



Quarterly Refunding Charts

January 30, 2006

Office of Debt Management

Financing

Near Term Outlook

- **FY 2006 Q2 and Q3 Outlook:**
 - **We estimate net marketable borrowing of \$188 billion this quarter and a pay down of \$30 billion next quarter**
- **Anticipated increases in outlays and declining net SLGS issuance may require increases in coupon issue sizes this fiscal year**
- **February refunding auctions will not be affected by pending debt ceiling concerns**

Treasury Financing Requirements

(\$ Billions)

	October - December 2005		January - March 2006
	(Projected)	(Actuals)	(Projected)
<u>Deficit Funding (Def + / Surplus -)</u>	134	119	213
<u>Means of Financing</u>			
Change in Cash Balance	12	-1	22
Net Non-Marketable Financing	7	11	-8
Net Marketable Financing	96	93	188
Other*	19	17	10
<u>Net Marketable Financing</u>	96	93	188
Bills		50	
Nominal Notes		32	
TIPS		15	
Bonds		-4	
<u>Notes:</u>			
Starting Cash Balance	36	36	37
Ending Cash Balance	25	37	15

- Q1 actual borrowing was slightly less than projected.
- SLGS net issuance is expected to continue to decline near-term from record highs.

* Includes direct loan activity, changes in accrued interest, checks outstanding, minor miscellaneous transactions, discount and inflation accretion on Treasuries.

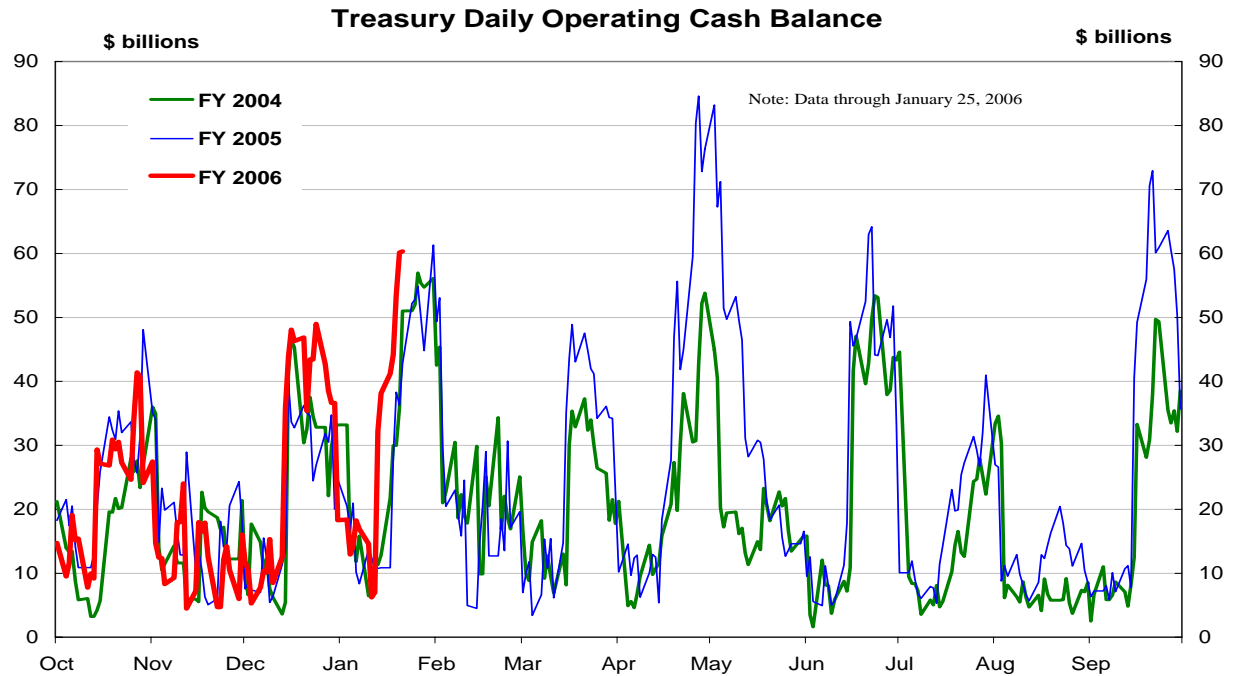
Note: Totals may not add due to rounding.

