# Quarterly Refunding Charts

October 31, 2005

Office of Debt Management

# Financing
## Summary of FY 2005 and Near Term Outlook

- **Net marketable borrowing for FY 2005 Q4 totaled $52 billion**
- **Net marketable borrowing for FY 2005 was nearly $216 billion, versus $380 billion for FY 2004**
- **FY 2005 deficit was $319 billion, versus $413 billion for FY 2004**
- **FY 2005 net non-marketable borrowing was a record $58 billion, driven by a record $67 billion in net SLGS issuance**
- **FY 2006 Q1 and Q2 Outlook:**
  - **Net marketable borrowing is estimated at $96 billion this quarter and $171 billion next quarter**

- Current quarter SLGS net issuance is expected to return to historical norms.
- Bill financing was once again reduced to accommodate lower financing needs.

## Treasury Financing Requirements

($ Billions)

| | July - September 2005 (Projected) | July - September 2005 (Actuals) | October - December 2005 (Projected) |
|---|---|---|---|
| **Deficit Funding (Def + / Surplus -)** | **75** | **69** | **134** |
| **Means of Financing** | | | |
| Change in Cash Balance | 3 | -2 | 11 |
| Net Non-Marketable Financing | 15 | 16 | 7 |
| Net Marketable Financing | 59 | 52 | 96 |
| Other* | -2 | 3 | 20 |
| **Net Marketable Financing** | **59** | **52** | **96** |
| Bills | | -9 | |
| Nominal Notes | | 56 | |
| TIPS | | 15 | |
| Bonds | | -9 | |
| Notes: | | | |
| Starting Cash Balance | 33 | 33 | 36 |
| Ending Cash Balance | 30 | 36 | 25 |

* Includes direct loan activity, changes in accrued interest, checks outstanding, minor miscellaneous transactions, discount and inflation accretion on Treasuries.

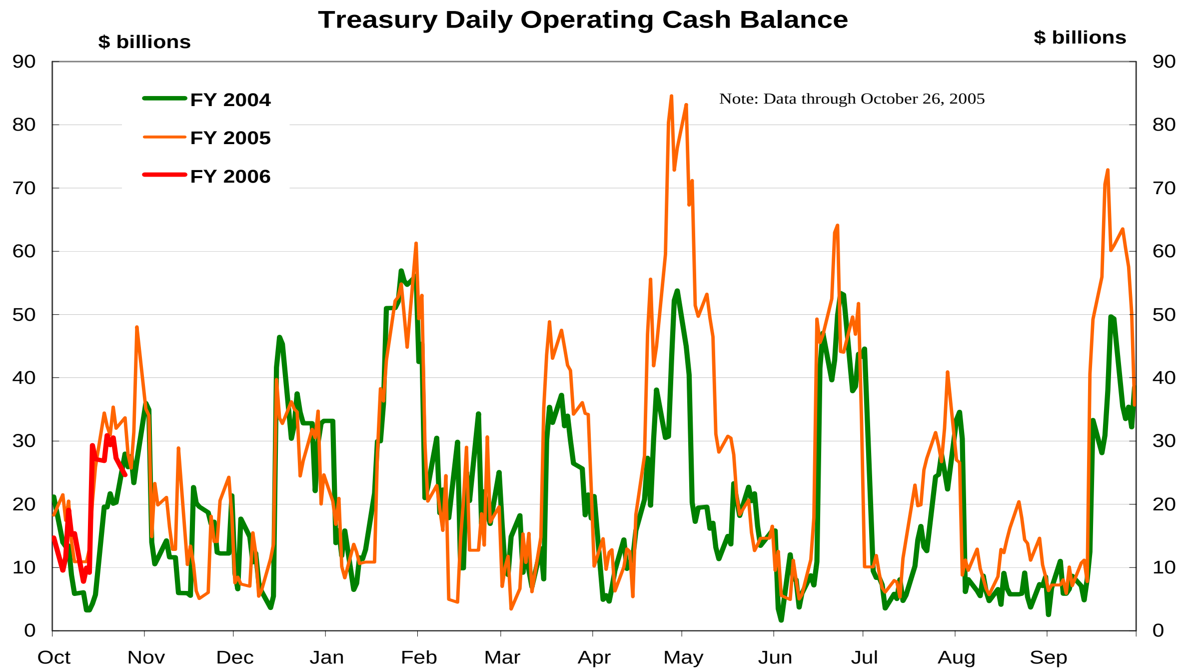
Note: Totals may not add due to rounding.

- Displays mid- and end-of-month coupon outflows for the next three months.
- Dec.15 and Jan.15 issuances raise all new cash.

## Marketable Treasury Coupon Flows

| Date | Maturing Coupons (Excluding SOMA holdings) | Coupon Payments | Total Outflows |
|---|---|---|---|
| | (in dollar billions) | | |
| November 15, 2005 | 38.7 | 22.3 | 61.0 |
| November 30, 2005 | 25.3 | 1.6 | 27.0 |
| December 15, 2005 | 0 | 1.1 | 1.1 |
| January 3, 2006 | 26.0 | 1.7 | 27.7 |
| January 15, 2006 | 0 | 4.4 | 4.4 |
| January 31, 2006 | 25.6 | 1.2 | 26.8 |

