

# Quarterly Refunding Charts

U.S. Department of the Treasury  
Office of Debt Management  
October 30, 2006



UNITED STATES  
DEPARTMENT OF  
THE TREASURY



# Financing

## Summary of FY 2006 and Near Term Outlook

- ◆ **Net marketable borrowing for FY 2006 Q4 totaled \$45 billion**

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- ◆ **Net marketable borrowing for FY 2006 was \$203 billion compared to nearly \$216 billion in FY 2005 and \$380 billion in FY 2004**
- ◆ **FY 2006 net non-marketable borrowing was \$6 billion versus a record \$58 billion in FY 2005**
- ◆ **FY 2006 deficit was \$248 billion versus \$319 billion for FY 2005**

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- ◆ **FY 2007 Q1 and Q2 Outlook:**
  - **Net marketable borrowing is estimated at \$63 billion this quarter and \$175 billion next quarter**



## Treasury Financing Requirements

\$ Billions

	July - September 2006		October - December 2006
	(Projected)	(Actuals)	(Projected)
<b>Deficit Funding (Def + / Surplus -)</b>	<b>55</b>	<b>41</b>	<b>108</b>
<b>Means of Financing</b>			
Change in Cash Balance	11	-6	22
Net Non-Marketable Financing	-5	-7	4
Other*	19	9	19
Net Marketable Financing	30	45	63
<b>Net Marketable Financing</b>	<b>30</b>	<b>45</b>	<b>63</b>
Bills		-5	
Nominal Notes		20	
TIPS		19	
Bonds		12	
<b>Notes:</b>			
Starting Cash Balance	46	46	52
Ending Cash Balance	35	52	30

\* 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.

- ◆ A surge in corporate tax receipts led to a higher than expected end of quarter cash balance.
- ◆ Net non-marketable issuance declined sharply from prior year record.

## Marketable Treasury Coupon Flows

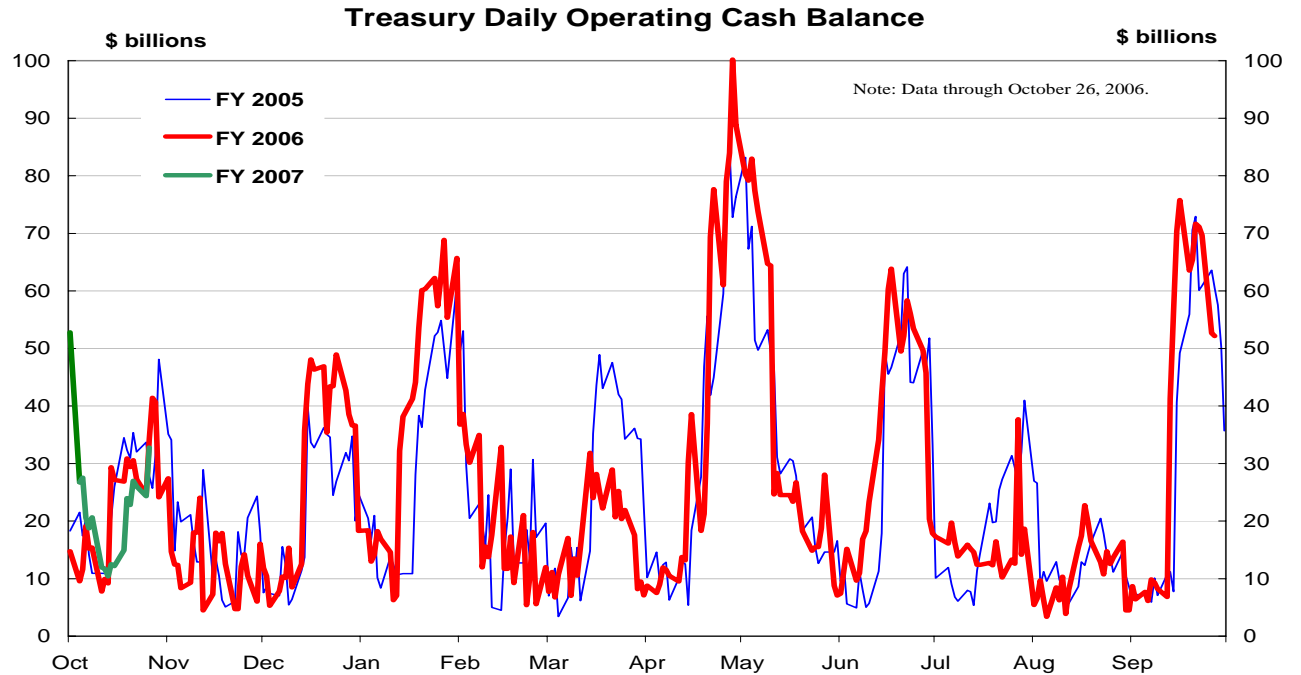
\$ Billions

Date	Maturing Coupon Securities (Excluding SOMA holdings)	Coupon Payments	Total Outflows
November 15, 2006	58	22	79
November 30, 2006	23	3	25
December 15, 2006	0	1	1
December 31, 2006	24	3	27
January 15, 2007	18	5	23
January 31, 2007	23	3	26
February 15, 2007	35	26	61
February 28, 2007	23	2	25

