to the rate of interest payable on Savings Bonds and the additional long term authority.

Savings Bonds

We have, as the Committee knows, several times recommended that the Secretary, with the approval of the President, be given full discretion to vary the terms and conditions applying to Savings Bonds, including the rate of return. For the record, I want to repeat that recommendation, because I feel that flexibility in altering the terms of Savings Bonds may, at times, be important, not only for the continued success of the Savings Bonds program, but for Treasury debt management in the broad sense.

Given the shortness of time before the expiration of the existing temporary limit, I would urge that the Committee recommend enactment of H. R. 14114 in the form passed by the House. However, knowing of the Committee's strong interest in and much appreciated support for all possible improvements in Treasury debt management authority, it would be most helpful if the Committee could consider this matter at an early date.

Bond Authority

The bill before you today provides for a $5 billion increase in the exception to the 4-1/4 percent ceiling, from $12 billion to $17 billion. Presently, we have only about $1.5 billion of the existing $12 billion exemption remaining.

We have always been most appreciative of this Committee's unanimous support for increases in the exemption from the 4-1/4 percent ceiling. While I know that I need not repeat at length all of the reasons that argue for allowing the Treasury reasonable access to all maturity sectors of the market, I would like to include for the record the recent recommendations of the Comptroller General.

In his letter of transmittal with the report on the 4-1/4 percent ceiling, General Staats said:

> "The inability to at least partially finance these deficits with long-term debt means that the Federal Government will become an increasingly active participant, and a potentially disruptive influence, in private capital markets and in the short segment of the capital market."

I commend the report in its entirety to you. Indeed, I feel it is of such great importance that I would like to set forth here the four interrelated conclusions reached by the General Accounting Office along with the recommendations suggested for consideration by the Congress.

"1. Considering the apparent rationale for the original legislation -- that is, to minimize the costs of Treasury borrowing operations, given market conditions, in a national emergency -- one cannot argue for either the current level or the continued existence of the 4-1/4 percent interest limitation. It no longer serves to reduce the cost of borrowing; instead, it simply keeps the Treasury from any further borrowing in the long-term securities market."

"2. The limitation (and the exhaustion of the $10 billion exclusion) encourages a shortening of the maturity of the national debt. This shortening tendency may, in turn, place the Treasury in a more vulnerable position with respect to the interest rate terms that it accepts on borrowings. That is, the Treasury may find itself in the unfavorable position (1) of having to refinance massive amounts of short-term debt at very high interest rates and (2) of being a potentially destabilizing influence on money and capital markets."

"3. Aside from an overriding concern with lengthening the maturity of the public debt, there are three differing philosophies regarding the objectives of debt management: avoiding disruption through more systematized securities flotations, stabilizing economic activity, and minimizing interest costs. Given contemporary and foreseeable levels of interest rates, achieving any of these objectives will not be possible as long as the 4-1/4-percent interest limitation on long-term Treasury debt remains in effect."

"4. A theoretical basis and some supporting practical experience indicate that the limitation has at times distorted the term structure of interest rates, thus causing a reallocation of credit among various sectors of the economy and increased costs of servicing the Government debt. On the other hand, the relevant empirical evidence suggests that neither the current existence nor the repeal of the limitation causes, or would cause, much distortion in the term structure of interest rates and, hence, would not affect the relative costs of borrowing in various maturity sectors. Weighing theory and the experience of Treasury officials and market practitioners against the available empirical evidence (and its shortcomings), we can reasonably conclude that (1) at worst, the ceiling should be repealed because it may disrupt credit markets and raise the costs of Government borrowing; (2) at best, it is neither harmful nor beneficial to credit market stability and borrowing costs and is therefore unnecessary, and (3) it does not reduce the costs of Government borrowing and may in fact raise those costs."

"MATTERS FOR CONSIDERATION BY THE CONGRESS

In view of our conclusions, the Congress should consider immediately repealing the 4-1/4 percent interest limitation. Alternatives which would have essentially the same long-term effects are systematically phasing out the limitation through

-- annual redefinition of the maximum maturity of securities whose flotation is subject to the ceiling and/or

-- annual increases in the dollar volume of long-term securities which may be floated without regard to the ceiling."

SUMMARY

In conclusion, Mr. Chairman, we recommend that the Committee favorably report H.R. 14114 as adopted by the House. The limits provided, we believe will be adequate, at least through the first part of calendar 1977, and the increase in the exception to the 4-1/4 percent ceiling by an additional $5 billion will give us, for the time being, the tools that will allow us to do the most responsible job possible of debt management, one that will contribute to economic and financial stability.

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PUBLIC DEBT
SUBJECT TO LIMITATION
FISCAL YEAR 1976
Based on: Budget Receipts of $300 Billion,
Budget Outlays of $372 Billion,
Off-Budget Outlays of $9 Billion

($ Billions)

	Operating Cash Balance	Public Debt Subject to Limit	With $3 Billion Margin for Contingencies
1975		-Actual-	
June 30	7.6	534.2	
July 31	4.2	539.2	
August 31	3.6	548.7	
September 30	10.5	554.3	
October 31	10.3	563.1	
November 30	6.5	567.9	
December 31	8.5	577.8	
1976			
January 31	12.0	585.5	
February 29	12.1	595.0	
March 15	5.9	597.0	
March 31	8.0	601.6	
April 15	2.7	604.9	
April 30	11.5	603.1	
May 31	8.2	611.8	
		-Estimated-	
June	6	616	619

June 24, 1976

PUBLIC DEBT
SUBJECT TO LIMITATION
TRANSITION QUARTER
JULY-SEPTEMBER 1976
Based on: Budget Receipts of $82 Billion,
Budget Outlays of $99 Billion,
Off-Budget Outlays of $5 Billion

($ Billions)

1976	Operating Cash Balance	Public Debt Subject to Limit	With $3 Billion Margin for Contingencies
		-Estimated-	
June 30	6	616	619
July 31	6	627	630
August 31	6	637	640
September 30	6	636	639

June 24, 1976

PUBLIC DEBT
SUBJECT TO LIMITATION
FISCAL YEAR 1977

Based on: Budget Receipts of $352 Billion,
Budget Outlays of $397 Billion,
Off-Budget Outlays of $11 Billion

($ Billions)

	Operating Cash Balance	Public Debt Subject to Limit	With $3 Billion Margin for Contingencies
1976		-Estimated-	
September 30	[redacted]	636	639
October 31	6	646	649
November 30	6	656	659
December 31	6	660	663
1977			
January 31	6	663	666
February 28	6	678	681
March 31	6	693	696
April 15	6	701	704
April 30	6	690	693
May 31	6	706	709
June 15 (peak)	6	713	716
June 30	6	696	699
July 31	6	701	704
August 31	6	706	709
September 30	6	708	711

June 24, 1976

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BUDGET RECEIPTS AND OUTLAYS BY FUND GROUP

($ Billions)

	Fiscal Year 1976 Estimated	Transition Quarter Actual	Fiscal Year 1977 Estimated
Receipts:			
Federal Funds.........	$201.0	$54.7	$230.9
Trust Funds...........	134.2	33.8	157.8
Interfund Transactions	- 35.6	- 6.6	- 37.2
Unified Budget........	299.6	81.9	351.5
Outlays:			
Federal Funds.........	275.7	71.0	288.6
Trust Funds...........	132.2	35.1	145.8
Interfund Transactions	- 35.6	- 6.6	- 37.2
Unified Budget........	372.2	99.5	397.2
Surplus or Deficit (-):			
Federal Funds.........	-74.7	-16.3	- 57.7
Trust Funds...........	2.0	- 1.3	12.0
Unified Budget........	-72.7	-17.6	- 45.7

Detail may not add to total due to rounding.

June 24, 1976

UNIFIED BUDGET MONTHLY
FISCAL YEAR 1976 AND
TRANSITION QUARTER

($ Billions)

	Receipts	Outlays	Surplus or Deficit (-)
	-Actual-		
1975			
July	$ 20.2	$ 31.2	$-11.1
August	23.6	30.6	- 7.0
September	28.6	29.0	- .4
October	19.3	32.4	-13.1
November	21.7	29.4	- 7.7
December	26.0	31.8	- 5.8
1976			
January	25.6	30.7	- 5.1
February	20.8	29.8	- 9.0
March	20.4	29.1	- 8.6
April	33.3	32.5	.9
May	22.7	28.4	- 5.7
	-Estimated-		
June	37.2	37.2	*
Fiscal Year 1976	299.6	372.2	-72.6
July	22.8	34.9	-12.1
August	26.8	32.5	- 5.7
September	32.3	32.1	.3
Transition Quarter	81.9	99.5	-17.6

Detail may not add to total due to rounding.

June 24, 1976

UNIFIED BUDGET MONTHLY
FISCAL YEAR 1977

($ Billions)

	Receipts	Outlays	Surplus or Deficit (-)
1976			
October	$ 22.2	$ 35.7	$-13.5
November	25.2	33.7	- 8.5
December	28.1	33.8	- 5.7
1977			
January	30.5	35.2	- 4.7
February	23.2	34.7	-11.5
March	20.9	34.2	-13.3
April	39.6	33.8	5.8
May	25.6	31.8	- 6.2
June	41.0	30.3	10.7
July	26.6	33.7	- 7.1
August	31.4	30.2	1.2
September	37.2	30.1	7.1
Fiscal Year 1977	351.5	397.2	-45.7

Detail may not add to total due to rounding.

June 24, 1976

FEDERAL FUNDS MONTHLY
FISCAL YEAR 1976 AND
TRANSITION QUARTER

($ Billions)

	Receipts	Outlays	Surplus or Deficit (-)
1975	-Actual-		
July	$ 13.4	$ 27.5	$-14.0
August	13.0	21.0	- 8.0
September	22.3	20.2	2.1
October	13.6	21.6	- 8.1
November	13.4	20.0	- 6.6
December	19.8	27.2	- 7.4
1976			
January	18.6	20.5	- 1.9
February	10.8	21.0	-10.2
March	13.3	19.5	- 6.3
April	23.5	22.3	1.2
May	9.3	19.1	- 9.9
	-Estimated-		
June	30.0	35.7	- 5.7
Fiscal Year 1976	201.0	275.7	-74.7
July	15.2	27.0	-11.8
August	14.7	22.0	- 7.3
September	24.8	22.0	2.8
Transition Quarter	54.7	71.0	-16.3

Detail may not add to total due to rounding.

June 24, 1976

FEDERAL FUNDS MONTHLY
FISCAL YEAR 1977

($ Billions)

	Receipts	Outlays	Surplus or Deficit (-)
1976	-Estimated-		
October......................	$ 15.6	$ 23.0	$- 7.4
November.....................	15.3	23.0	- 7.7
December.....................	21.4	27.0	- 5.6
1977			
January......................	22.4	22.0	.4
February.....................	11.2	22.0	-10.8
March........................	12.6	22.0	- 9.4
April........................	27.9	25.0	2.9
May..........................	9.8	23.1	-13.3
June.........................	32.0	29.1	2.9
July.........................	17.5	28.1	-10.6
August.......................	16.6	22.1	- 5.5
September....................	28.5	22.1	6.4
Fiscal Year 1977.............	230.9	288.6	-57.7

Detail may not add to total due to rounding.

June 24, 1976

OFF-BUDGET AGENCY OUTLAYS MONTHLY FISCAL YEAR 1976 AND THE TRANSITION QUARTER

	Federal Financing Bank 1/	Other 2/	Total
1975	-Actual-		
July	$ .6	*	$ .6
August	.7	$-1.0	- .3
September	.1	.5	.5
October	.5	.5	1.0
November	.6	.3	.9
December	.2	.6	.7
1976			
January	1.3	.3	1.5
February	.8	.2	1.0
March	1.2	*	1.2
April	.2	.1	.3
May	.2	.2	.4
	-Estimated-		
June	.2	1.3	1.5
Fiscal Year 1976	6.6	3.0	9.3
July	1.8	- .2	1.6
August	1.1	.4	1.5
September	.8	.7	1.5
Transition Quarter	3.7	.9	4.6

1/ The outlays of the Federal Financing Bank, in order to prevent double counting, reflect only its purchase of Government-guaranteed obligations, not its purchases of agency debt. Virtually all of the other off-budget activity is financed through debt issued to the Federal Financing Bank.

2/ Export-Import Bank, Postal Service and Rural Electrification Administration.

Detail may not add to total due to rounding.

June 24, 1976

OFF-BUDGET AGENCY OUTLAYS MONTHLY
FISCAL YEAR 1977

($ Billions)

	Federal Financing Bank 1/	Other 2/	Total
1976	-Actual-		
October	$ .4	$-1.2	$- .8
November	.7	.3	1.0
December	.8	.3	1.1
1977			
January	.7	.3	1.0
February	.8	.3	1.1
March	.8	.3	1.1
April	.7	.4	1.1
May	.7	.4	1.1
June	.7	.4	1.1
July	.7	.4	1.1
August	.7	.4	1.1
September	.6	.5	1.1
Fiscal Year 1977	8.2	2.8	11.1

1/ The outlays of the Federal Financing Bank, in order to prevent double counting, reflect only its purchase of Government-guaranteed obligations, not its purchase of agency debt. Virtually all of the other off-budget activity is financed through debt issued to the Federal Financing Bank.

2/ Postal Service, Energy Independence Authority and Rural Electrification Administration.

Detail may not add to total due to rounding.

June 24, 1976

CONGRESSIONAL AND
EXECUTIVE ESTIMATES
TRANSITION QUARTER AND FISCAL YEAR 1977

	-House-			-Senate-			-Concurrent Resolution-			-Executive-		
	T.Q.	FY77	Total	T.Q.	FY77	Total	T.Q.	FY77	Total	T.Q.	FY77	Total
Receipts.........	86.0	363.0	449.0	86.0	362.4	448.4	86.0	362.5	448.5	81.9	351.5	433.4
Outlays..........	101.2	413.6	514.8	102.2	412.6	514.8	102.2	413.3	515.5	99.5	397.2	496.7
Deficit..........	-15.2	-50.6	-65.8	-16.2	-50.2	-66.4	-16.2	-50.8	-67.0	-17.6	-45.7	-63.3
Debt level.......	646.2	711.9		646.2	711.5		647.2 1/	713.1 1/		639	711	
Change.........	19.2	65.7	84.9	19.2	65.3	84.5	20.2	65.9	86.1	13	72	85
Off-Budget.......	4.0	11.0	15.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.6	11.1	15.7
Trust Surplus or Deficit (-)..	2.5	4.0	6.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	- 1.3	12.0	10.7

1/ The House Budget Committee advised the House Ways and Means Committee on June 4, 1976, that the debt levels shown in the concurrent resolution were overstated, and that their latest estimates, consistent with the concurrent resolution, was for a debt level of $635 billion for the Transition Quarter and $700 billion for Fiscal Year 1977.

June 24, 1976

Use of Bond Issuing Authority 1/
(dollars in millions)

Issue Date	Coupon %	Maturity yrs.-mos.	Issuing Yield %	Total Amount Issued	Holdings on May 31, 1976 Private	Holdings on May 31, 1976 FRB's & GA
8/15/71	7	10-0	7.11	$ 807	398	409
11/15/71	6-1/8	15-0	6.15	1,216	332	884
2/15/72	6-3/8	10-0	PAR	2,197	1,653	1,049
5/15/72	6-3/8*	9-9	6.29	505		
8/15/72	6-3/8	12-0	6.45	2,353	975	1,378
1/10/73	6-3/4	20-1	6.79	627	418	209
5/15/73	7	25-0	7.11	692	371	321
8/15/73	7-1/2	20-0	8.00	925		
11/15/73	7-1/2*	19-9	7.35	438	701	1,213
2/15/74	7-1/2*	19-6	7.46	551		
5/15/74	8-1/2	25-0	8.23	587		
8/15/74	8-1/2*	24-9	8.63	886	900	1,514
11/15/74	8-1/2*	24-6	8.21	941		
2/18/75	7-7/8	25-0	7.95	902	1,365	406
5/17/76	7-7/8*	23-9	8.19	869		
4/07/75	8-1/4	15-0	8.31	1,247	981	266
5/15/75	8-1/4	30-0	8.30	1,604	981	1,240
2/17/76	8-1/4*	29-3	8.09	617		
8/15/75	8-3/8	25-0	8.44	1,114	1,463	802
11/17/75	8-3/8*	24-9	8.23	1,151		
TOTALS				20,229	10,538	9,691

Office of the Secretary of the Treasury
Office of Government Financing

June 23, 1976

1/ The face amount of Treasury bonds held by the public with interest rates exceeding 4-1/4% is limited to $12 billion according to 31 U.S.C. 752. At the end of May 1976 there was $1.5 billion of remaining authority.

FRB Market Purchases of Bonds Issued under $10 Billion Authority
July 1974 to date
($millions)

		7%	6 3/8%	6 3/8%	6 1/8%	7 1/2%	6 3/4%	7%	8 1/2%	8 1/4%	7 7/8%	8 1/4%	8 3/8%
Month	Total 1/	Aug 81	Feb 82	Aug 84	Nov 86	Aug 88-93	Feb 93	May 93-98	May 94-99	May 90	Feb 95-00	May 00-05	Aug 95-00
1974													
July	+ 36					7	8	4	16				
Aug													
Sep	+ 35		2	1		2	3	3	24				
Oct													
Nov	+ 25				2	8		7	8				
Dec	+ 22		5	1		3	2	2	9				
1975													
Jan	+ 27		1		2		1		23				
Feb	+ 82				1	15	1	5	12		49		
Mar	+201			1		18	10	21	107		44		
Apr	+165			2		15	2	14	64	52	15		
May	+ 3											3	
June	+109							5	10	45	4	45	
July													
Aug	+ 47					1			2	13	3	5	23
Sept	+124	1				8		4	8	18	2	24	60
Oct													
Nov	+244					1	3		12	17	17	3	191
Dec	+ 73	1	2	1		1	3	1	10	10	2	8	34
1976													
Jan	+ 73	2				1			9	21	2	8	32
Feb	+ 59					10		2	5	5		18	19
Mar	+ 24								6	3		11	5
Apr.	+ 38					1			5	19		3	11
May													

Office of the Secretary of the Treasury
Office of Government Financing

Note: Figures may not add to totals due to rounding.

June 22, 1976

Net Change in Federal Reserve Holdings
of Treasury Securities

($ millions)

	Net Change in Holdings	Net Purchases of Bonds Over 4-1/4%	Net Change in Other Securities
1975			
Jan.	844	28	816
Feb.	-258	82	- 340
Mar.	332	201	131
Apr.	6,428	165	6,263
May	-2,224	3	-2,227
Jun.	-873	109	-982
Jul.	-2,866	---	-2,866
Aug.	663	47	616
Sep.	4,452	124	4,328
Oct.	186	—	186
Nov.	-2,047	244	-2,291
Dec.	2,797	73	2,724
1976			
Jan.	1,848	73	1,775
Feb.	-729	259	-988
Mar.	763	24	739
Apr.	2,061	38	2,023
May	-1,284	85	-1,369

Office of the Secretary of the Treasury
Office of Government Financing

June 10, 1976

New Offerings of Coupon Securities
January - June 1976 1/

($ Billions)

Securities Offered	Issue Date	Length of Issue	Amount Offered: Total	Refunding	New Cash
Total Offerings			$41.0	$14.1	$26.9
Two Years and Under:			15.1	6.8	8.3
6-[illegible]/8% Note	2/02/76	2 yrs. - 0 mos.	2.3	—	2.3
6-5/8% Note	3/03/76	1 yr. - 9 mos.	2.6	—	2.6
6-3/4% Note	3/31/76	2 yrs. - 0 mos.	3.0	2.1	.9
6-1/2% Note	5/17/76	2 yrs. - 0 mos.	2.2	1.2	1.0 2/
7-1/2% Note	6/01/76	2 yrs. - 0 mos.	2.5	1.5	1.0
6-7/8% Note	6/30/76	2 yrs. - 0 mos.	2.5	2.0	.5
Over 2 - 7 Years:			20.0	4.2	15.8
7-1/2% Note	1/06/76	4 yrs. - 0 mos.	2.0	—	2.0
7-[illegible]/8% Note	1/26/76	5 yrs. - 4 mos.	2.0	—	2.0
7% Note	2/17/76	3 yrs. - 0 mos.	3.1	1.4	1.7 3/
8% Note	2/17/76	7 yrs. - 0 mos.	6.1	2.8	3.3 3/
7-1/2% Note	3/17/76	4 yrs. - 0 mos.	2.0	—	2.0
7-3/8% Note	4/05/76	4 yrs. -10-1/2 mos.	2.6	—	2.6
7-5/8% Note	6/10/76	4 yrs. - 1 mo.	2.2	—	2.2
Over 7 - 20 Years:			4.7	2.5	2.2
7-7/8% Note	5/17/76	10 yrs. - 0 mos.	4.7	2.5	2.2 2/
Over 20 Years:			1.2	.6	.6
8-1/4% Bond	2/17/76	29 yrs. - 3 mos.	.4	.2	.2 3/
7-7/8% Bond	5/17/76	23 yrs. - 9 mos.	.8	.4	.4 2/

Office of the Secretary of the Treasury
Office of Government Financing

June 22, 1976

1/ Excludes Federal Reserve and Government Accounts' transactions.
2/ Pro rata share in May refunding.
3/ Pro rata share in February refunding.