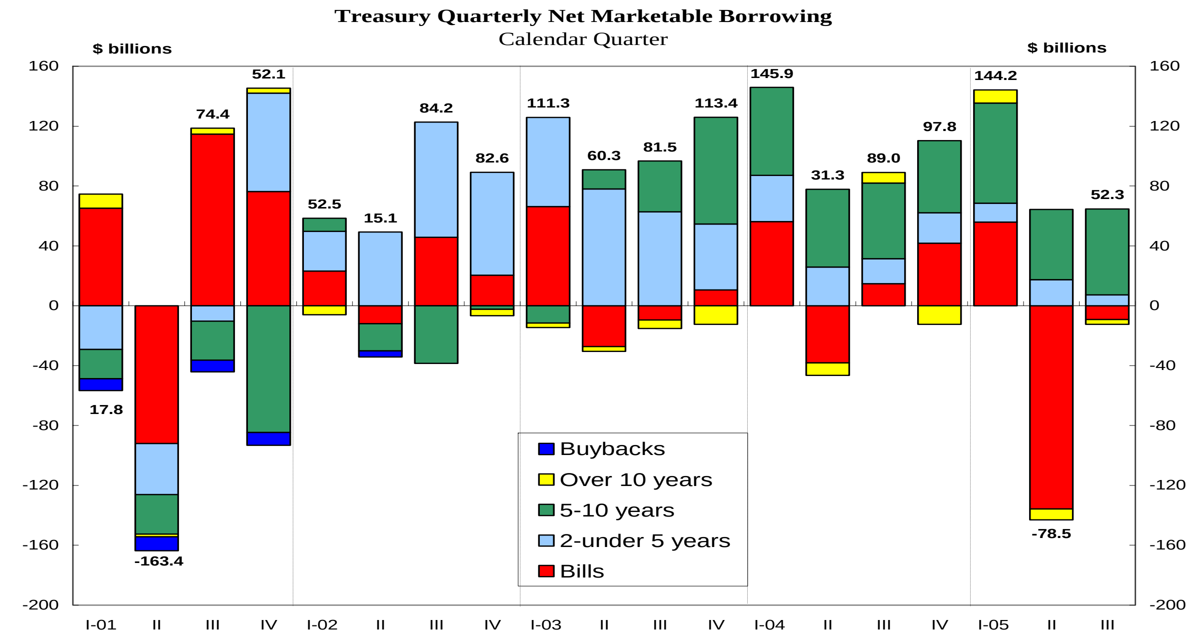
- Unanticipated individual and corporate tax receipts in September led to higher mid-month balances.




- Total net marketable borrowing for FY 2005 was $215.7 billion, the lowest amount since FY 2002.

- FY 2005 was the first annual bill net paydown since FY 2000.

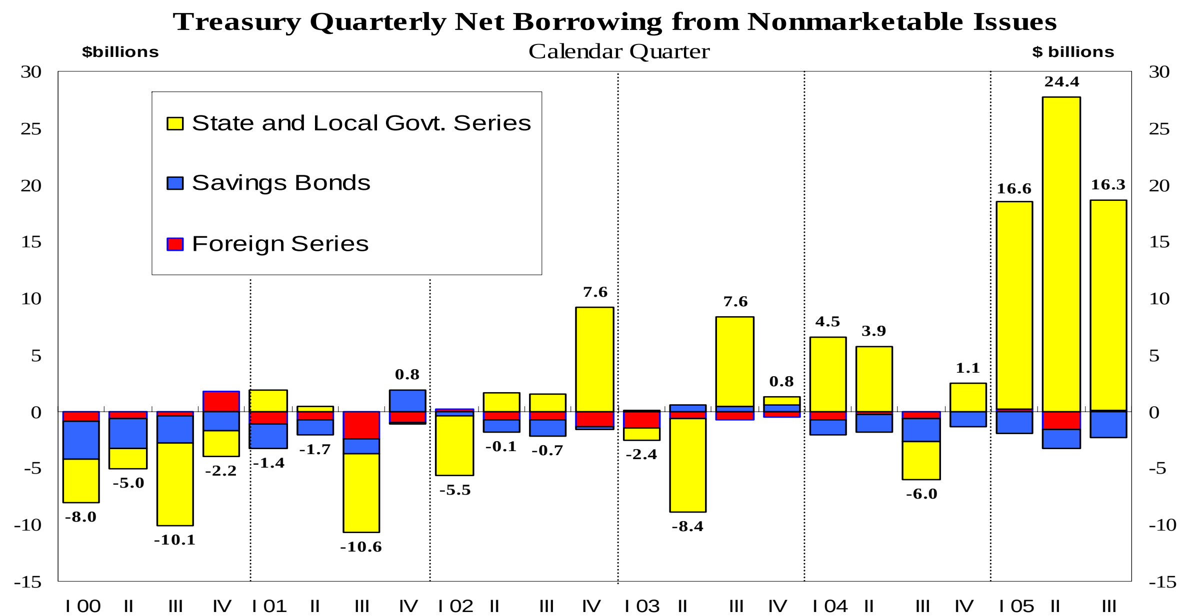
- Bills were paid down despite reduced coupon issuance.

