MINUTES OF THE MEETING OF THE
TREASURY BORROWING ADVISORY COMMITTEE
OF THE PUBLIC SECURITIES ASSOCIATION
MAY 4 AND 5, 1993

May 4

The Committee convened at 9:00 a.m. at the Treasury Department. All members were present, except Mr. de la Gueronniere (see the attached list).

I gave the Committee an informational background briefing updating Treasury borrowing estimates and historical information relevant to the May midquarter refunding. The borrowing estimates and background information had been released to the public on May 3, 1993. The Committee was not provided any information about the outcome of the Treasury's study of the maturity mix of marketable financing. In the February 1993 refunding press conference, the Treasury had said the results of the study would be announced by May 5.

The Committee also received a briefing by a Treasury staff member on current economic conditions, which was followed by a question-and-answer period. Acting Assistant Secretary Danker then "charged" the Committee to make recommendations on the May Treasury refunding and related matters (see the attached Charge). The meeting adjourned at 10:40 a.m.

The Committee reconvened at 1:45 p.m. at the Madison Hotel. All members were present, except Mr. de la Gueronniere. In the absence of information about the outcome of the Treasury's maturity mix study, the Committee decided by consensus to reaffirm the principles that were outlined in the report of its special meeting on March 15, 1993. The Committee also decided by consensus to offer to advise the Treasury regarding implementation of any shifts in financing emphasis that might be announced on May 5.

The Committee then turned to the May refunding and the size of the June and September end-of-quarter Treasury cash balances. The Committee decided by a vote of 19-to-0 to recommend a May refunding totaling $35.5 billion to $36.5 billion, with a midpoint of $36 billion, compared with the $35.5 billion sold in the February 1993 refunding. The Committee voted by 19-to-0 to recommend reopenings of the 10- and 30-year securities that were offered originally in the February refunding, if the Treasury were to offer 10- and 30-year securities May.

For the remainder of the April-June quarter, the Committee recommended maintaining the 5-year notes in May and June at the $11.0 billion size issued in April, increasing the 2-year notes to $15.5 billion in May and $15.75 billion in June, increasing the 52-week bill to $15 billion in June, and increasing weekly
bills to raise the rest of the cash needed. The Committee also recommended a cash management bill on May 17 to mature on June 17.

The Committee recommended unanimously end-of-quarter cash balances of $35 billion or somewhat higher on June 30 and $40 billion on September 30. The Committee did not make specific financing recommendations for the July-September quarter.

The meeting adjourned at 3:00 p.m.

May 5

The Committee reconvened at 9:00 a.m. at the Treasury. All members were present, except Messrs. Ahearn, Corzine, and de la Gueronniere. The Chairman presented the Committee report to Acting Assistant Secretary Danker. There was a question-and-answer period related to the recommendations.

The meeting adjourned at 9:40 a.m.

Jill K. Ouseley, Director
Office of Market Finance
Domestic Finance
May 6, 1993

Attachments