Treasury Bill Offerings January 1976 to Date

($ Billions)

Date 1976	Issues: Regular Bills: 13 & 26 wk.	Issues: Regular Bills: 52 wk.	Issues: Cash Mgmt.	Issues: Total	Maturities: Regular Bills: 13 & 26 wk.	Maturities: Regular Bills: 52 wk.	Maturities: Cash Mgmt.	Maturities: Total	New Money: Regular Bills: 13 & 26 wk.	New Money: Regular Bills: 52 wk.	New Money: Cash Mgmt.	New Money: Total
Jan. 2	6.2			6.2	5.7			5.7	0.5			0.5
8	6.5			6.5	6.0			6.0	0.5			0.5
13		3.1		3.1		2.0		2.0		1.1		1.1
15	6.4			6.4	5.9			5.9	0.5			0.5
22	6.4			6.4	5.9			5.9	0.5			0.5
29	6.6			6.6	5.9			5.9	0.7			0.7
31							1.6	1.6			-1.6	-1.6
Total Jan.	32.1	3.1	—	35.2	29.4	2.0	1.6	33.0	2.7	1.1	-1.6	2.2
Feb. 5	6.9			6.9	6.2			6.2	0.7			0.7
10		2.9		2.9		2.1		2.1		0.8		0.8
13	7.0			7.0	6.3			6.3	0.7			0.7
19	6.4			6.4	6.4			6.4	—			—
26	6.6			6.6	6.4			6.4	0.2			0.2
Total Feb.	26.9	2.9	—	29.8	25.3	2.1	—	27.4	1.6	0.8	—	2.4
Mar. 4	6.5			6.5	6.4			6.4	0.1			0.1
9		3.1		3.1		2.1		2.1		1.0		1.0
11	6.1			6.1	6.1			6.1	—			—
18	5.6			5.6	5.6			5.6	—			—
25	5.5			5.5	5.5			5.5	—			—
Total Mar.	23.7	3.1	—	26.8	23.6	2.1	—	25.7	0.1	1.0		1.1
Apr. 1	6.0			6.0	6.0			6.0	—			
6		3.2		3.2		2.2		2.2		1.0		1.0
8	6.2		2.5	8.7	6.2			6.2	—		2.5	2.5
15	6.1			6.1	6.1			6.1	—			—
22	5.9			5.9	6.1		4.5	10.6	-0.2		-4.5	-4.7
29	6.1			6.1	6.3			6.3	-0.2			-0.2
Total Apr.	30.3	3.2	2.5	36.0	30.7	2.2	4.5	37.4	-0.4	1.0	-2.0	-1.4

Treasury Bill Offerings January 1976 to Date

($ Billions)

Date	Issues				Maturities				New Money			
	Regular Bills				Regular Bills				Regular Bills			
1976	13 & 26 wk.	52 wk.	Cash Mgmt.	Total	13 & 26 wk.	52 wk.	Cash Mgmt.	Total	13 & 26 wk.	52 wk.	Cash Mgmt.	Total
May 4		3.2		3.2		2.4		2.4		.8		.8
6	6.2			6.2	6.4			6.4	-.2			-.2
13	6.2			6.2	6.4			6.4	-.2			-.2
20	6.0			6.0	6.2			6.2	-.2			-.2
27	6.1			6.1	6.3			6.3	-.2			-.2
Total May	24.5	3.2	—	27.7	25.3	2.4	—	27.7	-.8	.8	—	—
Total Jan.-May 1976	137.5	15.5	2.5	155.5	134.3	10.8	6.0	151.1	3.2	4.7	-3.5	4.3
June 1		2.9		2.9		2.4		2.4		.5		.5
3	6.0			6.0	6.3			6.3	-.3			-.3
8			2.0	2.0							2.0	2.0
10	5.7			5.7	6.0			6.0	-.3			-.3
17	5.3			5.3	5.6		2.0	7.6	-.3		-2.0	-2.3
24	5.2			5.2	5.5			5.5	-.3			-.3
29	2.6			2.6	2.6			2.6				
Total Jan. to June 1976 —	162.3	18.4	4.5	185.2	160.3	13.2	8.0	181.5	2.0	5.2	-3.5	3.7

Office of the Secretary of the Treasury
Office of Government Financing

June 22, 1976

Note: Figures may not add to totals due to rounding.

Attached charts were presented at the Advisory Committee Briefings on April 27, 1976 and do not reflect the effect of subsequent events.

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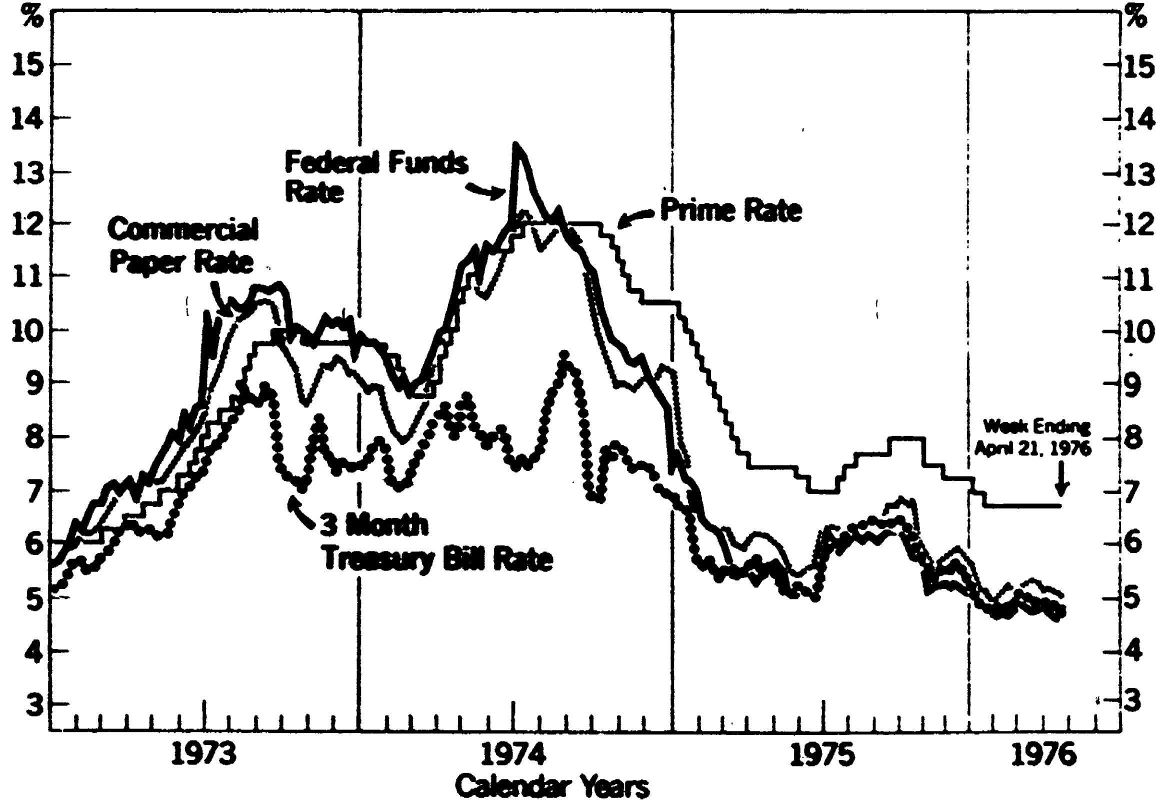
SHORT TERM INTEREST RATES

Weekly Averages



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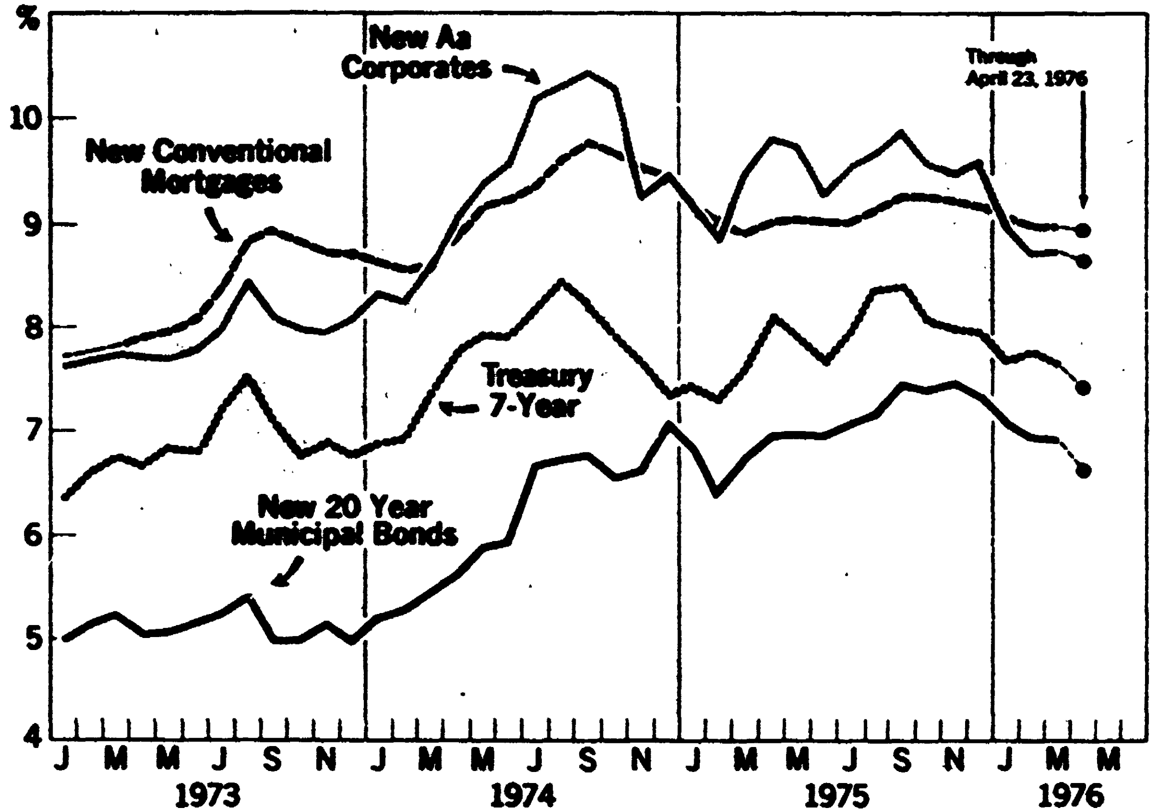
Office of Debt Analysis

April 27, 1976-18

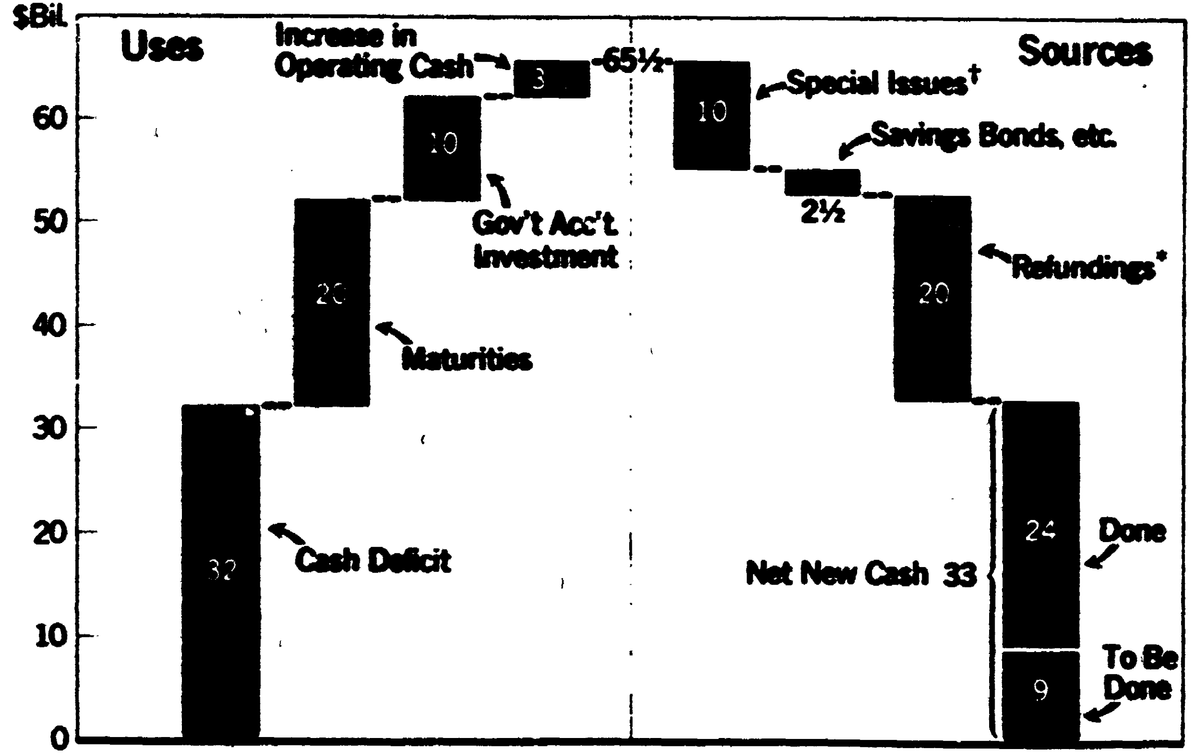
INTERMEDIATE AND LONG MARKET RATES

Monthly Averages



TREASURY FINANCING REQUIREMENTS

January-June 1976 1/



† Net of exchanges for maturing marketable securities.

* Includes $4½ billion CMB's and $1.5 billion 1/31/76 bills in 2-year cycle slot.

1/ Assumes $12 billion June 30 cash balance.

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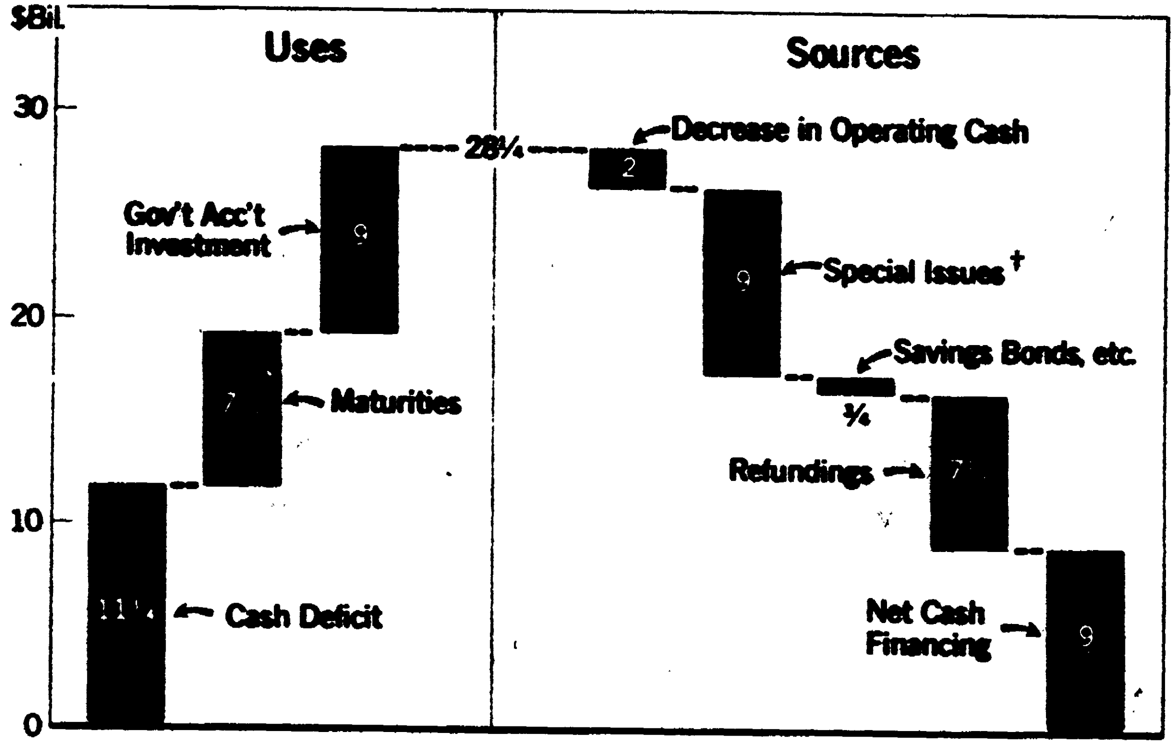
TREASURY FINANCING REQUIREMENTS

May-June 1976 1/



† Net of exchanges for maturing marketable securities.
1/ Assumes $12 billion June 30 cash balance.

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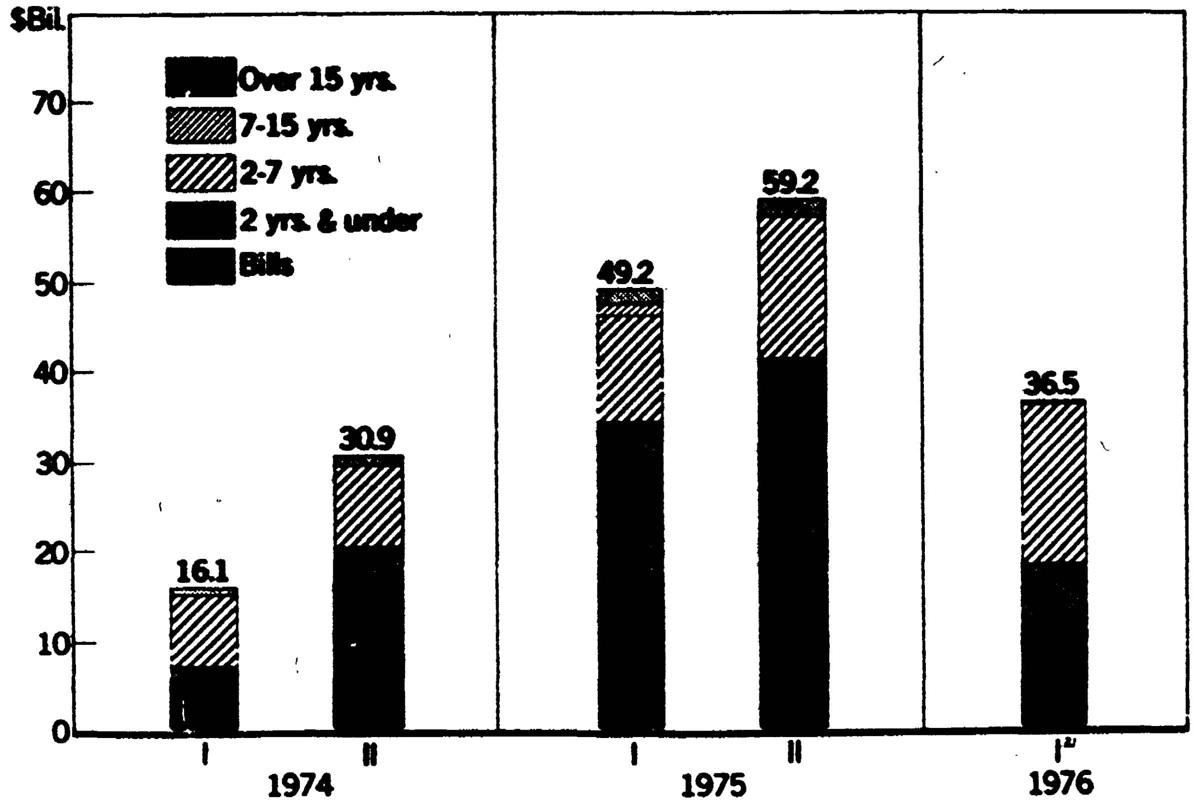
Office of Debt Analysis

April 27, 1976-10

GROSS MARKET BORROWING 1974 - TO DATE[1]

Calendar Year Halves



[1] Gross public offerings of coupon issues; net offerings of regular bills. Excludes Federal Reserve and Government Account transactions.