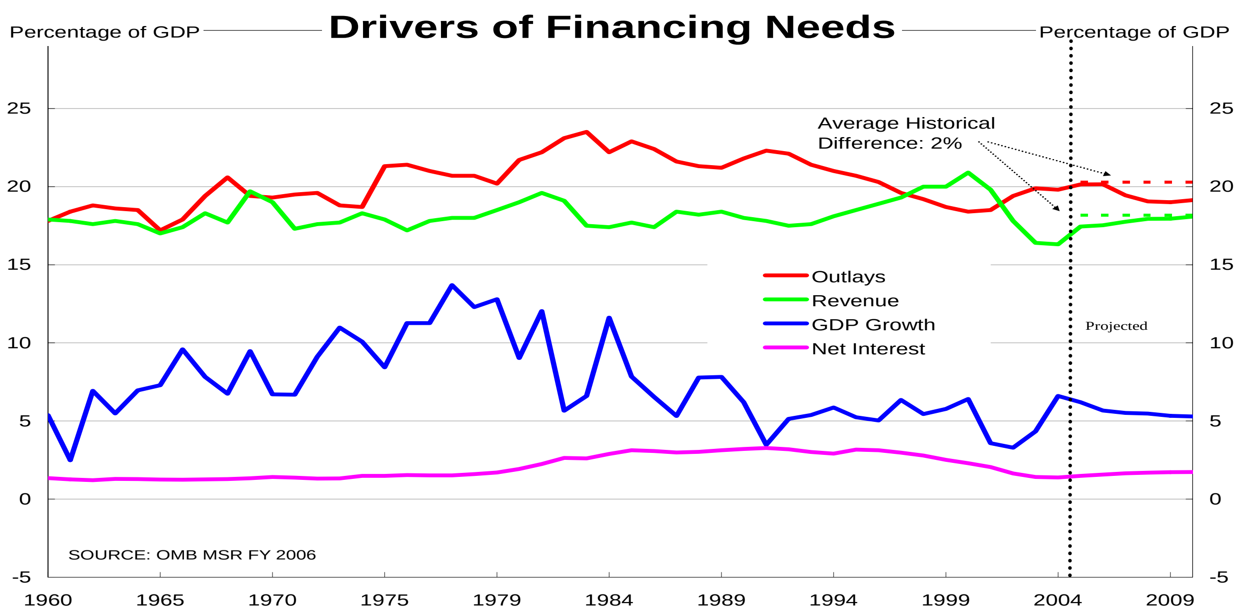


- Another strong quarter for net cash raised in State and Local Govt. Series (SLGS) issuance.

- FY 2005 non-marketable net cash was a record $58 billion.

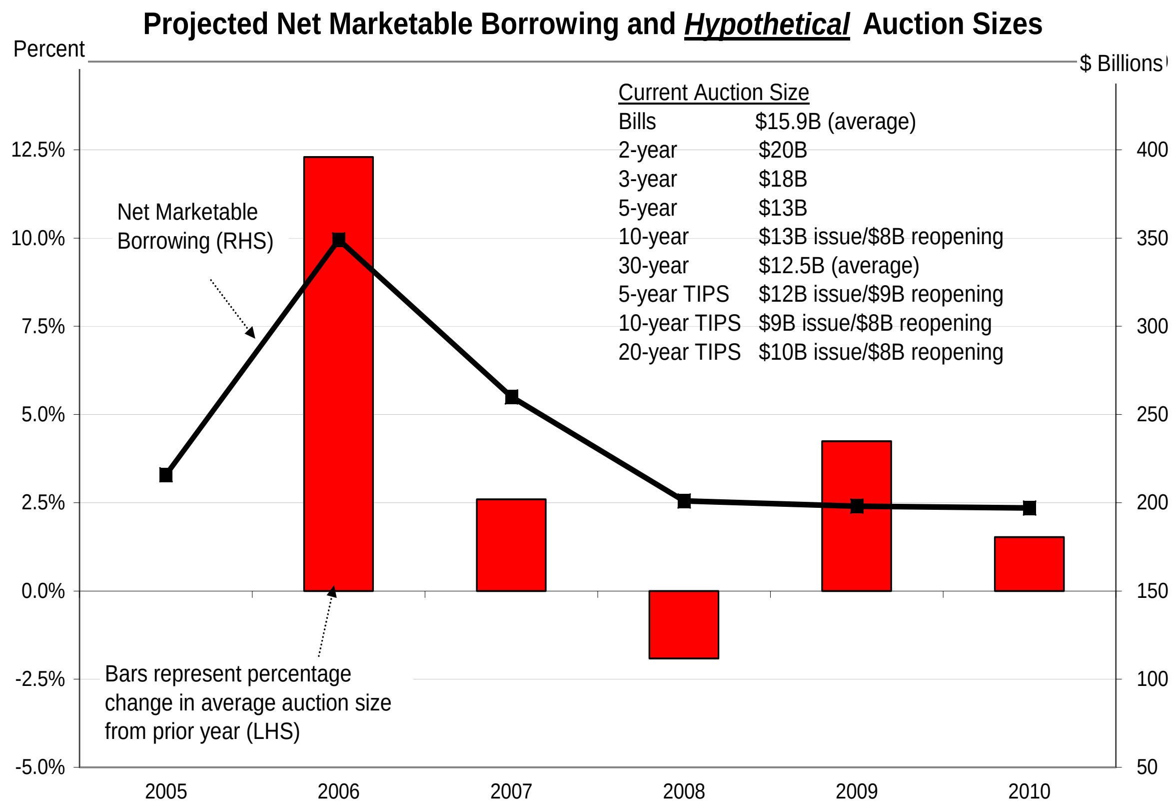
- OMB deficit forecasts are within historic norm.




*Erratum*: The shown chart reflects corrected OMB MSR FY2006 forecast. The chart shown in the last quarter used calendar GDP instead of FY GDP in calculations.

- Financing schedule remains flexible.
- Percentage changes in auction sizes are within manageable levels (based on end of FY 2005 issuance allocation and assuming that changes in auction sizes are distributed equally across auctioned securities to meet projected future financing needs).



Projections are based on current OMB MSR budget estimates. Future residual financing needs are spread equally across auctioned securities to maintain constant maturity of issuance.

