

TALKING POINTS  
FOR THE  
FINANCING PRESS CONFERENCE  
May 5, 1993

*May 1993  
Refunding File*

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

1. We are offering \$35.0 billion of notes and bonds to refund \$23.9 billion of privately held notes maturing on May 15 and to raise approximately \$11.1 billion of cash.

The three securities are:

- First, a 3-year note in the amount \$16.0 billion, maturing on May 15, 1996. This note is scheduled to be auctioned on a yield basis on Tuesday, May 11, 1993. The minimum purchase amount will be \$5,000. Purchases may be made in multiples of \$1,000.
- Second, a 9 3/4-year note in the amount of \$10.75 billion, a reopening of the 6 1/4% note maturing on February 15, 2003. This note is scheduled to be auctioned on a yield basis on Wednesday, May 12, 1993. The minimum purchase amount will be \$1,000.
- Third, a 29 3/4-year bond in the amount of \$8.25 billion, a reopening of the 7 1/8% bond maturing on February 15, 2023. This bond is scheduled to be auctioned on a yield basis on Thursday, May 13, 1993. The minimum purchase amount will be \$1,000.

2. We are announcing a cash management bill in the amount of \$15.0 billion to mature on September 23, 1993. This bill will be auctioned at noon on Thursday, May 13 and will settle on May 17. The minimum purchase will be \$10,000. Additional purchases may be made in multiples of \$1,000.

3. On January 13, 1993, the Treasury announced that it would call the 7% bond of 5/15/93-98 and the 4 1/8% bond of 5/15/89-94 on May 15. The 5-year notes announced on January 21, 1993 included an amount sufficient to hedge the call of the \$462 million of privately held 7% bonds. The \$73 million of privately held 4 1/8% bonds of May 15, 1989-94 will be repaid from available funds.

4. As announced on Monday, May 3, we estimate a net market borrowing need of \$37 billion for the April-June quarter. The estimate assumes a \$35 billion cash balance at the end of June.

Including this refunding and the cash management bill being announced today, we will have raised a net \$25.5 billion of the \$37.0 billion in market borrowing needed this quarter. This net borrowing was accomplished as follows:

- \$4.0 billion of cash from the 7-year note that settled April 15;
- \$3.5 billion of cash from the 2-year note that settled April 30;
- \$11.9 billion of cash from the 5-year note that settled

April 30;

- a net paydown \$8.9 billion paydown in the sales of regular weekly bills, including the bills announced yesterday;
- \$3.9 billion of net cash from the cash management bills; and
- \$11.1 billion of cash from the refunding issues announced today.

The \$11.5 billion to be raised in the rest of the April-June 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 May and June. An additional cash management bill may be needed to cover the low point in the cash balance in June.

5. We estimate Treasury net market borrowing needs to be in the range of \$90 to \$95 billion for the July-September quarter, assuming a \$40 billion cash balance on September 30. Beginning with the July-September estimates, the borrowing estimates include significant outlays for the Resolution Trust Corporation. These outlays are primarily for working capital based on both the freeing up of unallocated loss reserves for resolution purposes and the outlook for RTC funding legislation.

6. We will accept noncompetitive tenders up to \$5,000,000 for each of the notes and bonds. The 9 3/4-year notes and 29 3/4-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 August midquarter refunding press conference will be held on Wednesday, August 4, 1993.