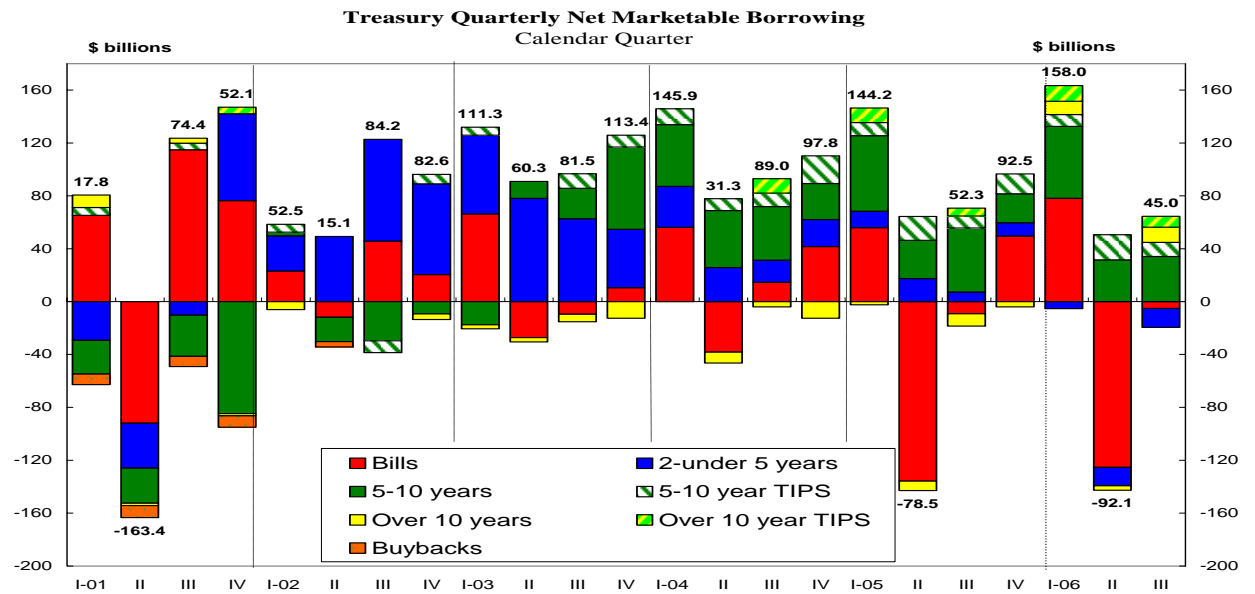
- ◆ Maturing securities and coupon payments result in large outflows on November 15.



