

Quarterly Refunding Charts

U.S. Department of the Treasury
Office of Debt Management
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UNITED STATES
DEPARTMENT OF
THE TREASURY



Financing Near Term Outlook

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- ◆ **FY 2007 Q2 and Q3 Outlook:**
 - **We estimate net marketable borrowing of \$141 billion this quarter and a pay down of \$130 billion next quarter**
 - **Continued strength in receipts and higher than expected non-marketable debt issuance are leading to lower financing needs**
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Treasury Financing Requirements

\$ Billions

	October - December 2006		January - March 2007
	(Projected)	(Actuals)	(Projected)
Deficit Funding (Def + / Surplus -)	108	80	181
Means of Financing			
Change in Cash Balance	22	21	21
Net Non-Marketable Financing	4	19	12
Other*	19	-2	8
Net Marketable Financing	63	42	141
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Bills		33	
Nominal Notes		-5	
TIPS		19	
Bonds		-4	
Notes:			
Starting Cash Balance	52	52	31
Ending Cash Balance	30	31	10

* 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.

◆ Corporate and individual tax receipts remain strong.

◆ Net non-marketable continues to be driven by state and local government securities issuance.

Marketable Treasury Coupon Flows

\$ Billions

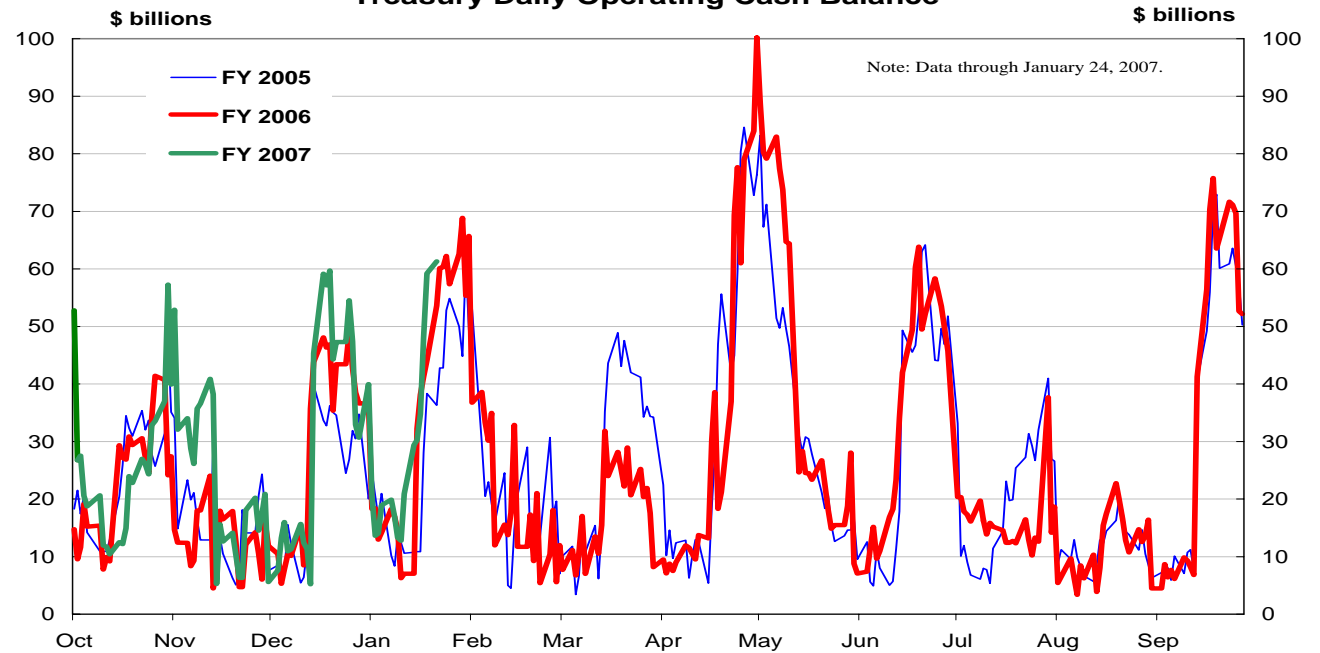
Date	Maturing Coupon Securities (Excluding SOMA holdings)	Coupon Payments	Total Outflows
February 15, 2007	35	27	62
February 28, 2007	23	3	26
March 15, 2007	0	1	1
March 31, 2007	24	3	27
April 15, 2007	0	2	2
April 30, 2007	22	3	25
May 15, 2007	55	22	76
May 31, 2007	21	3	24

◆ Maturing securities and coupon payments result in large outflows on May 15.



