Quarterly Refunding Charts
January 31, 2005
Office of Debt Management
Current Financing

• FY 2005 Q2 and FY 2005 Q3 Outlook
  – We expect net marketable borrowing of $147 billion this quarter and $12 billion next quarter

• Projections of borrowing needs have risen since last quarter

• Net interest is estimated at $180 billion for FY 2005
• Estimated net market borrowing for the Jan-March 2005 quarter, if realized, is similar to the actual net market borrowing of $146 billion in Jan-Mar 2004.

• Actuals for Oct-Dec were in line with expectations.

• Cash balances have been within historical ranges.
• Financing needs are being met by net new issuance across the nominal and TIPS curves.

• Small pay downs in 2-yr notes and nominal bonds.

• State and Local Govt. Series (SLGS) were the only source of net new cash from non-marketable issuance, despite SLGS suspension in Fall 2004.
• Current forecasts suggest outlays closer to historical norms than MSR projection (shown here).

• Bill growth manageable with current coupon pattern.
Coupon sizes show reasonable growth under MSR deficit projection and constant bill issuance.
Debt Portfolio

• Average maturity of issuance has stabilized at roughly 3 years

• Maturity of total outstanding drops from 4.6 years to less than 4 years over the next 5 years

• Composition of nominal issuance is within historical ranges

• Current issuance patterns lead to a growing proportion of 5-year notes and TIPS in the portfolio

• The percent of debt maturing with 3 years or less to maturity is projected to remain stable at slightly more than 60%
• Average maturity of outstanding debt continues to decline due to maturing bonds.

• Average maturity of issuance is projected to be stable because coupon issuance meets projected financing needs.

• Current issuance consistent with historical patterns.
- Bonds continue steady pay down pace.
- TIPS growth continues.

- Maturing debt with 1-3 years is increasing, consistent with declining average maturity.

Projections based on OMB's FY 2005 MSR (except internal Treasury estimate used for FY05) and assumes coupon auction sizes remain at most recently announced amounts. Residual amounts financed with bills.
- Longer-dated coupons providing greatest share of net new financing.
Uncertainty

- Deficit forecast errors for FY 2004 were comparable to previous forecast errors
- Current issuance pattern equally well positioned for higher or lower deficits
• Primary dealer estimates are in line with recent CBO release.

• FY 2005 residual has increased due to increased Treasury net financing estimate.

• New out year forecast available February 7.
Capital Markets

- Foreign holdings of Treasury debt continue at historical highs
- Treasuries represent a small proportion of the domestic debt stock
• Foreign holdings growth at 53 percent of privately held debt.
• Treasury a stable portion of U.S. money markets.

• Primary dealers were less short nominals in second half of year.

• Primary dealers shorting of TIPS stays on trend.
Auction Release Time Performance

*Exceptions to Treasury’s 2 minute auction release times*

11/08/04 – 3-Year Note:  An unintended reopening required manual intervention and this took 1-2 additional minutes to process the auction.

11/10/04 – 10-Year Note:  The mainframe program which initiates the creation of the XML file took approximately one minute longer than normal.

11/29/04 – 13- and 26-week Bills:  Trouble with connections to some primary dealers persisted through the morning. Several dealers ultimately phoned in bids. Further internal problems caused delays between the systems that receive bids and the system that processes the auction and caused auction release times to exceed 28 minutes.

*Auction Release Times for February 2004 - January 2005*

Data through January 19, 2005

(In Minutes and Seconds)

* Release time of 28 minutes, 19 seconds
* Release time of 28 minutes, 24 seconds

Target release time range