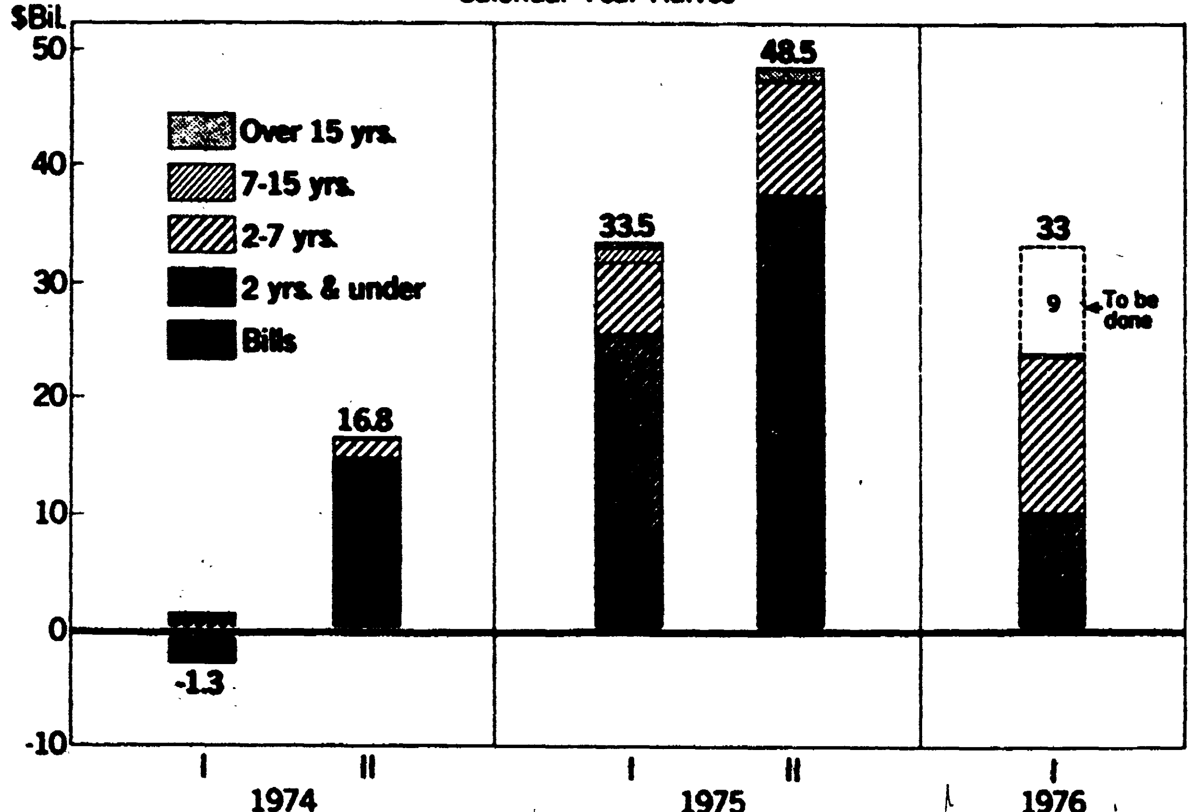
[2] Issued or announced through April 21, 1976.

Office of the Secretary of the Treasury
Office of Debt Analysis

April 27 1976-8

TREASURY NET NEW MONEY BORROWING

Calendar Year Halves



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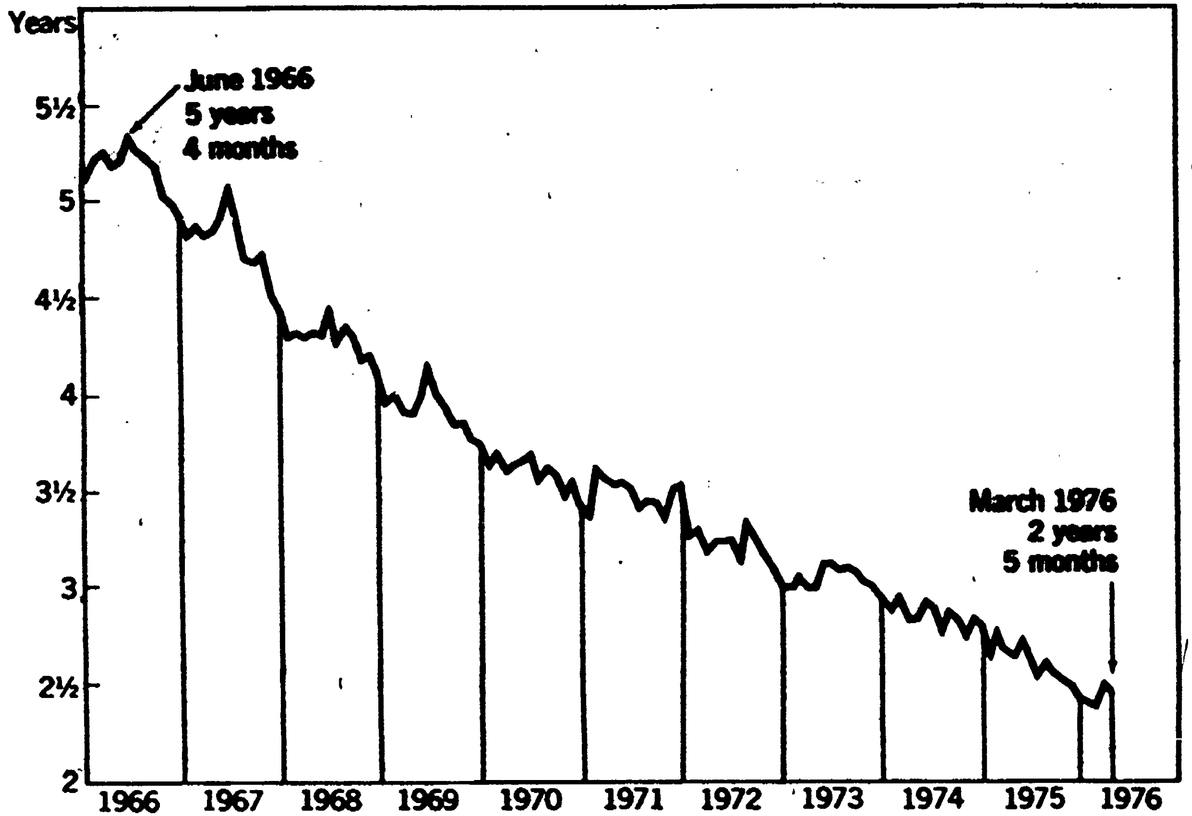
Office of Debt Analysis

April 27, 1976-14

AVERAGE LENGTH OF THE MARKETABLE DEBT

Privately Held



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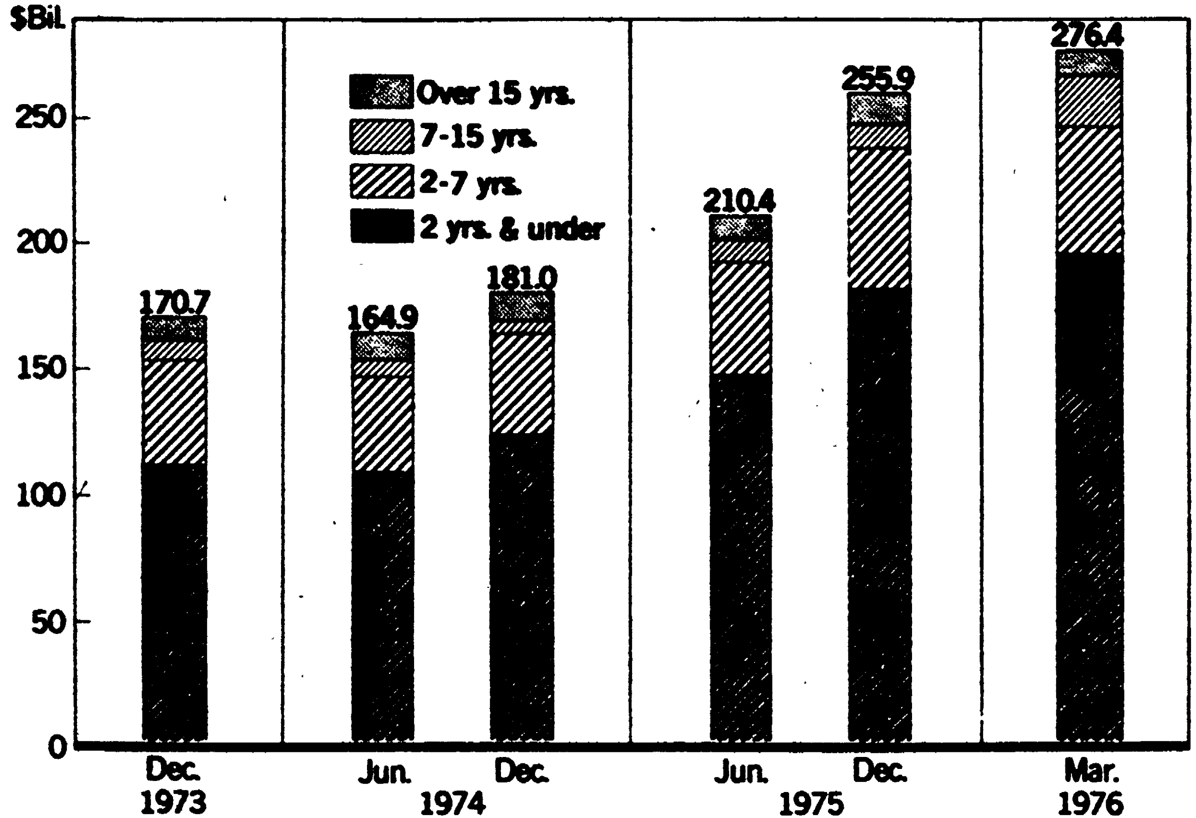
Office of Debt Analysis

April 27, 1976-12

PRIVATE HOLDINGS OF TREASURY MARKETABLE DEBT BY MATURITY



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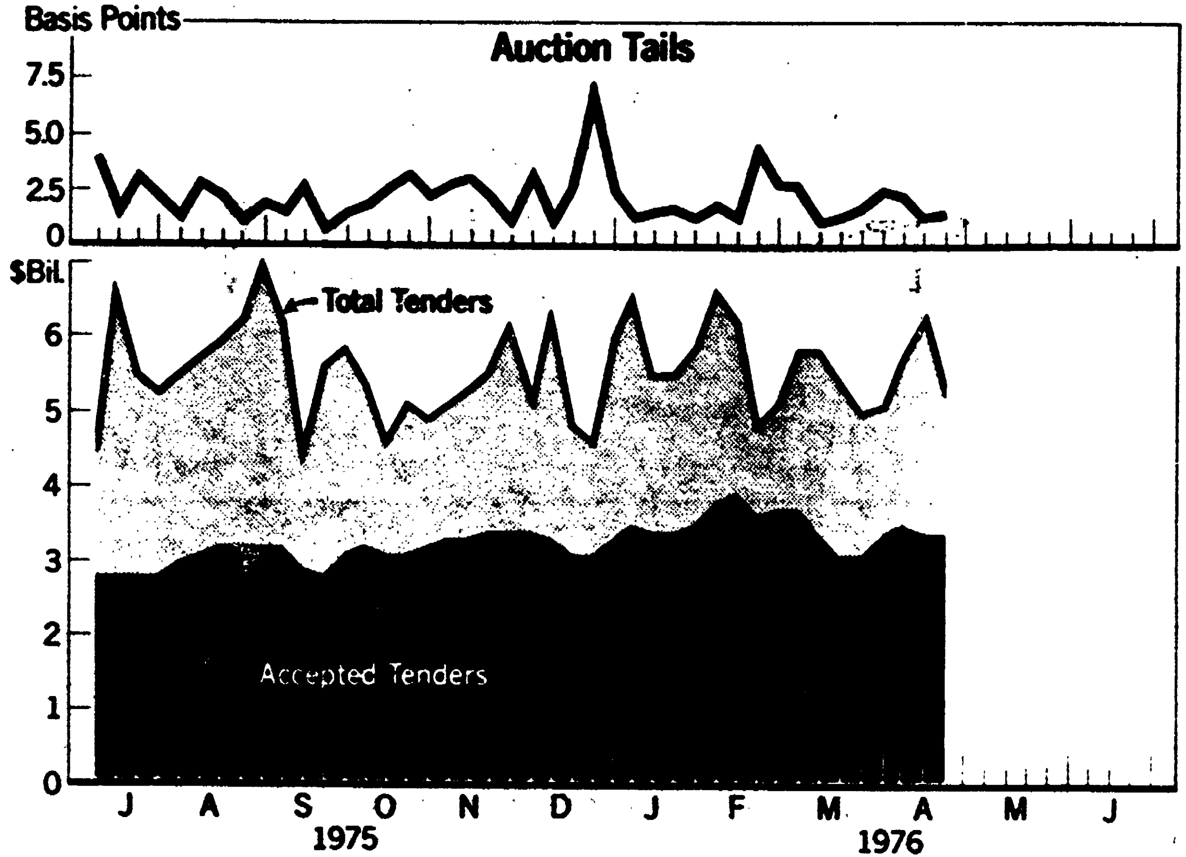
April 27, 1976-10

COVERAGE OF 26 WEEK BILLS



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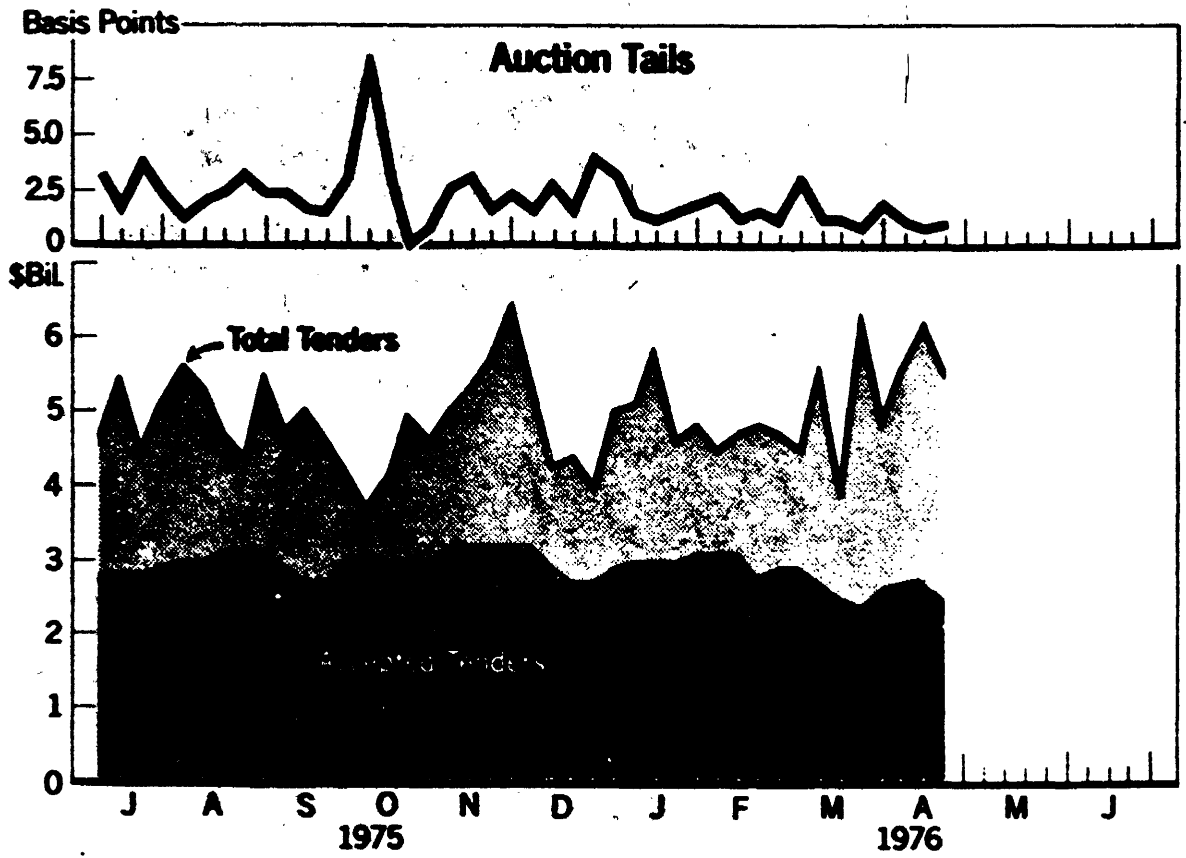
April 27 1976-3

COVERAGE OF 13 WEEK BILLS



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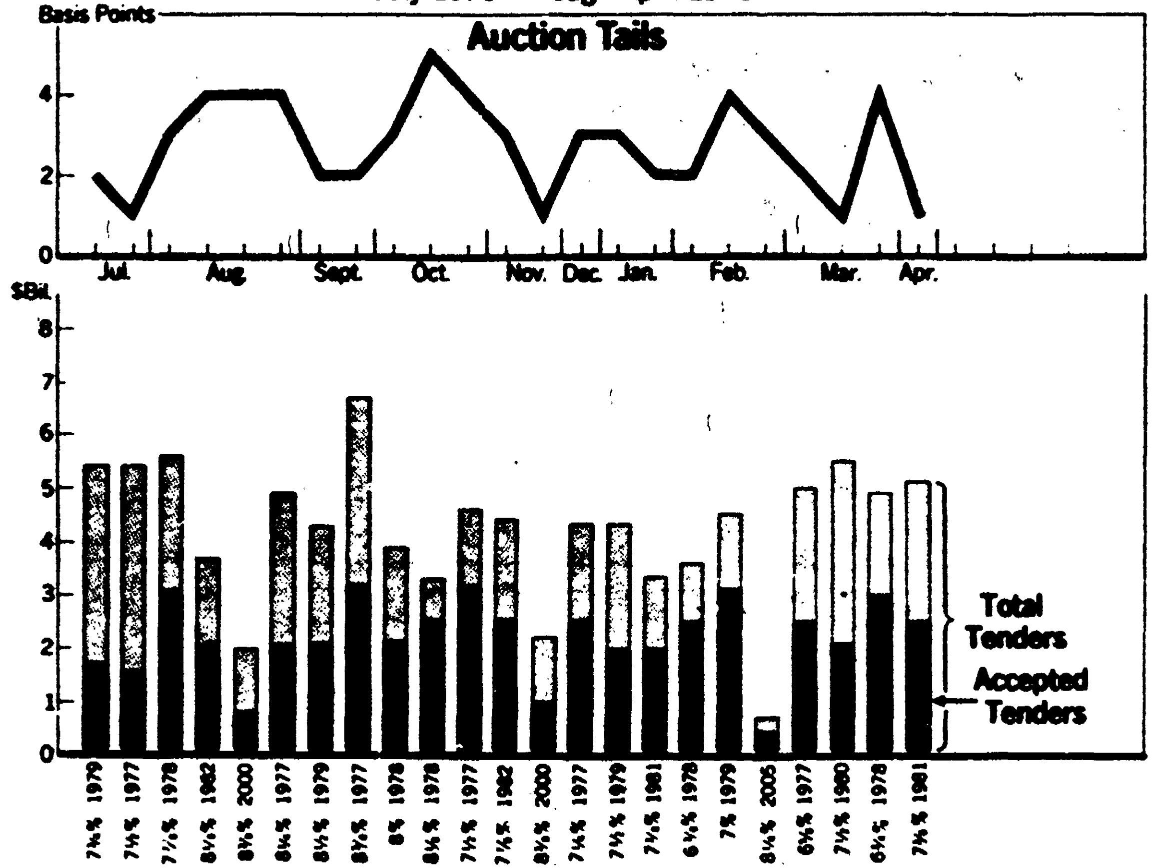
Office of Debt Analysis

