

**Agenda – February 2023 Refunding
Treasury Dealer Calls: January 26 – January 27, 2023
Dealer _____**

To allow more time for discussion, please e-mail your responses prior to 12:00 PM on Monday, January 23, 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>
January-March 2023 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/
SOMA Redemptions of Treasury Securities		/
April-June 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 (Feb/Mar/Apr)	/ /	/ / - / /
---------------------------	-----	-----------

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 (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'23 – Apr'23		/
Change in privately-held bills outstanding Feb'23 – Apr'23		/
Total change in bills outstanding FY 2023		/
Change in privately-held bills outstanding FY 2023		/
CMB issuance Feb '23 – Apr'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. In [remarks](#) at the 2022 U.S. Treasury Market Conference, Under Secretary for Domestic Finance Liang proposed a policy of publicly releasing transaction data for secondary market on-the-run nominal coupons, with end-of-day dissemination and with appropriate cap sizes to minimize potential risks associated with intermediating larger trades. What are your views on the key design elements to implement this policy? Would an earlier dissemination (e.g., 60 minutes post execution) be more or less beneficial? How should dissemination be designed (e.g., identifiers, exclusions) for transactions conducted in conjunction with other transactions (e.g., on-vs. off-the-run switches, curve trades, etc.)? How should Treasury consider appropriate cap sizes and evaluate whether they are working as intended?

Please provide estimates for the minimum cap size for large trades for each on-the-run nominal coupon tenor that would not materially reduce liquidity providers' abilities to intermediate large trades, assuming an end-of-day dissemination.

On-the-run Nominal Coupon Tenor	2-year	3-year	5-year	7-year	10-year	20-year	30-year
Minimum Cap Size for Large Trades (in \$ millions)							

Would your cap size estimates change if transactions were disseminated 60 minutes after execution? If so, how would it change?

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).

3. Would changes to the auction schedule to reduce the number of CUSIPS for Treasury securities issued each year meaningfully improve Treasury market liquidity? For example, should Treasury consider changing the monthly new issue auction schedule for the 2-, 3-, 5-, and 7-year nominal coupon benchmarks to one new issue and two reopening auctions per quarter, similar to the auction schedule of the 10-, 20-, and 30-year nominal coupon benchmarks? Under such an approach, what would the benefits and risks be of staggering the new issues of 2-, 3-, 5-, and 7-year nominal coupons across the calendar quarter instead of concentrating them in the refunding month with the 10-, 20-, and 30-year nominal coupon new issues?⁴ How might such a change affect liquidity? Are there other auction calendar changes Treasury should consider? Do you have any concerns with changing the current auction schedule?

⁴ As an illustrative and hypothetical example of the staggered approach in a calendar quarter: 2- and 3-year securities new issues in the first month of the quarter; 10-, 20-, and 30-year securities new issues in the second month of the quarter; and 5- and 7-year securities new issues in the third month of the quarter; each security would still be auctioned monthly (reopened in the other months).

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.

Public reporting burden for this collection of information is estimated to average two hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information is 1505-0261. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Department of the Treasury (Office of Debt Management, 1500 Pennsylvania Avenue NW, Washington, DC 20220).