

TALKING POINTS
FOR THE
FINANCING PRESS CONFERENCE
February 5, 1992

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 1992 quarter.

1. We are offering \$36.0 billion of notes and bonds to refund \$21.0 billion of privately-held notes maturing on February 15 and to raise approximately \$15.0 billion of cash.

The three new securities are:

- First, a 3-year note in the amount of \$15.0 billion, maturing on February 15, 1995. This note is scheduled to be auctioned on a yield basis on Tuesday, February 11. The minimum purchase amount will be \$5,000. Purchases may be made in any higher multiples of \$5,000.
- Second, a 9-3/4-year note in the amount of \$11.0 billion, a reopening of the 7-1/2 percent note maturing on November 15, 2001. This note is scheduled to be auctioned on a yield basis on Wednesday, February 12. The minimum purchase amount will be \$1,000.



-- Third, a 29-3/4-year bond in the amount of \$10.0 billion, a reopening of the 8 percent bond maturing on November 15, 2021. This bond is scheduled to be auctioned on a yield basis on Thursday, February 13. The minimum purchase amount will be \$1,000.

2. We have reviewed the size and composition of this refunding carefully, and we have concluded that taxpayer financing costs can be lowered at the margin by a modest reduction in the maturity structure of the debt. We do not expect to make further cuts in long term financing in the future. This change is not a departure from our long-held view that, over time, the cost of financing the debt is minimized by a stable, predictable pattern of Treasury borrowing.

3. The 7-1/2 percent bond of August 15, 1988-93 was called for redemption on October 9, 1991; \$.9 billion is held by the public. It will also be redeemed on February 18 from available funds. The 6 percent 2-year note that was issued in October 1991 included an amount sufficient to redeem the 7-1/2 percent bond prior to maturity.

4. We will accept noncompetitive tenders up to \$5,000,000 for each of the note and bond auctions. As Treasury announced on January 22, 1992, a bidder who holds a position in when issued trading, or in futures or forward contracts, may not submit a



noncompetitive tender for its own account. A bidder, whether bidding directly or submitting bids through a depository institution or government securities broker/dealer, may not submit a noncompetitive bid for its own account in the same auction in which it submits a competitive bid for its own account.

5. As announced on February 3, 1992, we estimate a net market borrowing need of \$84.7 billion for the January-March quarter, including an allowance for Resolution Trust Corporation operations. The estimate assumes a \$20 billion cash balance at the end of March. 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 \$29.3 billion of the \$84.7 billion in net market borrowing needed this January-March quarter. This net borrowing was accomplished as follows:

- \$4.8 billion of cash from the 7-year note that settled January 15;
- \$3.9 billion of cash from the 2-year note that settled January 31;
- \$9.4 billion of cash from the 5-year note that settled January 31;
- \$1.2 billion of cash in the 52-week bills;
- a paydown of \$5.0 billion in sales of the regular weekly bills, including the bills announced yesterday;

and

-- \$15.0 billion of cash from the refunding issues announced today.

The \$55.4 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 at the end of February and March. Cash Management bills may be necessary to cover the cash low point in the cash balance in March.

6. We estimate Treasury net market borrowing needs to be in the range of \$70 to \$75 billion for the April-June 1992 quarter, assuming a \$30 billion cash balance on June 30. The Treasury's April-June borrowing estimate includes an allowance for Resolution Trust Corporation operations.

7. 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.

8. The May midquarter refunding will be announced on April 29, 1992.