

**Agenda – May 2024 Refunding
Treasury Dealer Meetings: April 25 – April 26, 2024**

Dealer _____

To allow more time for discussion, please submit your responses prior to 12:00 PM on Monday, April 22, 2024. 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>
April-June 2024 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/
SOMA Redemptions of Treasury Securities		/
July-September 2024 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		/
FY 2026 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		/
SOMA Redemptions of Treasury Securities		/

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.

II. Economic Estimates

Budget Deficit FY 2024		/
Budget Deficit FY 2025		/
Budget Deficit FY 2026		/
Real GDP (4Q/4Q % Chg) CY 2024		/
Real GDP (4Q/4Q % Chg) CY 2025		/
Real GDP (4Q/4Q % Chg) CY 2026		
Nominal GDP (4Q/4Q % Chg) CY 2024		/
Nominal GDP (4Q/4Q % Chg) CY 2025		/
Nominal GDP (4Q/4Q % Chg) CY 2026		
Headline CPI (4Q/4Q % Chg) CY 2024		/
Headline CPI (4Q/4Q % Chg) CY 2025		/
Headline CPI (4Q/4Q % Chg) CY 2026		
Core CPI (4Q/4Q % Chg) CY 2024		/
Core CPI (4Q/4Q % Chg) CY 2025		/
Core CPI (4Q/4Q % Chg) CY 2026		
Unemployment rate (4Q Avg) CY 2024		/
Unemployment rate (4Q Avg) CY 2025		/
Unemployment rate (4Q Avg) CY 2026		/

III. Quarterly Note and Bond Issuance Estimates

3-year note (May/Jul)	/ /	/ / - / /
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)	/ /	/ / - / /
5-year note (May/Jul)	/ /	/ / - / /
7-year note (May/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)	/ /	/ / - / /
Total change in bills outstanding May'24 - Jul'24		/
Change in <i>privately-held</i> bills outstanding May'24 - Jul'24		/

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).

Total change in bills outstanding FY 2024		/
Change in <i>privately-held</i> bills outstanding FY 2024		/
CMB issuance May '24 – Jul'24 (size/date)	/	/

Discussion Topics

1. Please discuss your latest economic, fiscal, monetary policy (including changes in SOMA holdings), and Treasury financing forecasts for FY2024 and FY2025.
2. Given recent public communication by the Federal Reserve regarding the potential slowing of balance sheet runoff, Treasury is interested in hearing your expectations for the future size and composition of the SOMA portfolio. How do you expect the size, maturity, and Treasury/MBS composition of the SOMA portfolio to shift over the next 12-24 months?
3. Treasury has provided several updates regarding its plans for a buyback program (e.g., see [May 2023 Presentation to TBAC](#), [August 2023 Presentation to TBAC](#), [September 2023 Remarks of Assistant Secretary Frost](#)). Treasury also gathered input from market participants, including from the TBAC ([February 2015](#), [August 2022](#), [February 2023](#)) and the primary dealers ([November 2022](#), [May 2023](#), [August 2023](#), [November 2023](#)). As outlined in the most recent [Quarterly Refunding Statement](#), Treasury is conducting several small-value buyback operations in April and intends to announce the date of the first regular buyback operation at the May refunding. Please share any observations based on your participation in these small-value operations. Do you have any additional recommendations regarding the buyback program at this time?

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 FY24, FY25, and FY26, and
2. Auction size ranges (\$bn) that would not surprise you across all tenors by the end of FY24, FY25, and FY26.

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

Tenor	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	Size Expectation for FY26 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.

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