

TALKING POINTS
FOR THE
FINANCING PRESS CONFERENCE

November 2, 1994

Today, we are announcing the terms of the regular Treasury November midquarter refunding. I will also discuss Treasury financing requirements for the balance of the current calendar quarter and our estimated cash needs for the January-March 1995 quarter.

1. We are offering \$29.0 billion of notes to refund \$28.8 billion of privately held notes and bonds maturing on November 15 and to raise approximately \$0.2 billion of cash.

The two securities are:

- First, a 3-year note in the amount of \$17.0 billion, maturing on November 15, 1997. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Tuesday, November 8, 1994. The minimum purchase amount will be \$5,000 and purchases above \$5,000 may be made in multiples of \$1,000.
- Second, a 10-year note in the amount of \$12.0 billion, maturing on November 15, 2004. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Wednesday, November 9. The minimum purchase amount will be \$1,000.

2. We are also announcing a \$12 billion 37-day cash management bill, which will be issued on November 15 and mature on December 22, 1994. This bill is scheduled to be auctioned on a discount rate basis at 11:30 a.m. Eastern time on Thursday, November 10. Noncompetitive tenders will be accepted up to \$1 million and in order to be timely, must be submitted by 11:00 a.m. Eastern Time. The minimum purchase amount will be \$10,000 and purchases above \$10,000 may be in multiples of \$1,000.

3. As announced on Monday, October 31, 1994, we estimate a net market borrowing need of \$59.6 billion for the October-December 1994 quarter. The estimate assumes a \$30 billion cash balance at the end of December. Including the notes in this refunding, we have raised \$22.1 billion of cash from the sale of marketable securities. This was accomplished as follows:

- raised \$3.1 billion from the 2-year note that settled October 31;
- raised \$11.7 billion from the 5-year note that settled October 31;
- raised \$1.4 billion from the 52-week bills;
- raised \$12.8 billion new cash in the regular weekly bills, including those announced yesterday, November 1;
- paid down \$7.1 billion in the 7-year note that matured October 15; and

-- raised \$0.2 billion of cash from the securities announced for the refunding today.

4. The Treasury will need to raise \$37.5 billion in market borrowing during the rest of the October-December quarter. We have taken into account the fact that both the \$12 billion cash management bill to be issued on November 15 and the \$15 billion cash management bill that was issued on October 17 will mature on December 22, before the end of the quarter. We have also taken into account that the December 2- and 5-year note issues will settle on January 3, in the next quarter. The financing remaining to be done before the end of December can be accomplished through regular sales of 13-, 26-, and 52-week bills and 2-year and 5-year notes in November. A cash management bill may be necessary to cover the cash low-point in early December.

5. We estimate Treasury net market borrowing needs to be in the range of \$65 to \$70 billion for the January-March 1995 quarter, assuming a \$20 billion cash balance on March 31.

6. We are continuing to work towards changing to 3-decimal competitive yield bidding for auctions of Treasury notes and bonds in the spring of 1995. We believe that 3-decimal bidding will tend to encourage participation in Treasury auctions and

will conform Treasury auctions to current market practice for when-issued trading of Treasury securities.

7. We will accept noncompetitive tenders up to \$5 million for each of the notes.

8. The 10-year note being announced today is eligible for conversion to STRIPS (Separate Trading of Registered Interest and Principal of Securities) and, accordingly, may be divided into separate interest and principal components. The principal STRIPS for the 10-year note will have a unique CUSIP number and will not be interchangeable with the principal STRIPS from the outstanding 11-5/8% Treasury bond of November 15, 2004.

9. The February midquarter refunding press conference will be held Wednesday, February 1, 1995.