COVERAGE OF TREASURY COUPON ISSUES

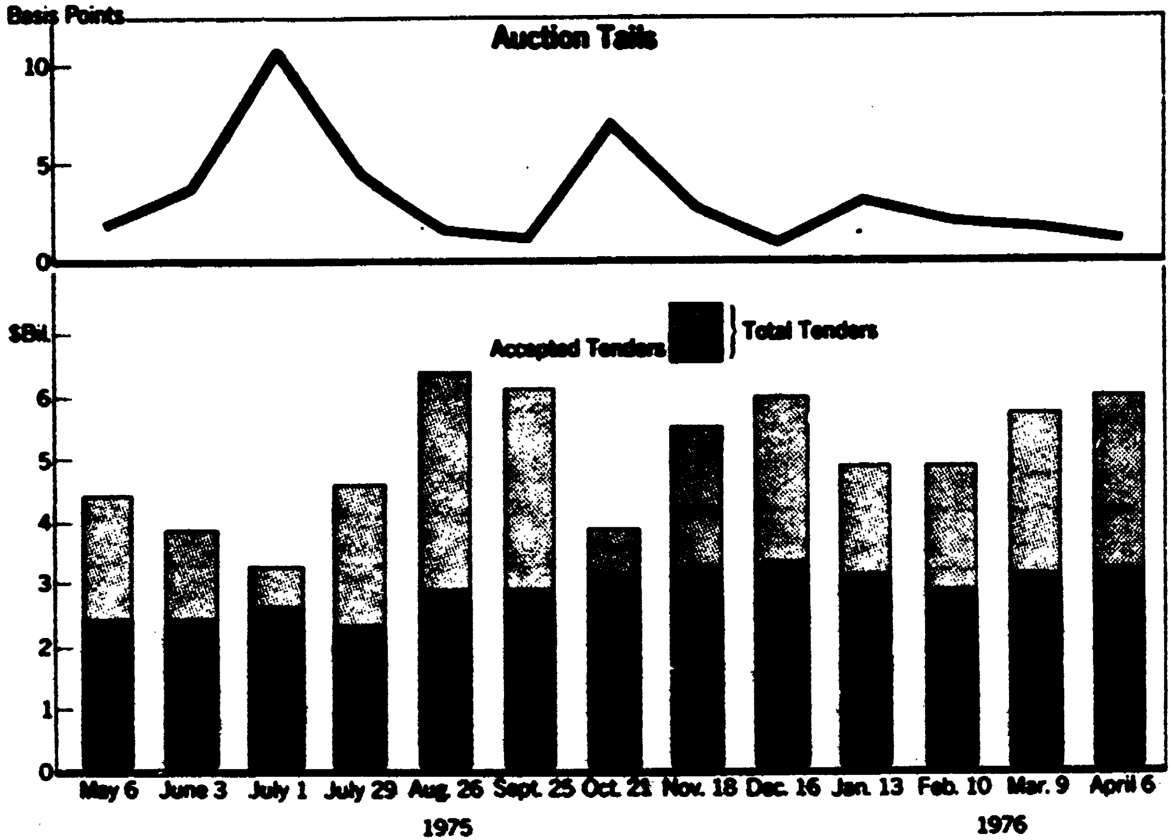
July 1975 Through April 1976



Office of the Secretary of the Treasury
Office of Debt Analysis

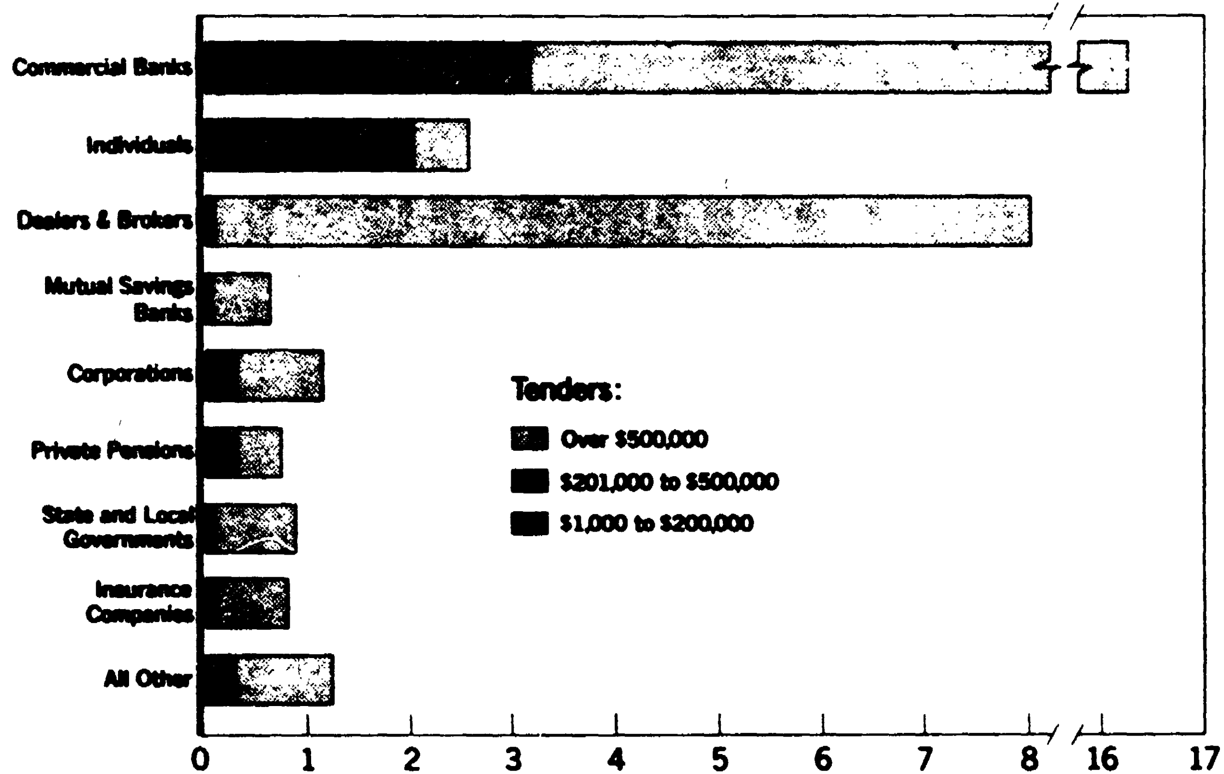
April 27 1976-8

COVERAGE OF OUTSTANDING 52 WEEK BILLS



COVERAGE OF 7-YEAR 8% NOTES

(Billions of Dollars)*



* Data estimated from partial results. Sample data suggest significant misclassification of smaller tenders from commercial banks.

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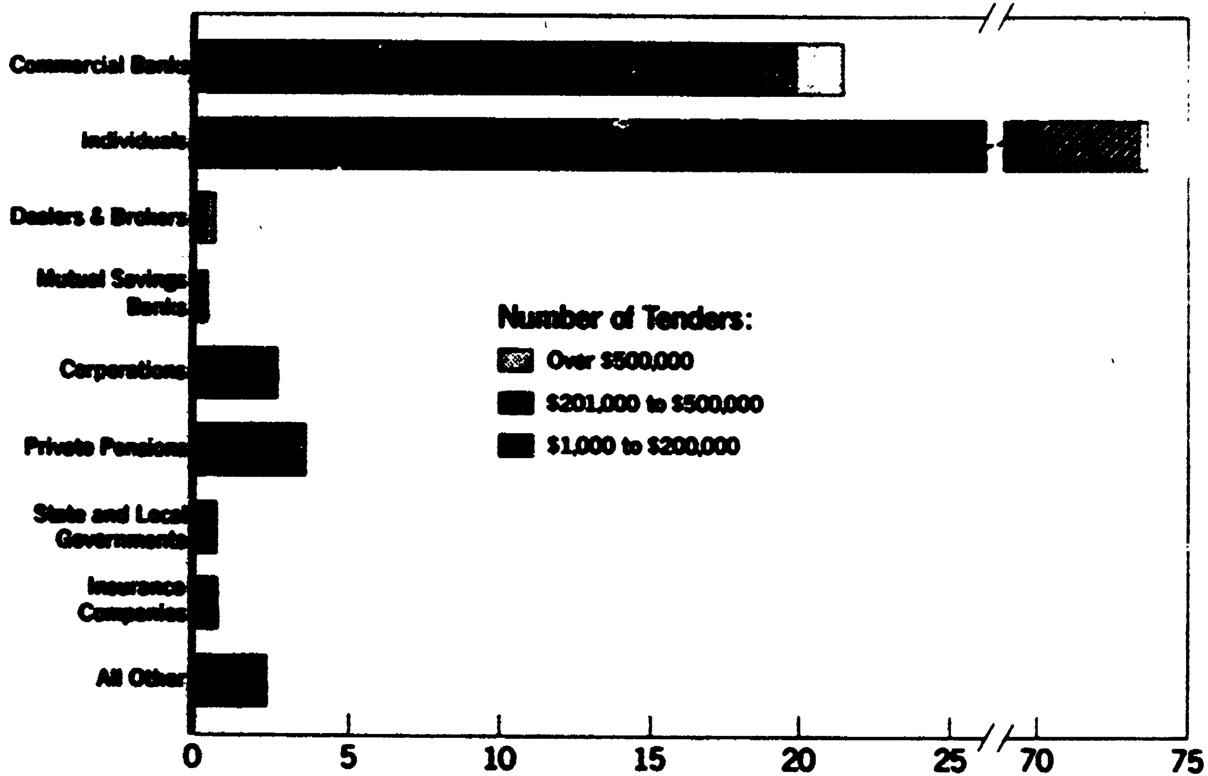
Office of Debt Analysis

April 27 1976-30

NUMBER OF TENDERS FOR 7-YEAR 8% NOTES

(Thousands)*



* Data estimated from partial results. Sample data suggest significant misclassification of smaller tenders from commercial banks.

Office of the Secretary of the Treasury
Office of Debt Analysis

OWNERSHIP OF THE MATURING ISSUES THROUGH APRIL 1977*

(In millions of dollars)

Maturing Issues	Total Privately Held	Commercial Banks	Savings Institutions: Long-term Investors 1/	Savings Institutions: Intermediate-term Investors 2/	State & Local General Funds	Corpora-tions	Foreign	Other Private Holders
5¾% Nt. May 1976	2,203	1,220	5	190	165	135	145	343
6% Nt. May 1976	1,482	870	–	125	115	80	80	212
6½% Nt. May 1976	1,868	830	10	165	175	20	120	548
8¾% Nt. June 1976	1,999	960	5	85	350	75	60	464
5⅞% Nt. Aug. 1976	1,594	760	5	110	105	240	155	219
6½% Nt. Aug. 1976	2,006	1,100	–	120	135	110	40	501
7½% Nt. Aug. 1976	2,546	1,155	15	165	170	15	225	801
8¼% Nt. Sept. 1976	1,662	1,025	–	100	100	35	65	337
6¼% Nt. Oct. 1976	1,510	680	15	190	210	115	75	225
6¼% Nt. Nov. 1976	4,015	1,750	50	240	340	375	885	375
7⅛% Nt. Nov. 1976	1,346	940	5	130	80	90	40	61
7¼% Nt. Dec. 1976	2,023	1,105	–	220	190	90	215	203
6% Nt. Feb. 1977	1,544	720	15	150	190	220	160	89
8% Nt. Feb. 1977	2,085	865	10	125	175	20	95	795
6½% Nt. Mar. 1977	2,120	1,140	5	215	140	250	340	30
7⅜% Nt. Apr. 1977	1,519	945	15	210	95	90	80	84
Total	31,522	16,085	165	2,540	2,735	1,960	2,780	5,287

*Based on February 1976 survey of ownership.

1/ Includes State and local pension funds and life insurance companies.

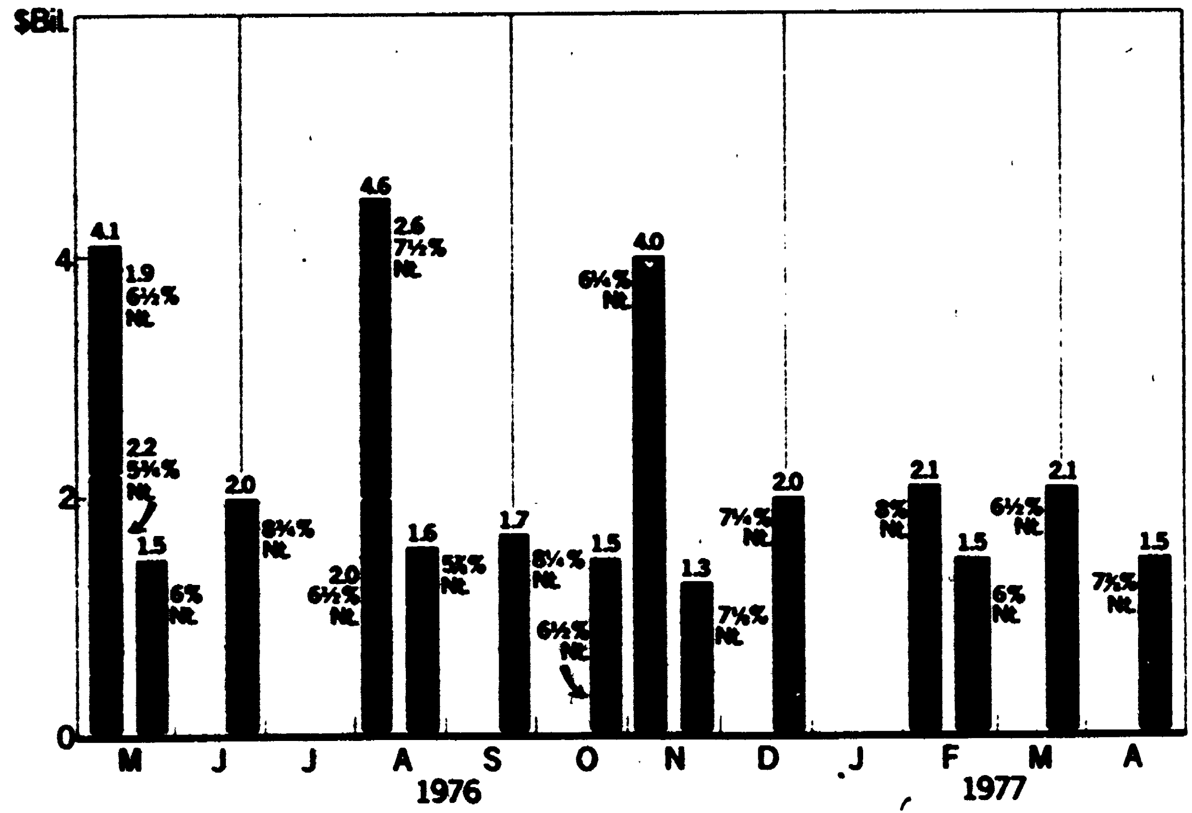
2/ Includes fire, casualty, and marine ins., mutual savings banks, savings and loan, and corporate pension funds.

Office of the Secretary of the Treasury
Office of Debt Analysis

April 27, 1976-24

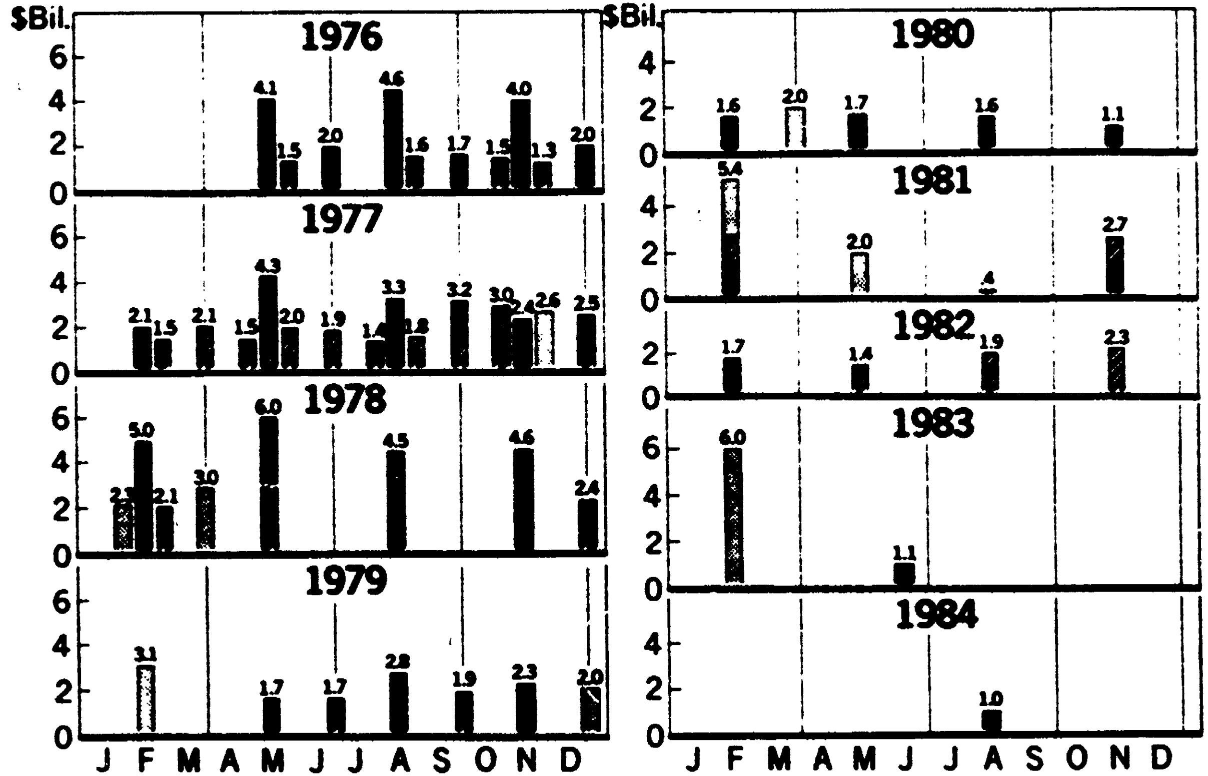
MARKETABLE MATURITIES THROUGH APRIL 30, 1977

Privately Held, Excluding Bills & Exchange Notes



TREASURY MARKETABLE MATURITIES

Privately Held, Excluding Bills and Exchange Notes

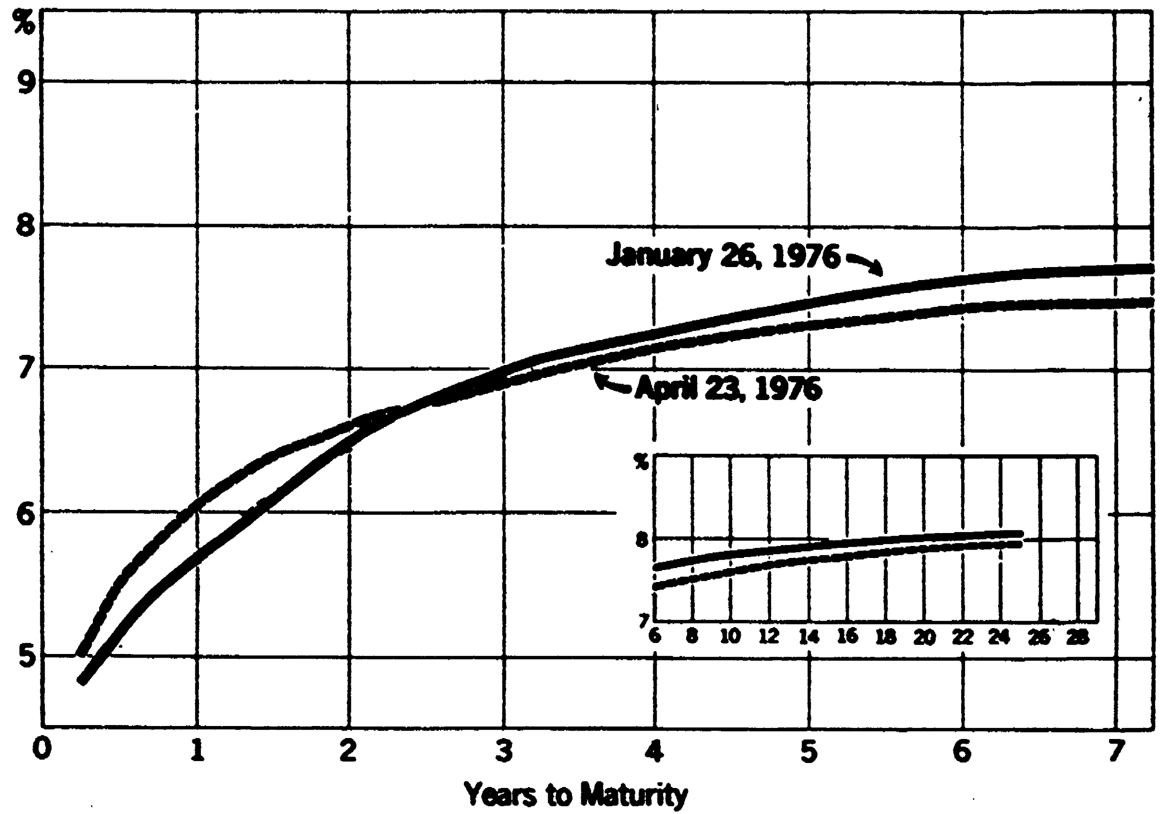


New issues calendar year 1975.
New issues calendar year 1976.

