Quarterly Refunding Charts

U.S. Department of the Treasury
Office of Debt Management
January 29, 2007
FY 2007 Q2 and Q3 Outlook:

• We estimate net marketable borrowing of $141 billion this quarter and a pay down of $130 billion next quarter

• Continued strength in receipts and higher than expected non-marketable debt issuance are leading to lower financing needs
Corporate and individual tax receipts remain strong.

Net non-marketable continues to be driven by state and local government securities issuance.

Maturing securities and coupon payments result in large outflows on May 15.
December 15 corporate tax receipts were the second highest on record—slightly lower than the all-time high reached on September 15, 2006.

Total net marketable borrowing for CY 2006 was $153 billion, the third consecutive calendar year decline.
Net SLGS issuance in Q4 2006 was $13 billion higher than projected.

Shares of issuance across all maturities remain in line with historic trends.
Assumptions used in the next 4 charts:

- Future residual financing needs are spread proportionally across auctioned securities, based on hypothetical initial auction sizes in the prior quarter.
- OMB 2007 MSR deficit estimates, except internal Treasury estimate for current fiscal year.

Using the above assumptions, over the next 5 years:

- Average maturity of total outstanding debt rises to 57 months.
- Average maturity of issuance settles to around 60 months.
- The percent of debt maturing with 3 years or less to maturity declines to 56 percent.
Average maturity of issuance temporarily rises following the introduction of quarterly bond issuance and assumed redemption of callable issues.

If future financing needs are spread proportionally, current issuance patterns will lead to a lower share of short-dated securities.

Net financing projections for FY 2008-2011 are based on OMB 2007 MSR estimates. Future residual financing needs are spread proportionally across auctioned securities, based on hypothetical initial auction sizes in the prior quarter.

Projections for FY 2008-2011 are based on OMB 2007 MSR Budget estimates. Future residual financing needs are spread proportionally across auctioned securities, based on hypothetical initial auction sizes in the prior quarter.
If future financing needs are spread proportionally, short term debt rollover dynamics remain healthy, near the lower end of historical ranges.

Issuance patterns across securities over the next 5 years remain relatively stable.
Uncertainty

- OMB estimates project sharply declining borrowing needs for the next 5 years

- Volatility in projected receipts, particularly during refund season, could lead to greater variation in bill issuance
Economic growth and continued strength in receipts have led to sharply lower deficit estimates.

OMB will release updated FY 2007 deficit estimates on February 5.

Current coupon pattern and issuance amounts will provide approximately $150 billion of new financing in FY07.

### FY 07 Deficit Estimates

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<thead>
<tr>
<th></th>
<th>Primary Dealers*</th>
<th>CBO</th>
<th>OMB</th>
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<tbody>
<tr>
<td>Current</td>
<td>227</td>
<td>172</td>
<td>339</td>
</tr>
<tr>
<td>Range based on average absolute forecast error</td>
<td>135-319</td>
<td>64-280</td>
<td>237-441</td>
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<td>Estimates as of:</td>
<td>Jan 07</td>
<td>Jan 07</td>
<td>July 06</td>
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Note: Ranges based on errors from 2002-2006.

* Primary Dealers reflect average estimate.