

DEPARTMENT OF THE TREASURY

TREASURY NEWS



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November 1, 1995

REMARKS BY DARCY BRADBURY
DEPUTY ASSISTANT SECRETARY (FEDERAL FINANCE)
TREASURY QUARTERLY REFUNDING PRESS CONFERENCE

Good afternoon. Since Congress has not completed action on legislation to increase the debt ceiling, today, I am only able to announce a tentative schedule of the auctions and terms of the regular Treasury November midquarter refunding. We will announce the final auction schedule as soon as there is assurance of enactment of legislation to raise the statutory debt limit. We are hopeful that an increase in the debt ceiling will be enacted in a timely manner.

We are also announcing the terms of cash management bills to be auctioned tomorrow. This cash management bill announcement is definite and not contingent on legislation raising the debt limit. I will also discuss Treasury financing requirements for the balance of the current calendar quarter and our estimated cash needs for the January-March 1996 quarter.

1. We intend to offer \$31.5 billion of notes to refund \$32.8 billion of privately held notes and bonds maturing on November 15.

The two securities are:

- First, a 3-year note in the amount of \$18.0 billion, maturing on November 15, 1998. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Tuesday, November 7, 1995. 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 \$13.5 billion, maturing on November 15, 2005. This note is scheduled to be auctioned on a yield basis at 1:00 p.m. Eastern time on Wednesday, November 8. The minimum purchase amount will be \$1,000.

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2. We are also offering \$14.0 billion of cash management bills for issuance November 3 as follows: \$6.0 billion maturing December 21, 1995 and \$8.0 billion maturing on January 25, 1996. The cash management bills are scheduled to be auctioned on a discount basis on Thursday, November 2, 1995. The minimum purchase amount will be \$1,000,000 and neither noncompetitive tenders nor foreign add-ons will be accepted.

3. It will be necessary to change the note auction schedule, if the Treasury does not have assurance of final action on the debt limit by November 6. November 13 is the last day that Congressional action could occur in time for the Treasury to auction securities on November 14 and settle them on November 15. If Congress does wait until November 13 to act, Treasury's financing options will be limited and costly.

4. We announced on Monday, October 30, 1995, that we estimate a net market borrowing need of \$61.5 billion for the October-December 1995 quarter. The estimate assumes a \$20 billion cash balance at the end of December. Including the notes in this refunding, we have raised \$31.0 billion of cash from the sale of marketable securities. This was accomplished as follows:

- raised \$2.7 billion from the 2-year notes that settled October 2 and tomorrow, October 31;
- raised \$11.6 billion from the 5-year note that settled October 2;
- raised \$11.5 billion from the 5-year note that settled October 31;
- raised \$1.2 billion from the 52-week bills that settled October 19;
- paid down \$1.5 billion cash in the regular weekly bills including those announced yesterday, October 31;
- paid down \$7.2 billion in the 7-year note that matured October 15;
- paid down \$1.3 billion from the securities announced for the refunding today; and
- raised \$14.0 billion from the cash management bills announced today.

5. The Treasury will need to raise \$30.5 billion in market borrowing during the rest of the October-December quarter. This financing can be accomplished through regular sales of 13-, 26-, and 52-week bills in November and December and 2-year and 5-year notes in November. Further cash management bills will be needed to cover the low points in the cash balance in both November and December. Congressional action on the debt limit will be necessary for those auctions to proceed.

6. We estimate Treasury net market borrowing to be in a range of \$70 to \$75 billion for the January-March 1996 quarter, assuming a \$20 billion cash balance on March 31. These estimates do not include cash from the March two and five-year notes to be issued April 1.

7. We will accept noncompetitive tenders up to \$5 million for each of the notes offered in the refunding.

8. The tentative auction calendars for November, December, and January 1996 are included in the chart package which was distributed today.

9. The February midquarter refunding press conference is scheduled to be held on Wednesday, January 31, 1996.