Office of the Secretary of the Treasury
Office of Debt Analysis

April 27 1976-27

MARKET YIELDS ON GOVERNMENTS
(Bid Yields)



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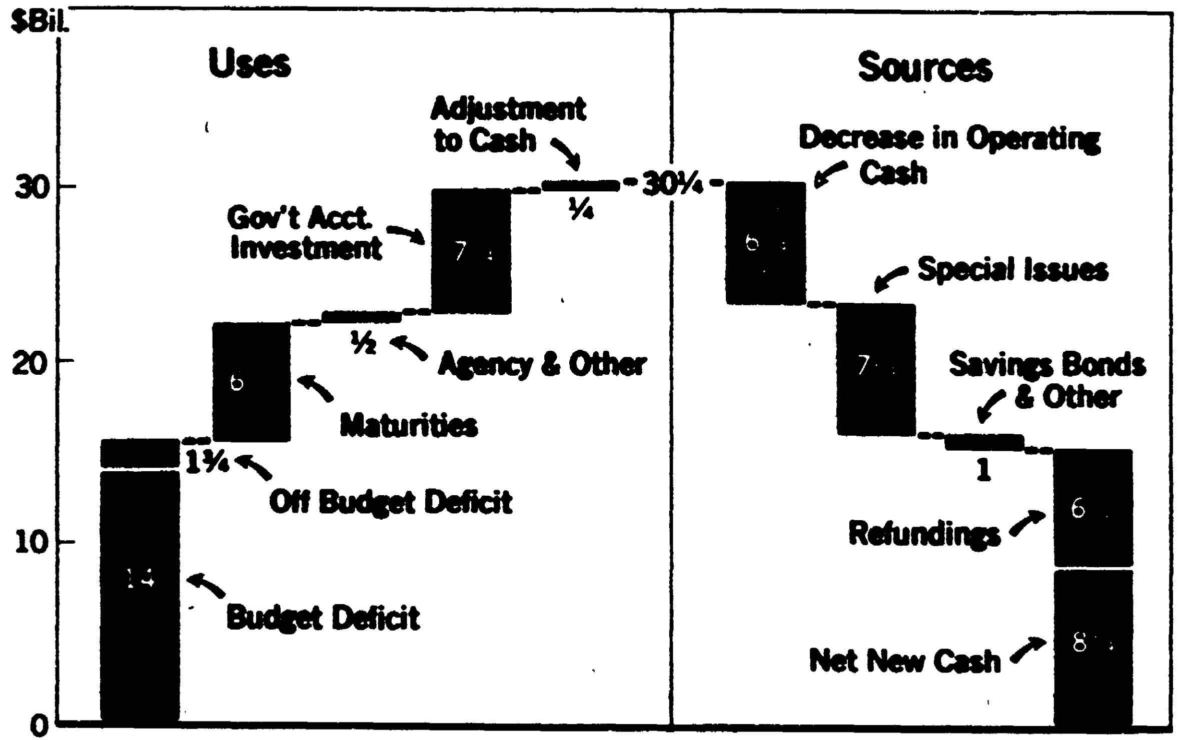
TREASURY FINANCING REQUIREMENTS

May - June 1975



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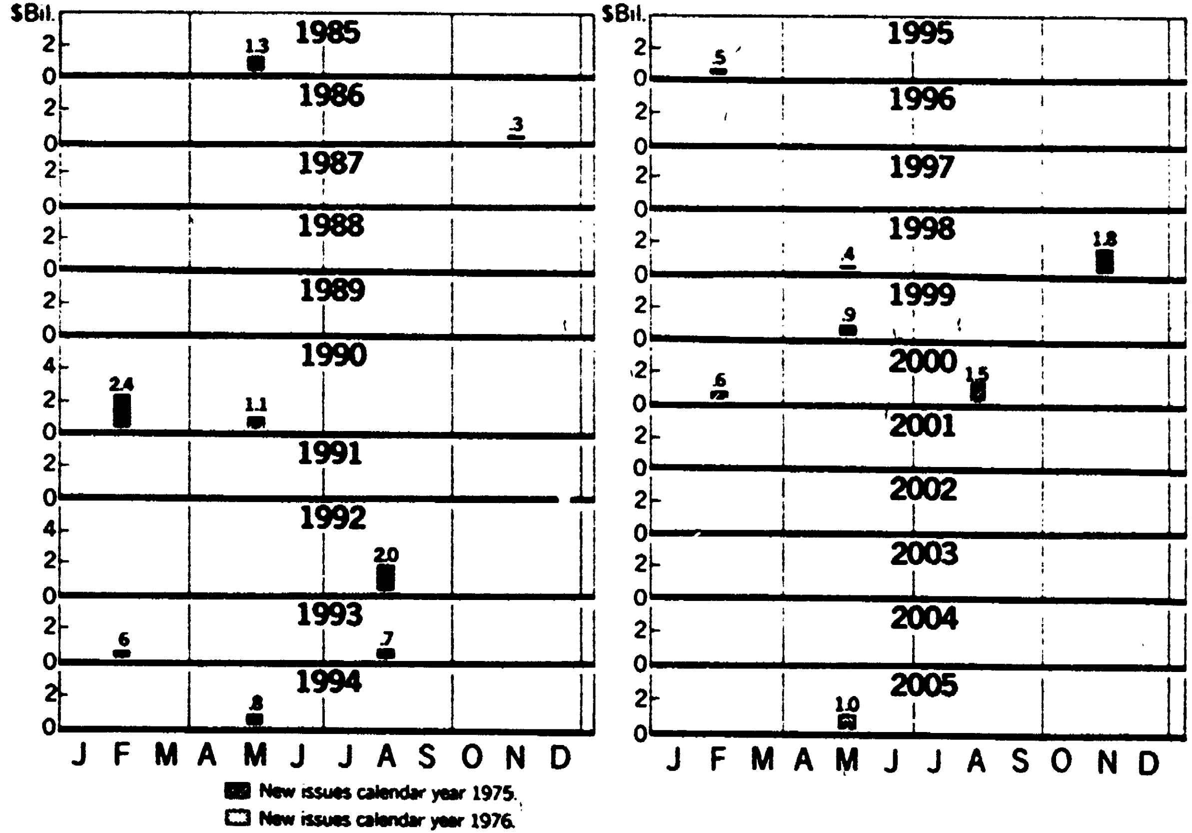
TREASURY MARKETABLE MATURITIES

Privately Held, Excluding Bills and Exchange Notes



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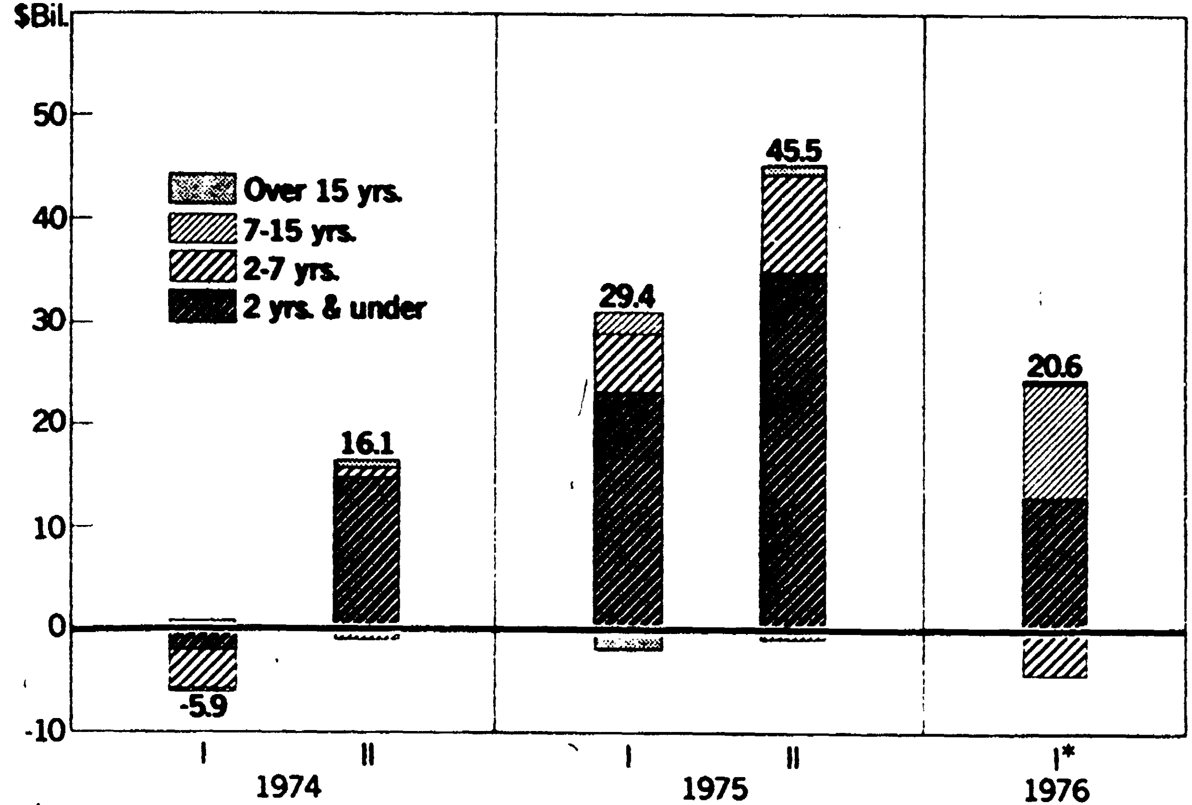
April 27, 1976-38

CHANGES IN PRIVATE HOLDINGS OF TREASURY MARKETABLE DEBT BY MATURITY



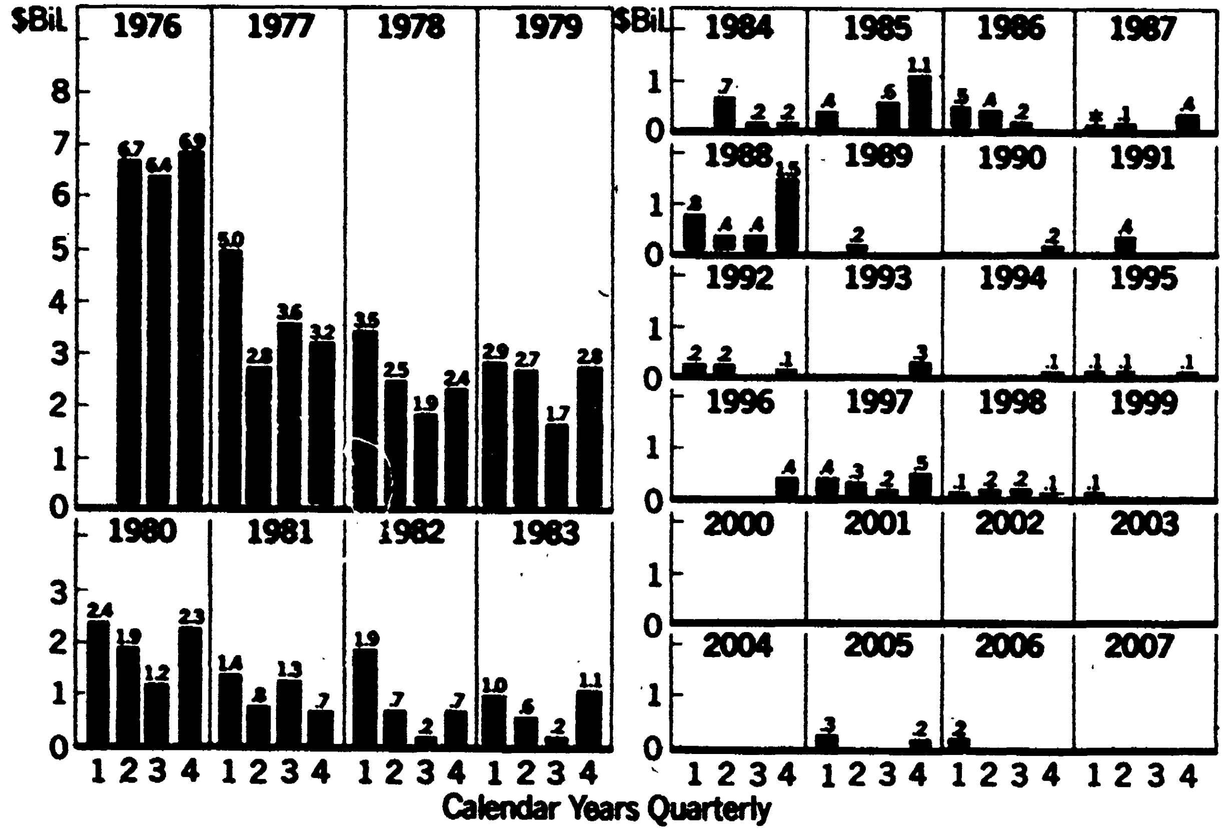
*First quarter 1976.

Office of the Secretary of the Treasury
Office of Debt Analysis

April 27, 1976 11

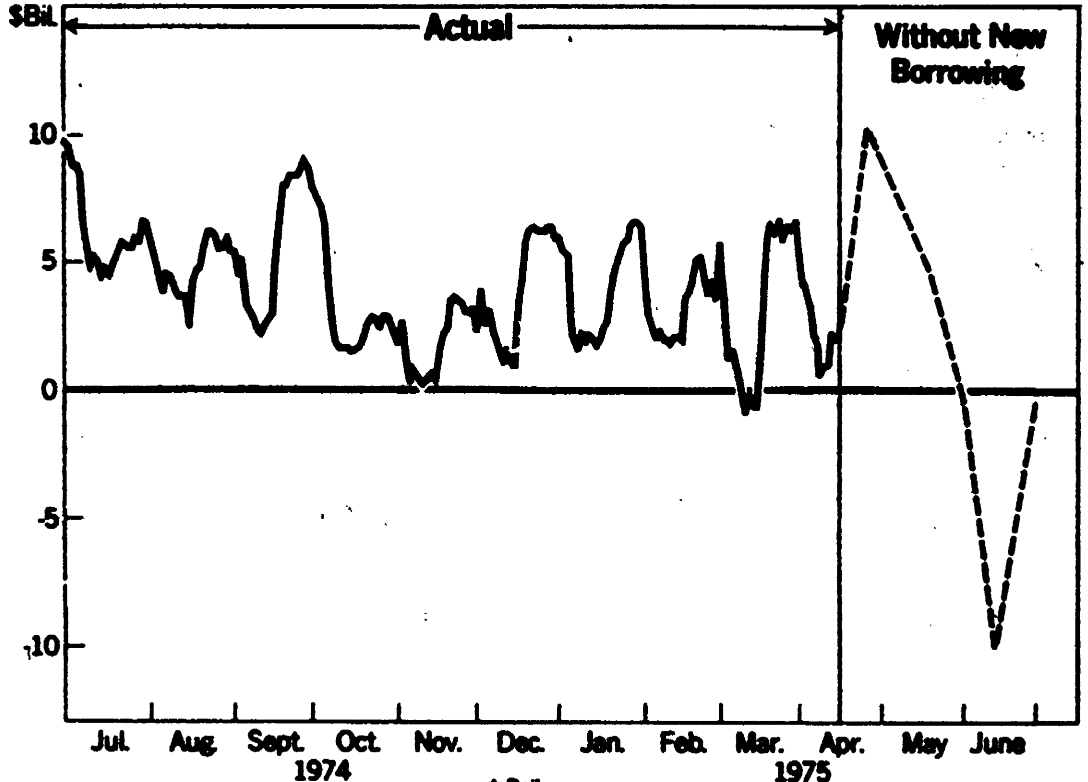
AGENCY MATURITIES 1/

Privately Held



1/ Issued or announced through April 19, 1976.
* Less than $50 million.

TREASURY OPERATING CASH BALANCE*

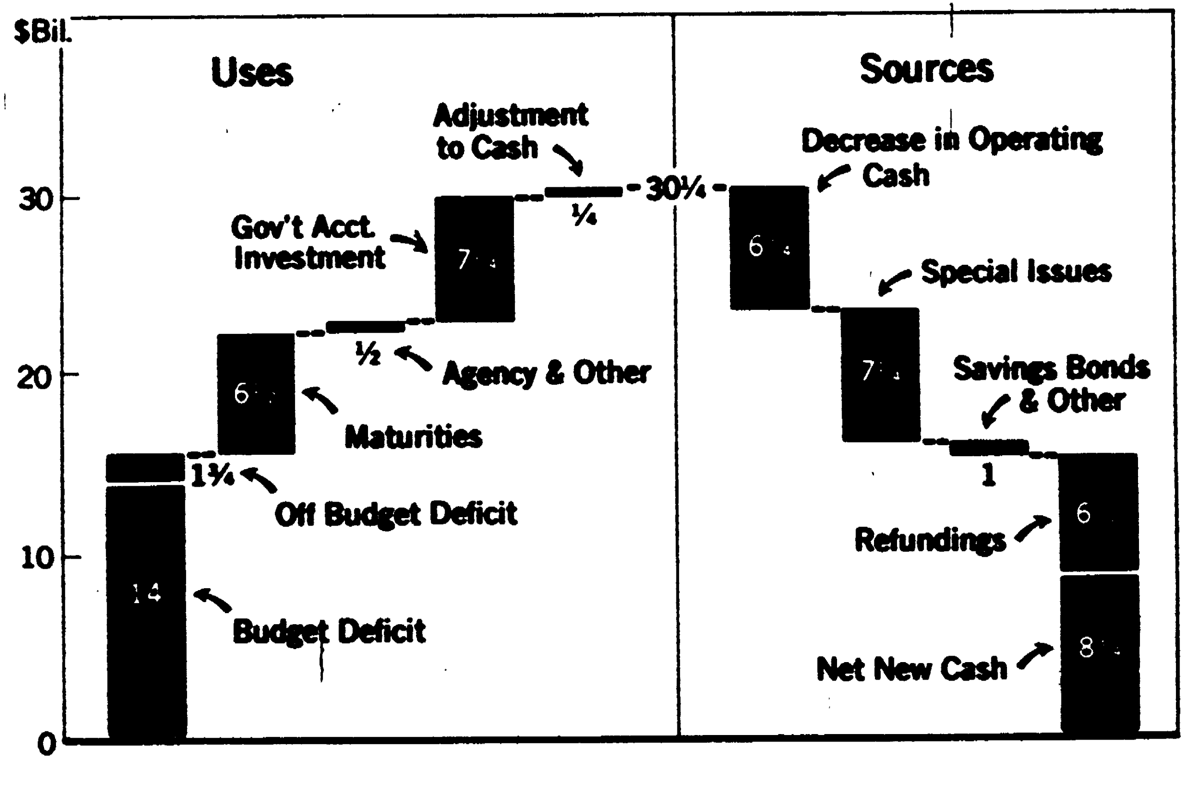


* Daily

April 27, 1976-25

TREASURY FINANCING REQUIREMENTS

May - June 1975



Office of the Secretary of the Treasury
Office of Debt Analysis

The Department of the TREASURY NEWS

For information on submitting tenders in the Washington, D. C. area: PHONE WO4-2604

FOR RELEASE AT 4:00 P.M. February 27, 1976

TREASURY TO AUCTION $2.0 BILLION OF NOTES

The Department of the Treasury will auction $2.0 billion of 4-year notes to raise new cash. Additional amounts of the notes may be issued to Federal Reserve Banks as agents of foreign and international monetary authorities.

The notes now being offered will be Treasury Notes of Series C-1980 dated March 17, 1976, due March 31, 1980 (CUSIP No. 912827 FK 3), with interest payable on September 30, 1976, and thereafter on March 31 and September 30. They will be issued in registered and bearer form in denominations of $1,000, $5,000, $10,000, $100,000, and $1,000,000, and they will be available for issue in book-entry form.

Payment for the notes must be made on March 17, 1976. Payment may not be made through tax and loan accounts.

Tenders will be received up to 1:30 p.m., Eastern Standard time, Friday, March 5, 1976, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Washington, D. C. 20226; provided, however, that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than Thursday, March 4. Each tender must be in the amount of $1,000 or a multiple thereof, and all tenders must state the yield desired, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender. Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES" should be printed at the bottom of envelopes in which tenders are submitted.

Competitive tenders must be expressed in terms of annual yield in two decimal places, e.g., 7.11, and not in terms of a price. Tenders at the lowest yields, and noncompetitive tenders, will be accepted to the extent required to attain the amount offered. After a determination is made as to which tenders are accepted, a coupon yield will be determined to the nearest 1/8 of 1 percent necessary to make the average accepted price 100.000 or less. That will be the rate of interest that will be paid on all of the notes. Based on such interest rate, the price on each competitive tender allotted will be determined and each successful competitive bidder will pay the price corresponding to the yield bid. Price calculations will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final. Tenders at a yield that will produce a price less than 99.001 will not be accepted.

The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $500,000 or less will be accepted in full at the average price of accepted competitive tenders, which price will be 100.000 or less.

WS-681

(OVER)

Commercial banks, which for this purpose are defined as banks accepting demand deposits, and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, may submit tenders for the account of customers, provided the names of the customers are set forth in such tenders. Others will not be permitted to submit tenders except for their own account.

Tenders will be received without deposit from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Federal Reserve Banks, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for. However, bidders who submit checks in payment on tenders submitted directly to a Federal Reserve Bank or the Treasury may find it necessary to submit full payment for the notes with their tenders in order to meet the time limits pertaining to checks as hereinafter set forth. Allotment notices will not be sent to bidders who submit noncompetitive tenders.

Payment for accepted tenders must be completed on or before Wednesday, March 17, 1976, at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt in cash, in other funds immediately available to the Treasury by March 17, or by check drawn to the order of the Federal Reserve Bank to which the tender is submitted, or the United States Treasury if the tender is submitted to it, which must be received at such Bank or at the Treasury no later than: (1) Thursday, March 11, 1976, if the check is drawn on a bank in the Federal Reserve District of the Bank to which the check is submitted, or the Fifth Federal Reserve District in the case of the Treasury, or (2) Tuesday, March 9, 1976, if the check is drawn on a bank in another district. Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at a Federal Reserve Bank. Where full payment is not completed on time, the allotment will be canceled and the deposit with the tender up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States.

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The Department of the TREASURY NEWS

For information on submitting tenders in the Washington, D. C. area: PHONE WO4-2604

FOR IMMEDIATE RELEASE March 11, 1976

TREASURY TO AUCTION $3.0 BILLION OF 2-YEAR NOTES

The Department of the Treasury will auction $3.0 billion of 2-year notes to refund $2.3 billion of notes maturing March 31, 1976, and to raise $0.7 billion of new cash. The public holds $2,143 million of the maturing notes and $ 145 million is held by Government accounts and the Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities. Additional amounts of the notes may be issued to Federal Reserve Banks as agents of foreign and international monetary authorities for new cash.