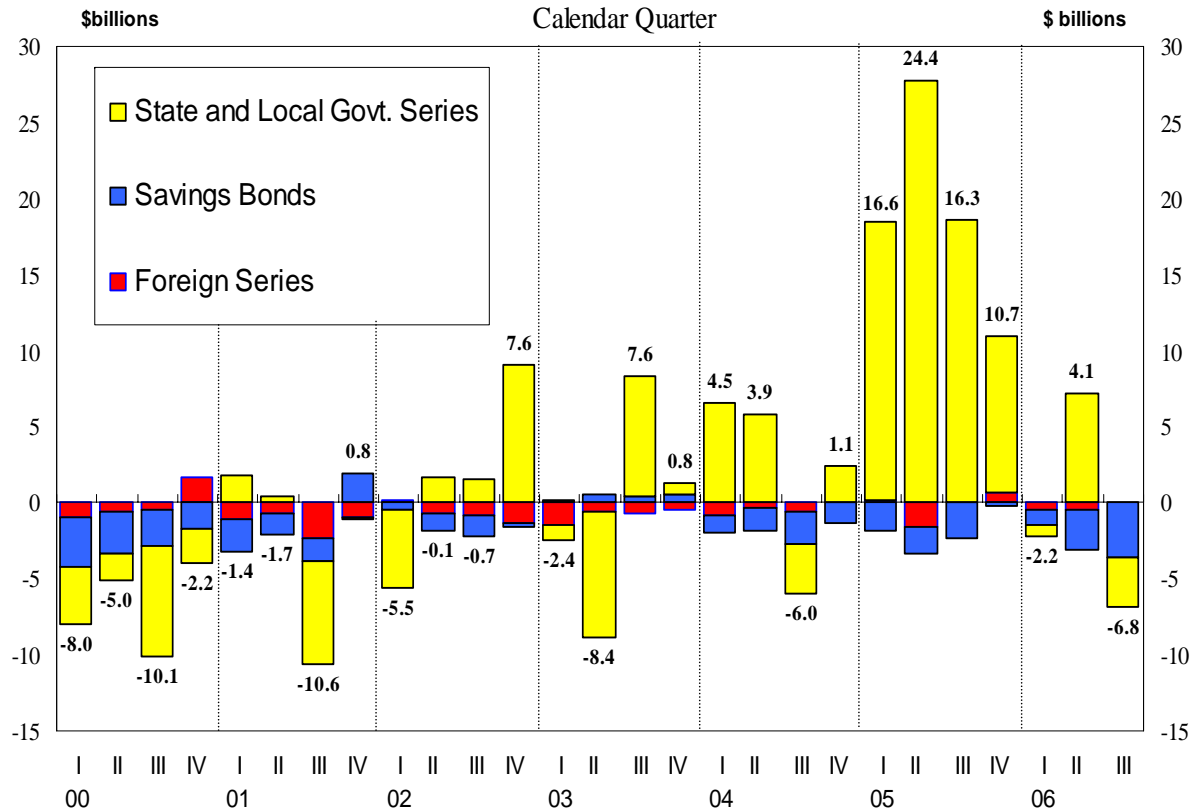
- ◆ For the year, receipts were up nearly 12 percent. Single-day corporate and total receipts reached an all-time high on September 15.



- ◆ Total net marketable borrowing for FY 2006 was \$203 billion, the lowest level since FY 2002.
- ◆ For the second consecutive year, annual net bill issuance resulted in a pay down.



## Treasury Quarterly Net Borrowing from Nonmarketable Issues



◆ Net nonmarketable issuance for FY 2006 was sharply lower than the record amount reached in FY 2005.

# Debt Portfolio

## Over the next 5 years

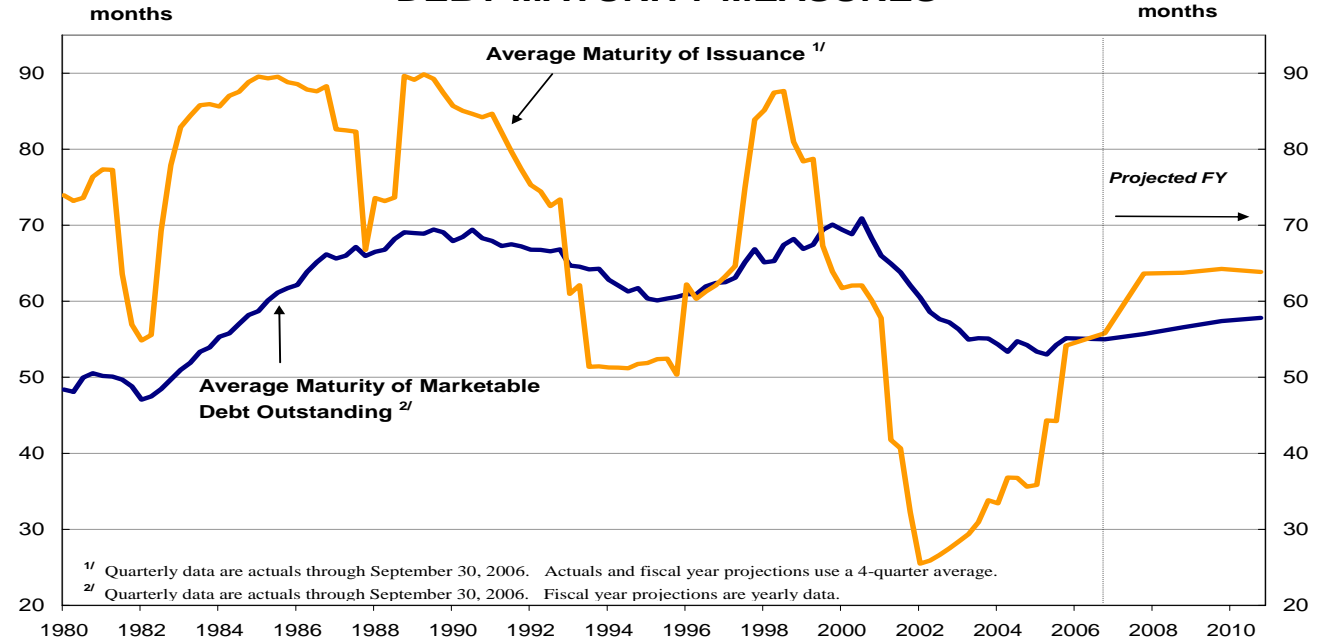
- ◆ Average maturity of total outstanding debt rises to 58 months
- ◆ Average maturity of issuance stabilizes between 63-64 months
- ◆ The percent of debt maturing with 3 years or less to maturity declines to 56 percent

