

TALKING POINTS  
FOR THE  
FINANCING PRESS CONFERENCE

May 4, 1994

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 1994 quarter.

1. We are offering \$29.0 billion of notes to refund \$28.2 billion of privately held notes maturing on May 15 and to raise approximately \$0.8 billion of cash. The two securities are:

-- First, a 3-year note in the amount of \$17.0 billion, maturing on May 15, 1997. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Tuesday, May 10, 1994. The minimum purchase amount will be \$5,000 and purchases above \$5,000 may be made in multiples of \$1,000.

-- Second, a 10-year note in the amount of \$12.0 billion, maturing on May 15, 2004. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Wednesday, May 11. The minimum purchase amount will be \$1,000.

2. On January 11, 1994, the Treasury announced that it would call the 8 1/2% bond 1994-99 on May 15, 1994. The 5-year notes issued January 31, 1994 included an amount sufficient to refinance \$961 million of privately held bonds.

3. As announced on Monday, May 2, 1994, we estimate a net market borrowing need of \$8.0 billion for the April-June quarter. The estimate assumes a \$40 billion cash balance at the end of June. Including this refunding, net paydowns of marketable securities have amounted to \$11.2 billion. This was accomplished as follows:

- raised \$3.1 billion from the 2-year note that settled on May 2;
- raised \$11.5 billion from the 5-year note that settled on May 2;
- raised \$4.5 billion from the 52-week bills;
- paid down \$9.8 billion from the regular weekly bills, including those announced yesterday, May 3;
- paid down \$14.0 billion in the cash management bill which matured on April 21;
- paid down \$7.3 billion in the 7-year note that matured April 15; and
- raised \$0.8 billion of cash from the notes in the refunding issues announced today.

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The Treasury will need to raise \$19.2 billion in market borrowing during the rest of the April-June quarter. This financing could be accomplished through regular sales of 13-, 26-, and 52-week bills and 2-year and 5-year notes. Cash management bill financing may be needed in June.

4. We estimate Treasury net market borrowing needs to be in the range of \$55 to \$60 billion for the July-September 1994 quarter, assuming a \$40 billion cash balance on September 30.

5. We will accept noncompetitive tenders up to \$5 million for each of the notes. The 10-year note being announced today is 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.

6. Finally, the August refunding will be composed of three securities: a 3-year note, a 10-year note and a long-term bond. The Treasury is considering issuing a 29 3/4-year bond in the August refunding to mature on May 15, 2024. A 29 3/4-year bond, with interest payments in May and November, would enhance the liquidity of the STRIPS market and therefore, potentially reduce Treasury borrowing costs. The August refunding press conference will be held on Wednesday, August 3, 1994.