

TALKING POINTS  
FOR THE  
FINANCING PRESS CONFERENCE

October 31, 1990

Today we are announcing the terms of our regular November quarterly refunding. I will also discuss the Treasury's financing requirements for the balance of the current calendar quarter and our estimated cash needs for the January-March 1991 quarter.

1. We are offering \$34.25 billion of notes and bonds to refund \$23.5 billion of privately-held notes maturing on November 15 and to raise approximately \$10.75 billion of cash.

The three securities are:

- First, a 3-year note in the amount of \$12.50 billion maturing on November 15, 1993. This note is scheduled to be auctioned on a yield basis on Tuesday, November 6. The minimum denomination will be \$5,000.
- Second, a 10-year note in the amount of \$11.0 billion maturing on November 15, 2000. This note is scheduled to be auctioned on a yield basis on Wednesday, November 7. The minimum denomination will be \$1,000.
- Third, a 29 3/4-year bond, a reopening of the 8 3/4 percent bond maturing August 15, 2020 in the amount of \$10.75 billion. This bond is scheduled to be auctioned on a yield basis on Thursday, November 8. The minimum denomination will be \$1,000.

2. We are also offering \$12 billion of a 161-day cash management bill maturing April 25, 1991. The cash management bill is scheduled to be auctioned on a discount basis on Thursday, November 8, at 12:00 noon EST for settlement Thursday, November 15. The minimum purchase amount will be \$10,000.

3. We will accept noncompetitive tenders up to \$1,000,000 for each of the bill, note, and bond issues. Noncompetitive tenders for all Treasury security auctions, beginning with the Treasury bills to be auctioned on November 5, must be received one hour prior to the deadline for receipt of competitive tenders on the day of the auction or postmarked by the day before the auction and received by the Federal Reserve Bank or Bureau of Public Debt before COB on the issue date of the security.

4. For the current October-December quarter, we estimate a net market borrowing need of \$97.7 billion, which includes Treasury borrowing to finance Resolution Trust Corporation operations. The estimate also assumes a \$30 billion cash balance at the end of December. We may want to have a higher balance, depending upon our assessment of cash needs at the time.

Including this refunding and the cash management bill, we will have raised \$42.0 billion of the \$97.7 billion in net

market borrowing needed this October-December quarter. This net borrowing was accomplished as follows:

- \$2.9 billion of cash from the 2- and 4-year notes which settled October 1;
- \$3.8 billion of cash from the 7-year note that settled October 15;
- \$2.9 billion of cash from the 2-year note which settles today, October 31;
- \$9.2 billion of cash in regular weekly bills, including the bills announced yesterday;
- \$ .4 billion of cash in 52-week bills;
- \$10.8 billion of cash from the refunding issues announced today; and
- \$12.0 billion from the cash management bill announced today.

The \$55.7 billion to be raised in the rest of the October-December quarter could be accomplished through sales of regular 13-, 26-, and 52-week bills, a 2-year note in November, a 5-year 2-month note in early December, and 2-year and 4-year notes at the end of December. Additional cash management bills may be necessary to cover the low point in cash in early December.

The \$12.5 billion cash management bill issued October 19 matures December 27 and does not affect the net market borrowing total.

5. The Treasury's October-December borrowing estimate is consistent with Resolution Trust Corporation operating plan that was approved by the Oversight Board on October 25. That operating plan was based on the assumption that Congress would act on funding for FY 1991. Since the Congress did not act on funding, the Oversight Board will meet in the near future to discuss a revised operating plan. Treasury plans to update its market borrowing estimates as soon as the Oversight Board has reviewed and approved the RTC's working capital budget.

6. We estimate Treasury net market borrowing needs to be in the range of \$47 to \$52 billion for the January-March 1991 quarter, assuming a \$20 billion cash balance on March 31. The Treasury's January-March borrowing estimate does not include any allowance for Resolution Trust Corporation activities.

7. We anticipate that the next auction of REFCORP bonds will be announced on Wednesday, January 2, for auction on Tuesday, January 8, and settlement Tuesday, January 15.

8. The 10-year note and 29 3/4-year bond announced today will be 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.