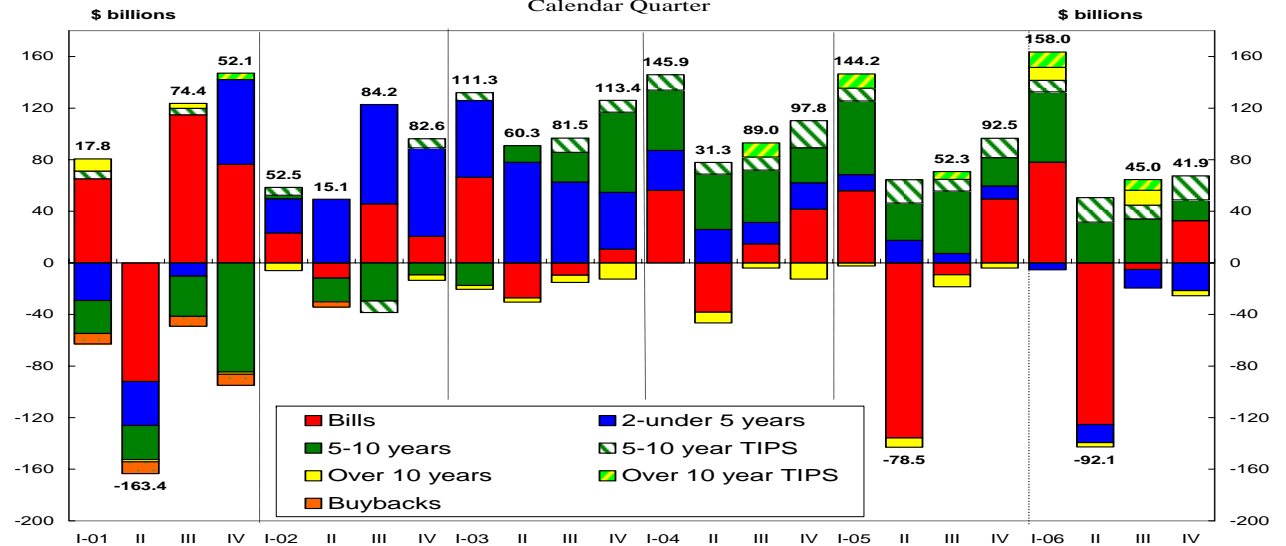
- December 15 corporate tax receipts were the second highest on record---slightly lower than the all-time high reached on September 15, 2006.

Treasury Daily Operating Cash Balance

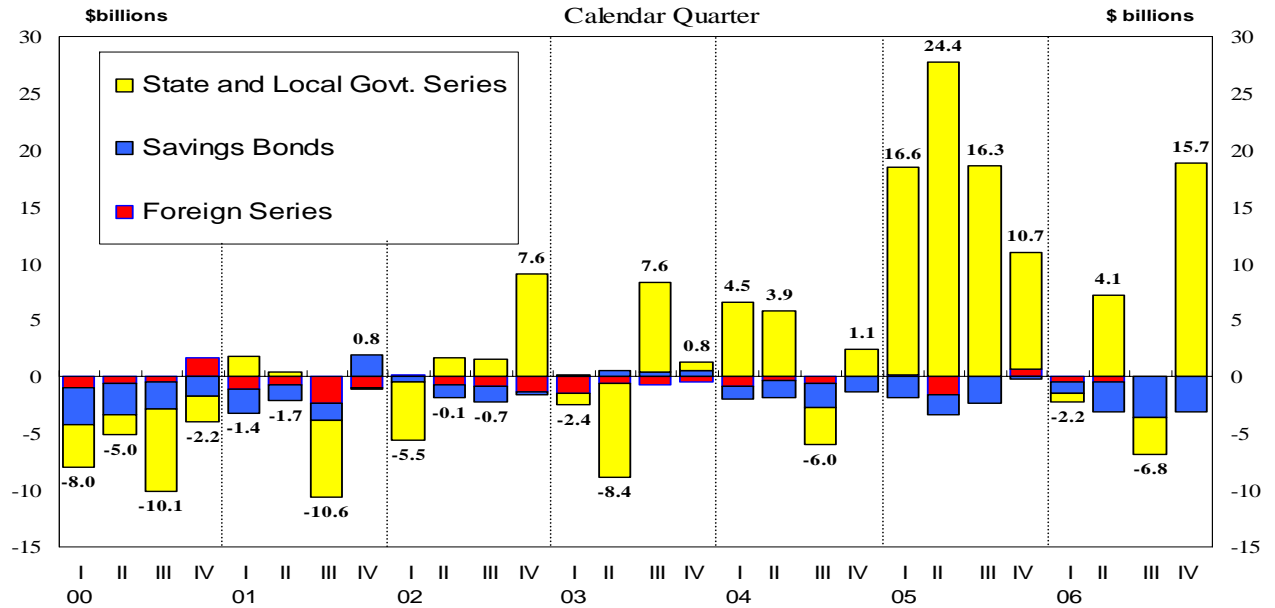


- Total net marketable borrowing for CY 2006 was \$153 billion, the third consecutive calendar year decline.

