

TALKING POINTS
FOR THE
FINANCING PRESS CONFERENCE
July 31, 1991

Today we are announcing the terms of our regular August 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 October-December 1991 quarter.

1. We are offering \$38.0 billion of notes and bonds to refund \$21.6 billion of privately-held notes maturing on August 15 and to raise approximately \$16.4 billion of cash. The three securities are:

- First, a 3-year note in the amount of \$14.0 billion, maturing on August 15, 1994. This note is scheduled to be auctioned on a yield basis on Tuesday, August 6. The minimum denomination will be \$5,000. Purchases may be made in any higher multiples of \$5,000.
- Second, a 10-year note in the amount of \$12.0 billion, maturing on August 15, 2001. This note is scheduled to be auctioned on a yield basis on Wednesday, August 7. The minimum denomination will be \$1,000.
- Third, a 30-year bond in the amount of \$12.0 billion, maturing August 15, 2021. This bond is scheduled to be auctioned on a yield basis on Thursday, August 8. The minimum denomination will be \$1,000.

2. We will accept noncompetitive tenders up to \$1,000,000 for each of the note and bond auctions.

3. If, under Treasury's usual operating procedures, the auction of 10-year notes results in the same interest rate as on the outstanding 8% bonds of August 15, 2001, the new notes will be issued with either a 7-7/8% or an 8-1/8% coupon. The 8-1/8% coupon rate will apply if the auction results in an average yield in a range of 8.07% to 8.24%.

4. For the current July-September quarter, we estimate a net market borrowing need of \$107.7 billion. The estimate assumes a \$30 billion cash balance at the end of September. We may want to have a higher balance, depending upon our assessment of cash needs at the time.

Including this refunding we will have raised \$63.1 billion of the \$107.7 billion in net market borrowing needed this July-September quarter. This net borrowing was accomplished as follows:

- \$4.2 billion of cash from the 7-year note that settled July 15;
- \$8.1 billion of cash from the 2-year notes which settled July 1 and July 31;
- \$11.5 billion of cash from the 5-year notes which settled July 1 and July 31;
- \$18.9 billion of cash from the sale of the regular weekly bills, including the bills announced yesterday;

- \$4.0 billion of cash in 52-week bills;
- \$16.4 billion of cash from the refunding issues announced today.

The \$44.6 billion to be raised in the rest of the July-September quarter could be accomplished through sales of regular 13-, 26-, and 52-week bills, and 2-year and 5-year notes at the end of August and September. We may sell cash management bills to cover low cash balances in the quarter.

5. We estimate Treasury net market borrowing needs to be in the range of \$85 to \$90 billion for the October-December 1991 quarter, assuming a \$30 billion cash balance on December 31.

6. 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.