# Debt Portfolio

**Assumptions used in the next 5 charts:**

- **Future residual financing needs are spread equally across auctioned securities to maintain constant maturity of issuance, based on end of FY 2005 issuance allocation**
- **Current OMB MSR budget estimates**

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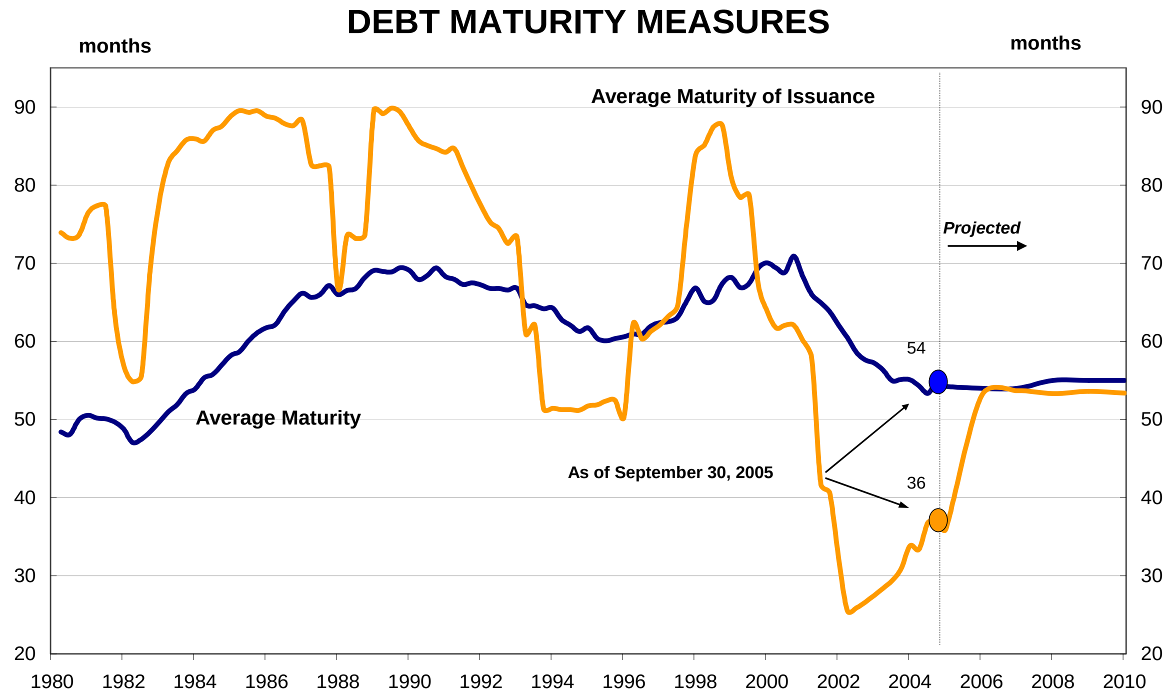
- **Average maturity of total outstanding stabilizes at 55 months over the next 5 years due to re-introduction of the 30-year bond**
- **Average maturity of issuance rises to 53 months due to re-introduction of the 30-year bond and remains stable over the forecast period**
- **The percent of debt maturing with 3 years or less to maturity declines to around 57 percent**

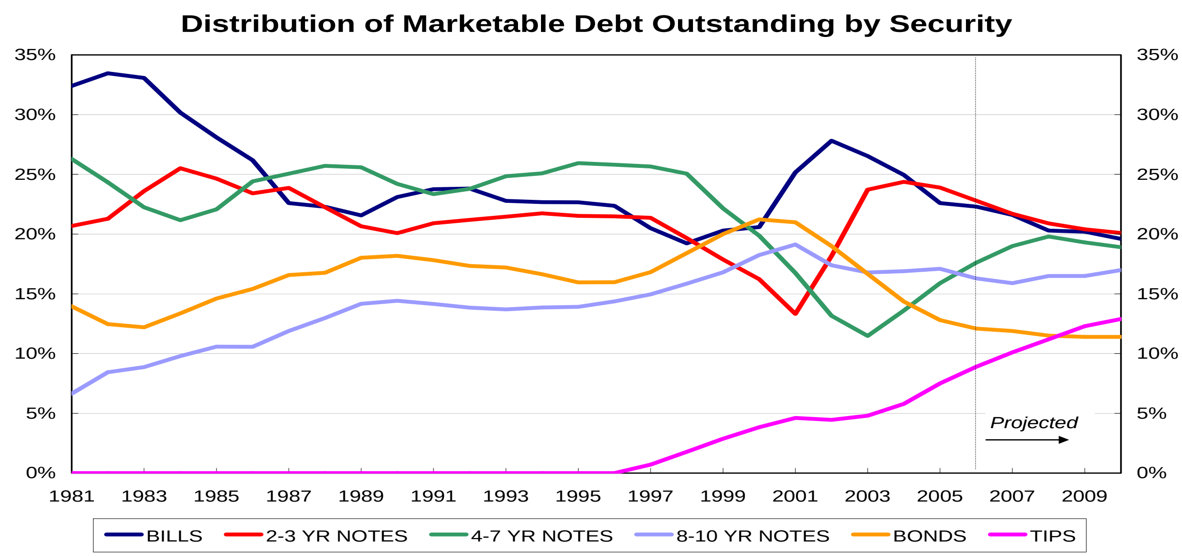
- Average maturity stabilizes with semi-annual 30-year bond issuance.




Projections are based on current OMB MSR budget estimates. Future residual financing needs are spread equally across auctioned securities to maintain constant maturity of issuance.

