

Agenda – November 2016 Refunding
Treasury Dealer Meetings – October 27 – October 28, 2016
Dealer _____

To allow more time for discussion, please e-mail your responses prior to 12:00 PM on Monday, October 24, 2016 to Debt.Management@treasury.gov and NY.QTR@ny.frb.org. Even if you are not scheduled to meet with Treasury officials this quarter, your responses are still appreciated.

I. Marketable Borrowing Estimates	Central Estimate	Range that would not surprise you <i>Low/High</i>
October-December 2016		/
Ending Cash Balance		/
January-March 2017		/
Ending Cash Balance		/
FY 2017 Total Net Marketable Borrowing		
FY 2018 Total Net Marketable Borrowing		/
FY 2019 Total Net Marketable Borrowing		/

II. Budget Deficit and Growth Estimates		
FY 2017		/
FY 2018		/
FY 2019		/
Real GDP(4Q/4Q % Chg) CY2016		
Real GDP(4Q/4Q % Chg) CY2017		
Nominal GDP(4Q/4Q % Chg) CY2016		
Nominal GDP(4Q/4Q % Chg) CY2017		

III. Quarterly Note and Bond Issuance Estimates		
3-year note (Nov/Dec/Jan)	/ /	/ / - / /
10-year note (Nov)		/
10-year note reopening (Dec/Jan)	/	/ - /
30-year bond (Nov)		/
30-year bond reopening (Dec/Jan)	/	/
2-year note (Nov/Dec/Jan)	/ /	/ / - / /
5-year note (Nov/Dec/Jan)	/ /	/ / - / /
7-year note (Nov/Dec/Jan)	/ /	/ / - / /
10-year TIPS reopening (Nov)		
5-year TIPS reopening (Dec)		
10-year TIPS (Jan)		
2-year FRN reopening (Nov/Dec)		
2-year FRN (Jan)		

IV. Bill Issuance Estimates		
52-week bill size (Nov/Dec/Jan)	/ /	/ / - / /
Total change in bills outstanding 11/16 - 1/17		/
Total change in bills outstanding FY 2017		/
CMB issuance Nov '16 – Jan '17 (size/date)	/ /	/ /

Discussion Topics

1. Please discuss your latest economic and fiscal forecasts for FY2017 and FY2018. Do you believe the current financing schedule is well-suited to meet Treasury's financing needs through the end of FY2017?
2. Please discuss the recent market dynamics associated with money market mutual fund (MMF) reform implementation. Were prime to government-only MMF conversion amounts in-line with market expectations? Please comment on the effect that these conversions had on short-term money market rates. Please comment on the post-reform outlook on demand for Treasury bills and the optimal level of bills outstanding to satisfy this demand.
3. Should Treasury consider changing the 7-year auction schedule such that there would be four new issues per year, with each new issue followed by two subsequent re-openings of the CUSIP? What are the potential benefits and considerations associated with making this change to the 7-year auction schedule? Specifically, discuss pricing, liquidity, and auction size considerations related to such a change.

Part 2:

The Treasury Department’s Office of Debt Management (ODM) would like your perspectives on current Treasury auction sizes. This information would be used to help test ODM’s debt-issuance modeling assumptions, and does not reflect potential policy decisions. We appreciate your participation in a similar survey conducted in May 2016, and the aggregate response can be found online at <http://www.treasury.gov/resource-center/data-chart-center/quarterly-refunding/Pages/dealer-agenda-survey.aspx>.

For each of the 14 securities that Treasury currently issues regularly, we would be interested in your views on the following matters:

- 1) All else equal, what is the minimum auction size, per auction, needed to maintain benchmark liquidity? Specifically, what is the smallest auction size (weekly for bills, monthly for coupons) necessary to support “on-the-run” issue liquidity in the secondary market?
- 2) All else equal, what is the maximum auction size, per auction, that could be issued without causing “significant yield deviations” from current fair value? This fair value could, for example, be as measured by your spline, or other analytical models.
- 3) All else equal, what is the maximum change in auction size (+/- X \$billions) that can be implemented between two consecutive new issuances without causing “significant yield deviations”?
- 4) All else equal, estimate the changes in auction stop out rates given small, intermediate and large changes in auction offering amounts. For purposes of these estimates, assume that the change values in the table below represent consecutive monthly increases in offering amounts for a particular tenor relative to current auction sizes and that those increases would be applied for one year. For each tenor, estimate the changes in the stop out rates at the end of 1 year relative to where stop out rates would have been absent any changes to issue sizes. (E.g., For the 2-year note, a change of “\$2 billion” would imply that at the end of one year, the monthly offering amount would grow by \$24 billion from the current level. All else being equal, how much would the stop out rate have changed for 2 year notes relative to where stop out rates would have been absent any changes in offering amounts?)

If you have any questions, please contact Dave Chung at 202-622-1053. **Please complete and submit the table below to DebtManagement@treasury.gov or Won.Chung@treasury.gov by 12:00 Noon ET on Monday, October 24, 2016.**

Thank you very much for your continuing collaboration.

Tranche	Minimum Auction Size needed to maintain Benchmark Liquidity (\$bil)	Maximum Auction Size that could be issued without causing significant yield deviations from fair value (\$bil)	Maximum change (+/-) in auction size between new issuances (\$bil)	Change in Auction Size (\$bil) per month	Change in Auction Stop Out Rate (bp) at end of 1 year given change in auction size	Change in Auction Size (\$bil) per month	Change in Auction Stop Out Rate (bp) at end of 1 year given change in auction size	Change in Auction Size (\$bil) per month	Change in Auction Stop Out Rate (bp) at end of 1 year given change in auction size
Bills									
4-week				5		10		20	
13-week				2		4		8	
26-week				2		4		8	
52-week				2		4		8	
Coupons									
2-year				1		2		4	
3-year				1		2		4	
5-year				1		2		4	
7-year				1		2		4	
10-year				1		2		4	
30-year				1		2		4	
TIPS									
5-year				1		2		4	
10-year				1		2		4	
30-year				1		2		4	
FRNs									
2-year				1		2		4	

Additional Comments: