

Agenda – August 2023 Refunding
Treasury Dealer Meetings: July 27 – July 28, 2023
Dealer _____

To allow more time for discussion, please e-mail your responses prior to 12:00 PM on Monday, July 24, 2023 to Debt.Management@treasury.gov and NY.QTR@ny.frb.org. Even if you are not scheduled to meet with Treasury officials this quarter, your responses are still appreciated.

I. Privately-Held Marketable Borrowing Estimates^{1,2}	Central Estimate	Range that would not surprise you <i>Low/High</i>
		<i>Low/High</i>
July-September 2023 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/
SOMA Redemptions of Treasury Securities		/
October-December 2023 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/
SOMA Redemptions of Treasury Securities		/
FY 2023 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/
SOMA Redemptions of Treasury Securities		/
FY 2024 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/
SOMA Redemptions of Treasury Securities		/
FY 2025 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/
SOMA Redemptions of Treasury Securities		/

II. Economic Estimates

Budget Deficit FY 2023		/
Budget Deficit FY 2024		/
Budget Deficit FY 2025		/
Real GDP (4Q/4Q % Chg) CY 2023		/
Real GDP (4Q/4Q % Chg) CY 2024		/
Nominal GDP (4Q/4Q % Chg) CY 2023		/
Nominal GDP (4Q/4Q % Chg) CY 2024		/
Headline CPI (4Q/4Q % Chg) CY 2023		/
Headline CPI (4Q/4Q % Chg) CY 2024		/
Core CPI (4Q/4Q % Chg) CY 2023		/
Core CPI (4Q/4Q % Chg) CY 2024		/
Unemployment rate (4Q Avg) CY 2023		/
Unemployment rate (4Q Avg) CY 2024		/

III. Quarterly Note and Bond Issuance Estimates

3-year note (Aug/Sep/Oct)	/ /	/ / - / /
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¹ Privately-held marketable borrowing excludes rollovers (auction “add-ons”) of Treasury securities held in the Federal Reserve System Open Market Account (SOMA) but includes financing required due to SOMA redemptions. Secondary market purchases of Treasury securities by SOMA do not directly change net privately-held marketable borrowing but, all else equal, when the securities mature and assuming the Federal Reserve System does not redeem any maturing securities, this would increase the amount of cash raised for a given privately-held auction size by increasing the SOMA “add-on” amount.

² See appendix for an example calculation of privately-held net marketable borrowing.

10-year note (Aug)		/
10-year note reopening (Sep/Oct)	/	/ - /
20-year bond (Aug)		/
20-year bond reopening (Sep/Oct)	/	/ - /
30-year bond (Aug)		/
30-year bond reopening (Sep/Oct)	/	/ - /
2-year note (Aug/Sep/Oct)	/ /	/ / - / /
5-year note (Aug/Sep/Oct)	/ /	/ / - / /
7-year note (Aug/Sep/Oct)	/ /	/ / - / /
30-year TIPS reopening (Aug)		/
10-year TIPS reopening (Sep)		/
5-year TIPS (Oct)		/
2-year FRN reopening (Aug/Sep)	/	/ - /
2-year FRN (Oct)		/

IV. Bill Issuance Estimates³

52-week bill size (Aug/Sep/Oct)	/ /	/ / - / /
Total change in bills outstanding Aug'23 – Oct'23		/
Change in privately-held bills outstanding Aug'23 – Oct'23		/
Total change in bills outstanding FY 2023		/
Change in privately-held bills outstanding FY 2023		/
CMB issuance Aug'23 – Oct'23 (size/date)	/ /	/ /

Discussion Topics

1. Please discuss your latest economic, fiscal, monetary policy (including changes in SOMA holdings), and Treasury financing forecasts for FY2023 and FY2024.
2. The May refunding statement noted that based on projected intermediate- to long-term borrowing needs, Treasury may need to modestly increase coupon auction sizes later this year, potentially as soon as the August 2023 refunding announcement. Please discuss your expectations for future coupon auction size increases. How should nominal coupon increases be allocated across the curve? Should Treasury also consider increasing FRNs and/or TIPS issuance?

Based on your answers to the above questions, please fill in the below table with your note and bond issuance expectations through CY 2024:

Note and Bond Issuance Expectations through CY 2024 (\$ bn)

Month	2-year	3-year	5-year	7-year	10-year	20-year	30-year	2-year FRN	5-year TIPS	10-year TIPS	30-year TIPS
Aug. 23									X	X	
Sep. 23									X		X
Oct. 23										X	X
Nov. 23									X		X
Dec. 23										X	X
Jan. 24									X		X
Feb. 24									X	X	
Mar. 24									X		X
Apr. 24										X	X
May 24									X		X
Jun. 24										X	X
Jul. 24									X		X

³ Privately-held bills exclude SOMA holdings. As such, the difference between “Total change in bills outstanding” and “Change in privately-held bills outstanding” should reflect SOMA secondary market purchases/sales (or redemption of maturing securities).

Aug. 24								X	X	
Sep. 24								X		X
Oct. 24									X	X
Nov. 24								X		X
Dec. 24									X	X

3. At the May refunding, Treasury released a [presentation](#) on its current views on implementing a regular buyback program, and noted that it expects to begin a regular buyback program in calendar year 2024. Please discuss how Treasury should approach the following operational design parameters for buybacks under its cash management and liquidity support objectives:

- Should Treasury consider excluding certain CUSIPs from buyback operations, such as securities that are the cheapest-to-deliver against futures contracts, securities that are trading very special in the repo market, or near off-the-run securities?
- Should Treasury consider not purchasing a CUSIP if the private outstanding (i.e. total outstanding excluding SOMA) is below a certain level? Should this level vary by maturity sector?
- What measures should Treasury use to evaluate whether to accept offers submitted to a buyback operation? What are the risks and benefits of comparing such offers to prevailing market prices for the security and/or measures of relative value (for example, prices derived from a fitted yield curve/ spline prices)? Would such measures reliably indicate which securities would most benefit from liquidity support? If not, which other measures should be used?

Appendix

In order to gather more comprehensive information regarding the factors affecting Treasury's borrowing needs, Part I requests estimates of "Other Means of Financing," which is one of several components of the difference between budget deficits and privately-held net marketable borrowing (as shown in the Example below). "Other Means of Financing" includes items where the timing of government cash flows may differ from budget accounting, such as student loans and loans to small business.

Privately-Held Net Marketable Borrowing Definition and Calculation Example

FY 2018 Actual Deficits and Privately-Held Net Marketable Borrowing, in \$ billions

	FY 2018 Actual
FY 2018 Deficit	779
FY 2018 + Change in Cash Balance	225
FY 2018 + Other Means of Financing (e.g. Direct Loans)	35
FY 2018 = Total Net Marketable Borrowing	1,039
FY 2018 + SOMA Redemption	156
FY 2018 = Privately-Held Net Marketable Borrowing	1,195

- Actual deficits are sourced from the Monthly Treasury Statement.
- Actual change in cash balance is sourced from the Daily Treasury Statement. Change in cash balance = cash balance of Sept 28, 2018 - cash balance of Sept 29, 2017
- Other Means of Financing include cash flows associated with federal credit programs, such as those related to student loans and loans to small businesses.
- Privately-Held Net Marketable Borrowing = Total Net Marketable Borrowing + SOMA Redemption
- SOMA redemption is the amount that the Federal Reserve redeems securities that Treasury has to replace with privately-held marketable borrowing. Actual SOMA redemptions amounts is from the Sources and Uses Reconciliation Table.
- Actual Privately-Held Net Marketable Borrowing is from the Sources and Uses Reconciliation Table.

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