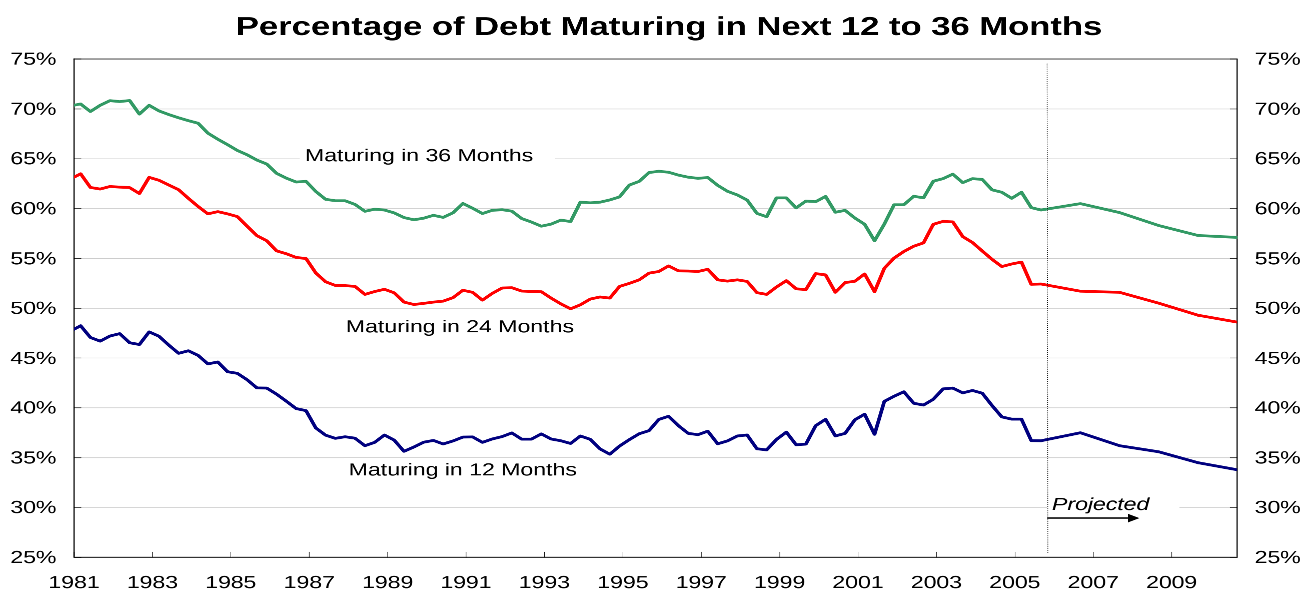
- Outstanding bills and 2-3 year notes are projected to continue on a downward trend.

- 5-year notes and TIPS grow as a share of debt outstanding.



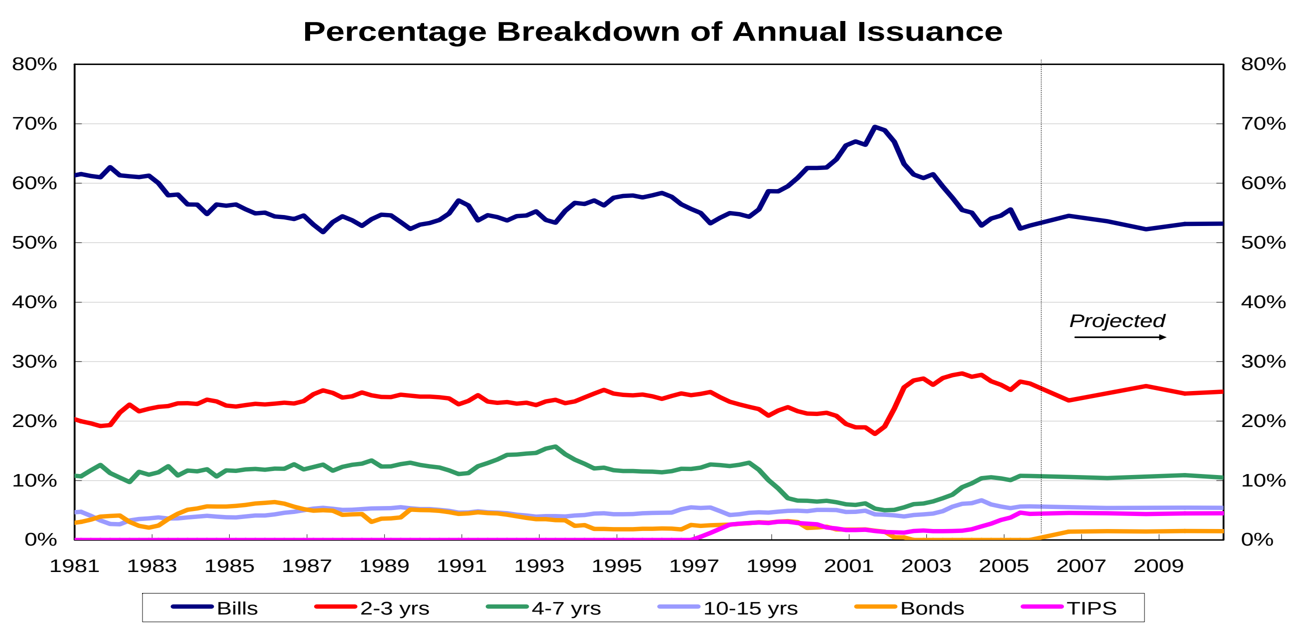

Projections are based on current OMB MSR budget estimates. Future residual financing needs are spread equally across auctioned securities to maintain constant maturity of issuance.

- Debt maturing with a residual maturity of 3 years or less trends toward lower end of historical ranges, due to lower amounts of bills outstanding.