Marketable Treasury Coupon Flows

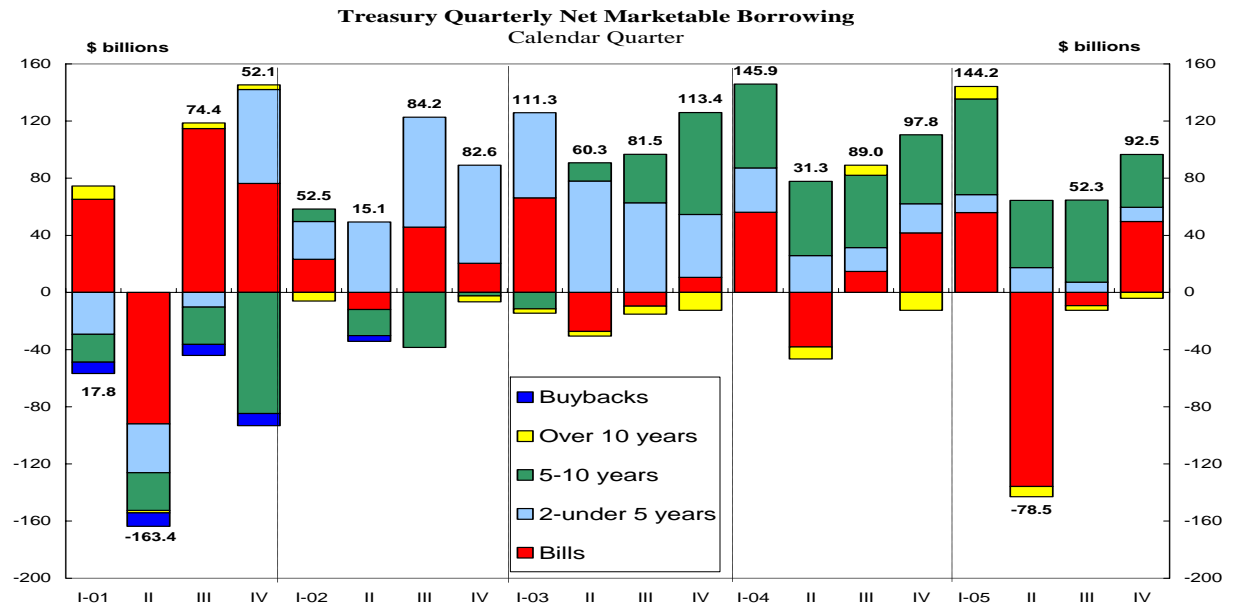
Date	Maturing Coupons (Excluding SOMA holdings)	Coupon Payments	Total Outflows
	(in dollar billions)		
February 15, 2006	17.3	23.7	41.0
February 28, 2006	26.0	1.2	27.2
March 15, 2006	0	1.0	1.0
March 31, 2006	26.0	1.3	27.3
April 15, 2006	0	2.6	2.6
April 30, 2006	26.0	1.3	27.3

- March 15 and April 15 issuances raise all new cash.

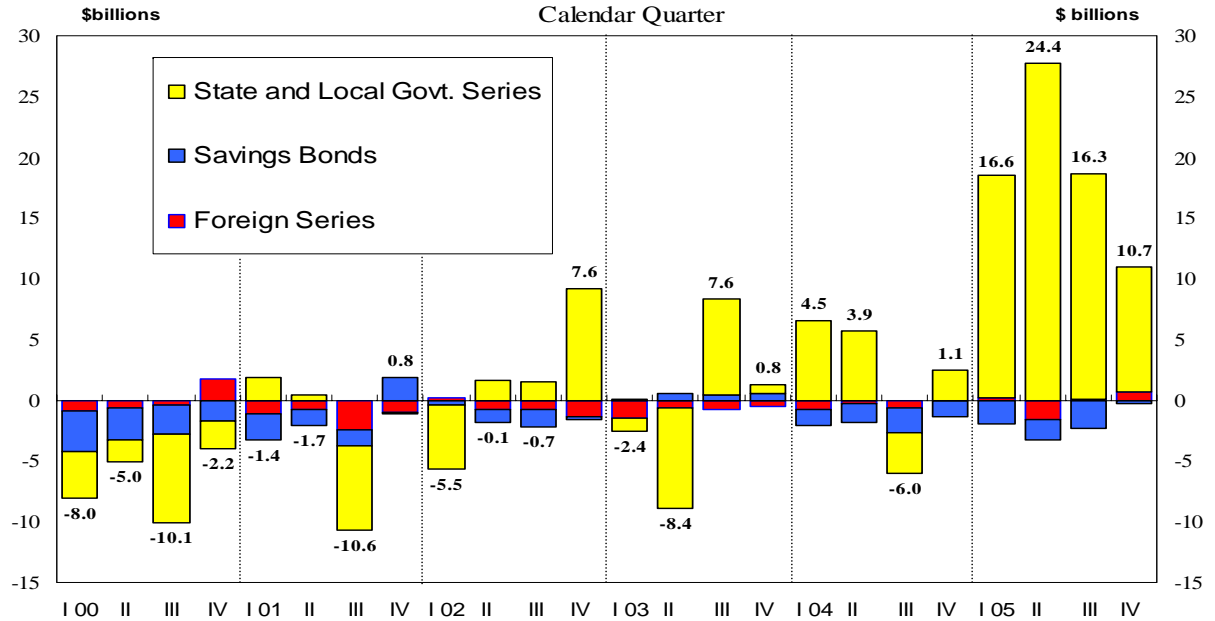
- Cash balances have not varied significantly from previous years.



- First time since Q1 2003 that bills accounted for more than 50 percent of net marketable borrowing.

