

TALKING POINTS
FOR THE
FINANCING PRESS CONFERENCE
November 3, 1992

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 1993 quarter.

1. We are offering \$37.0 billion of notes and bonds to refund \$23.1 billion of privately held notes maturing on November 15 and to raise approximately \$13.9 billion of cash.

The three securities are:

-- First, a 3-year note in the amount of \$15.5 billion, maturing on November 15, 1995. This note is scheduled to be auctioned on a yield basis on Monday, November 9, 1992. The deadline for competitive tenders will be 12:00 p.m., Eastern Time. The deadline for competitive tenders in the bill auction to be held the same day will be the usual 1:00 p.m., Eastern Time.

The minimum purchase amount in the 3-year note auction will be \$5,000. Purchases may be made in any multiples of \$5,000.

-- Second, a 9-3/4-year note in the amount of \$11.25 billion, a reopening of the 6-3/8 percent note of August 15, 2002. This note is scheduled to be auctioned on a yield basis on Tuesday, November 10,

1992. The minimum purchase amount will be \$1,000.

- Third, a 30-year bond in the amount of \$10.25 billion maturing on November 15, 2022. This bond is scheduled to be auctioned on a yield basis on Thursday, November 12, 1992. The minimum purchase amount will be \$1,000. The 52-week bill auction that usually would be held on November 12 will be postponed to Tuesday, November 17 for settlement on Thursday, November 19.

2. We will accept noncompetitive tenders up to \$5,000,000 for each of the note and bond auctions.

3. As announced on Friday, October 30, 1992, we estimate a net market borrowing need of \$87 billion for the October-December quarter. The estimate assumes a \$30 billion cash balance at the end of December.

Including this refunding, we will have raised \$25.3 billion of the \$87.0 billion in net market borrowing needed this quarter. This net borrowing was accomplished as follows:

- \$4.1 billion of cash from the 7-year note that settled October 15;
- \$2.9 billion of cash from the 2-year note that settled November 2;
- \$11.1 billion of cash from the 5-year note that settled November 2;
- \$1.2 billion of cash in the 52-week bills;
- paydowns totaling \$7.9 billion in the sales of the regular

weekly bills, including the bills announced today; and
-- \$13.9 billion of cash from the refunding issues announced today.

The \$15 billion cash management bills that will be auctioned on November 5 and issued on November 6 will mature on December 17 and therefore do not affect the borrowing need for the quarter as a whole.

The \$61.7 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, and 2-year and 5-year notes at the end of November and December. Cash management bills may be necessary in December to cover the low point in the cash balance.

4. We estimate Treasury net market borrowing needs to be in the range of \$65 to \$70 billion for the January-March 1993 quarter, assuming a \$20 billion cash balance on March 31. The borrowing estimate for the January-March 1993 quarter assumes that Congress will not enact additional funding for thrift resolutions before early next year, which will prevent significant Resolution Trust Corporation spending during the period ending in March.

5. The Treasury decided to reopen the 6-3/8 percent Treasury note maturing on August 15, 2002 in order to alleviate an acute, protracted shortage of this security. If next week's auction of this note results in a price or prices below par, the

discount will be treated for Federal income tax purposes as market discount and not as original issue discount. This Federal income tax treatment is provided under Internal Revenue Service Notice No. 92-13, released on March 25, 1992.

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.

7. The February midquarter refunding press conference will be held on Wednesday, February 3, 1993.