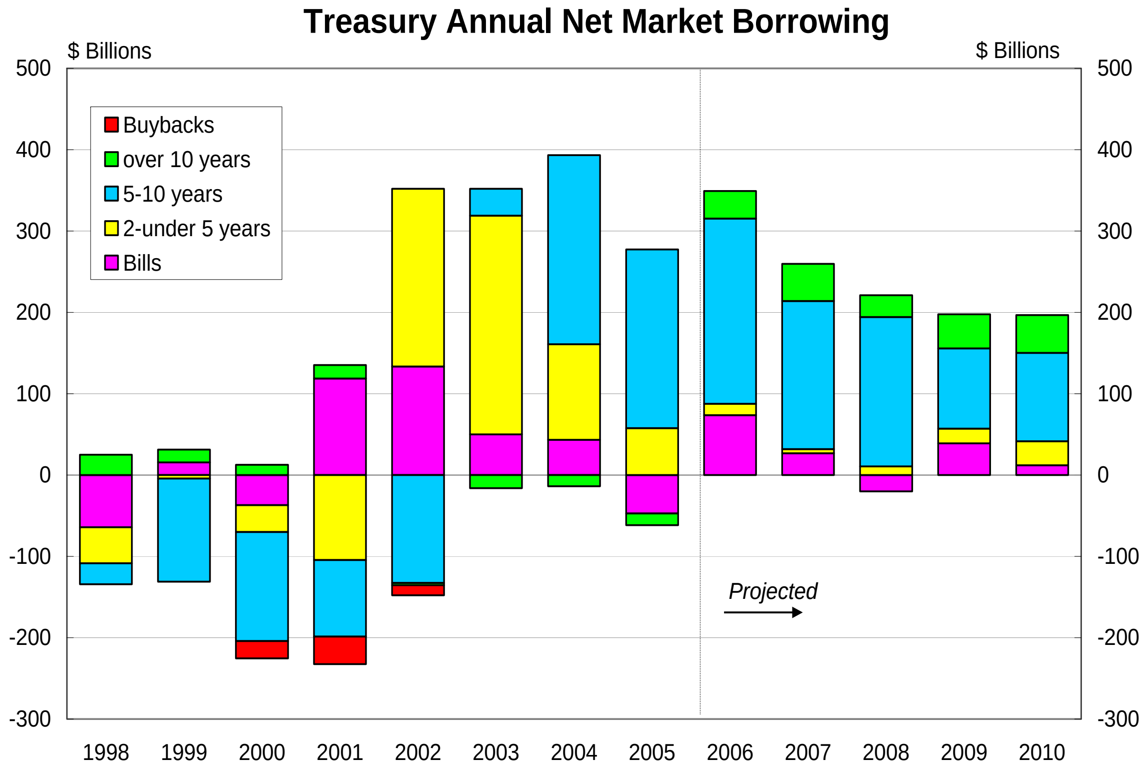

Projections are based on current OMB MSR budget estimates. Future residual financing needs are spread equally across auctioned securities to maintain constant maturity of issuance.

- Issuance allocation across securities is projected to remain constant during the next 5 years, reflecting the constant maturity of issuance assumptions.




Projections are based on current OMB MSR budget estimates. Future residual financing needs are spread equally across auctioned securities to maintain constant maturity of issuance.

- Net marketable borrowing is mostly concentrated in 5- and 10-year note issuance through FY 2008.




Projections are based on current OMB MSR budget estimates. Future residual financing needs are spread equally across auctioned securities to maintain constant maturity of issuance.

# Uncertainty

- **Larger financing need for FY 2006 as a result of increases in maturing debt and fiscal needs**

- **Risks to projected financing needs during the next 5 years may require significant adjustments to Treasury's financing schedule**

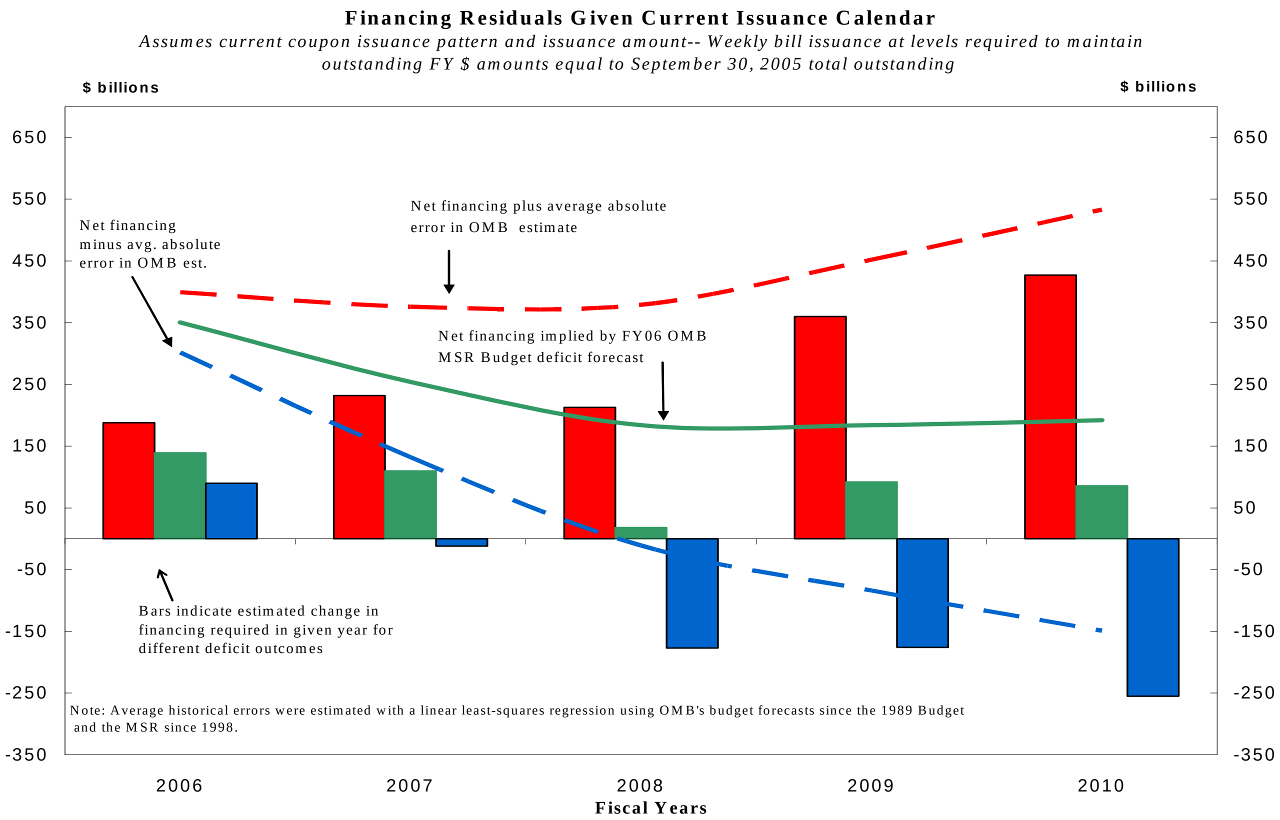
- More recent estimates reflect anticipated hurricane relief spending.

