Estimated Net Marketable Borrowing

- $73 billion July-September
- $74 billion October-December
April-June net marketable borrowing was close to estimates, largely due to a lower cash balance at quarter end.

Maturing securities and coupon payments result in large outflows on Aug.15 and Nov.15.
April 30, 2007 cash balance reached a record $124 billion on higher than expected receipts.

Total net marketable pay down for Q3 FY 2007 was nearly $139 billion, the largest pay down since Q2 FY 2001 (not shown).

Bills accounted for $164 billion of the Q3 net reduction.
Q3 net SLGS issuance was once again robust.

Despite seasonality in cash balances bill issuance remains stable.

*Note: Data through June 30, 2007*
Assumptions used in the next 4 charts:

- Future residual financing needs are spread proportionally across auctioned securities and are derived from hypothetical initial coupon auction sizes. These sizes are based on prior quarter announced amounts and assume the outstanding level of bills on September 30, 2006.

- OMB 2008 MSR Budget 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 60 months

- Average maturity of issuance settles to approximately 62 months

- The percent of debt maturing with 3 years or less to maturity declines to 53 percent
Average maturity of issuance rises following the discontinuation of 3-year note issuance.

If future financing needs are spread proportionally, current issuance patterns would lead to an increased share of longer-term debt.
If future financing needs are spread proportionally, projected short-term debt rollover percentages will continue to decline.

Based on OMB fiscal projections, net marketable borrowing will rise in FY 2008, but decline steadily thereafter.

Net financing projections for FY 2007-2012 are based on OMB 2008 MSR estimates except internal FY 2007 deficit estimate. Future residual financing needs are spread proportionally across auctioned securities and are derived from hypothetical initial coupon auction sizes. These sizes are based on prior quarter announced amounts and assume the outstanding level of bills on September 30, 2006.

Net financing projections for FY 2007-2012 are based on OMB 2008 MSR estimates except internal FY 2007 deficit estimate. Future residual financing needs are spread proportionally across auctioned securities and are derived from hypothetical initial coupon auction sizes. These sizes are based on prior quarter announced amounts and assume the outstanding level of bills on September 30, 2006.
OMB MSR estimates indicate declining borrowing needs after FY 2008, with a return to surplus in FY 2012.

Volatility in projected receipts and continued strength in net non-marketable issuance could lead to greater variation in bill and coupon issuance.
Strength in receipts have led to lower deficit estimates.

Based on OMB projections the implied additional marketable financing need is $214 billion for FY 2008.

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### FY 07 Deficit Estimates

<table>
<thead>
<tr>
<th></th>
<th>Primary Dealers*</th>
<th>CBO</th>
<th>OMB</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current:</strong></td>
<td>161</td>
<td>177</td>
<td>205</td>
</tr>
<tr>
<td>Range based on average absolute forecast error</td>
<td>119-203</td>
<td>166-188</td>
<td>168-242</td>
</tr>
<tr>
<td><strong>Estimates as of:</strong></td>
<td>July 07</td>
<td>March 07</td>
<td>July 07</td>
</tr>
</tbody>
</table>

*Note: Ranges based on errors from 2002-2006.*

* Primary Dealers reflect average estimate.

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### Financing Need Given Current Issuance Calendar

Assumes current coupon issuance pattern and issuance amount-- Weekly bill issuance at levels required to maintain outstanding FY $ amounts equal to September 30, 2006 total outstanding

- **Net financing implied by FY2008 OMB MSR deficit forecast**
- **Net financing plus average absolute difference in OMB estimate**
- **Net financing minus avg. absolute difference in OMB**

**Bars** indicate estimated change in financing required in given year for different deficit outcomes

*Note: FY 2007 net financing is an internal Treasury estimate.*

*Source: Average historical differences between estimates and actual deficit or surplus are from OMB's 2008 Budget Table 20-7.*