The notes now being offered will be Treasury Notes of Series K-1978 dated March 31, 1976, due March 31, 1978 (CUSIP No. 912827 FL 1) with interest payable semiannually on September 30, 1976, March 31, 1977, September 30, 1977, and March 31, 1978. The coupon rate will be determined after tenders are allotted. The notes will be issued in registered and bearer form in denominations of $5,000, $10,000, $100,000 and $1,000,000, and they will be available for issue in book-entry form to designated bidders. Payment for the notes may not be made through tax and loan accounts.

Tenders will be received up to 1:30 p.m., Eastern Standard time, Thursday, March 18, 1976, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Washington, D. C. 20226; provided, however, that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than March 17. Tenders must be in the amount of $5,000 or a multiple thereof, and all tenders must state the yield desired, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender. Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES" should be printed at the bottom of envelopes in which tenders are submitted.

Competitive tenders must be expressed in terms of annual yield in two decimal places, e.g., 7.11, and not in terms of a price. Tenders at the lowest yields, and noncompetitive tenders, will be accepted to the extent required to attain the amount offered. After a determination is made as to which tenders are accepted, a coupon yield will be determined to the nearest 1/8 of 1 percent necessary to make the average accepted price 100.000 or less. That will be the rate of interest that will be paid on all of the notes. Based on such interest rate, the price on each competitive tender allotted will be determined and each successful competitive bidder will pay the price corresponding to the yield bid. Price calculations will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final. Tenders at a yield that will produce a price less than 99.501 will not be accepted. Noncompetitive bidders will be required to pay the average price of accepted competitive tenders; the price will be 100.000 or less.

The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $500,000 or

WS-711

(OVER)

The Department of the TREASURY NEWS

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FOR IMMEDIATE RELEASE March 5, 1976

RESULTS OF AUCTION OF 4-YEAR TREASURY NOTES

The Treasury has accepted $2.0 billion of the $5.4 billion of tenders received from the public for the 4-year notes, Series C-1980, auctioned today.

The range of accepted competitive bids was as follows:

Lowest yield	7.50% 1/
Highest yield	7.55%
Average yield	7.54%

The interest rate on the notes will be 7-1/2%. At the 7-1/2% rate, the above yields result in the following prices:

Low-yield price	99.990
High-yield price	99.818
Average-yield price	99.853

The $2.0 billion of accepted tenders includes 34% of the amount of notes bid for at the highest yield and $0.7 billion of noncompetitive tenders accepted at the average yield.

In addition, $15 million of tenders were accepted at the average-yield price from foreign and international monetary authorities.

1/ Excepting 9 tenders totaling $891,000.

WS-698

The Department of the TREASURY NEWS
WASHINGTON, D.C. 20220 TELEPHONE 964-2041

FOR IMMEDIATE RELEASE March 18, 1976

RESULTS OF AUCTION OF 2-YEAR TREASURY NOTES

The Treasury has accepted $3.0 billion, including $0.1 billion from Government accounts and Federal Reserve Banks for their own account, of the $4.9 billion of tenders received for the 2-year notes, Series K-1978, auctioned today.

The range of accepted competitive bids was as follows:

Lowest yield	6.71% 1/
Highest yield	6.80%
Average yield	6.76%

The interest rate on the notes will be 6-3/4%. At the 6-3/4% rate, the above yields result in the following prices:

Low-yield price	100.074
High-yield price	99.908
Average-yield price	99.982

The $3.0 billion of accepted tenders includes 10% of the amount of notes bid for at the highest yield and $0.7 billion of noncompetitive tenders from the public accepted at the average yield.

In addition, $0.1 billion of tenders were accepted at the average-yield price from foreign and international monetary authorities.

1/Excepting 3 tenders totaling $290,000

WS-729

less, and all tenders from Government accounts and the Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities, will be accepted in full at the average price of accepted competitive tenders.

Commercial banks, which for this purpose are defined as banks accepting demand deposits, and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, may submit tenders for the account of customers, provided the names of the customers are set forth therein. Others will not be permitted to submit tenders except for their own account.

Tenders will be received without deposit from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Federal Reserve Banks, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for. However, bidders who submit checks in payment on tenders submitted directly to a Federal Reserve Bank or the Treasury may find it necessary to submit full payment with their tenders in order to meet the time limits pertaining to checks as hereinafter set forth. Allotment notices will not be sent to bidders who submit noncompetitive tenders.

Payment for accepted tenders must be completed on or before Wednesday, March 31, 1976. Payment must be in cash, 8% Treasury Notes of Series H-1976, which will be accepted at par, in other funds immediately available to the Treasury by the payment date or by check drawn to the order of the Federal Reserve Bank to which the tender is submitted, or the United States Treasury if the tender is submitted to it, which must be received at such Bank or at the Treasury no later than: (1) Thursday, March 25, 1976, if the check is drawn on a bank in the Federal Reserve District of the Bank to which the check is submitted, or the Fifth Federal Reserve District in case of the Treasury, or (2) Tuesday, March 23, 1976, if the check is drawn on a bank in another district. Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at a Federal Reserve Bank. Where full payment is not completed on time, the allotment will be canceled and the deposit with the tender up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States.

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The Department of the TREASURY NEWS

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For information on submitting tenders in the Washington, D. C. area: PHONE WO4-2604

FOR IMMEDIATE RELEASE March 16, 1976

TREASURY TO AUCTION $2.5 BILLION OF NOTES

The Department of the Treasury will auction $2.5 billion of 4-year 10-1/2-month notes to raise new cash. Additional amounts of the notes may be issued to Federal Reserve Banks as agents of foreign and international monetary authorities at the average price of accepted tenders.

The notes now being offered will be Treasury Notes of Series E-1981 dated April 5, 1976, due February 15, 1981 (CUSIP No. 912827 FM 9), with interest payable on August 15, 1976, and thereafter on February 15 and August 15. The coupon rate will be determined after tenders are allotted. The notes will be issued in registered and bearer form in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000, and they will be available for issue in book-entry form to designated bidders.

Payment for the notes must be made on April 5, 1976. Payment may not be made through tax and loan accounts.

Tenders will be received up to 1:30 p.m., Eastern Standard time, Wednesday, March 24, 1976, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Washington, D. C. 20226; provided, however, that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than Tuesday, March 23. Each tender must be in the amount of $1,000 or a multiple thereof, and all tenders must state the yield desired, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender. Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES" should be printed at the bottom of envelopes in which tenders are submitted.

Competitive tenders must be expressed in terms of annual yield in two decimal places, e.g., 7.11, and not in terms of a price. Tenders at the lowest yields, and noncompetitive tenders, will be accepted to the extent required to attain the amount offered. After a determination is made as to which tenders are accepted, a coupon yield will be determined to the nearest 1/8 of 1 percent necessary to make the average accepted price 100.000 or less. That will be the rate of interest that will be paid on all of the notes. Based on such interest rate, the price on each competitive tender allotted will be determined and each successful competitive bidder will pay the price corresponding to the yield bid. Price calculations will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final. Tenders at a yield that will produce a price less than 99.001 will not be accepted.

The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $500,000 or less, will be accepted in full at the average price of accepted competitive tenders, which price will be 100.000 or less.

WS-724

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Commercial banks, which for this purpose are defined as banks accepting demand deposits, and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, may submit tenders for the account of customers, provided the names of the customers are set forth in such tenders. Others will not be permitted to submit tenders except for their own account.

Tenders will be received without deposit from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Federal Reserve Banks, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for. However, bidders who submit checks in payment on tenders submitted directly to a Federal Reserve Bank or the Treasury may find it necessary to submit full payment for the notes with their tenders in order to meet the time limits pertaining to checks as hereinafter set forth. Allotment notices will not be sent to bidders who submit noncompetitive tenders.

Payment for accepted tenders must be completed on or before Monday, April 5, 1976, at the Federal Reserve Bank or Branch or at the Bureau of the Public Debt in cash, in other funds immediately available to the Treasury by April 5, or by check drawn to the order of the Federal Reserve Bank to which the tender is submitted, or the United States Treasury if the tender is submitted to it, which must be received at such Bank or at the Treasury no later than: (1) Wednesday, March 31, 1976, if the check is drawn on a bank in the Federal Reserve District of the Bank to which the check is submitted, or the Fifth Federal Reserve District in the case of the Treasury, or (2) Monday, March 29, 1976, if the check is drawn on a bank in another district. Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at a Federal Reserve Bank. Where full payment is not completed on time, the allotment will be canceled and the deposit with the tender up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States.

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The Department of the TREASURY NEWS

35

FOR IMMEDIATE RELEASE March 24, 1976

RESULT OF AUCTION OF 4-YEAR 10-1/2 MONTH TREASURY NOTES

The Treasury has accepted $2.5 billion of the $5.1 billion of tenders received from the public for the 4-year 10-1/2 month notes, Series E-1981, auctioned today.

The range of accepted competitive bids was as follows:

Lowest yield	7.35% 1/
Highest yield	7.39%
Average yield	7.38%

The interest rate on the notes will be 7-3/8% . At the 7-3/8% rate, the above yields result in the following prices:

Low-yield price	100.101
High-yield price	99.940
Average-yield price	99.980

The $2.5 billion of accepted tenders includes 100% of the amount of notes bid for at the highest yield and $0.5 billion of noncompetitive tenders accepted at the average yield.

In addition, $150 million of tenders were accepted at the average-yield price from foreign and international monetary authorities.

Attention is directed to the fact that the coupon rate of 7-3/8% on the new notes (Series E-1981) is the same as that on previously issued Treasury Notes (Series C-1981) and that both notes will mature on February 15, 1981. However, interest to be paid on August 15, 1976, will be $26.74451 per thousand for the new Series E-1981 notes and $36.87500 per thousand for the existing Series C-1981 notes. After August 15, 1976, both Series C-1981 and E-1981 will have the same semi-annual interest payments, $36.87500 per thousand. Three factors will distinguish the two notes; the series designation, the issue date, and the CUSIP number. Series C-1981 was issued on February 18, 1975 (CUSIP No. 912827 ED 0), and Series E-1981 will be issued on April 5, 1976 (CUSIP No. 912827 FM 9).

1/ Excepting 5 tenders totaling $6,530,000

WS-739

The Department of the TREASURY NEWS

FOR RELEASE AT 11:45 A.M. April 5, 1976

TREASURY OFFERS $2.5 BILLION OF TREASURY BILLS

The Department of the Treasury, by this public notice, invites tenders for $2,500,000,000, or thereabouts, of 14- day Treasury bills to be issued April 8, 1976, representing an additional amount of bills dated October 23, 1975, maturing April 22, 1976 (CUSIP No. 912793 ZD 1).

The bills will be issued on a discount basis under competitive bidding, and at maturity their face amount will be payable without interest. They will be issued in bearer form in denominations of $10,000, $15,000, $50,000, $100,000, $500,000 and $1,000,000 (maturity value), and in book-entry form to designated bidders.

Tenders will be received at all Federal Reserve Banks and Branches up to 1:30 p.m., Eastern Standard time, Wednesday, April 7, 1976. Tenders will not be received at the Department of the Treasury, Washington. Wire and telephone tenders may be received at the discretion of each Federal Reserve Bank or Branch. Tenders must be for a minimum of $10,000,000. Tenders over $10,000,000 must be in multiples of $1,000,000. The price on tenders offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used.

Banking institutions and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others will not be permitted to submit tenders except for their own account. Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 2 percent of the face amount of bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.

Public announcement will be made by the Department of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Settlement for accepted tenders in accordance with the bids must be made at the Federal Reserve Bank or Branch on April 8,1976, in immediately available funds.

WS 765

Under Sections 454(b) and 1221(5) of the Internal Revenue Code of 1954 the amount of discount at which bills issued hereunder are sold is considered to accrue when the bills are sold, redeemed or otherwise disposed of, and the bills are excluded from consideration as capital assets. Accordingly, the owner of bills (other than life insurance companies) issued hereunder must include in his Federal income tax return, as ordinary gain or loss, the difference between the price paid for the bills, whether on original issue or on subsequent purchase, and the amount actually received either upon sale or redemption at maturity during the taxable year for which the return is made.

Department of the Treasury Circular No. 418 (current revision) and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

The Department of the TREASURY NEWS

For information on submitting tenders in the Washington, D. C. area: PHONE WO4-2604

FOR RELEASE WHEN AUTHORIZED AT PRESS CONFERENCE April 28, 1976

TREASURY TO OFFER $3.5 BILLION OF 10-YEAR NOTES

The Department of the Treasury will offer to sell $3.5 billion of 10-year notes as one of three securities to be issued for the purpose of refunding debt maturing May 15 and raising new cash. The amount of the offering may be increased by a reasonable amount to the extent that the total amount of subscriptions for $500,000 or less accompanied by 20% deposit so warrants. Details of the other two securities are contained in separate announcements. Additional amounts of the notes may be issued to Government accounts and Federal Reserve Banks for their own account.

The notes now being offered will be 7-7/8% Treasury Notes of Series A-1986 dated May 17, 1976, due May 15, 1986 (CUSIP No. 912827 FP 2). They will be sold at par. Interest will be payable on a semiannual basis on November 15, 1976, and thereafter on May 15 and November 15. The notes will be issued in registered and bearer form in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000 and they will be available for issue in book-entry form to designated subscribers.

Subscriptions will be received through Wednesday, May 5, 1976, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Washington, D. C. 20226; provided, however, that subscriptions up to $500,000 accompanied by a 20% deposit will be considered timely received if they are mailed to any such agency under a postmark no later than Tuesday, May 4, 1976. Subscriptions must be in the amount of $1,000 or a multiple thereof. The notation "SUBSCRIPTION FOR TREASURY NOTES" should be printed at the bottom of envelopes in which subscriptions are submitted.

Commercial banks, which for this purpose are defined as banks accepting demand deposits, and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, may submit subscriptions for the account of customers, PROVIDED THE NAMES OF THE CUSTOMERS ARE SET FORTH THEREIN. Others will not be permitted to submit tenders except for their own account.

The Secretary of the Treasury expressly reserves the right to accept or reject any or all subscriptions, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, subscriptions for $500,000, or less, will be allotted in full provided that 20% of the face value of the securities for each subscriber is submitted as a deposit. Such deposits must be submitted to the Federal Reserve Bank or Branch, or to the Bureau of the Public Debt, with the subscription; this will apply even if the subscription is for the account of a commercial bank or securities dealer, or for one of their customers. Guarantees in lieu of deposits will not be accepted. Allotment notices will not be sent to subscribers making the 20% deposit.

Subscriptions not accompanied by the 20% deposit will be received subject to a percentage allotment irrespective of the size of the subscription. No allotment will be made of these subscriptions until and unless the subscriptions accompanied by 20% deposit pursuant to the preceding paragraph have been allotted in full. On such subscriptions a 5% deposit will be required from all subscribers except commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds,

WS-820

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international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Federal Reserve Banks, and Government accounts. Commercial banks and securities dealers authorized to enter subscriptions for customers will be required to certify that they have received the 5% deposit from their customers or guarantee payment of the deposits.

Subscribers may submit subscriptions under each of the provisions of the two foregoing paragraphs, i.e., up to $500,000 with a 20% cash deposit and in any amount with a 5% deposit. Each of the two types of subscriptions will be treated as separate subscriptions.

Payment for accepted subscriptions must be completed on or before Monday, May 17, 1976. Payment must be in cash, 6-1/2% Treasury Notes of Series B-1976 or 5-3/4% Treasury Notes of Series E-1976, which will be accepted at par, in other funds immediately available to the Treasury by the payment date or by check drawn to the order of the Federal Reserve Bank to which the subscription is submitted, or the United States Treasury if the subscription is submitted to it, which must be received at such Bank or at the Treasury no later than: (1) Wednesday, May 12, 1976, if the check is drawn on a bank in the Federal Reserve District of the Bank to which the check is submitted, or the Fifth Federal Reserve District in case of the Treasury, or (2) Monday, May 10, 1976, if the check is drawn on a bank in another district. Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at a Federal Reserve Bank. Where full payment is not completed on time, the allotment will be canceled and the deposit with the subscription up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States.

Bearer notes will be delivered on May 17, 1976, except that if adequate stocks of the notes are not available on that date, the Department of the Treasury reserves the right to issue interim certificates on that date. The certificates would be bearer securities exchangeable at face value for 7-7/8% Treasury Notes of Series A-1986 when available.

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The Department of the TREASURY NEWS

For information on submitting tenders in the Washington, D. C. area: PHONE WO4-2604

FOR RELEASE WHEN AUTHORIZED AT PRESS CONFERENCE April 28, 1976

TREASURY TO AUCTION $2.0 BILLION OF 2-YEAR NOTES

The Department of the Treasury will auction $2.0 billion of 2-year notes as one of three securities to be issued for the purpose of refunding debt maturing May 15 and raising new cash. Details of the other two securities are contained in separate announcements. Additional amounts of the notes may be issued to Government accounts and Federal Reserve Banks for their own account in exchange for notes maturing May 15, 1976, and to Federal Reserve Banks as agents for foreign and international monetary authorities for new cash only.

The notes now being offered will be Treasury Notes of Series L-1978 dated May 17, 1976, due April 30, 1978(CUSIP No. 912827 FM 7) with interest payable on a semiannual basis on October 31, 1976, and thereafter on April 30 and October 31. The coupon rate will be determined after tenders are allotted. The notes will be issued in registered and bearer form in denominations of $5,000, $10,000, $100,000 and $1,000,000 and they will be available for issue in book-entry form to designated bidders.

Tenders will be received up to 1:30 p.m., Eastern Daylight Saving time, Tuesday, May 4, 1976, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Washington, D. C. 20226; provided, however, that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than Monday, May 3. Tenders must be in the amount of $5,000 or a multiple thereof, and all tenders must state the yield desired, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender. Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES" should be printed at the bottom of envelopes in which tenders are submitted.

Competitive tenders must be expressed in terms of annual yield in two decimal places, e.g., 7.11, and not in terms of a price. Tenders at the lowest yields, and noncompetitive tenders, will be accepted to the extent required to attain the amount offered. After a determination is made as to which tenders are accepted, a coupon rate will be determined at a 1/8 of one percent increment that translates into an average accepted price close to 100.000 and a lowest accepted price above 99.750. That rate of interest will be paid on all of the notes. Based on such interest rate, the price on each competitive tender allotted will be determined and each successful competitive bidder will pay the price corresponding to the yield bid. Price calculations will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final. Noncompetitive bidders will be required to pay the average price of accepted competitive tenders. / 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 NOTES.

WS-819

(OVER)

The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $500,000 or less, and all tenders from Government accounts and the Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities, will be accepted in full at the average price of accepted competitive tenders.

Commercial banks, which for this purpose are defined as banks accepting demand deposits, and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, may submit tenders for the account of customers, provided the names of the customers are set forth therein. Others will not be permitted to submit tenders except for their own account.

Tenders will be received without deposit from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Federal Reserve Banks, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for. However, bidders who submit checks in payment on tenders submitted directly to a Federal Reserve Bank or the Treasury may find it necessary to submit full payment with their tenders in order to meet the time limits pertaining to checks as hereinafter set forth. Allotment notices will not be sent to bidders who submit noncompetitive tenders.

Payment for accepted tenders must be completed on or before Monday, May 17, 1976. Payment must be in cash, 6-1/2% Treasury Notes of Series B-1976 or 5-3/4% Treasury Notes of Series E-1976, which will be accepted at par, in other funds immediately available to the Treasury by the payment date or by check drawn to the order of the Federal Reserve Bank to which the tender is submitted, or the United States Treasury if the tender is submitted to it, which must be received at such Bank or at the Treasury no later than: (1) Wednesday, May 12, 1976, if the check is drawn on a bank in the Federal Reserve District of the Bank to which the check is submitted, or the Fifth Federal Reserve District in case of the Treasury, or (2) Monday, May 10, 1976, if the check is drawn on a bank in another district. Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at a Federal Reserve Bank. Where full payment is not completed on time, the allotment will be canceled and the deposit with the tender up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States.

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The Department of the TREASURY NEWS

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FOR IMMEDIATE RELEASE May 7, 1976

RESULTS OF OFFERING OF 7-7/8 PERCENT, 10-YEAR TREASURY NOTES

Preliminary figures indicate that approximately 41,000 subscriptions totalling $8.9 billion were received from the public for the offering of $3.5 billion of 7-7/8 percent, 10-year Treasury Notes of Series A-1986.

Due to the substantial response to the offering, the Secretary of the Treasury has exercised his authority to increase the size of the amount of the offering to accommodate all subscriptions accompanied by a 20 percent deposit and a 15 percent allotment on those subscriptions not accompanied by a 20 percent deposit.