| FY 06 Deficit Estimates | | | |
|---|---|---|---|
| | ($ Billions) | | |
| | Primary Dealers* | CBO | OMB |
| Current: | 376 | 314 | 341 |
| Range based on average absolute forecast error | 261-491 | 183-445 | 196-486 |
| Estimates as of: | Oct. 27, 05 | Sept. 05 | July 05 |

Note: Ranges based on errors from 1997-2005.

* Primary Dealers reflect average estimate.

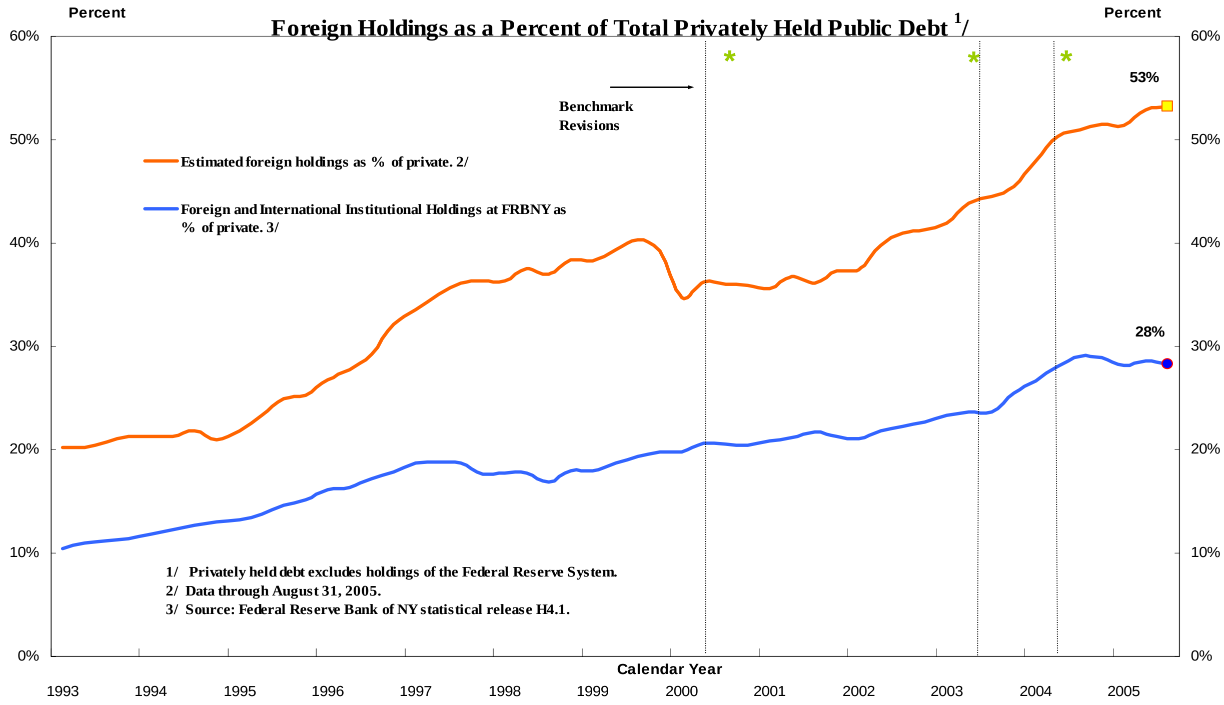
- Current coupon pattern and issuance amounts will provide around $220 billion of new financing in FY 2006.



