

TALKING POINTS
FOR THE
FINANCING PRESS CONFERENCE
February 3, 1993

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

1. We are offering \$35.5 billion of notes and bonds to refund \$25.5 billion of privately held notes and bonds maturing on February 15 and to raise approximately \$10.0 billion of cash. The three securities are:

- First, a 3-year note in the amount of \$15.5 billion, maturing on February 15, 1996. This note is scheduled to be auctioned on a yield basis on Tuesday, February 9, 1993. The minimum purchase amount will be \$5,000. Purchases may be made in multiples of \$5,000.
- Second, a 10-year note in the amount of \$10.75 billion, maturing on February 15, 2003. This note is scheduled to be auctioned on a yield basis on Wednesday, February 10, 1993. The minimum purchase amount will be \$1,000.
- Third, a 30-year bond in the amount of \$9.25 billion maturing on February 15, 2023. This bond is scheduled to be auctioned on a yield basis on Thursday, February 11, 1993. The minimum purchase amount will be \$1,000.

2. We have reviewed the composition and size of this refunding package carefully, and we have concluded that Treasury financing costs can be lowered at the margin by this modest reduction in the maturity structure of the debt. Going forward, the Treasury is undertaking a thorough review of the composition of its marketable financing, and we hope to have this study completed in advance of the next quarterly refunding in May.

3. As announced on Monday, February 1, we estimate a net market borrowing need of \$67 billion for the January-March quarter. The estimate assumes a \$20 billion cash balance at the end of March.

Including this refunding, we will have raised \$18.4 billion of the \$67.0 billion in net market borrowing needed this quarter. This net borrowing was accomplished as follows:

- \$3.6 billion of cash from the 7-year note that settled January 15;
- \$2.6 billion of cash from the 2-year note that settled February 1;
- \$12.1 billion of cash from the 5-year note that settled February 1;
- \$3.3 billion of cash in the 52-week bills;
- \$3.0 billion of cash in the sales of regular weekly bills, including the bills announced yesterday;
- \$10.0 billion of cash from the refunding issues

announced today; and

- a paydown of \$16.2 billion of cash management bills on January 21;

The \$48.6 billion to be raised in the rest of the January-March quarter could be accomplished through sales of regular 13-, 26-, and 52-week bills and 2-year and 5-year notes. A cash management bill may be needed to cover seasonal needs in March.

4. We estimate Treasury net market borrowing needs to be in the range of \$25 to \$30 billion for the April-June quarter, assuming a \$35 billion cash balance on June 30. The borrowing estimate assumes that legislation to provide additional funding for thrift resolutions will not be enacted in time to permit significant Resolution Trust Corporation spending during the quarter.

5. We will accept noncompetitive tenders up to \$5,000,000 for each of the notes and bonds. The 10-year notes and 30-year bonds 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.

6. The May midquarter refunding press conference will be held on Wednesday, May 5, 1993.