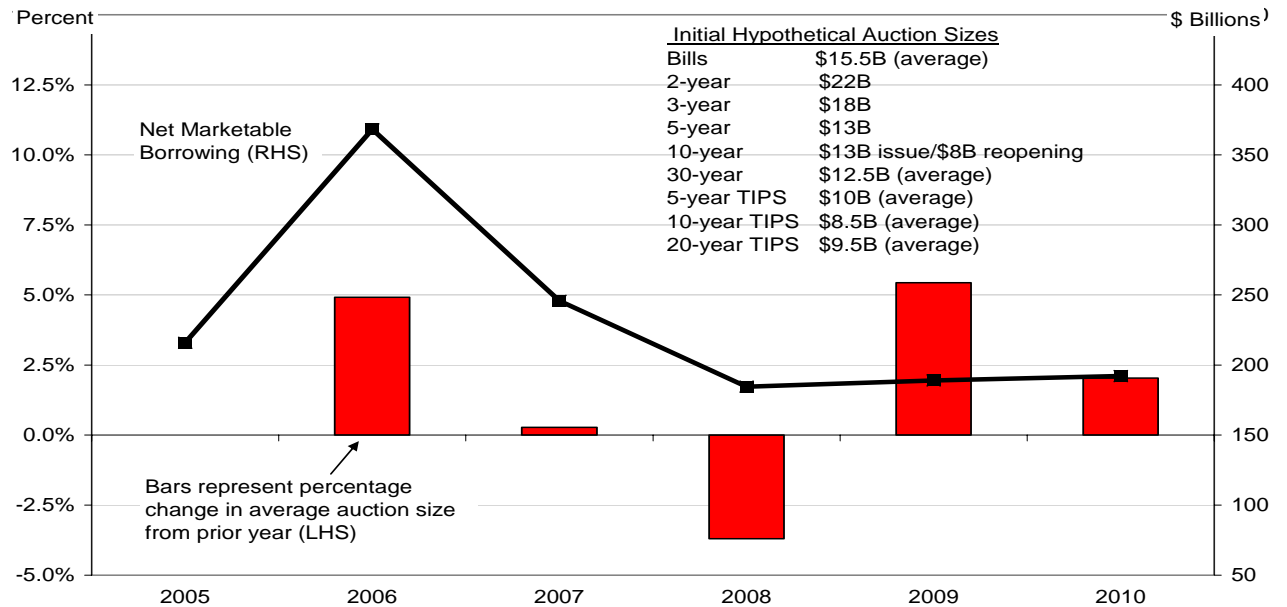


Treasury Quarterly Net Borrowing from Nonmarketable Issues



- State and Local Govt. Series (SLGS) issuance continues to decline from the peak of last summer.

Projected Net Marketable Borrowing and *Hypothetical* Auction Sizes



- Percentage changes in auction sizes are within manageable levels.

Projections are based on current OMB MSR budget estimates, except for Treasury's internal FY2006 estimate. Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance.