Subscriptions for $500,000 or less accompanied by a deposit of 20 percent of the face value of the notes applied for totalled $3.9 billion and will be allotted in full. Subscriptions not accompanied by the 20 percent deposit totalled $5 billion and will be allotted 15 percent.

Approximately $4.7 billion of the notes will be issued to the public. In addition, $0.5 billion of the notes will be allotted to Government accounts and Federal Reserve Banks for their own account.

WS-841

The Department of the TREASURY NEWS

FOR RELEASE AT 4:00 P.M. May 13, 1976

TREASURY ANNOUNCES SALE OF 2-YEAR NOTES AND 52-WEEK BILLS

The Department of the Treasury announced today that it will sell to the public $2.25 billion of two-year notes to mature May 31, 1978. The notes will be sold at a yield auction on Wednesday, May 19, for settlement Tuesday, June 1. Monday, May 31, is a Federal holiday. The proceeds will be used to retire $1.5 billion of maturing notes held by the public and to raise $750 million new cash.

The Treasury indicated that it expects to offer, on or about May 18, $2.9 billion of 52-week bills maturing May 31, 1977. The proceeds will be used to retire $2.4 billion of 52-week bills maturing June 1, 1976, and to raise $500 million new cash.

The Treasury also said that it would announce its plans with respect to a possible note issue in the four-year intermediate maturity area sufficiently prior to the two-year note auction on May 19, so that the market would be fully informed of these plans prior to the auction.

WS-857

The Department of the TREASURY NEWS

FOR IMMEDIATE RELEASE May 7, 1976

RESULTS OF AUCTION OF 23-3/4 YEAR TREASURY BONDS
AND SUMMARY RESULTS OF MAY REFINANCING

The Treasury has accepted $0.8 billion of the $1.5 billion of tenders received from the public for the 23-3/4 year 7-7/8% bonds auctioned today. The range of accepted competitive bids was as follows:

		Approximate Yield	
	Price	To First Callable Date	To Maturity
High	97.50 1/	8.13%	8.11%
Low	96.36	8.26%	8.22%
Average	96.73	8.22%	8.19%

The $0.8 billion of accepted tenders includes 19% of the amount of bonds bid for at the low price, and $20 million of noncompetitive tenders accepted at the average price.

In addition, $0.1 billion of tenders were accepted at the average price for Government accounts and Federal Reserve Banks.

1/ Excepting 8 tenders totaling $1,001,000

SUMMARY RESULTS OF MAY REFINANCING

Through the sale of the three issues offered in the May refinancing the Treasury raised approximately $3.6 billion of new money and refunded $5.5 billion of securities maturing May 15, 1976. The following table summarizes the results:

	New Issues						
	6-1/2% Notes 4/30/78	7-7/8% Notes 5/15/86	7-7/8% Bonds 2/15/95-2000	Nonmarketable Special Issues	Total	Maturing Securities Held	Net New Money Raised
Public	$2.0	$4.7	$0.8	$ -	$7.5	$4.1	$3.4
Government Accounts and Federal Reserve Banks	0.3	0.5	0.1	0.5	1.4	1.4	-
Foreign Accounts for Cash	0.2	-	-	-	0.2	-	0.2
TOTAL	$2.5	$5.2	$0.9	$0.5	$9.1	$5.5	$3.6

WS-845

For information on submitting tenders in the Washington, D. C. area: PHONE WO4-2604

FOR RELEASE AT 4:00 P.M. May 13, 1976

TREASURY TO AUCTION $2.25 BILLION OF 2-YEAR NOTES

The Department of the Treasury will auction $2.25 billion of 2-year notes to refund $1.5 billion of notes held by the public maturing May 31, 1976, and to raise $750 million of new cash. Additional amounts of the notes may be issued to Government Accounts and Federal Reserve Banks for their own account in exchange for $0.1 billion of maturing notes held by them, and to Federal Reserve Banks as agents of foreign and international monetary authorities for new cash only.

The notes now being offered will be Treasury Notes of Series M-1978 dated June 1, 1976, due May 31, 1978 (CUSIP No. 912827 FQ 0) with interest payable on a semiannual basis on November 30, 1976, May 31, 1977, November 30, 1977, and May 31, 1978. The coupon rate will be determined after tenders are allotted. The notes will be issued in registered and bearer form in denominations of $5,000, $10,000, $100,000 and $1,000,000, and they will be available for issue in book-entry form to designated bidders. Payment for the notes may not be made through tax and loan accounts.

Tenders will be received up to 1:30 p.m., Eastern Daylight Saving time, Wednesday, May 19, 1976, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Washington, D. C. 20226; provided, however, that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than May 18. Tenders must be in the amount of $5,000 or a multiple thereof, and all tenders must state the yield desired, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender. Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES" should be printed at the bottom of envelopes in which tenders are submitted.

Competitive tenders must be expressed in terms of annual yield in two decimal places, e.g., 7.11, and not in terms of a price. Tenders at the lowest yields, and noncompetitive tenders, will be accepted to the extent required to attain the amount offered. After a determination is made as to which tenders are accepted, a coupon rate will be determined at a 1/8 of one percent increment that translates into an average accepted price close to 100.000 and a lowest accepted price above 99.750. That rate of interest will be paid on all of the notes. Based on such interest rate, the price on each competitive tender allotted will be determined and each successful competitive bidder will pay the price corresponding to the yield bid. Price calculations will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final. Noncompetitive bidders will be required to pay the average price of accepted tenders. 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 NOTES.

The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $500,000 or

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less, and all tenders from Government accounts and the Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities, will be accepted in full at the average price of accepted competitive tenders.

Commercial banks, which for this purpose are defined as banks accepting demand deposits, and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, may submit tenders for the account of customers, provided the names of the customers are set forth therein. Others will not be permitted to submit tenders except for their own account.

Tenders will be received without deposit from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Federal Reserve Banks, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for. However, bidders who submit checks in payment on tenders submitted directly to a Federal Reserve Bank or the Treasury may find it necessary to submit full payment with their tenders in order to meet the time limits pertaining to checks as hereinafter set forth. Allotment notices will not be sent to bidders who submit noncompetitive tenders.

Payment for accepted tenders must be completed on or before Tuesday, June 1, 1976. Payment must be in cash, 6% Treasury Notes of Series M-1976, which will be accepted at par, in other funds immediately available to the Treasury by the payment date or by check drawn to the order of the Federal Reserve Bank to which the tender is submitted, or the United States Treasury if the tender is submitted to it, which must be received at such Bank or at the Treasury no later than: (1) Wednesday, May 26, 1976, if the check is drawn on a bank in the Federal Reserve District of the Bank to which the check is submitted, or the Fifth Federal Reserve District in case of the Treasury, or (2) Monday, May 24, 1976, if the check is drawn on a bank in another district. Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at a Federal Reserve Bank. Where full payment is not completed on time, the allotment will be canceled and the deposit with the tender up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States.

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The Department of the TREASURY NEWS
WASHINGTON, D.C. 20220 TELEPHONE 964-2041

For information on submitting tenders in the Washington, D. C. area: PHONE W04-2604

FOR RELEASE AT 3:45P.M. May 18, 1976

TREASURY TO AUCTION $2.0 BILLION OF 4-YEAR 1-MONTH NOTES

The Department of the Treasury will auction $2.0 billion of 4-year 1-month notes to raise new cash. Additional amounts of the notes may be issued to Federal Reserve Banks as agents of foreign and international monetary authorities at the average price of accepted tenders.

The notes now being offered will be Treasury Notes of Series D-1980 dated June 10, 1976, due June 30, 1980 (CUSIP No. 912827 FR 8) with interest payable on December 31, 1976, and thereafter on June 30 and December 31. The coupon rate will be determined after tenders are allotted. They will be issued in registered and bearer form in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000, and they will be available for issue in book-entry form to designated bidders.

Payment for the notes must be made on June 10, 1976. Payment may not be made through tax and loan accounts. Definitive notes in bearer form will not be available on June 10, but will be delivered on or about June 16, 1976. Purchasers of bearer notes may elect to receive interim certificates on June 10, 1976, which shall be bearer securities exchangeable at face value for Treasury Notes of Series D-1980 when available.

Tenders will be received up to 1:30 p.m., Eastern Daylight Saving time, Thursday, June 3, 1976, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Washington, D. C. 20226; provided, however, that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than June 2. Each tender must be in the amount of $1,000 or a multiple thereof, and all tenders must state the yield desired, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender. Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES" should be printed at the bottom of envelopes in which tenders are submitted.

Competitive tenders must be expressed in terms of annual yield in two decimal places, e.g., 7.11, and not in terms of a price. Tenders at the lowest yields, and noncompetitive tenders, will be accepted to the extent required to attain the amount offered. After a determination is made as to which tenders are accepted, a coupon rate will be determined at a 1/8 of one percent increment that translates into an average accepted price close to 100.000 and a lowest accepted price above 99.000. That rate of interest will be paid on all of the notes.. Based on such interest rate, the price on each competitive tender allotted will be determined and each successful competitive bidder will pay the price corresponding to the yield bid. Price calculations will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final. Noncompetitive bidders will be required to pay the average price of accepted tenders. 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 NOTES.

WS-867

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The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations noncompetitive tenders for $500,000 or less, will be accepted in full at the average price of accepted competitive tenders.

Commercial banks, which for this purpose are defined as banks accepting demand deposits, and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, may submit tenders for the account of customers, provided the names of the customers are set forth in such tenders. Others will not be permitted to submit tenders except for their own account.

Tenders will be received without deposit from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Federal Reserve Banks, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for. However, bidders who submit checks in payment on tenders submitted directly to a Federal Reserve Bank or the Treasury may find it necessary to submit full payment for the notes with their tenders in order to meet the time limits pertaining to checks as hereinafter set forth. Allotment notices will not be sent to bidders who submit noncompetitive tenders.

Payment for accepted tenders must be completed on or before Thursday, June 10, 1976. Payment must be in cash, in other funds immediately available to the Treasury by the payment date or by check drawn to the order of the Federal Reserve Bank to which the tender is submitted, or the United States Treasury if the tender is submitted to it, which must be received at such Bank or at the Treasury no later than: (1) Monday, June 7, 1976, if the check is drawn on a bank in the Federal Reserve District of the Bank to which the check is submitted, or the Fifth Federal Reserve District in case of the Treasury, or (2) Thursday, June 3, 1976, if the check is drawn on a bank in another district. Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at a Federal Reserve Bank. Where full payment is not completed on time, the allotment will be canceled and the deposit with the tender up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States.

The Department of the TREASURY NEWS

FOR IMMEDIATE RELEASE May 19, 1976

PRELIMINARY RESULTS OF AUCTION OF 2-YEAR TREASURY NOTES

The Treasury has accepted approximately $2,250 million of $4,717 million of tenders received from the public for the 2-year notes, Series M-1978, auctioned today.

The range of accepted competitive bids was as follows:

Lowest yield	7.08% 1/
Highest yield	7.19%
Average yield	7.16%

The interest rate on the notes will be 7-1/8%. At the 7-1/8% rate, the above yields result in the following prices:

Low-yield price	100.082
High-yield price	99.881
Average-yield price	99.936

The $2,250 million of accepted tenders includes 56% of the amount of notes bid for at the highest yield and $369 million of noncompetitive tenders accepted at the average yield.

In addition, $302 million of tenders were accepted at the average-yield price from Government Accounts and Federal Reserve Banks for their own account in exchange for notes maturing May 31, 1976 ($82 million), and from Federal Reserve Banks as agents for foreign and international monetary authorities for new cash ($220 million).

1/ Excepting 6 tenders totaling $7,260,000

WS-870

The Department of the TREASURY NEWS
WASHINGTON, D.C. 20220 TELEPHONE 964-2041

FOR IMMEDIATE RELEASE June 3, 1976

RESULTS OF AUCTION OF 4-YEAR 1-MONTH TREASURY NOTES

The Treasury has accepted $2,000 million of $5,062 million of tenders received from the public for the 4-year 1-month notes, Series D-1980, auctioned today.

The range of accepted competitive bids was as follows:

Lowest yield	7.69% 1/
Highest yield	7.73%
Average yield	7.71%

The interest rate on the notes will be 7-5/8%. At the 7-5/8% rate, the above yields result in the following prices:

Low-yield price	99.796
High-yield price	99.625
Average-yield price	99.693

The $2,000 million of accepted tenders includes 2% of the amount of notes bid for at the highest yield and $ 388 million of noncompetitive tenders accepted at the average yield.

In addition, $160 million of tenders were accepted at the average-yield price from Federal Reserve Banks as agents for foreign and international monetary authorities.

1/ Excepting 10 tenders totaling $1,166,000

WS-900

The Department of the TREASURY NEWS

WASHINGTON, D.C. 20220 TELEPHONE 964-2041

For information on submitting tenders in the Washington, D. C. area: PHONE WO4-2604

FOR RELEASE AT 4:00 P.M. June 15, 1976

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

The Department of the Treasury will auction $2,500 million of 2-year notes to refund $1,998 million of notes held by the public maturing June 30, 1976, and to raise $ 502 million of new cash. Additional amounts of the notes may be issued to Government accounts and the Federal Reserve Banks for their own account in exchange for $ 705 million of maturing notes held by them, and to Federal Reserve Banks as agents of foreign and international monetary authorities for new cash.

The notes now being offered will be Treasury Notes of Series N-1978 dated June 30, 1976, due June 30, 1978 (CUSIP No. 912827 FS 6) with interest payable semiannually on December 31, 1976, June 30, 1977, December 31, 1977, and June 30, 1978.

The coupon rate will be determined after tenders are allotted. The notes will be issued in registered and bearer form in denominations of $5,000, $10,000, $100,000 and $1,000,000 and they will be available for issue in book-entry form to designated bidders.

Tenders will be received up to 12:30 p.m., Eastern Daylight Saving time, Monday, June 21, 1976, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Washington, D. C. 20226; provided, however, that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than June 20. Tenders must be in the amount of $5,000 or a multiple thereof, and all tenders must state the yield desired, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender. Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES" should be printed at the bottom of envelopes in which tenders are submitted.

Competitive tenders must be expressed in terms of annual yield in two decimal places, e.g., 7.11, and not in terms of a price. Tenders at the lowest yields, and noncompetitive tenders, will be accepted to the extent required to attain the amount offered. After a determination is made as to which tenders are accepted, a coupon rate will be determined at a 1/8 of one percent increment that translates into an average accepted price close to 100.000 and a lowest accepted price above 99.500. That rate of interest will be paid on all of the notes. Based on such interest rate, the price on each competitive tender allotted will be determined and each successful competitive bidder will pay the price corresponding to the yield bid. Price calculations will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final. Noncompetitive bidders will be required to pay the average price of all accepted competitive tenders. 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 NOTES.

WS-930

(OVER)

The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $500,000 or less, and all tenders from Government accounts and the Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities, will be accepted in full at the average price of accepted competitive tenders.

Commercial banks, which for this purpose are defined as banks accepting demand deposits, and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, may submit tenders for the account of customers, provided the names of the customers are set forth therein. Others will not be permitted to submit tenders except for their own account.

Tenders will be received without deposit from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Federal Reserve Banks, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for. However, bidders who submit checks in payment on tenders submitted directly to a Federal Reserve Bank or the Treasury may find it necessary to submit full payment with their tenders in order to meet the time limits pertaining to checks as hereinafter set forth. Allotment notices will not be sent to bidders who submit noncompetitive tenders.

Payment for accepted tenders must be completed on or before Wednesday, June 30, 1976. Payment must be in cash, 8-3/4% Treasury Notes of Series I-1976, which will be accepted at par, in other funds immediately available to the Treasury by the payment date or by check drawn to the order of the Federal Reserve Bank to which the tender is submitted, or the United States Treasury if the tender is submitted to it, which must be received at such Bank or at the Treasury no later than: (1) Friday, June 25, 1976, if the check is drawn on a bank in the Federal Reserve District of the Bank to which the check is submitted, or the Fifth Federal Reserve District in case of the Treasury, or (2) Wednesday, June 23, 1976, if the check is drawn on a bank in another district. Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at a Federal Reserve Bank. Where full payment is not completed on time, the allotment will be canceled and the deposit with the tender up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States.

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The Department of the TREASURY NEWS
WASHINGTON, D.C. 20220 TELEPHONE 964-2041

FOR RELEASE AT 12:00 NOON JUNE 18, 1976

TREASURY TO AUCTION $2,500 MILLION OF 5-YEAR NOTES

The Department of the Treasury will auction $2,500 million of 5-year 1-month notes to raise new cash. Additional amounts of the notes may be issued to Federal Reserve Banks as agents of foreign and international monetary authorities at the average price of accepted tenders.

Details about the new security are given in the attached highlights of the offering and in the official offering circular.

Attachment

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WS-942

HIGHLIGHTS OF TREASURY
OFFERING TO THE PUBLIC
OF 5-YEAR NOTES

FOR RELEASE 12:00 NOON JUNE 18, 1976

Amount Offered:	
To the public	$2,500 million
Description of Security:	
Type of security	Notes
Maturity date	August 15, 1981
Call date	No provision
Term	5-years, 1-month
Interest coupon rate	To be determined at auction 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	February 15 and August 15 (first payment on February 15, 1977)
Minimum denomination available	$1,000
Terms of Sale:	
Method of sale	Yield auction
Payment by subscriber of accrued interest	None
Preferred allotment	Non-competitive bids for $500,000 or less
Deposit requirements	5% of face amount with tenders
Guarantee of deposit	Acceptable
Key Dates:	
Deadline for receipt of tenders	Tuesday, June 29, 1976 by 1:30 pm EDST
Settlement date (final payment due)	Friday, July 9, 1976
Delivery date for definitive securities	Wednesday, July 14, 1976

The Department of the TREASURY NEWS
WASHINGTON, D.C. 20220 TELEPHONE 964-2041

For information on submitting tenders in the Washington, D. C. area: PHONE WO4-2604

FOR RELEASE AT 12:00 NOON June 18, 1976

TREASURY TO AUCTION $2,500 MILLION OF 5-YEAR NOTES

The Department of the Treasury will auction $2,500 million of 5-year notes to raise new cash. Additional amounts of the notes may be issued to Federal Reserve Banks as agents of foreign and international monetary authorities at the average price of accepted tenders.

The notes now being offered will be Treasury Notes of Series F-1981 dated July 9, 1976, due August 15, 1981 (CUSIP No. 912827 FT 4) with interest payable on February 15 and August 15, 1977, and thereafter on February 15 and August 15.

The coupon rate will be determined after tenders are allotted. The notes will be issued in registered and bearer form in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000 and they will be available for issue in book-entry form to designated bidders.

Payment for the notes must be made on July 9, 1976. Payment may not be made through tax and loan accounts. Definitive notes in bearer form will not be available on July 9, but will be delivered on or about July 14, 1976. Purchasers of bearer notes may elect to receive interim certificates on July 9, 1976, which shall be bearer securities exchangeable at face value for Treasury Notes of Series F-1981 when available.

Tenders will be received up to 1:30 p.m., Eastern Daylight Saving time, Tuesday, June 29, 1976, at any Federal Reserve Bank or Branch and at the Bureau of the Public Debt, Washington, D. C. 20226; provided, however, that noncompetitive tenders will be considered timely received if they are mailed to any such agency under a postmark no later than June 28. Tenders must be in the amount of $1,000 or a multiple thereof, and all tenders must state the yield desired, if a competitive tender, or the term "noncompetitive", if a noncompetitive tender. Fractions may not be used in tenders. The notation "TENDER FOR TREASURY NOTES" should be printed at the bottom of envelopes in which tenders are submitted.

Competitive tenders must be expressed in terms of annual yield in two decimal places, e.g., 7.11, and not in terms of a price. Tenders at the lowest yields, and noncompetitive tenders, will be accepted to the extent required to attain the amount offered. After a determination is made as to which tenders are accepted, a coupon rate will be determined at a 1/8 of one percent increment that translates into an average accepted price close to 100.000 and a lowest accepted price above 98.750. That rate of interest will be paid on all of the notes. Based on such interest rate, the price on each competitive tender allotted will be determined and each successful competitive bidder will pay the price corresponding to the yield bid. Price calculations will be carried to three decimal places on the basis of price per hundred, e.g., 99.923, and the determinations of the Secretary of the Treasury shall be final. Noncompetitive bidders will be required to pay the average price of all accepted competitive tenders. 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 NOTES.

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(OVER)

The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Subject to these reservations, noncompetitive tenders for $500,000 or less, and all tenders from Government accounts and the Federal Reserve Banks for themselves and as agents of foreign and international monetary authorities, will be accepted in full at the average price of accepted competitive tenders.

Commercial banks, which for this purpose are defined as banks accepting demand deposits, and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, may submit tenders for the account of customers, provided the names of the customers are set forth therein. Others will not be permitted to submit tenders except for their own account.