Treasury Quarterly Net Marketable Borrowing
Calendar Quarter

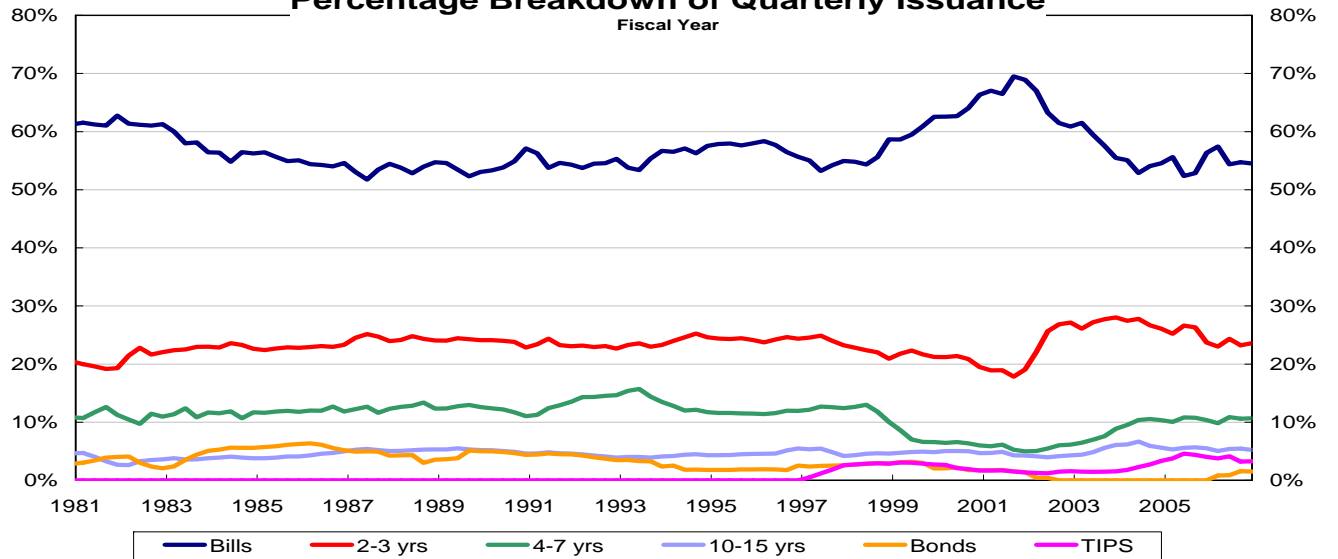


Treasury Quarterly Net Borrowing from Nonmarketable Issues



◆ Net SLGS issuance in Q4 2006 was \$13 billion higher than projected.

Percentage Breakdown of Quarterly Issuance



◆ Shares of issuance across all maturities remain in line with historic trends.

Note: Data through December 31, 2006.



Debt Portfolio

Assumptions used in the next 4 charts:

- ◆ Future residual financing needs are spread proportionally across auctioned securities, based on *hypothetical* initial auction sizes in the prior quarter
- ◆ OMB 2007 MSR deficit estimates, except internal Treasury estimate for current fiscal year