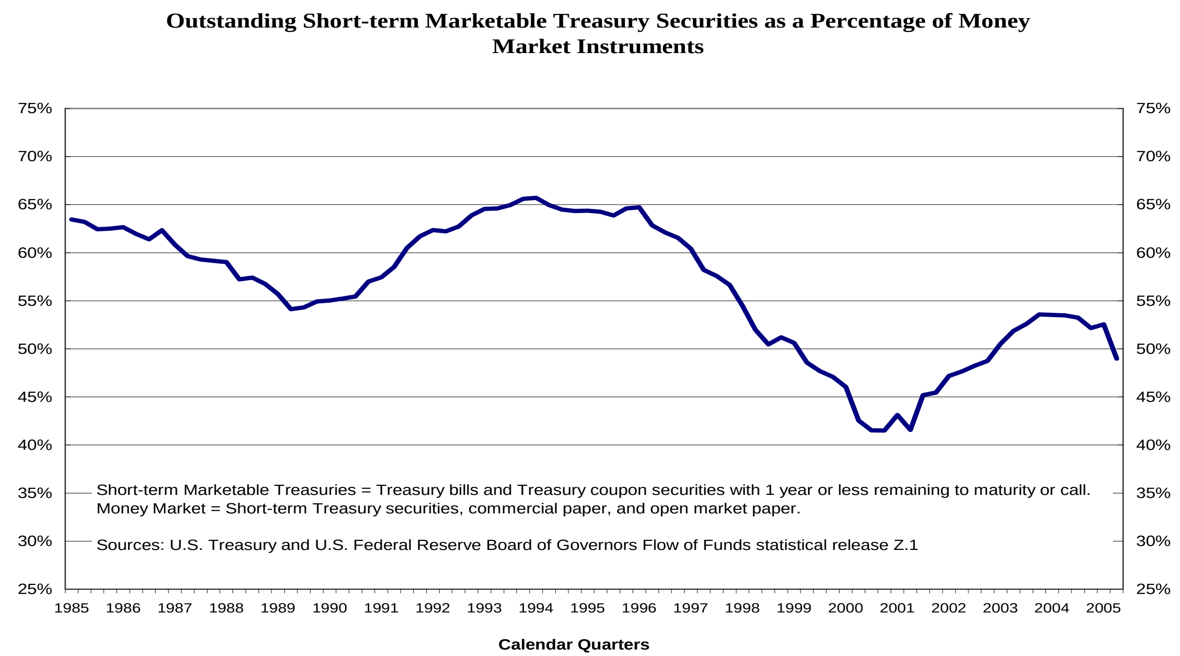
# Capital Markets

- **Foreign holdings of Treasury debt were stable over the quarter, while Treasury's share of the money market declined**

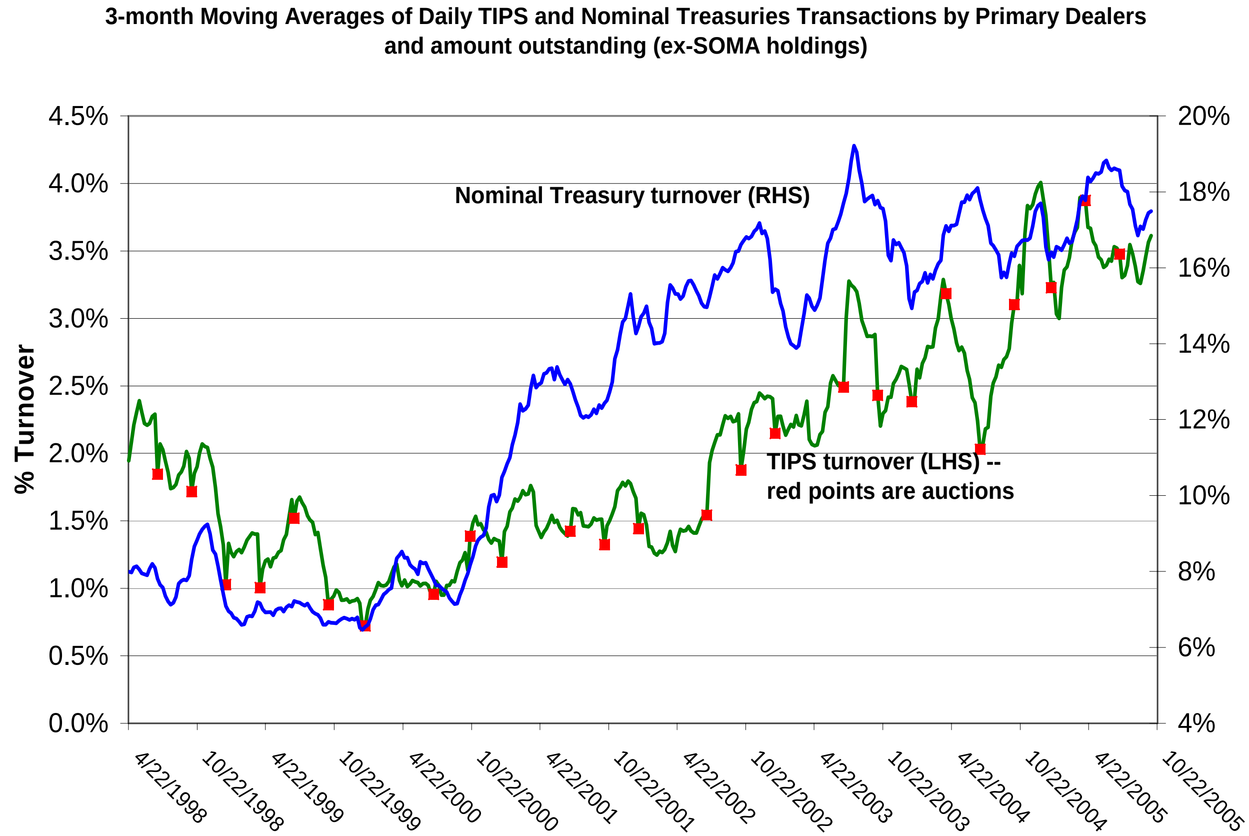
- Foreign holdings of Treasury debt remain at historical highs.




- Treasury's share of the money market declined, mainly due to a Treasury bill paydown in the third quarter of FY2005.



- Turnover in nominal Treasuries and TIPS are increasing.



# Auction Release Time Performance

***No current quarter exceptions to Treasury's 2 minute auction release times***