## 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 2007 MSR estimates used for fiscal year projections



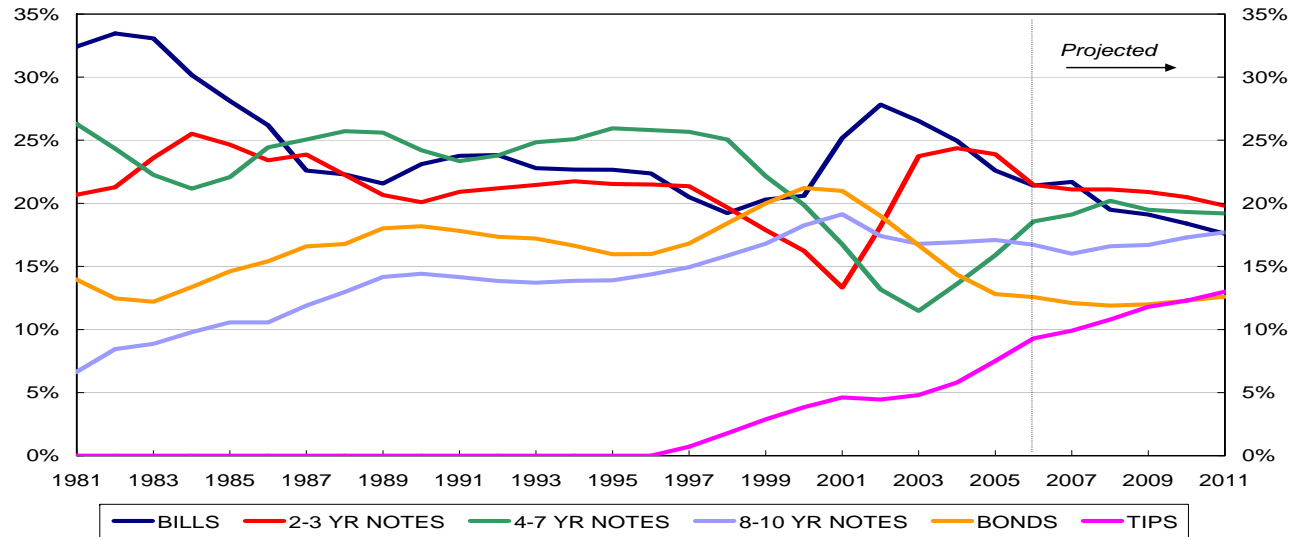
## DEBT MATURITY MEASURES



◆ In moving to quarterly bonds, we are showing 30-year issuance at the high end of the \$20-30 billion guidance we initially provided. This is no indication of actual issuance sizes in 2007. Those will be determined based on financing needs and market consultation in January.

Net financing projections for FY 2007-2011 are based on OMB 2007 MSR estimates. Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance.

