

**Agenda – August 2018 Refunding
Treasury Dealer Meetings – July 26 – July 27, 2018
Dealer _____**

To allow more time for discussion, please e-mail your responses prior to 12:00 PM on Monday, July 23, 2018 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. Privately-Held Marketable Borrowing Estimates #	Central Estimate	Range that would not surprise you
# Privately-held marketable borrowing excludes rollovers (auction “add-ons”) of Treasury securities held in the Federal Reserve’s System Open Market Account (SOMA) but includes financing required due to SOMA redemptions.		<i>Low/High</i>
July-September 2018 Privately-Held Net Marketable Borrowing		/
SOMA Redemptions of Treasury Securities		/
Ending Cash Balance		/
October-December 2018 Privately-Held Net Marketable Borrowing		/
SOMA Redemptions of Treasury Securities		/
Ending Cash Balance		/
FY 2018 Privately-Held Net Marketable Borrowing		/
SOMA Redemptions of Treasury Securities		/
FY 2019 Privately-Held Net Marketable Borrowing		/
SOMA Redemptions of Treasury Securities		/
FY 2020 Privately-Held Net Marketable Borrowing		/
SOMA Redemptions of Treasury Securities		/

II. Budget Deficit and Growth Estimates

FY 2018		/
FY 2019		/
FY 2020		/
Real GDP(4Q/4Q % Chg) CY2018		/
Real GDP(4Q/4Q % Chg) CY2019		/
Nominal GDP(4Q/4Q % Chg) CY2018		/
Nominal GDP(4Q/4Q % Chg) CY2019		/

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)	/ /	/ / - / /
5-year TIPS reopening (Aug)		/
10-year TIPS reopening (Sep)		/
30-year TIPS reopening (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 ‘18 – Oct ‘18		/
Total change in bills outstanding FY 2018		/
CMB issuance Aug ‘18 – Oct ‘18 (size/date)	/ /	/ /

Discussion Topics

1. Please discuss your latest economic and fiscal forecasts for FY2018 and FY2019. Do you believe the current financing schedule is well-suited to meet Treasury's financing needs through the end of FY2018? FY2019? Please provide your bill issuance forecast (both net issuance and bills outstanding) through the end of calendar year 2018.
2. Given the introduction of the 2-month Treasury bill later this calendar year, please comment on the appropriate benchmark size of initial auctions. If the 2-month Treasury bill were to be introduced on an alternative settlement cycle, such as Tuesday, how can Treasury best facilitate the initial reallocation of cash from Thursday maturities to (for example) Tuesday settlement? Would some form of transition period be appropriate (for example, for the first two months, these offerings could settle on a Thursday but mature on a Tuesday)?
3. Treasury is evaluating enhancements to the annual TIPS calendar to accommodate the potential for an additional 5-year CUSIP. Please comment on the tradeoffs of each illustrative option which represent parameters that could be adjusted. How do relative sizes of offerings across maturities affect the tradeoffs for different calendar adjustments (For example, would there be any benefit in adjusting the auction sizes of TIPS such that the 10-year equivalents of new issuance each month are relatively stable?). Please also comment on the costs and benefits of moving the TIPS auctions closer to month-end. Would such a move incent additional investor participation at auction (such as those attempting to closely match the performance of benchmark indexes)?

Option 1 introduce an additional 5-year original issue (OI) in the second half of the year, while removing a 30-year reopening. This option maintains one TIPS auction per month and changes the 5-year and 30-year reopening schedule so that the 5-year reopens 2-months after each OI and the 30-year reopens 6 months after the OI.

Option 2 introduce an additional 5-year OI and an additional reopening for each 5-year OI. This option adds an additional 5-year auction in each of the 30-year auction months, requiring more than one auction in some months. This option minimizes calendar adjustments, while adding a new 5-year CUSIP and reopening. It equalizes the number of auctions, OI, and reopenings in the 5-year and 10-year maturities while leaving the 30-year unchanged.

Option 3 introduce an additional 5-year OI by having auctions in all three maturities each quarter. This option maintains one TIPS auction per month, adds an additional 5-year original issue and 30-year reopening, and removes a reopening from each 10-year OI. This option provides all maturities with the same auction frequency throughout the year while adding a new 5-year CUSIP and maintains one auction per month and one new issue in the 30-year.

<u>Month</u>	<u>Current</u>	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
January	10-Yr OI	10-Yr OI	10-Yr OI	10-Yr OI
February	30-Yr OI	30-Yr OI	30-Yr OI & 5-Yr Reopen	30-Yr OI
March	10-Yr Reopen	10-Yr Reopen	10-Yr Reopen	5-Yr OI
April	5-Yr OI	5-Yr OI	5-Yr OI	10-Yr Reopen
May	10-Yr Reopen	10-Yr Reopen	10-Yr Reopen	30-Yr Reopen
June	30-Yr Reopen	5-Yr Reopen	30-Yr Reopen & 5-Yr Reopen	5-Yr Reopen
July	10-Yr OI	10-Yr OI	10-Yr OI	10-Yr OI
August	5-Yr Reopen	30-Yr Reopen	5-Yr Reopen	30-Yr Reopen
September	10-Yr Reopen	10-Yr Reopen	10-Yr Reopen	5-Yr OI
October	30-Yr Reopen	5-Yr OI	30-Yr Reopen & 5-Yr OI	10-Yr Reopen
November	10-Yr Reopen	10-Yr Reopen	10-Yr Reopen	30-Yr Reopen
December	5-Yr Reopen	5-Yr Reopen	5-Yr Reopen	5-Yr Reopen