

Agenda – November 2022 Refunding
Treasury Dealer Calls: October 27 – October 28, 2022
Dealer _____

To allow more time for discussion, please e-mail your responses prior to 12:00 PM on Monday, October 24, 2022 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>
October-December 2022 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
Other Means of Financing		
SOMA Redemptions of Treasury Securities		/
January-March 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. Budget Deficit and Growth Estimates

FY 2023		/
FY 2024		/
FY 2025		/
Real GDP (4Q/4Q % Chg) CY 2022		/
Real GDP (4Q/4Q % Chg) CY 2023		/
Nominal GDP (4Q/4Q % Chg) CY 2022		/
Nominal GDP (4Q/4Q % Chg) CY 2023		/

III. Quarterly Note and Bond Issuance Estimates

3-year note (Nov/Dec/Jan)	/ /	/ / - / /
10-year note (Nov)		/
10-year note reopening (Dec/Jan)	/	/ - /
20-year bond (Nov)		/
20-year bond reopening (Dec/Jan)	/	/ - /
30-year bond (Nov)		/
30-year bond reopening (Dec/Jan)	/	/ - /

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.

2-year note (Nov/Dec/Jan)	/ /	/ / - / /
5-year note (Nov/Dec/Jan)	/ /	/ / - / /
7-year note (Nov/Dec/Jan)	/ /	/ / - / /
10-year TIPS reopening (Nov)		/
5-year TIPS reopening (Dec)		/
10-year TIPS (Jan)		/
2-year FRN reopening (Nov/Dec)	/	/ - /
2-year FRN (Jan)		/

IV. Bill Issuance Estimates³

52-week bill size (Nov/Dec/Jan)	/ /	/ / - / /
Total change in bills outstanding Nov'22 - Jan'23		/
Change in <i>privately-held</i> bills outstanding Nov'22 - Jan'23		/
Total change in bills outstanding FY 2023		/
Change in <i>privately-held</i> bills outstanding FY 2023		/
CMB issuance Nov '22 – Jan'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 previous presentations on Treasury buybacks ([August 2022](#) and [February 2015](#)), as part of their analysis of the topic, the Treasury Borrowing Advisory Committee offered several reasons why Treasury might consider the use of buybacks, including liquidity support and cash and maturity management. In order to better assess the merits and limitations of implementing a buyback program, we would like your views on whether Treasury should consider implementing such a program, and on the following specific questions:
 - If buybacks were conducted to support liquidity in off-the-run securities, how much would Treasury need to buy back annually to meaningfully improve liquidity? How would such amounts vary across security types and maturities? What are the trade-offs between conducting operations regularly versus ad-hoc and across the full product set versus in specific maturities/security types?
 - If buybacks were conducted for cash and maturity management purposes, would the possibility of reduced volatility in T-bill issuance be a meaningful benefit for Treasury or investors? Please also comment on the available supply/effective float of coupon securities nearing maturity and the potential ability of dealers to source them if Treasury buybacks were to target these securities.
 - In general, if buybacks were funded with larger on-the-run issuance, how should Treasury compare the benefits of buybacks with the associated costs of larger issuance sizes? What, if any, transactions costs would Treasury incur through buybacks?
 - What other concerns or limitations should Treasury be aware of when considering buybacks? For example, are there scenarios where buybacks could negatively affect overall liquidity or interfere with regular and predictable issuance?
3. Treasury has gradually increased TIPS issuance in calendar year 2022, albeit at a slower pace than in calendar year 2021. How has the TIPS market responded to the increases in issuance thus far this year? Should Treasury consider further increases to TIPS issuance in calendar year 2023? What factors should Treasury consider?

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).

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.

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