## Distribution of Marketable Debt Outstanding by Security

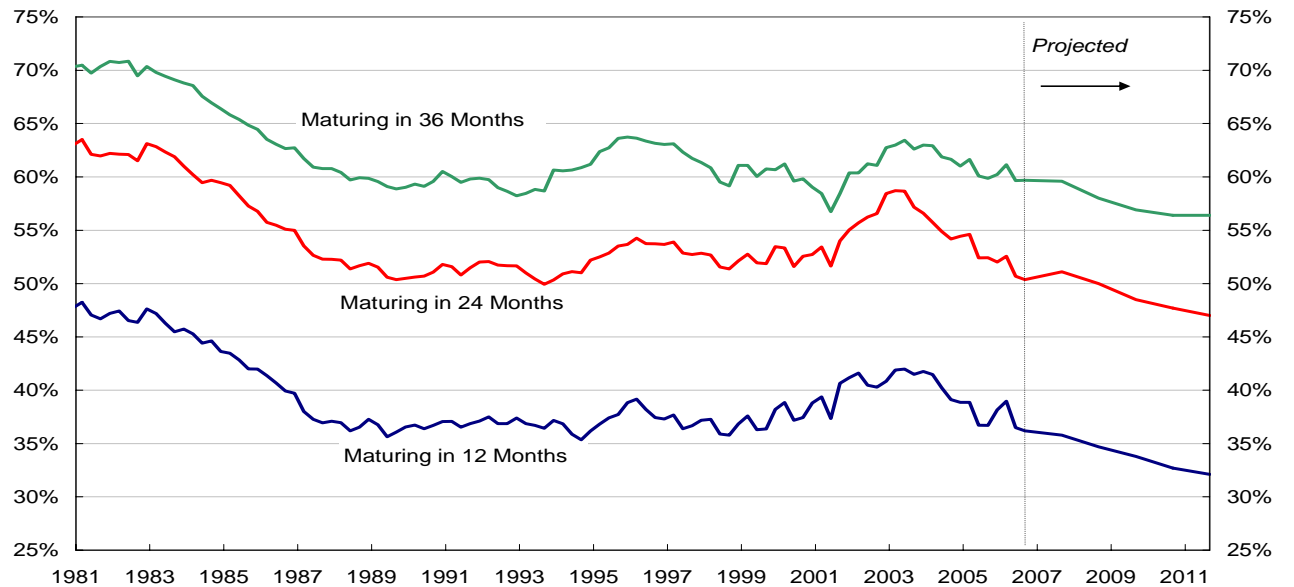


◆ As projected financing needs fall, current issuance patterns will lead to a lower proportion of short-dated securities.

Projections for FY 2007-2011 are based on OMB 2007 MSR Budget estimates. Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance.

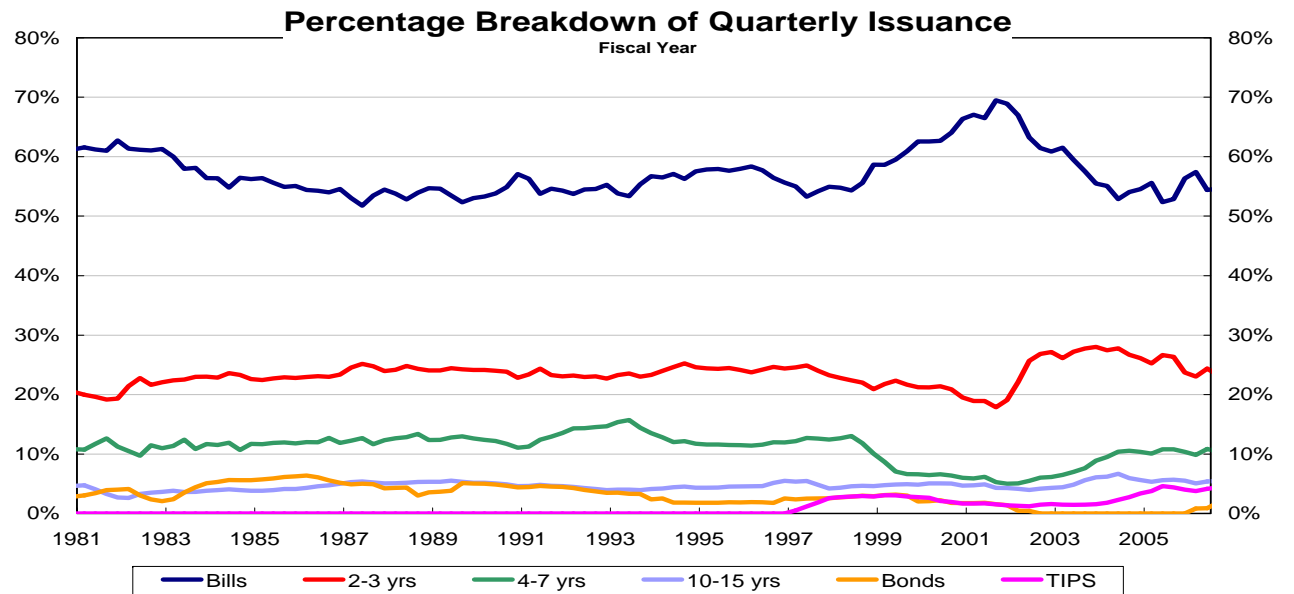
### Percentage of Debt Maturing in Next 12 to 36 Months

- ◆ Debt with a residual maturity of 3 years or less stabilizes near the lower end of historical ranges.



Projections for FY 2007-2011 are based on OMB 2007 MSR Budget estimates. Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance.

- ◆ Issuance across all sectors remain in line with historic trends.

