DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
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REMARKS BY DARCY BRADBURY
DEPUTY ASSISTANT SECRETARY (FEDERAL FINANCE)
TREASURY QUARTERLY REFUNDING PRESS CONFERENCE

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

1. We are offering $30.0 billion of notes to refund $32.1 billion of privately held notes and bonds maturing on May 15.

The securities are:

-- First, a 3-year note in the amount of $17.5 billion, maturing on May 15, 1998. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Tuesday, May 9, 1995. 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 $12.5 billion, maturing on May 15, 2005. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on

Wednesday, May 10. The minimum purchase amount will be $1,000.

2. We are also announcing a $17 billion 38-day cash management bill, which will be issued on May 15 and mature on June 22, 1995. This bill is scheduled to be auctioned on a discount rate basis at 1:00 p.m. Eastern time on Thursday, May 11. Noncompetitive tenders will be accepted up to $1 million. The minimum purchase amount will be $10,000 and purchases above $10,000 must be in multiples of $1,000.

3. As announced on Monday, May 1, 1995, we estimate a net market borrowing need of $25.8 billion for the April-June 1995 quarter. The estimate assumes a $45 billion cash balance at the end of June. Including the notes in this refunding, we have paid down $19.7 billion of cash from the sale of marketable securities. This was accomplished as follows:

-- raised $2.2 billion from the 2-year note that settled May 1;

-- raised $12.1 billion from the 5-year note that settled May 1;

-- raised $2.3 billion from the 52-week bills;

-- paid down $18.1 in the regular weekly bills, including those announced yesterday, May 2;

-- paid down $9.1 billion in cash management bills which matured April 20;

-- paid down $7.0 billion in the 7-year note that matured April 15; and

-- will pay down $2.1 billion in the notes announced for the refunding today.

4. The Treasury will need to raise $45.5 billion in market borrowing during the rest of the April-June quarter. We have taken into account the fact that the $17 billion cash management bill to be issued on May 15 will mature on June 22, before the end of the quarter. The financing remaining to be done before the end of June can be accomplished through regular sales of 13-, 26-, and 52-week bills and 2-year and 5-year notes. Additional cash management bill financing may be needed to bridge the seasonal low-point in the balance in June.

5. We estimate Treasury net market borrowing needs to be in the range of $40 to $45 billion for the July-September 1995 quarter, assuming a $30 billion cash balance on September 30. The estimate does not include cash to be raised in the September 2- and 5-year notes, which will be issued on October 2.

6. With this May refunding and the increases of $.5 billion each in the 2- and 5-year note offerings in April, the Treasury has begun to increase coupon offerings to reflect greater financing needs in future months. These increases are the first increases in the 2-year notes since July 1994, in 5-

year notes since January 1993, and in 3- and 10-year notes since August 1993.

7. The Treasury is reviewing a draft study evaluating the results to date of the single-price auction technique. We expect to have a paper for public comment within the next couple of months.

Treasury's use of the single-price auction method began with the 2- and 5-year note auctions in September 1992. The stated purpose was to determine whether the single-price auction technique broadens participation and reduces concentration of securities on original issue, and whether it reduces the Treasury's financing costs by encouraging more aggressive bidding by participants.

8. We will accept noncompetitive tenders up to $5 million for each of the notes announced today. The 10-year note 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.

9. The August midquarter refunding press conference will be Wednesday, August 2, 1995.