

Agenda – February 2026 Refunding
Treasury Dealer Meetings: January 29 – January 30, 2026

Dealer _____

To allow more time for discussion, please submit your responses prior to 12:00 PM on Monday, January 26, 2026. Even if you are not scheduled to meet with Treasury officials this quarter, your responses are still appreciated.

Please note in your forecasts the following:

Deficit
+ Other Means of Financing
+ Change in Cash Balance
+ SOMA Redemptions of Treasury Securities
= Privately-Held Net Marketable Borrowing

Note: Other Means of Financing include cash flows associated with federal credit programs, such as those related to student loans and loans to small businesses.

I. Privately-Held Marketable Borrowing Estimates^{1, 2}	Central Estimate	Range that would not surprise you
		<i>Low/High</i>
January-March 2026 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/
April-June 2026 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/
FY 2026 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/
FY 2027 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/
FY 2028 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/

II. Economic Estimates

Budget Deficit FY 2026		/
Budget Deficit FY 2027		/
Budget Deficit FY 2028		/
Real GDP (4Q/4Q % Chg) CY 2026		/
Real GDP (4Q/4Q % Chg) CY 2027		/

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, 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.

Real GDP (4Q/4Q % Chg) CY 2028		/
Nominal GDP (4Q/4Q % Chg) CY 2026		/
Nominal GDP (4Q/4Q % Chg) CY 2027		/
Nominal GDP (4Q/4Q % Chg) CY 2028		/
Headline CPI (4Q/4Q % Chg) CY 2026		/
Headline CPI (4Q/4Q % Chg) CY 2027		/
Headline CPI (4Q/4Q % Chg) CY 2028		/
Core CPI (4Q/4Q % Chg) CY 2026		/
Core CPI (4Q/4Q % Chg) CY 2027		/
Core CPI (4Q/4Q % Chg) CY 2028		/
Unemployment rate (4Q Avg) CY 2026		/
Unemployment rate (4Q Avg) CY 2027		/
Unemployment rate (4Q Avg) CY 2028		/

III. Quarterly Note and Bond Issuance Estimates

3-year note (Feb/Mar/Apr)	/ /	/ / - / /
10-year note (Feb)		/
10-year note reopening (Mar/Apr)	/	/ - /
20-year bond (Feb)		/
20-year bond reopening (Mar/Apr)	/	/ - /
30-year bond (Feb)		/
30-year bond reopening (Mar/Apr)	/	/ - /
2-year note (Feb/Mar/Apr)	/ /	/ / - / /
5-year note (Feb/Mar/Apr)	/ /	/ / - / /
7-year note (Feb/Mar/Apr)	/ /	/ / - / /
30-year TIPS (Feb)		/
10-year TIPS reopening (Mar)		/
5-year TIPS (Apr)		/
2-year FRN reopening (Feb/Mar)	/	/ - /
2-year FRN (Apr)		/

IV. Bill Issuance Estimates³

52-week bill size (Feb/Mar/Apr)	/ /	/ / - / /
Total change in bills outstanding Feb'26 - Apr'26		/
Change in <i>privately-held</i> bills outstanding Feb'26 - Apr'26		/
Total change in bills outstanding FY 2026		/
Change in <i>privately-held</i> bills outstanding FY 2026		/
CMB issuance Feb'26 – Apr'26 (size/date)	/ /	/

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).

Discussion Topics

1. Please discuss your latest economic, fiscal, monetary policy (including changes in SOMA holdings), and Treasury financing forecasts for FY 2026, FY 2027, and FY 2028.
2. Treasury is considering converting the 7-year note from a monthly new issue to a quarterly new issue with two re-openings (similar to the 10-year note). Under such a scenario, Treasury would likely auction new issues in March, June, September, and December with re-openings in the subsequent two months of each cycle. After 7 years, such a change would reduce the number of unique Treasury CUSIPs by 56 (with the remaining 28 7-year CUSIPs being three times as large, all else equal). What effects could such a change have on your firm's ability to make markets and provide liquidity for customers in the Treasury market? Please calculate and include in your response an estimate of how much such change would reduce your firm's gross positions in Treasury securities (based on the assumption that a gross position across 3 monthly CUSIPs would become a single net position in the new quarterly CUSIP). How would a longer on-the-run period affect liquidity in the 7-year note? How would fewer, larger CUSIPs in futures delivery baskets affect futures market functioning and the connection between futures and cash markets? Please describe how this potential change could affect repo markets, including any changes to patterns of specialness around reopenings compared to new issues.

Additionally, Treasury is assessing whether it would be preferable to have the potential quarterly 7-year note mature at mid-month or end-of-month, as shown in the sample options below:

Option A

Dated Date: June 30, 20XX
New Issue Settlement Date: June 30, 20XX
Maturity Date: June 30, 20XX

Option B

Dated Date: June 15, 20XX
New Issue Settlement Date: June 30, 20XX
Maturity Date: June 15, 20XX

From a cash flow perspective, both options would closely align the maturity dates of future triple-issue 7-year notes with Treasury's quarterly tax receipt cycle. Please discuss the benefits and drawbacks of both options, as well as which option you prefer and why.

3. Over the last several years, there has been a substantial increase in issuance of agency and corporate SOFR-linked floating-rate notes (FRN). Please comment on the growth of this market. Who are the dominant issuers? What are the most common characteristics of SOFR-linked FRNs? Comment on the pricing and liquidity of SOFR-linked FRNs. Should Treasury consider issuing SOFR-linked FRNs? If so, why?
4. Consistent with its [April 2025 announcement](#), Treasury continues to evaluate possible buyback enhancements and engage with a wide range of market participants, including the primary dealers and the Treasury Borrowing Advisory Committee. This quarter, Treasury is seeking feedback from the primary dealers on two potential buyback enhancements: (a) adding yield spread bidding and (b) introducing "exchange" operations that swap off-the-run Treasury securities for more liquid on-the-runs.

Please describe existing yield spread trading conventions in the Treasury secondary market. What are the potential advantages and disadvantages of yield spread bidding in a buyback operation relative to the current absolute price entry?

Many sovereigns, including [Czechia](#), [Denmark](#), [Hungary](#), [Italy](#), and [Sweden](#), routinely conduct exchange operations. What potential advantages and disadvantages would exchanges provide relative to cash buybacks? What types of market participants would prefer an exchange over a cash buyback and why? How would a potential exchange program affect the market for on-the-run Treasury securities?

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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