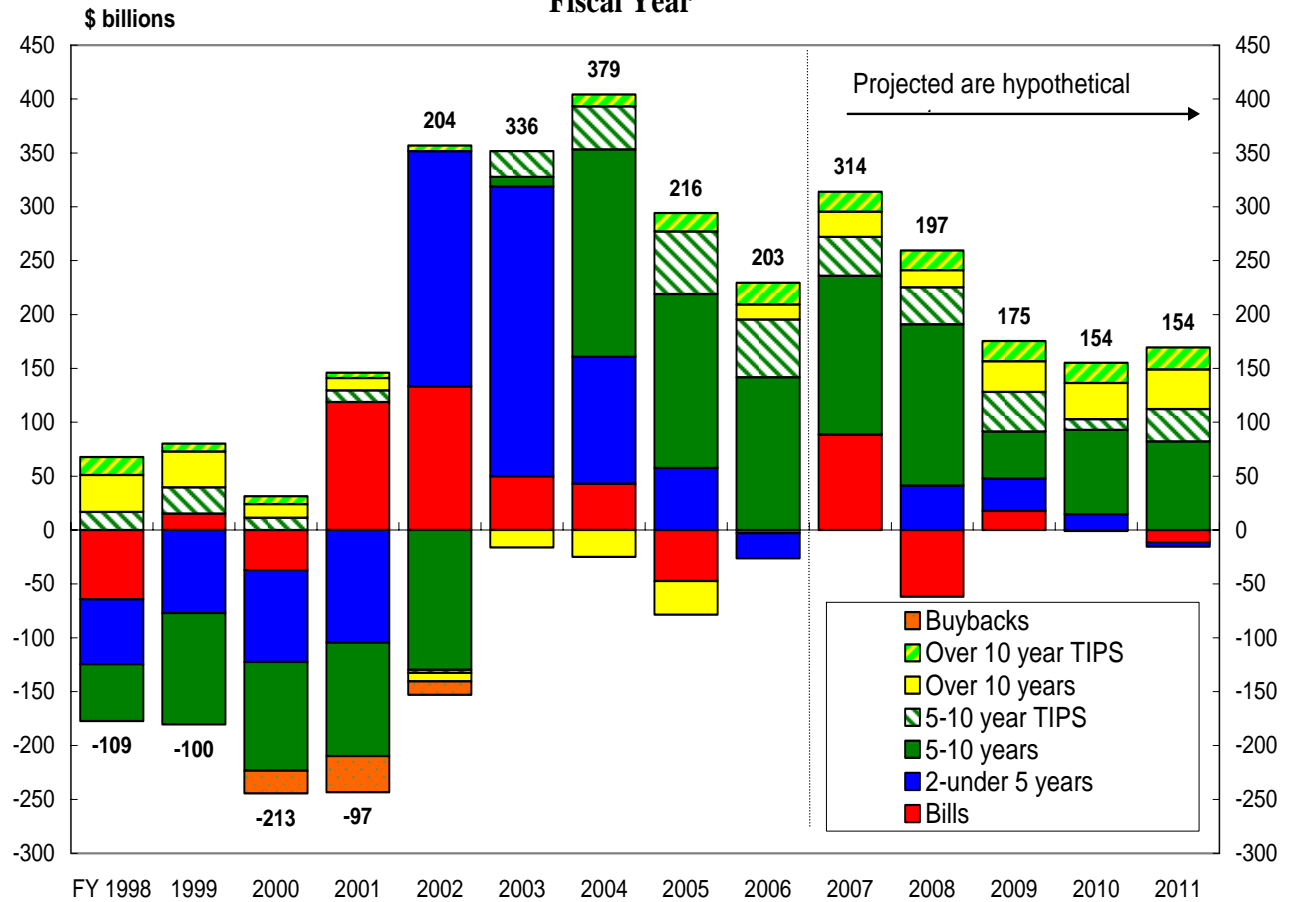


Note: Data through September 30, 2006.





## Treasury Annual Net Marketable Borrowing Fiscal Year



◆ A major portion of net marketable borrowing through FY 2011 is projected to be met by TIPS and intermediate notes.



# Uncertainty

- ◆ OMB estimates project declining borrowing needs for the next 5 years
- ◆ If the forecast errors reverse, however, the current issuance pattern requires heavy reliance on bills in early FY 2007. Given the reduction in bill supply recently, we believe the bill sector could accommodate negative FY 2007 fiscal shocks.



