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PRESS RELEASE

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State Treasury Auctions \$60 Million in CDs to Louisiana Banks *Internet Auction Places More Than \$916 Million with 38 Banks to Date*

BATON ROUGE, LA – The Louisiana Department of the Treasury held its 23rd auction of certificates of deposit (CDs) this past month and awarded \$60 million to 17 Louisiana banks, according to State Treasurer John Kennedy.

“There was a tremendous amount of interest in the auction, and we had almost twice the amount of bids than we had CDs to offer,” said Treasurer Kennedy. “A flat yield curve makes short-term investments like CDs more attractive to banks than long-term investments. In addition, there is still a high demand for consumer loans statewide, which increases financial institutions’ need for funding sources.”

Using a competitive Internet auction website called www.BidLouisiana.com, the Treasury awards cash to banks with the highest bids in exchange for CDs. Each bank’s bid consists of the amount of money it wants and the interest rate it is willing to pay. The higher the interest rate, the more money the state makes on its investment. Out of 26 financial institutions submitting \$117.3 million worth of bids during the Treasury’s October auction, the average interest rate was 5.08 percent.

“Since its inception, BidLouisiana has enabled us to place \$916.2 million with banks across the state,” said Treasurer Kennedy. “In addition, we have received more than \$611,000 in additional earnings for the state just by using the web-based auction system.”

By law, the Treasury may place for competitive bidding up to 50 percent of state funds available for CD investment. The Treasury holds BidLouisiana auctions on the third Tuesday of the month in January, April, July and October. For more information or to sign up for the January BidLouisiana auction, contact the Treasury’s Investments Division at (225) 342-7004.

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