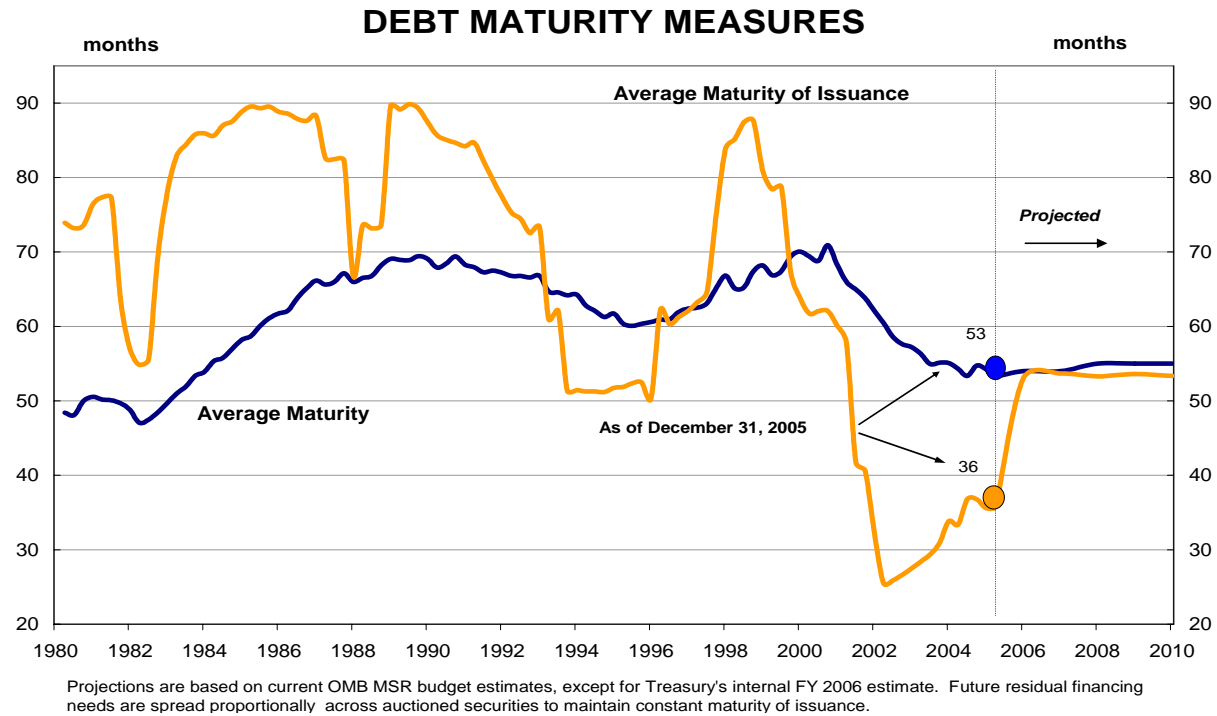
Debt Portfolio

- **Average maturity of total outstanding remains stable at 55 months over the next 5 years**
 - **Average maturity of issuance rises to nearly 54 months due to re-introduction of the 30-year bond and remains stable**
 - **The percent of debt maturing with 3 years or less to maturity declines to around 57 percent**
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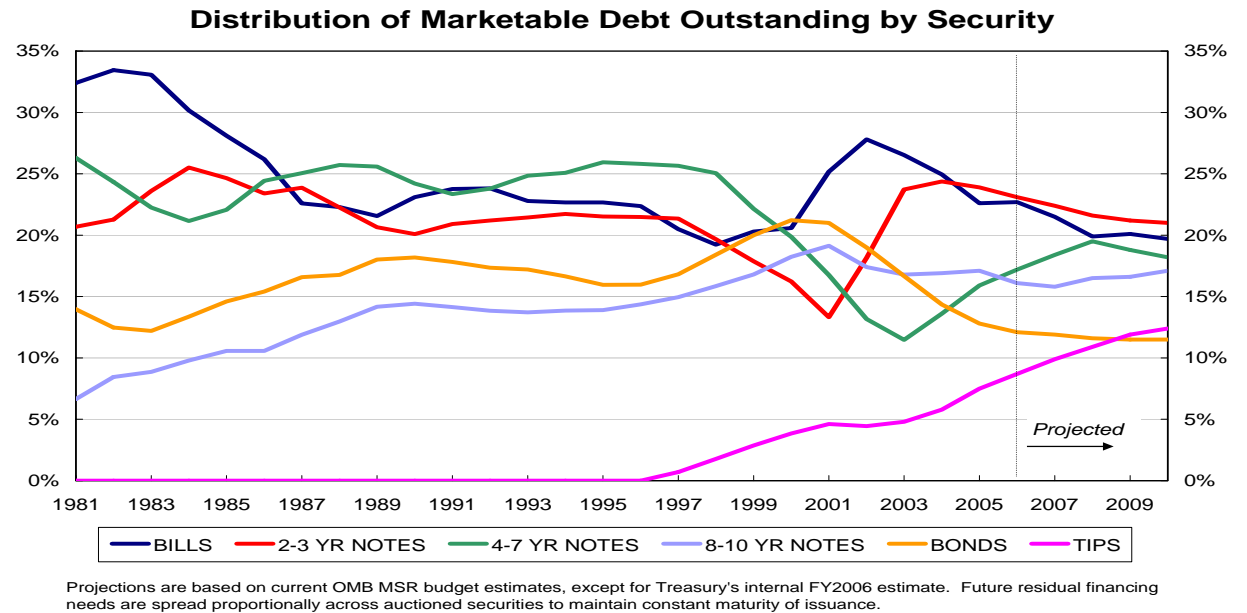
Assumptions used in the next 5 charts:

- **Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance, based on hypothetical initial auction sizes**
- **OMB FY 2006 MSR budget estimates, with internal Treasury estimate for current fiscal year**

- Average maturity stabilizes and will increase with 30-year bond issuance.

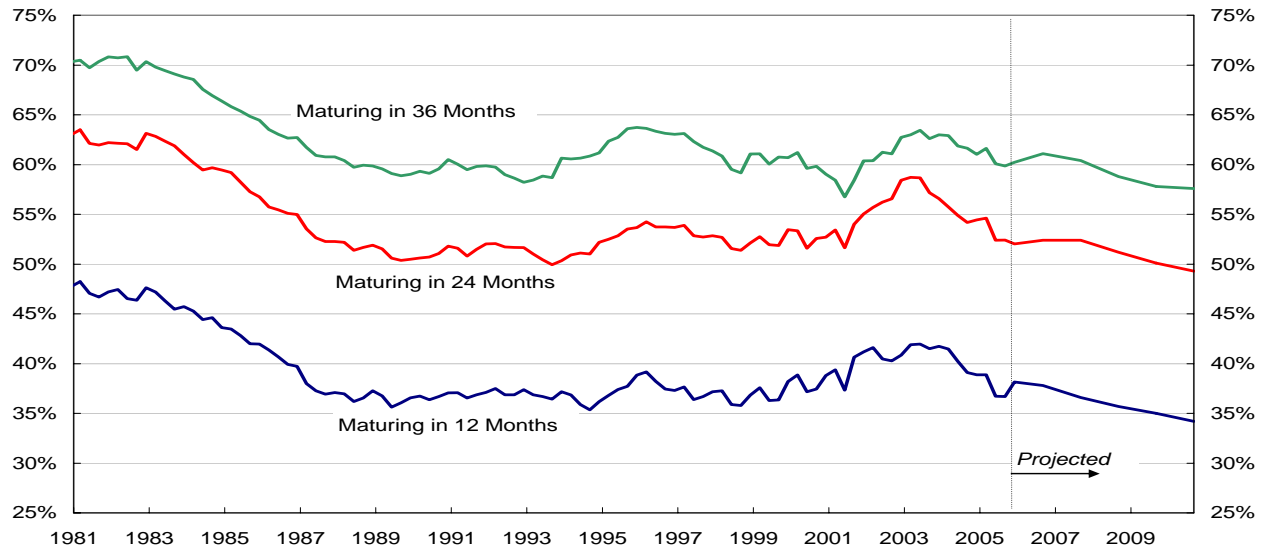


- TIPS continue to grow as a share of debt outstanding, while bills' share is projected to decline.