# FY 07 Deficit Estimates

\$ billions

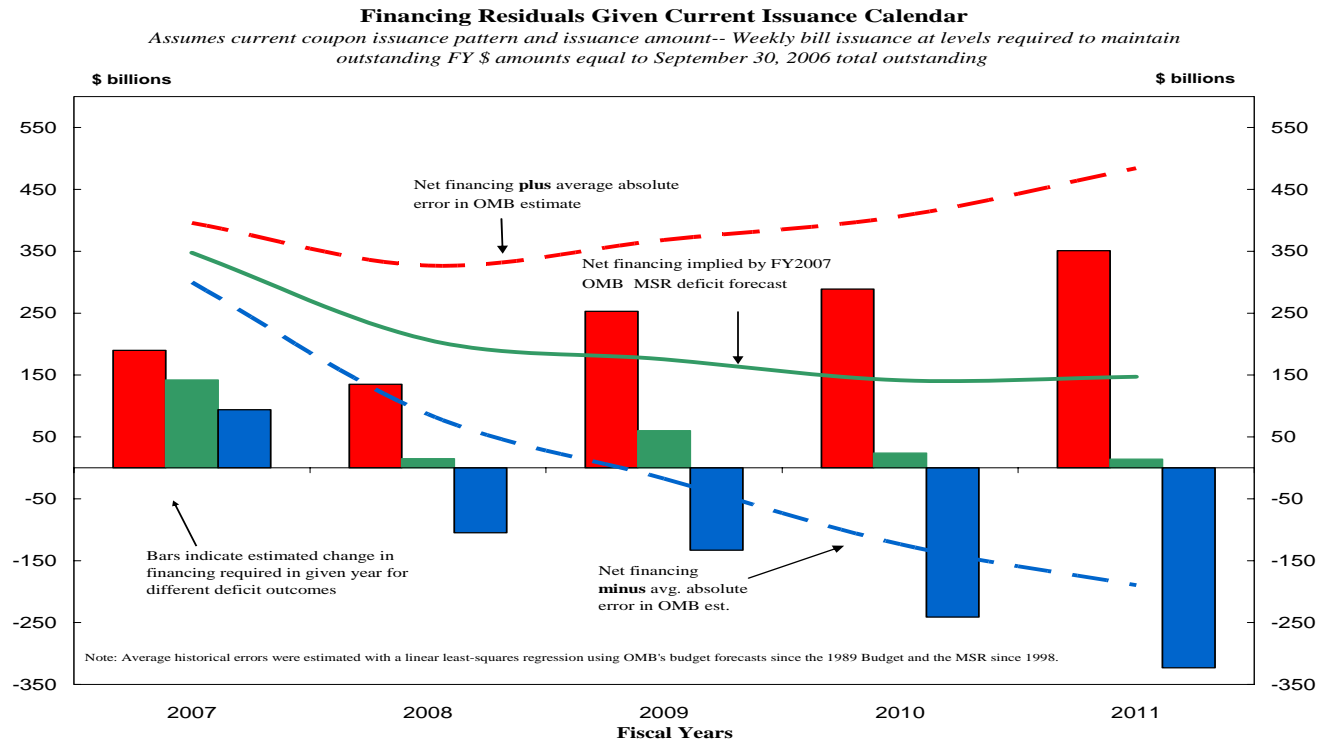
- ◆ Primary dealer and CBO deficit estimates are lower than OMB MSR estimates.

	Primary Dealers*	CBO	OMB
<b>Current:</b>	280	286	339
<b>Range based on average absolute forecast error</b>	180-380	191-381	242-436
<b>Estimates as of:</b>	Oct 06	Aug 06	July 06

Note: Ranges based on errors from 1997-2006.

\* Primary Dealers reflect average estimate.

- ◆ Current coupon pattern and issuance amounts will provide approximately \$183 billion of new financing in FY07.



