

MINUTES OF THE MEETING OF THE
TREASURY BORROWING ADVISORY COMMITTEE
OF THE PUBLIC SECURITIES ASSOCIATION
AUGUST 4 AND 5, 1992

August 4

The Committee convened at 9:00 a.m. at the Treasury Department. All members were present (see the attached list).

I gave the Committee an informational background briefing updating Treasury borrowing estimates and historical information relevant to the August mid-quarter refunding. The borrowing estimates and background information had been released to the public on August 3, 1992.

The Committee also received a briefing by a Treasury staff member on current economic conditions, which was followed by a question-and-answer period. Under Secretary Powell then "charged" the Committee to make recommendations on the August Treasury refunding and related matters (see the attached Charge). The meeting adjourned at 10:30 a.m.

The Committee reconvened at 2:45 p.m. at the Madison Hotel. All members were present. The Chairman proposed that the Committee recommend that the Treasury sell \$15 billion of 3-year notes, \$11 billion of 10-year notes, and \$10 billion of 30-year bonds, all new securities, and all at yield auctions. There being no counterproposal, the Committee voted unanimously to recommend the refunding as proposed.

The Committee noted that the Treasury could raise \$75 billion of cash in the July-September quarter, the amount that the Treasury had announced on August 3, by leaving auction sizes unchanged and selling intra-quarter cash management bills to mature on September 17. This was the consensus recommendation, although the Committee indicated, also by consensus, that a somewhat higher cash balance than the \$35 billion that was estimated by the Treasury would not be out of line with recent seasonal patterns.

For the October-December quarter, several Committee members noted that their own estimates of Treasury borrowing needs were somewhat below the Treasury estimate. They agreed by consensus on the desirability of Treasury issues of cash management bills in several tranches during the quarter to total about \$38 billion and to mature in April and June 1993. The cash management bills would transfer a portion of the Treasury's heavy October-December market borrowing requirement into the April-June quarter and provide flexibility, if the Treasury borrowing requirement were lower than the Treasury August 3 estimate of \$115 to \$120

billion. The Committee agreed, without formal vote, to recommend a \$30 billion cash balance for December 31, 1992. The Committee then outlined the rest of the recommended financing schedule within these parameters.

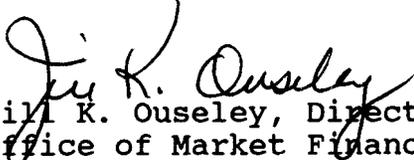
The Committee, by consensus, agreed to request informally that the Treasury Department schedule the meetings for the regular mid-quarter refunding in November 1992 for November 2 and 3, 1992.

The meeting adjourned at 3:30 p.m.

August 5

The Committee reconvened at 9:00 a.m. at the Treasury. All members were present, except Mr. Roberts. The Chairman presented the Committee report to Under Secretary Powell and Deputy Assistant Secretary Danker. There was a question-and-answer period related to the recommendations. The meeting adjourned at 9:30 a.m.

Attachments


Jill K. Ouseley, Director
Office of Market Finance
Domestic Finance
August 6, 1992