- Debt with a residual maturity of 3 years or less trends toward lower end of historical ranges.

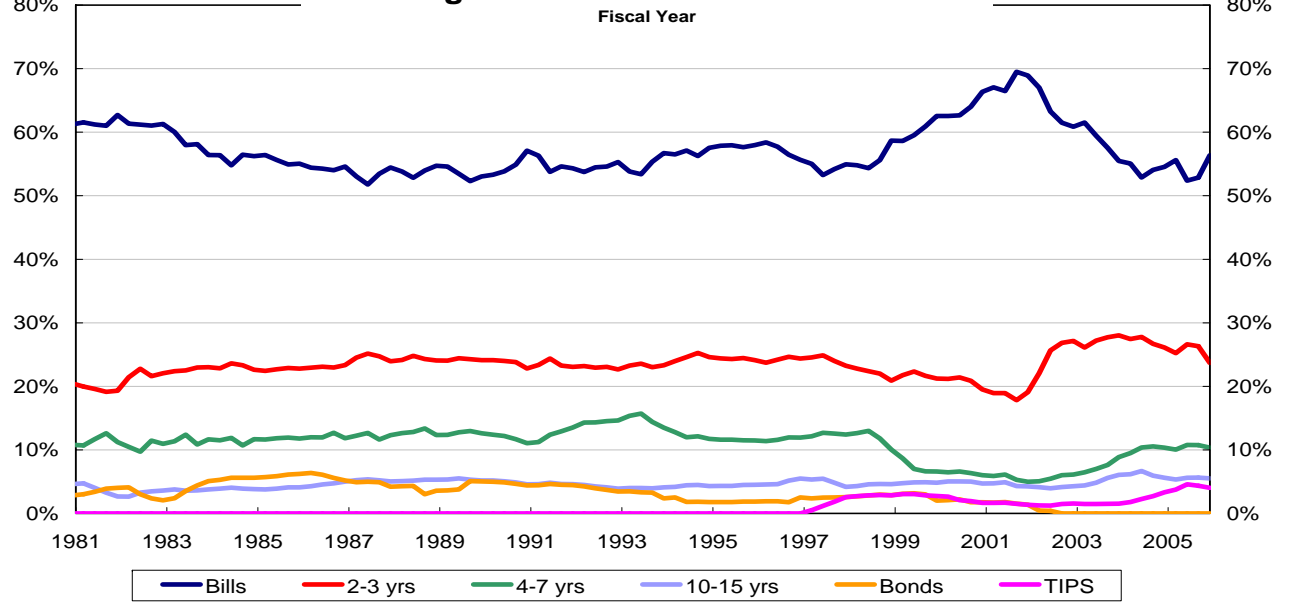
Percentage of Debt Maturing in Next 12 to 36 Months



Projections are based on current OMB MSR budget estimates, except for Treasury's internal FY2006 estimate. Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance.

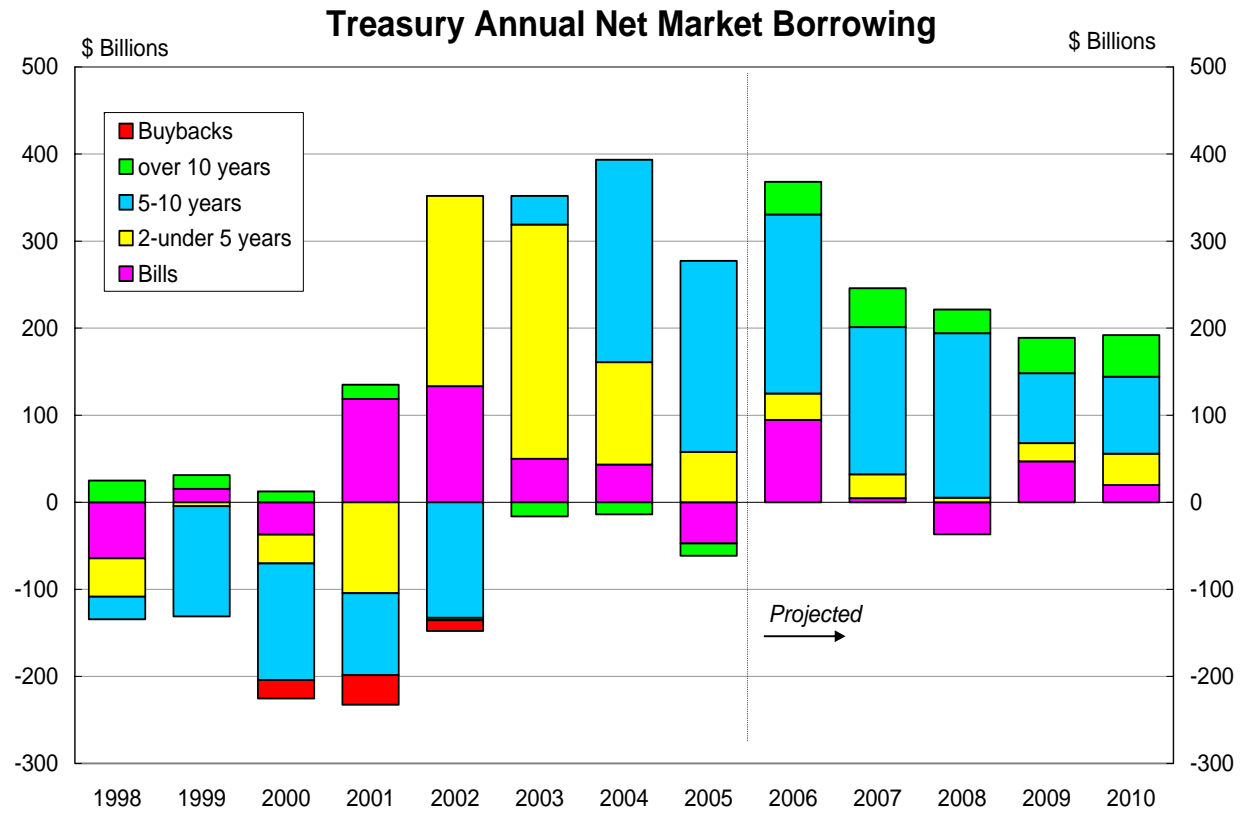
- Bill issuance increases from recent lows.