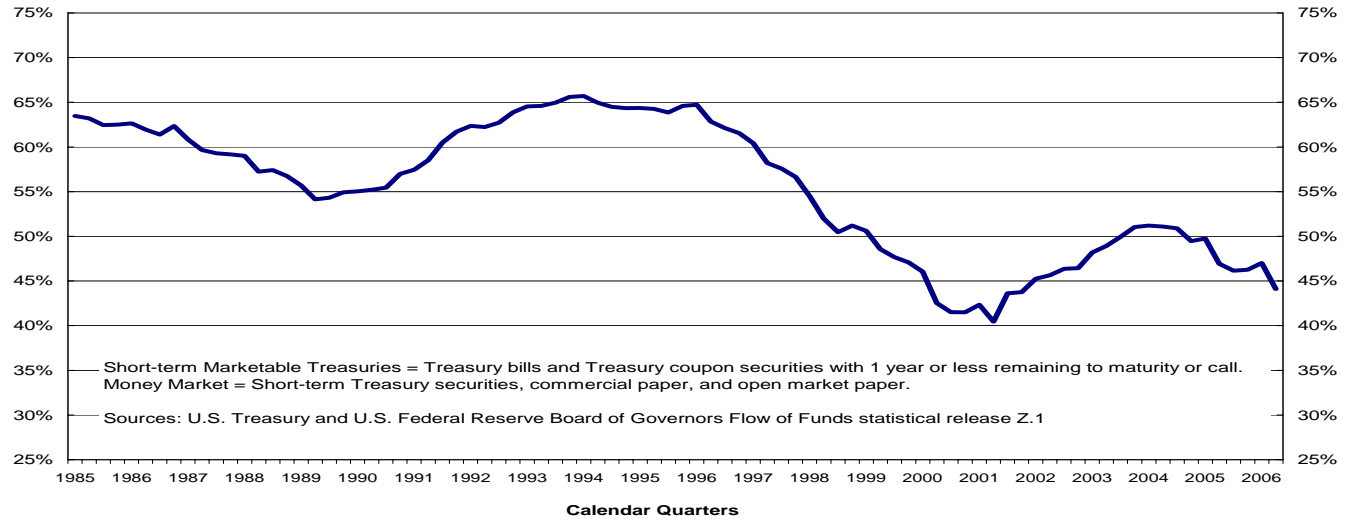
# Capital Markets

- ◆ Reduced Treasury bill issuance and higher private sector activity reduced Treasury's share of the money market

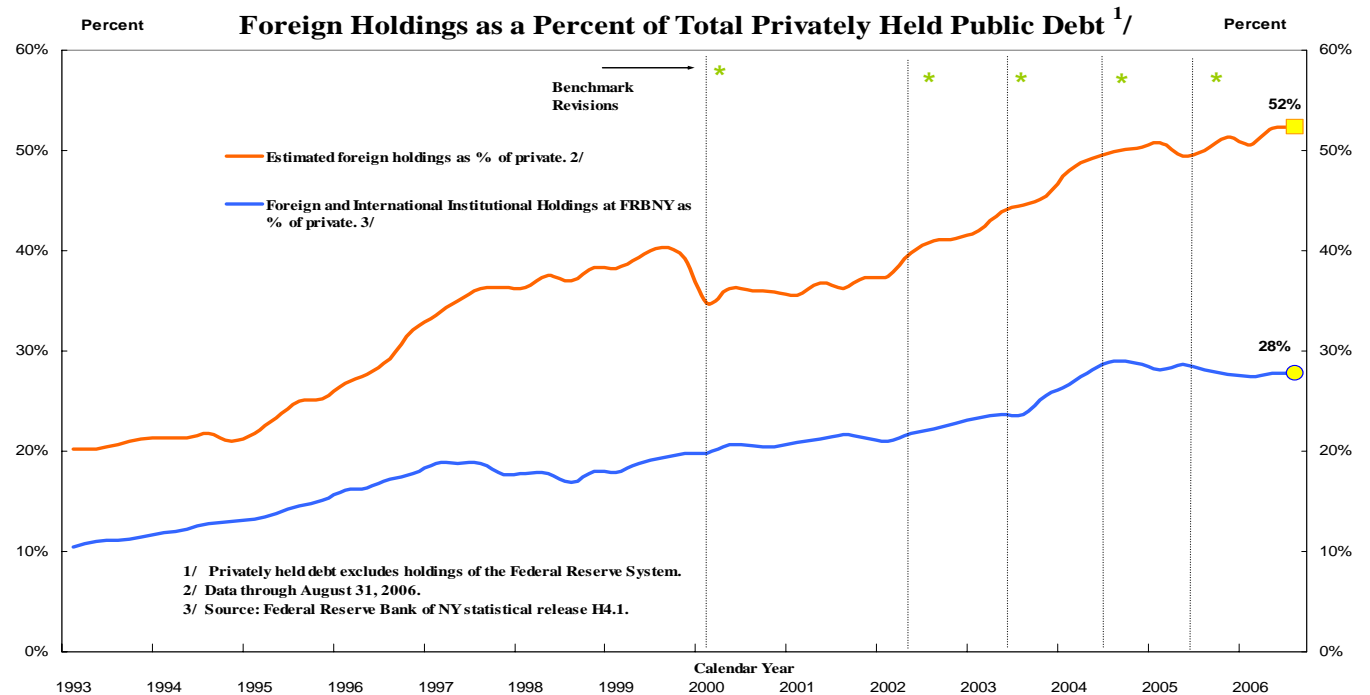


**Outstanding Short-term Marketable Treasury Securities as a Percentage of Money Market Instruments**

- ◆ The share of total short-term Treasuries outstanding fell in the second quarter of CY 2006.
- ◆ This was a result of declines in both outstanding bills and coupons with less than a year to maturity coupled with a rise in open market paper outstanding.



- ◆ As a percentage of total privately held Treasury debt, both foreign holdings and official holdings at the FRBNY increased marginally over the past quarter.



# Auction Release Time Performance

- ◆ No current quarter exceptions to Treasury's 2 minute (+/- 30 seconds) target auction release times

## Auction Release Times for November 2005 - October 2006

Data through October 26, 2006  
(In Minutes and Seconds)

