TALKING POINTS FOR THE
FINANCING PRESS
CONFERENCE

August 4, 1993

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

1. We are offering $38.5 billion of notes and bonds to refund $26.7 billion of privately held notes and bonds maturing on August 15 and to raise approximately $11.8 billion of cash.

The three securities are:

First, a 3-year note in the amount $16.5 billion, maturing on August 15, 1996. This note is scheduled to be auctioned on a yield basis on Tuesday, August 10. 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 $11.0 billion, maturing on August 15, 2003. This note is scheduled to be auctioned on a yield basis on Wednesday, August 11. The minimum purchase amount will be $1,000.

Third, a 30-year bond in the amount of $11.0 billion, maturing on August 15, 2023. This bond is scheduled to be auctioned on a yield basis on Thursday, August 12. The minimum purchase amount will be $1,000.

In our May 5, 1993 press conference, we announced that beginning with this August refunding, the Treasury will offer 30-year bonds semiannually. Therefore, the next 30-year bond is scheduled to be offered in the February 1994 refunding.

2. As announced on Monday, August 2, we estimate a net market borrowing need of $58.3 billion for the July-September quarter. The estimate assumes a $40 billion cash balance at the end of September. Including this refunding, we will have raised a net $35.5 billion of the $58.3 billion in market borrowing needed this quarter. This net borrowing was accomplished as follows:

--$3.8 billion of cash from the 2-year note that settled August 2;

--$11.4 billion of cash from the 5-year note that settled August 2;

--$14.4 billion of net cash from the regular weekly bills including those announced yesterday;

--$0.9 billion of cash in the 52-weak bills;

--a paydown of $6.8 billion in the 7-year note that matured July 15; and

-- $11.8 billion of cash from the refunding issues announced today.

The Treasury will need to issue $38.8 billion of marketable securities during the rest of the July-September quarter to paydown $16.0 billion of cash management bills that mature on September 23 and raise net cash of $22.8 billion. This financing could be accomplished through sales of regular 13-, 26-, and 52week bills and 2-year and 5-year notes at the end of August and September.

3. We estimate Treasury net market borrowing needs to be in the range of $95 billion to $100 billion for the October-December quarter, assuming a $35 billion cash balance on December 31.

4. The borrowing estimates for the two quarters assume that legislation providing funds for resolutions of problem thrift institutions will be enacted shortly.

5. For the foreseeable future, we believe that the current regular issue cycles for bills, notes, and bonds will be sufficient to refund maturing securities and raise needed cash. In order to maintain a regular, predictable pattern of debt issuance, we would provide ample advance notice to the public if there were to be any change in the regular offerings.

6. We are also announcing that the Treasury is extending the single-price auction experiment for regular monthly offerings of 2- and 5-year notes for another year. Thus, we are extending the experiment, which began with the 2- and 5-year note auctions in September 1992, through the 2- and 5-year auctions to be held in August 1994.
We believe that more observations are necessary to evaluate the single-price auction technique thoroughly. The results of the experiment to date have not revealed evidence that the single-price auctions have added to the cost of financing the debt. As we announced last September, the Treasury will evaluate the results according to indicators such as cost, breadth of participation in auctions, concentration of auction awards, yields at auction relative to when-issued and secondary market trading, and dispersion of bids

7. We will accept noncompetitive tenders up to$5 million for each of the notes and bonds. The 10-year notes and 30-year bonds being announced today are 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.

8. The November midquarter refunding press conference will be held on Wednesday, November 3, 1993.