Percentage Breakdown of Annual Issuance



Note: Data through December 31, 2005.

- Net marketable borrowing is mostly concentrated in 5- and 10-year note issuance through FY 2008.



Projections are based on current OMB MSR budget estimates, except for Treasury's internal FY2006 estimate. Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance.

Uncertainty

- **Risks to projected financing needs during the next 5 years may require adjustments to Treasury's financing schedule if estimates deviate from central forecasts**

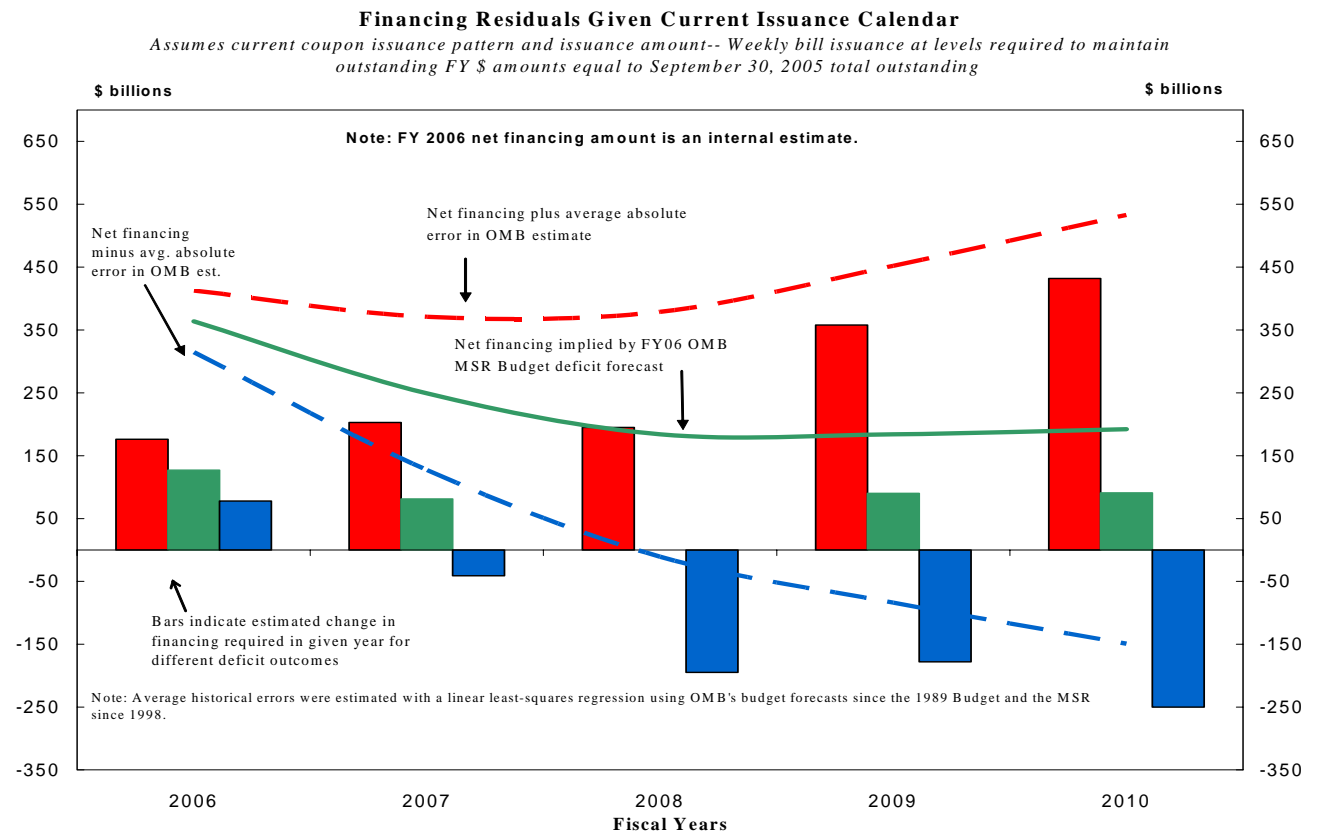
- More recent estimates are marginally changed from previous chart release.

