

TALKING POINTS
FOR THE
FINANCING PRESS CONFERENCE

November 3, 1993

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 1994 quarter.

1. We are offering \$29.0 billion of notes and \$14.0 billion of cash management bills to refund \$32.2 billion of privately held notes and bonds maturing on November 15 and to raise approximately \$10.8 billion of cash.

The three securities are:

- First, a 3-year note in the amount of \$17.0 billion, maturing on November 15, 1996. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Tuesday, November 9, 1993. The minimum purchase amount will be \$5,000 and purchases above \$5,000 may be made in multiples of \$1,000.
- Second, a 9 3/4-year note in the amount of \$12.0 billion, which is a reopening of the 5 3/4 percent note maturing on August 15, 2003. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Wednesday, November 10. The minimum purchase amount will be \$1,000.

- Third, a 66-day cash management bill in the amount of \$14.0 billion, maturing on January 20, 1994. This bill is scheduled to be auctioned on a discount rate basis at 11:30 a.m. Eastern time on Tuesday, November 9, 1993. The minimum purchase amount will be \$10,000 and purchases above \$10,000 may be in multiples of \$1,000.

2. As announced on Monday, November 1, 1993, we estimate a net market borrowing need of \$85.2 billion for the October-December quarter. The estimate assumes a \$35 billion cash balance at the end of December. Including this refunding, we will have raised a net \$47.1 billion of the \$85.2 billion in market borrowing needed this quarter. This net cash from borrowing was accomplished as follows:

- \$3.3 billion from the 2-year note that settled on November 1;
- \$12.3 billion from the 5-year note that settled on November 1;
- \$16.1 billion from the regular weekly bills including those announced yesterday;
- \$1.6 billion from the 52-week bill that settled on October 21;
- \$10.0 billion from the cash management bill that settles on November 10;
- \$14.0 billion from the cash management bill that settles on November 15;

- a paydown of \$7.0 billion in the 7-year note that matured on October 15; and
- paydowns totaling \$3.2 billion of the notes and bonds that mature on November 15.

The Treasury will need to raise \$38.1 billion in market borrowing during the rest of the October-December quarter. This financing could be accomplished through regular sales of 13-, 26-, and 52-week bills and 2-year and 5-year notes. Another short-term cash management bill may be necessary to cover a cash low-point in early December.

3. We estimate Treasury net market borrowing needs to be in the range of \$60 billion to \$65 billion for the January-March 1994 quarter, assuming a \$20 billion cash balance on March 31.

4. We will accept noncompetitive tenders up to \$5 million for each of the notes and up to \$1 million for the cash management bill. The 9 3/4-year notes 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.

5. We are also announcing that, beginning with the November midquarter refunding auctions, the Treasury will

discontinue announcing the results of Treasury auctions on a regional or Federal Reserve District basis.

This change in procedure is being made, because regional auction award information has little value in the worldwide U.S. Government securities market. It will also eliminate a step in processing auction award information for release to the public, and it may, therefore, have a slight benefit in shortening the time between the deadline for the receipt of tenders and the announcement of the auction results.

6. I want to call your attention to the calendars that are included in the chart package that we have distributed. To accommodate Thanksgiving, we will auction the November 2-year note at 11:30 a.m. Eastern time on Monday, November 22 and the 5-year note at 1:00 p.m. on Tuesday, November 23. Weekly bills will be sold at their usual time, 1:00 p.m. Eastern time, on Monday. The December 2- and 5-year notes are scheduled to be auctioned on December 21 and 22 for settlement on December 31.

7. The February midquarter refunding press conference will be held on Wednesday, February 2, 1994.