Tenders will be received without deposit from commercial and other banks for their own account, Federally-insured savings and loan associations, States, political subdivisions or instrumentalities thereof, public pension and retirement and other public funds, international organizations in which the United States holds membership, foreign central banks and foreign States, dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon, Federal Reserve Banks, and Government accounts. Tenders from others must be accompanied by payment of 5 percent of the face amount of notes applied for. However, bidders who submit checks in payment on tenders submitted directly to a Federal Reserve Bank or the Treasury may find it necessary to submit full payment with their tenders in order to meet the time limits pertaining to checks as hereinafter set forth. Allotment notices will not be sent to bidders who submit noncompetitive tenders.

Payment for accepted tenders must be completed on or before Friday, July 9, 1976. Payment must be in cash, in other funds immediately available to the Treasury by the payment date, or by check drawn to the order of the Federal Reserve Bank to which the tender is submitted, or the United States Treasury if the tender is submitted to it, which must be received at such Bank or at the Treasury no later than: (1) Friday, July 2, 1976, if the check is drawn on a bank in the Federal Reserve District of the Bank to which the check is submitted, or the Fifth Federal Reserve District in case of the Treasury, or (2) Wednesday, June 30, 1976, if the check is drawn on a bank in another district. Checks received after the dates set forth in the preceding sentence will not be accepted unless they are payable at a Federal Reserve Bank. Where full payment is not completed on time, the allotment will be canceled and the deposit with the tender up to 5 percent of the amount of notes allotted will be subject to forfeiture to the United States.

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The Department of the TREASURY
WASHINGTON, D.C. 20220 TELEPHONE 964-2041

NEWS

FOR IMMEDIATE RELEASE June 21, 1976

RESULTS OF AUCTION OF 2-YEAR TREASURY NOTES

The Treasury has accepted $2,502 million of $4,160 million of tenders received from the public for the 2-year notes, Series N-1978, auctioned today.

The range of accepted competitive bids was as follows:

Lowest yield	6.96% 1/
Highest yield	7.01%
Average yield	6.99%

The interest rate on the notes will be 6-7/8%. At the 6-7/8% rate, the above yields result in the following prices:

Low-yield price	99.844
High-yield price	99.752
Average-yield price	99.789

The $2,502 million of accepted tenders includes 27% of the amount of notes bid for at the highest yield and $ 496 million of noncompetitive tenders accepted at the average yield.

In addition, $812 million of tenders were accepted at the average-yield price from Government Accounts and Federal Reserve Banks for their own account in exchange for notes maturing June 30, 1976 ($692 million), and from Federal Reserve Banks as agents for foreign and international monetary authorities for new cash ($120 million).

1/Excepting 2 tenders totaling $4,500,000

WS-948

ORIGINAL

Transcript of Proceedings

UNITED STATES DEPARTMENT OF THE TREASURY

Washington, D.C.

<u>Press Conference</u>

Room 4121
Treasury Building
15th & Penn., N.W.
Washington, D.C.

April 28, 1976

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UNITED STATES DEPARTMENT OF THE TREASURY

WASHINGTON, D. C.

PRESS CONFERENCE

Room 4121
Treasury Building
15th & Pennsylvania
Ave. N. W.
Washington, D. C.

April 28, 1976

EDWIN YEO, Under Secretary for Monetary Affairs

ROBERT A. GERARD, Assistant Secretary, Capital Markets and Debt Management

RALPH FORBES, Special Assistant to the Secretary (Debt Management)

ED SNYDER, Director, Debt Analysis

PHIL FITZPATRICK, Office of Fiscal Assistant Secretary

MR. YEO: Thank you very much for being here. We would like to announce today three new securities to refund $4 billion of notes maturing on May 15 and to raise approximately $2-1/4 billion of the new money.

I would like to begin by describing the three new issues. Then I will have some comments on how they fit in with our authorized financing strategy.

The first new issue is $2 billion of a one-year 11-1/2 month note which will sell on a yield auction basis next Tuesday, May 4th. This in effect picks up the two year slot. It fits in with our two year note cycle.

The second new issue is a 10 year 7-7/8 percent note priced at par, with the books open through next Wednesday, May 5. The amount we are offering is $3-1/2 billion. This is our first use of the 10-year note authority.

We are trying to build on a successful use of the pricing technique we experimented with in the February financing. You recall seven year 8 percent note. We are making a slight modification in our tender requirements. We are offering the opportunity to make tenders in amounts of up to 500,000 accompanied by a 20 percent cash down payment. These tenders will be honored in full before any other tenders are accepted. In addition to this, 500,000 tenders subscribers will have the option of making tenders in any amount subject to the usual down payment rule. Commercial banks and reporting dealers may submit for the account of others but must provide the individual name and amounts. Customer tenders cannot be combined under one name.

The third issue is an additional $750 million of the outstanding 7-7/8 of 1995 to 2000. There is about $600 million privately held in this issue now, and this ought to make a better trading issue. Current quotas have been around 99-28/32.

When we last discussed in this context our debt management objective in January I related that one objective was to minimize reliance on the bill market. And in this connection we have reduced recent weekly bill auctions as well-as recent additions to our annual bills.

What we are attempting to construct is a balanced debt structure, one that will not provide a legacy for the future in terms of massive amounts of short-term finance resulting from the Treasury being in the market constantly and on a very significant scale.

A debt structure that involves a considerable amount of short-term maturities results in increased vilatility, reduced efficiency and over the course of events, ultimately a higher net interest cost to the American public.

I think we have seen over the last several years, both domestically and internationally the adverse effects market volatility.

I would like to talk a little bit about the context in which we are operating. Up to the present our requirements for this half-year have been less than anticipated in January. This has relieved pressures on markets, especially the bill market.

We still have material borrowing to do throughout the end of the fiscal year. Our first tentative look at the transition quota indicates more heavy requirements then. Our immediate needs, I would say, are additional heavy requirements rather than more heavy requirements.

Additional heavy requirements, then, our immediate needs are first to handle the low point in our cash balance in mid-June and, second, to end June with a sufficient balance to keep the July-September financing job in readily manageable form.

Our requirement from now until mid-June, including the 2-1/4 billion of new money we are announcing today is in the range of 9 to 12 billion. That means after we have completed this financing, we will still have some 7 to $10 billion of net new money to raise by about June 15. This could include additions to the May 31, 2-year note cycle, the 1-year bill on June 1, cash management bills, and perhaps a 4-year, June 30, 1980, note.

QUESTION: Do you want to go back over all that again, Mr. Yeo? Start with the requirements from now until mid-June, please.

MR. YEO: Sure. Our requirement from now until mid-June, including the 2-1/4 billion of new money we are announcing today is in the range of 9 to 12 billion. This means after we have completed our financing we will still have some 7 to 10 billion of net new money to raise by about June 15. This could include additions to the May 31 two-year note cycle. This is a list in effect of the various options we would have.

It is in no sense a forecast. This could include additions to the May 31 two-year note cycle, one-year bill on June 1, cash management bills, and perhaps a four-year June 30, 1980 note for payment sometime in early June.

Given our July-September requirements our present objective would be to finish the fiscal year with a cash balance in the area of 12 billion. There is a two-year note at the end of June, as well as another one-year bill. We can consider adding to both end of June securities which would give us a fairly substantial amount of cash management bills to cover our June low point.

I would like to emphasize that what we are trying to do is to give you an outline of the various ways in which the remaining financing job between now and the end of June, the end of the fiscal year, can be handled.

Finally, on the basis of our estimates of the transition quarter we will apparently need to borrow an additional $15 to $20 billion in the market.

QUESTION: That is new cash, July to September?

MR. YEO: Yes, sir. That is our financing. That is the context within which we are operating.

I would be happy to try and answer any questions.

Yes, sir?

QUESTION: For the benefit of those who were not here for your January crystal ball session, could you put the anticipation — the present anticipation of needing $9 to $12 million into some sort of perspective in relation to what you were looking for in January?

MR. YEO Yes. One way of looking at it was we anticipated then market borrowing of $35 to $40 billion for the half year, the second half of the current fiscal year. On the basis of our present estimates our market borrowing is likely to be 31 to 35 billion. That reduction is largely explained by lower expenditures than had been anticipated. That is one way of looking at it.

I will give you more detail. We said then that we anticipated market borrowing as I said as 31 to 35 billion. In part, the pattern of our borrowing was influenced by what we think was a change in the receipts pattern. So I think that the way to get a fix on this is that we had indicated market borrowing of 35 to 40 and our present estimates are

31 to 35, in that area.

QUESTION: Are those new cash figures, 35 to 40 and 31 to 35?

Mr. YEO: Yes.

QUESTION: When you say requirements you are actually borrowing substantially more than you need. In that sense, are these figures using parallel --

MR. YEO: No, we are not borrowing more than we need.

QUESTION: But you are anticipating borrowing. In January were you anticipating a cash balance in the range of 12 billion?

MR. YEO: No. We anticipated a cash balance, as you recall, in the range of 9 billion.

QUESTION: At the end of June?

MR. YEO: That is right.

QUESTION: So does 3 billion of that represent a higher cash balance rather than a higher expenditure?

MR. YEO: No. In effect it is adjusted so that has a constant.

QUESTION: So in other words what you are saying is that you are planning on an 9 billion cash balance, and June 30 we should not have to adjust that 31 to 35 down to 28 to 32?

MR. YEO: That is correct.

QUESTION: In other words, you are taking 3 billion by the end of June that you would rather take now because you can get it now rather than take it later?

MR. YEO: No. They are going to borrow. We presently plan to end June with a $12 billion cash balance. That is because of the significant borrowing requirements that we have even given that in the transitional quarter. Our cash balance will drop very sharply at the end of July, so we are in no way in no sense borrowing money that we don't need. What we are trying to do is to even out the pattern of borrowing so that we don't have a bulge in borrowing.

QUESTION: I was not suggesting that. I was merely trying to pursue Lee's question. Maybe I should pursue it by asking why the Treasury has revised the 9 billion to 12 billion as the desired June 30 cash balance?

MR. YEO: We revised it because as we move into the transition quarter a priority that we have put on trying to maintain a more even, a deliberate pace of borrowing.

QUESTION: When you talk about receipt shift are we to assume that you are going to be borrowing heavier in the transition quarter than you originally estimated?

MR. YEO: No. This was within the context of the second half of the fiscal year. The principal explanation for the reduction in our market borrowing requirement, having nothing to do with the pattern of receipts, is that it appears that expenditures are running lower than we had anticipated.

QUESTION: Is that because of the improvements in the economy? I mean lower unemployment compensation payments?

MR. YEO: It is quite widespread. We are still analyzing it, and I can't give you a satisfactory generalization. It is not amenable to that kind of quick answer.

QUESTION: What happened to receipts estimate? Are they running about on target?

MR. YEO: They are running about on target.

QUESTION: Including the financing announced today how much have you borrowed in this six-month period?

MR. YEO: Let's see. To the April low, 29 billion. Paid down 4-1/2 billion in cash management bills, 4/10 in weekly bills. In other words, 4/10 of $1 million. That gives you 24,1 billion. You take the 9 billion, that would give you 33.1, but that is not the range. I gave you a range that we are operating in. And so that -- we have borrowed in the beginning of the current half year 24.1 billion.

QUESTION: Including --

MR. YEO: Plus the six and a quarter.

MR. SNYDER: Plus a 2-1/4 new money.

MR. YEO: Yes. Plus the 2-1/4 new money, 26.6.

QUESTION: 26.3 after you included this borrowing?

MR. YEO: After this borrowing.

QUESTION: I am a little confused about something. This 34.1 figure, take that 24.1 figure and add it to the high market range for the end of the half year. You get 12 billion. Comes to 36.1. Is that right? You talked about 9 to 12 billion. Then the 36.1 is above your range I think on what you said you were borrowing for the first half. Why don't the figures reconcile with each other?

MR. YEO: Phill, can you answer that?

Phill: I think he is confused -- we need a certain amount of money, by the low point in June which tax receipts have to be paid out of that. June 30 is not --

QUESTION: New tax. The question originally was \$9 to \$12 billion still has to be raised by June 30. You mentioned earlier you are now aiming at a maximum 35 billion.

MR. FITZPATRICK: That is a range.

QUESTION: Can I try? So the figures should be more like 9 to 11 -- 10-1/2.

You said earlier at one point the requirements from now until mid-June including 2-1/4 billion in new money would mean that you have 9 to 12 billion left for the requirement from now until mid-June? That means you still have 7 to 10 billion in net new money to raise by June 15. And at another point you said the maximum range, the range will be 31 to 35 for the first half year. And we have 26.3 including this borrowing today.

So if we take the range of 7 to 10. If you add

10 to the 26.3 you get 36.3 billion, which is higher --

MR. YEO: It is a range of 7 to 10.

MR. SNYDER: This is a point Phil is trying to make back here. They end up the fiscal year with a 12 billion cash balance. We can actually retire it and get from the low point in June until the end of June. So this 7 to 10 left after this financing --

QUESTION: That is cash then?

MR. YEO: It is not net for the fiscal year. It is net through June 15.

You see we go down to June 15, then we have a slip of about one to two billion and up. And I think that is the confusion.

QUESTION: OK.

MR. YEO: We have a June low. Then we have June 30.

QUESTION: You have two weeks there?

MR. YEO: That is right.

QUESTION: OK. Can you make an approximate reconciliation between this reduced cash need and the unified budget deficit? Is it likely to be as much as four or five billion below the '76?

MR. YEO: I would not say likely. These are estimates. But clearly it could be below what had been originally anticipated assuming our estimates are on target. We are coming in to more than we anticipated.

QUESTION: That means that that would be smaller?

MR. YEO: Yes.

QUESTION: Do you have any idea what the range will be?

The second half year borrowing will be around the same or slightly less than the first half borrowing.

MR. YEO: We are not prepared to talk about the second half of the calendar year. We gave you our estimates for the transitional quarter. That is as far as we are prepared to go at the moment in terms of giving you an estimate.

QUESTION: You said receipts are running about in line with January expectations. Do the economic performance figures for the last couple of months suggest that you might start to get some improvement in those values above the expected levels of receipts between now and June 30 say?

MR. YEO: I don't really want to talk about the budget, but I would say two things. One is that we tend to measure our economy's performance in real terms. In other words, real rates of increase in national income and GNP and we collect taxes in money terms. So that a reduced rate of inflation can have a negative effect on tax collection.

I put that out not as a forecast in any sense, but simply as a comment. So in terms of talking about the improved economy and the economy is doing very well I think there is a need to be cautious moving from that fact to certain assumptions of receipts. Because it is really a combination of what is happening to the economy in real terms and what is happening to our inflation rate.

QUESTION: You don't want to offer an estimate on the deficit then?

MR. YEO: No. I am not offering an estimate on the deficit. I have answered the question.

QUESTION: It sounded like a reason but an unstated no. Is that what you want us to understand?

MR. YEO: No. I want you to understand the deficit for the current fiscal year interpolating from our current estimates. The deficit for the current fiscal year looks like it will be lower than we had anticipated.

QUESTION: My question was whether the recent economic performance gives you some reason to revise your estimates for receipts?

MR. YEO: I am not prepared to talk about that. Let me put it a different way. In estimating receipts there are two variables. One is the rate of expansion in economic activity and, two, is what is happening in terms of prices. You have to consider both. You cannot deduce necessarily that a rapidly expanding economy in real terms and one also accompanied by reduced rates of inflation will necessarily throw off significantly more in terms of tax receipts, than we have estimated the rate of inflation is unfortunately a significant variable. The better we do on inflation that has an impact in terms of tax receipts.

QUESTION: What is the tax balance for the end of the transition quarter?

MR. YEO: Excuse me. Do you want to have an embargo for the wire services?

QUESTION: Yes, please.

MR. YEO: OK. Excuse me. There is a copy of these talking points. As a result of one of your colleague's suggestions, these talking points -- the points I talk from, there is one for each one of you as you go out. That will help in what is an interesting and at times a complicated subject.

Question: Will the talking points include details of the third security?

Mr. Yeo: Yes

QUESTION: Mr. Yeo, what is the minimum denomination on these 23 3/4 notes?

MR. YEO: The long bonds? $1000 denominations. $1000 denomination on the ten-year note to $5,000 denominations on the short note.

QUESTION: I asked about cash balances for the transition quarter. What is the thinking?

MR. YEO: I will get you an answer.

MR. SNYDER: I don't quite understand the question.

MR. YEO: He wanted to know the cash balance. What he wants to be able to do, I can easily understand it, is when we come back he wants to know the cash balance which is a variable.

MR. SNYDER: We get down to a minimum level about September 15 which is not a tax date. When we talk about minimums we talk in the range of $1 to $3 billion, something like that.

The second half of September is like I say the second half of most tax months, we get a big plus. I don't have exactly in mind what the swing might be. But I suppose you would be thinking of something like $8 to $10 billion at the end of September, simply because of the tax payments that come in there.

QUESTION: May I trouble you for a couple of pieces of background? When did Congress stretch notes after 10 years?

MR. YEO: They gave us the authority last month.

QUESTION: And what had it been?

MR. YEO: Seven years.

QUESTION: So these will be the first 10 year notes. Has there been seven year notes?

MR. YEO: Yes.

QUESTION: They gave you the authority in March?

MR. YEO: Yes.

QUESTION: Am you negotiating any special sales of Treasury bills or notes for our government? There was a Saudi Arabian official that has been around very recently, like yesterday.

MR. YEO: We are not negotiating any special sales at the moment. The reason I said it that way is that from time to time we have interest from other countries in Treasury securities. But/the sense of your question, the answer is no, as well as the very precise way you worded it and I answered it.

QUESTION: Might you have to answer that question differently 24 hours from now?

MR. YEO: I don't expect to. I don't expect to, that is what I meant by the sense.

QUESTION: OK.

MR. YEO: I just don't want to promise to answer the same way 24 hours from now, but I don't expect to.

QUESTION: In your list of options, your point of clarification, you said it could add to the two-year notes of May 31. I think May 31, 1977, is that right?

MR. YEO: Yes.

QUESTION: The one-year bills of June 1, is that an annual rollover?

MR. YEO: We have a monthly annual bill. The way I said it might be confusing. Each year we sell a one-year bill. That is part of the regular monthly cycle of one-year bills.

QUESTION: The amount is variable?

MR. YEO: Yes. It can be variable.

QUESTION: In other words, you say --

MR. YEO: We can add to it.

QUESTION: Based on cash and refinancing?

MR. YEO: Right.

QUESTION: Can you talk about lengthening securities and the general structure? Are you envisioning a time when it comes less frequently and would figure amounts for long term use?

MR. YEO: I am looking hopefully ahead to the time when the Treasury comes less frequently, and I hope it is not because we are simply offering much, much bigger amounts. I am looking forward to the time when we don't have a deficit to finance.

QUESTION: I was thinking budget considerations apart in your general structure?

MR. YEO: The development of the pricing technique, the redevelopment of it affords us the opportunity to come with bigger amounts. Put it this way. If we had announced the $6 billion in seven-year notes at the end of January for auction on a yield basis, as you recall we auctioned successfully, or sold successfully a price issue in that amount. I think we would have had -- I think that the cost would probably have been higher. I don't think that we can really get that kind of size on a yield auction basis.

I don't know if you are interested in this, but what you are really doing is changing the elasticity of the demand for a given Treasury issue by pricing it. In other words, you get more interest per pricing increment by pricing it in a highly visible fashion. And in making it an open sale to the public, we attract buyers that we have not attracted through the yield auction technique.

By changing the elasticity of that demand curve we can increase the size of the issue. So that is exactly what we are trying to do, develop this particular technique, change the elasticity of the demand curve and in effect get much wider distribution. That enables us to sell larger issues than we would have been able to sell under techniques that we had been using.

And, incidentally, plan to continue to use.

I would like to emphasize that we -- well, we are going to use the yield auction on this two-year note. We are auctioning off the long bond. We are reopening it.

One of the problems we had and still have is that our borrowing requirements are so large they require us to be in the market with such consistency that we needed to address the question of how we could change the elasticity. How could we move to slightly larger issues, slightly larger issues.

QUESTION: You referred to the pricing techniques we experimented with in February. It is not clear to me what pricing technique that is?

MR. YEO: There are -- the way we have sold most of the coupons, securities issued in recent years has been under what is called the yield auction technique where we say we are going to offer "X" amounts of a security, of "Y" maturity. We are going to accept bids up to 130, and it is bid off. The coupon is set after the fact then by the market. That is one technique.

Another technique, the one that we have been working with, we call the pricing technique -- is to set the price ourselves. We set the coupon dollar price prior -- we price the issue. The difference is that we can sell a larger issue by the second technique than we could under the first technique and without disturbing the market.

Now there is a third way. You can sell a coupon and bid off the coupon. Which is in effect what we are doing in the long bond. You could do that for a new piece of financing.

QUESTION: So there are three techniques?

MR. YEO: Sir?

QUESTION: You have all three techniques?

MR. YEO: Yes, we reopened the long bond substantively. That is the third technique.

QUESTION: Thank you very much.

MR. YEO: Thank you.

(Whereupon at 4:45 p.m. the press conference was concluded.)

[Whereupon, at 10:55 a.m., the committee adjourned, subject to the call of the Chair.]

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