FY 06 Deficit Estimates			
	(\$ Billions)		
	Primary Dealers*	CBO	OMB
Current:	380	337	341
Range based on average absolute forecast error	286-474	241-433	196-486
Estimates as of:	Jan. 25, 06	Jan. 26, 06	July 05

Note: Ranges based on errors from 1997-2005.

* Primary Dealers reflect average estimate.

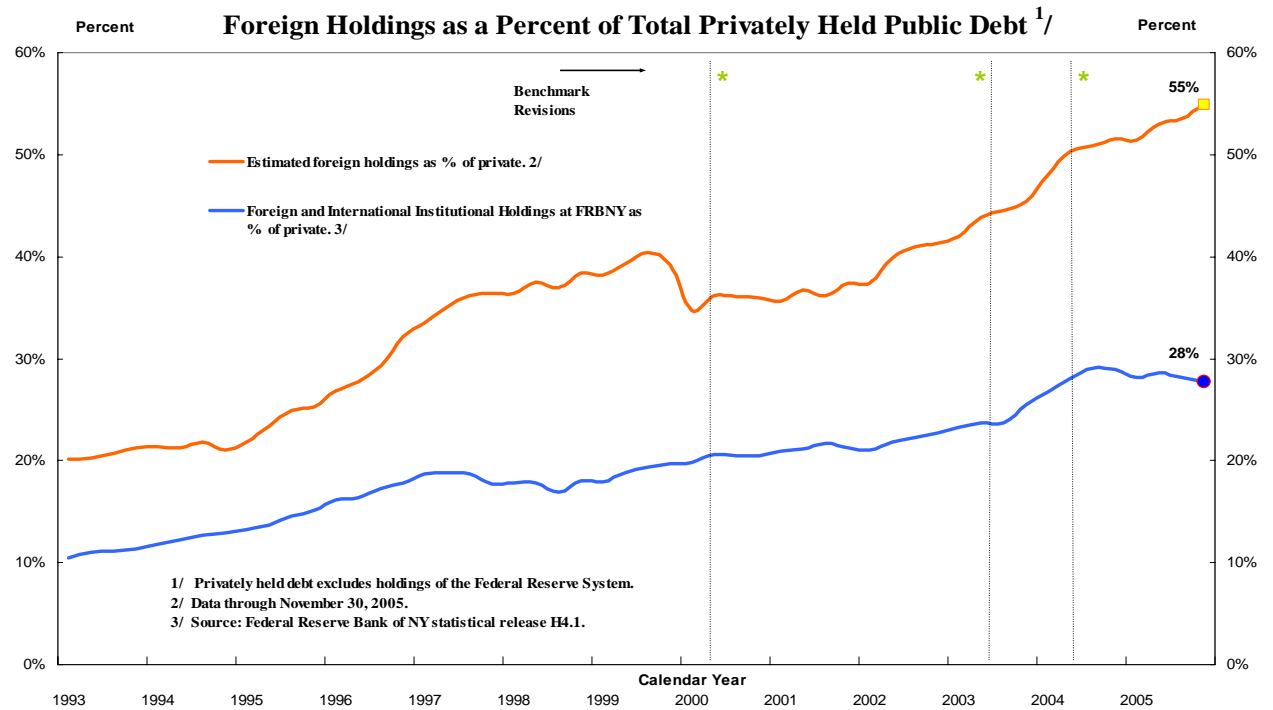
- Current coupon pattern and issuance amounts will provide around \$237 billion of new financing in FY 2006.



