

**Agenda – May 2023 Refunding
Treasury Dealer Meetings: April 27 – April 28, 2023
Dealer _____**

To allow more time for discussion, please e-mail your responses prior to 12:00 PM on Monday, April 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>
April-June 2023 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/
SOMA Redemptions of Treasury Securities		/
July-September 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 (May/June/July)	/ /	/ / - / /
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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 (May)		/
10-year note reopening (Jun/Jul)	/	/ - /
20-year bond (May)		/
20-year bond reopening (Jun/Jul)	/	/ - /
30-year bond (May)		/
30-year bond reopening (Jun/Jul)	/	/ - /
2-year note (May/Jul/Jul)	/ /	/ / - / /
5-year note (May/Jul/Jul)	/ /	/ / - / /
7-year note (May/Jul/Jul)	/ /	/ / - / /
10-year TIPS reopening (May)		/
5-year TIPS reopening (Jun)		/
10-year TIPS (Jul)		/
2-year FRN reopening (May/Jul)	/	/ - /
2-year FRN (Jul)		/

IV. Bill Issuance Estimates³

52-week bill size (May/Jul/Jul)	/ /	/ / - / /
Total change in bills outstanding May'23 – Jul'23		/
Change in privately-held bills outstanding May'23 – Jul'23		/
Total change in bills outstanding FY 2023		/
Change in privately-held bills outstanding FY 2023		/
CMB issuance May '23 – Jul'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. Treasury continues to study a potential buyback program and has not made any decision on whether or how to implement a buyback program.

At the February refunding, the Treasury Borrowing Advisory Committee (TBAC) presented to Treasury possible use cases and considerations for designing a potential buyback program. Please discuss the size of buybacks Treasury could consider and how much flexibility on the size Treasury could have without being at odds with regular and predictable.

For a liquidity support buyback program, TBAC suggested Treasury could initially size buybacks around \$5 to \$10 billion per month for maturities > 1 year. Would this size meaningfully improve liquidity? If Treasury announced it would purchase up to a certain size per month or quarter for liquidity support, is there a minimum size that Treasury would need to buyback to ensure the goals of a liquidity support program would be met?

For a cash management buyback program, given the uncertainty about the size of fiscal flows, what is the maximum size Treasury could purchase per month or quarter in short term maturities that would not cause material price dislocations and would be beneficial for debt management? Would fluctuations in the size of potential cash management buybacks quarter-to-quarter cause any concerns?

3. As stated in the February refunding policy statement, until the debt limit is suspended or increased, debt limit-related constraints will lead to greater-than-normal variability in benchmark Treasury bill issuance and significant usage of cash management bills. Once the debt limit is suspended or increased, please discuss the factors Treasury should consider when determining Treasury bill issuance in order to restore the cash balance to levels consistent with its cash balance policy.⁴ What do you anticipate being the market capacity for weekly and

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).

⁴ Cash balance policy: “To help protect against a potential interruption in market access, Treasury will hold a level of cash generally sufficient to cover one week of outflows in the Treasury General Account, subject to a minimum balance of roughly \$150 billion”

quarterly changes in Treasury bill issuance across tenors that would not cause significant price deviations in Treasury bills relative to fair value?

Part 2:

Given your expectations for borrowing needs over the next three fiscal years (as presented in question 1), Treasury would like your expectations for:

1. Auction sizes (\$bn) in all tenors by the end of FY23, FY24, and FY25, and
2. Auction size ranges (\$bn) that would not surprise you across all tenors by the end of FY23, FY24, and FY25.

Auction size estimates should take into account the amount net of SOMA add-ons of Treasury securities.

Tenor	Size Expectation for FY23 Year-end	Range that would not surprise you: Low/High	Size Expectation for FY24 Year-end	Range that would not surprise you: Low/High	Size Expectation for FY25 Year-end	Range that would not surprise you: Low/High
Nominals						
2-year		/		/		/
3-year		/		/		/
5-year		/		/		/
7-year		/		/		/
10-year (new)		/		/		/
10-year (reop)		/		/		/
20-year (new)		/		/		/
20-year (reop)		/		/		/
30-year (new)		/		/		/
30-year (reop)		/		/		/
TIPS						
5-year TIPS (new)		/		/		/
5-year-TIPS (reop)		/		/		/
10-year TIPS (new)		/		/		/
10-year TIPS (reop)		/		/		/
30-year TIPS (new)		/		/		/
30-year TIPS (reop)		/		/		/
FRNs						
2-year FRN		/		/		/
2-year FRN (reop)		/		/		/
Bills						
1-mo bill		/		/		/
2-mo bill		/		/		/
3-mo bill		/		/		/
4-mo bill		/		/		/
6-mo bill		/		/		/
1-year bill		/		/		/

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).