Current Financing

• FY 2005 Q3 and Q4 Outlook:
  – Estimated net marketable paydown of $42 billion this quarter and net marketable borrowing of $103 billion next quarter

• The Q3 estimated paydown is $54 billion less than we expected in January
Non-marketable financing (SLGS) was higher than expected.

Financing broadly distributed across bills, notes and TIPS.

April individual tax receipts were greater than anticipated.

$22.5 billion end of March balance.
- Financing needs continue to be met by net new issuance across the nominal and TIPS curves.

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

- Record net new cash raised in State and Local Govt. Series (SLGS) issuance.
• Forecasts for fiscal improvement remain intact.

• At current coupon levels bill issuance rises in FY 2009 due to increased rollover, despite declining deficits.
Coupon sizes show manageable growth under budget deficit projection and constant bill issuance.
Debt Portfolio

Assuming coupon levels held constant and new budget projections:

• Average maturity of issuance rises on 20-year TIPS issuance

• Maturity of total outstanding drops from around 4.5 years to less than 4 years over the next 5 years

• The percent of debt maturing with 3 years or less to maturity would reach nearly 63%
• The combination of continued residual bill financing and maturing bonds results in the decline of the average maturity of debt outstanding.

• Bills as a percentage of total annual issuance are projected to increase.

Projections based on OMB's FY 2006 Budget (except internal Treasury estimate used for FY05) and assumes coupon auction sizes remain at most recently announced amounts. Residual amounts financed with bills.
• 2- and 3-year notes outstanding are expected to temporarily exceed bills outstanding at the end of FY 2005.

• TIPS growth continues.

• If residuals are financed with bills, then maturing debt with 1-3 years is increasing, consistent with declining average maturity.
On a net basis 2- and 3-year notes are expected to provide minimal new cash after FY 2006.
Uncertainty

• FY 2006 forecast shows modestly larger residual financing needs from 2006-2010

• FY 2005 residual financing need has fallen due to improved receipts and record SLGS issuance
Primary dealer estimates have risen slightly.

FY 2005 residual has declined due to stronger than expected receipts and net SLGS issuance.
Capital Markets

• Foreign holdings of Treasury debt continue at historical highs, but are comparable to foreign holdings of other G-7 countries

• Treasuries represent a stable proportion of the U.S. credit market
• Foreign holdings growth has stabilized near 53 percent of privately held debt.

• Non-resident participation in U. S. Treasury market comparable to some G-7 government debt markets.
- U.S. debt levels compare favorably to other G-7 countries.

- Treasury share of U.S. credit markets remains stable.
• Treasury share of U.S. money markets remains below 20-year average.

• Dealer net short in TIPS near all-time high.
2/7/05 – 13-week Bill: An XML failure resulted in manual typing of results from the PDF version posted on the Bureau of Public Debt's website.

Auction Release Time Performance

**Current quarter exceptions to Treasury’s 2 minute auction release times**

Auction Release Times for May 2004 - April 2005

Data through April 27, 2005

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

Target release time range