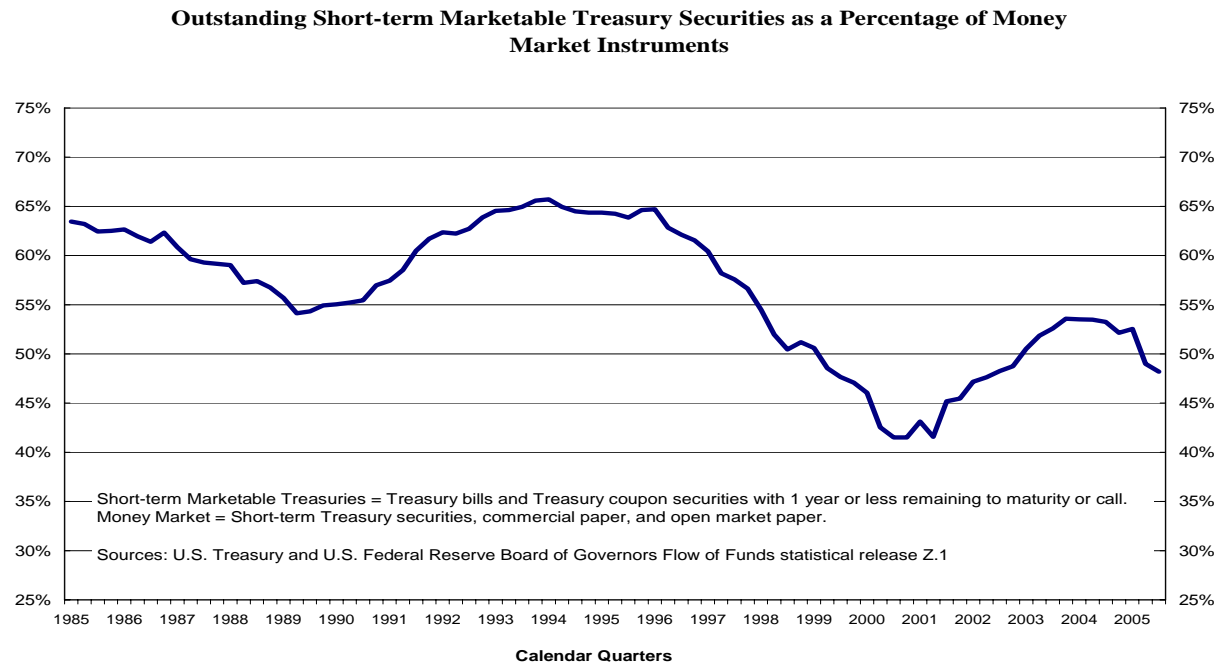
Capital Markets

- **Foreign holdings of Treasury debt increased over the quarter while Treasury's share of the money market continues to trend downward**

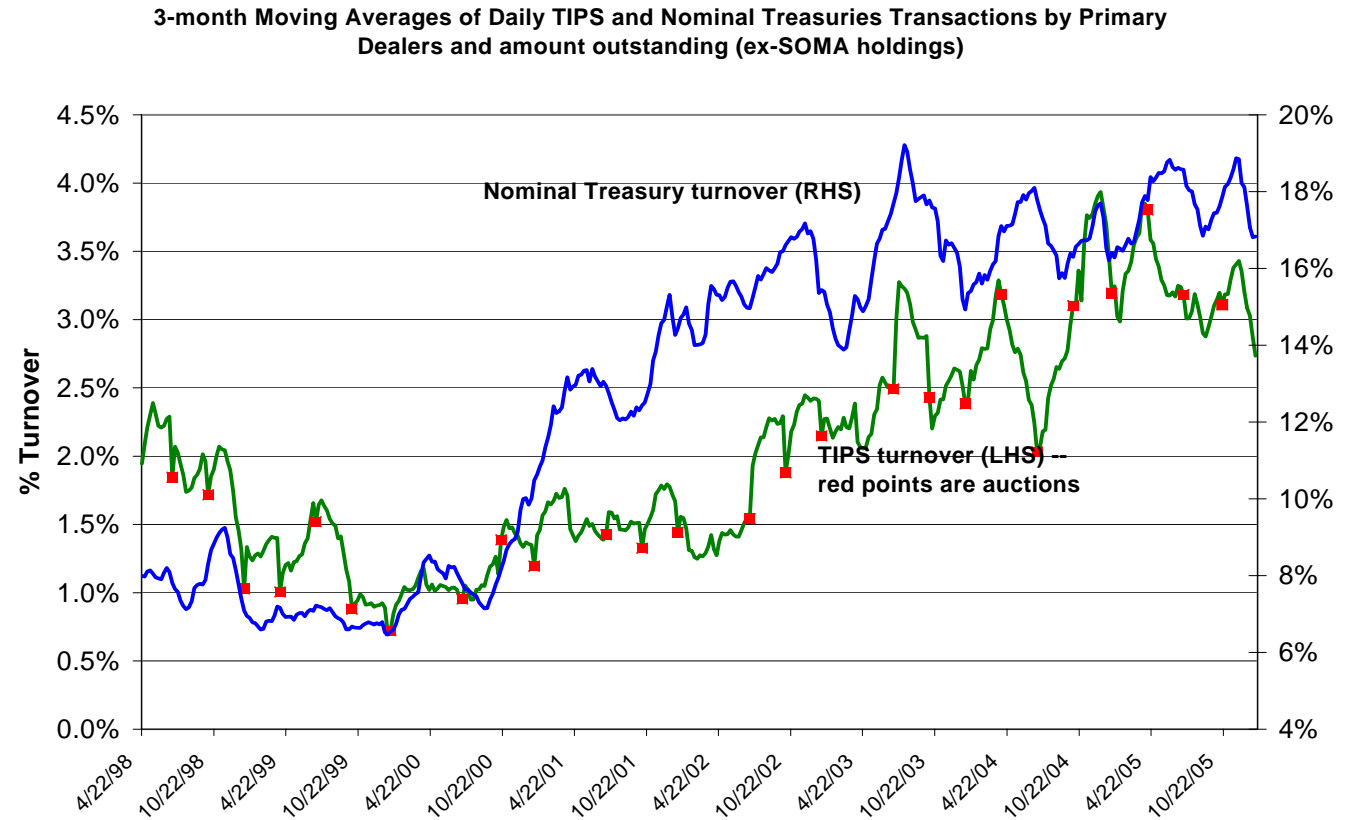
- Foreign demand for U.S. Treasury debt remains robust.



- Growth in commercial and short-term paper outstanding outpaced growth in total short-term Treasuries outstanding in the third quarter of CY 2005.



- Secondary market activity among Primary dealers in nominal Treasuries and TIPS has increased.



Auction Release Time Performance

No current quarter exceptions to Treasury's 2 minute auction release times

Auction Release Times for January 2005 - January 2006

Data through January 25, 2006

(In Minutes and Seconds)

