

TALKING POINTS
FOR THE
FINANCING PRESS CONFERENCE

May 2, 1990

Today we are announcing the terms of our regular May 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 July-September 1990 quarter.

1. We are offering \$30.50 billion of notes and bonds to refund \$18.1 billion of privately-held notes and bonds maturing on May 15 and to raise approximately \$12.4 billion of cash. The three securities are:

- First, a 3-year note in the amount of \$10.50 billion maturing on May 15, 1993. This note is scheduled to be auctioned on a yield basis on Tuesday, May 8. The minimum denomination will be \$5,000.
- Second, a 10-year note in the amount of \$10.00 billion maturing on May 15, 2000. This note is scheduled to be auctioned on a yield basis on Wednesday, May 9. The minimum denomination will be \$1,000.
- Third, a 30-year bond maturing May 15, 2020 in the amount of \$10.00 billion. This bond is scheduled to be auctioned on a yield basis on Thursday, May 10. The minimum denomination will be \$1,000.

We will accept noncompetitive tenders up to \$1,000,000 for each of these issues.

2. For the current April-June quarter, we estimate a net market borrowing need of \$12.6 billion, assuming a \$30 billion cash balance at the end of June. 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 \$2.6 billion of the \$12.6 billion in marketable borrowing needed this April-June quarter. This net borrowing was accomplished by borrowing \$27.8 billion and paying down \$25.2 billion as follows:

- \$2.5 billion of cash from the 2- and 4-year notes which settled April 2;
- \$2.8 billion of cash from the 7-year note that settled April 16;
- \$1.5 billion of cash from the 2-year note which settled April 30;
- \$6.9 billion of cash in regular weekly bills, including the bills announced yesterday;
- \$1.7 billion of cash in 52-week bills;
- \$25.2 billion paydown in cash management bills; and
- \$12.4 billion of cash from the refunding issues announced today.

The \$10.0 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, a 2-year note in May and a 5-year 2-month note in early June. Cash management bills may be necessary to cover the low points in the cash balance.

3. The \$12.6 billion net Treasury borrowing requirement for the April-June quarter includes Treasury borrowing to finance Federal Financing Bank lending to the Resolution Trust Corporation. On April 12 the Oversight Board of the RTC announced that RTC is authorized to borrow a maximum of \$42.7 billion net from FFB in the April-June period.

→ 4. We estimate Treasury net market borrowing needs to be in the range of \$30 to \$35 billion for the July-September quarter, assuming a \$30 billion cash balance on September 30. The Treasury's July-September borrowing estimate does not include any allowance for FFB lending to RTC. Treasury plans to update its market borrowing estimate for the July-September quarter as soon as the Oversight Board has reviewed and approved the RTC's working capital budget for that period.

5. We anticipate that the next auction of REFCORP bonds will be announced on July 3 for auction July 10 and settlement July 17.

6. The notes and bonds announced today will be 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.