

**Agenda – August 2019 Refunding  
Treasury Dealer Meetings – July 25 – July 26, 2019  
Dealer \_\_\_\_\_**

To allow more time for discussion, please e-mail your responses prior to 12:00 PM on Monday, July 22, 2019 to [Debt.Management@treasury.gov](mailto:Debt.Management@treasury.gov) and [NY.QTR@ny.frb.org](mailto:NY.QTR@ny.frb.org). Even if you are not scheduled to meet with Treasury officials this quarter, your responses are still appreciated.

<b>I. Privately-Held Marketable Borrowing Estimates #</b>	Central Estimate	Range that would not surprise you
<b># Privately-held marketable borrowing <u>excludes</u> rollovers (auction “add-ons”) of Treasury securities held in the Federal Reserve’s System Open Market Account (SOMA) but <u>includes</u> financing required due to SOMA redemptions.</b>		<i>Low/High</i>
July-September 2019 Privately-Held Net Marketable Borrowing		/
SOMA Redemptions of Treasury Securities		/
Ending Cash Balance		/
October-December 2019 Privately-Held Net Marketable Borrowing		/
Ending Cash Balance		/
FY 2019 Privately-Held Net Marketable Borrowing		/
SOMA Redemptions of Treasury Securities		/
FY 2020 Privately-Held Net Marketable Borrowing		/
FY 2021 Privately-Held Net Marketable Borrowing		/

**II. Budget Deficit and Growth Estimates**

FY 2019		/
FY 2020		/
FY 2021		/
Real GDP(4Q/4Q % Chg) CY2019		/
Real GDP(4Q/4Q % Chg) CY2020		/
Nominal GDP(4Q/4Q % Chg) CY2019		/
Nominal GDP(4Q/4Q % Chg) CY2020		/

**III. Quarterly Note and Bond Issuance Estimates**

3-year note (Aug/Sep/Oct)	/ /	/ / - / /
10-year note (Aug)		/
10-year note reopening (Sep/Oct)	/	/ - /
30-year bond (Aug)		/
30-year bond reopening (Sep/Oct)	/	/
2-year note (Aug/Sep/Oct)	/ /	/ / - / /
5-year note (Aug/Sep/Oct)	/ /	/ / - / /
7-year note (Aug/Sep/Oct)	/ /	/ / - / /
30-year TIPS reopening (Aug)		/
10-year TIPS reopening (Sep)		/
5-year TIPS (Oct)		/
2-year FRN reopening (Aug/Sep)		/
2-year FRN (Oct)		/

**IV. Bill Issuance Estimates**

52-week bill size (Aug/Sep/Oct)	/ /	/ / - / /
Total change in bills outstanding Aug ‘19 – Oct ‘19		/
Total change in bills outstanding FY 2019		/
CMB issuance Aug ‘19 – Oct ‘19 (size/date)	/ /	/ /

## Discussion Topics

1. Please discuss your latest economic and fiscal forecasts for FY2019 and FY2020. Do you believe the current financing schedule is well-suited to meet Treasury's financing needs through the end of FY2019? FY2020?
2. Treasury is currently using extraordinary measures to finance the government on a temporary basis, and has urged Congress to promptly raise or suspend the debt limit. Following previous debt limit suspensions, Treasury has needed to rebuild its cash balance in accordance with its prudent cash balance policy of maintaining a minimum of 5 days of liquidity subject to a \$150 billion minimum. Restoring the cash balance is typically done via bill issuance, and Treasury makes efforts to limit any associated disruption to markets.

When do you expect the debt limit will be increased or suspended? What do you expect for Treasury's cash balance and the level of bills outstanding at that time?

What is the market capacity for increased bill issuance without significant price adjustment or deviation from fair value (please specify what you consider to be a significant deviation from fair value, in basis points), and how rapidly do you expect Treasury to increase bill issuance? Specifically, how much cumulative increase in bills outstanding could the market digest and do you expect from Treasury over the following time periods following the debt limit resuspension:

<b>Weeks Post Increase/Resuspension</b>	<b>Market Capacity for Increase</b>	<b>Expected Cumulative Bills Increase</b>
4		
8		
13		

Please explain how you derived the above estimates. When considering market effects, how do you evaluate stock and/or flow factors? How do seasonal considerations influence your answer?

3. In recent years there has been increased focus, in particular by the Treasury Market Practices Group (TMPG), on potential risks associated with bilateral clearing and settlement arrangements in the Treasury market. What steps do you believe the official sector should take to address these risks? For example, in July 2019, the TMPG published updated best practice recommendations for market participants that addressed more widespread utilization of central clearing as a topic that should be evaluated by the official sector. Please comment on the potential costs and benefits of the official sector adopting policies that increase the utilization of central clearing in the Treasury market.