

### **T-bill rates mixed in auction**

Washington -- Interest rates on short-term Treasury securities were mixed in Monday's auction.

The Treasury Department sold \$8 billion in three-month bills at a discount rate of 4.45 percent, up from 4.40 percent last week. An additional \$8 billion was sold in six-month bills at a rate of 4.43 percent, the same as last week.

The three-month rate was the highest since Nov. 9, when the discount rate averaged 4.47 percent.

The new discount rates understate the actual return to investors—4.56 percent for three-month bills, with a \$10,000 bill selling for \$9,888.80, and 4.59 percent for a six-month bill selling for \$9,777.30.

*(Dallas Morning News – 11/24/98)*

### **T-bill interest rates increase in auction**

Washington – Interest rates on short-term Treasury securities rose in Monday's auction.

The Treasury Department sold \$15 billion in three-month bills at a discount rate of 1.75 percent, up from 1.67 percent last week. An additional \$14 billion was sold in six-month bills at a rate of 1.83 percent, up from 1.735 percent.

Both the three-month and six-month rates were the highest since Dec. 26 when the bills sold for 1.72 percent and 1.85 percent respectively.

The new discount rates understate the actual return to investors—1.748 percent for three-

month bills with a \$10,000 bill selling for \$9,956.60 and 1.872 percent for a six-month bill selling for \$9,907.50.

*(Dallas Morning News – 1/29/2002)*

Can you duplicate the rates—both on discount basis and actual return to investors—for the three-month and six-month T-bills in each of these news releases?

Here are the results of additional auctions for your practice in calculating rates:

#### 10/24/2005 auction results

13 week T-bills	
Price per \$100	\$99.026806

26 week T-bill	
Price per \$100	\$97.944917

#### 3/16/1997 auction results

Three-month T-bills	
Price per \$10,000	\$9,875.90

Six-month T-bills	
Price per \$10,000	\$9,743.20

In each case, calculate the rate for the three month and six month bills on both a discount basis and also the "investment rate."