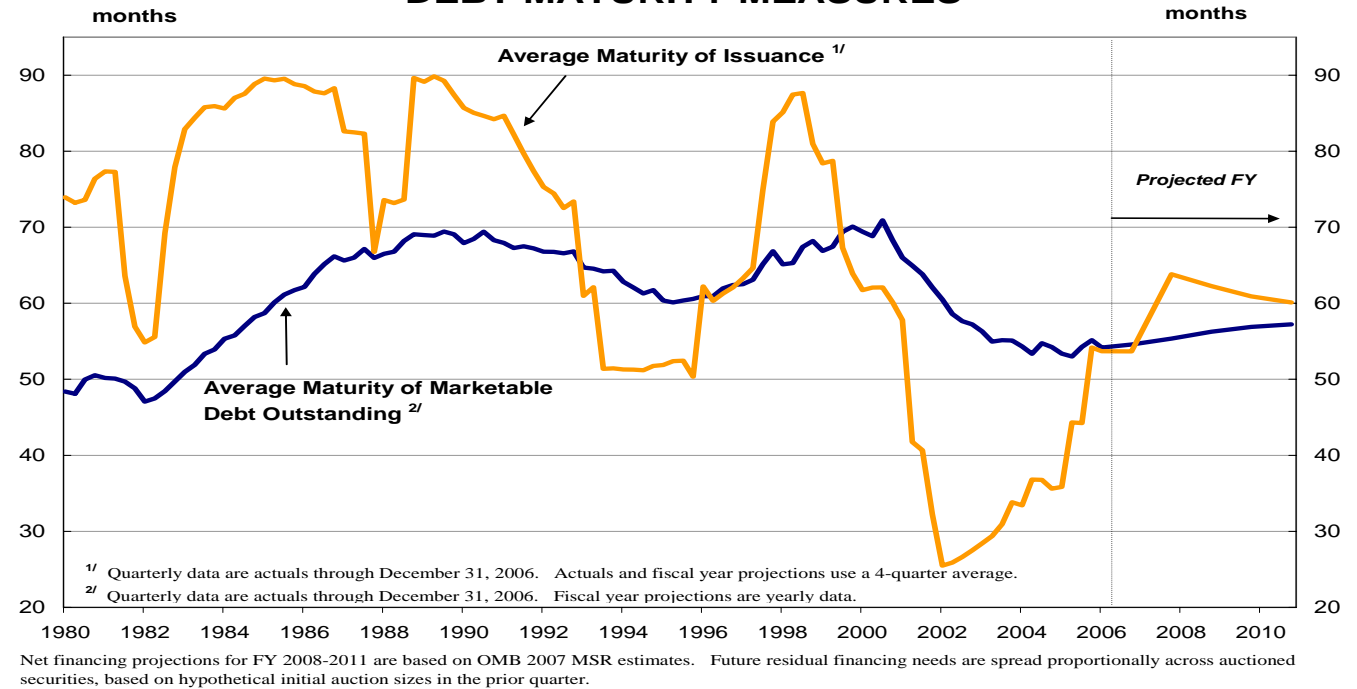
Using the above assumptions, over the next 5 years:

- ◆ Average maturity of total outstanding debt rises to 57 months
- ◆ Average maturity of issuance settles to around 60 months
- ◆ The percent of debt maturing with 3 years or less to maturity declines to 56 percent

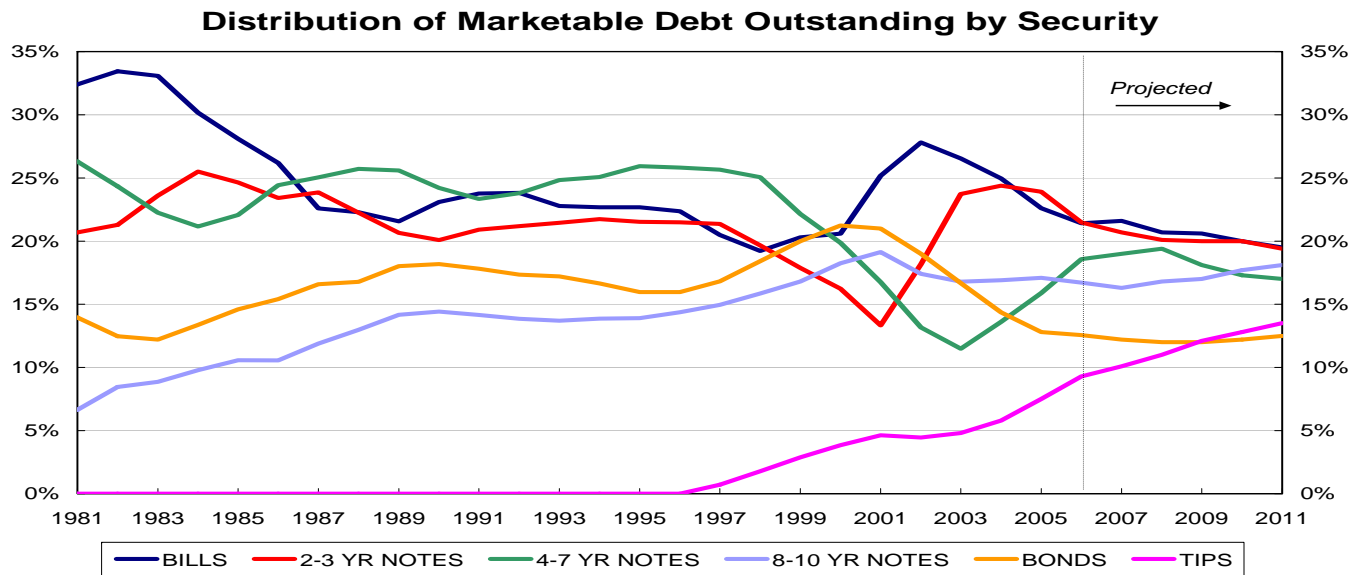


DEBT MATURITY MEASURES

- ◆ Average maturity of issuance temporarily rises following the introduction of quarterly bond issuance and assumed redemption of callable issues.

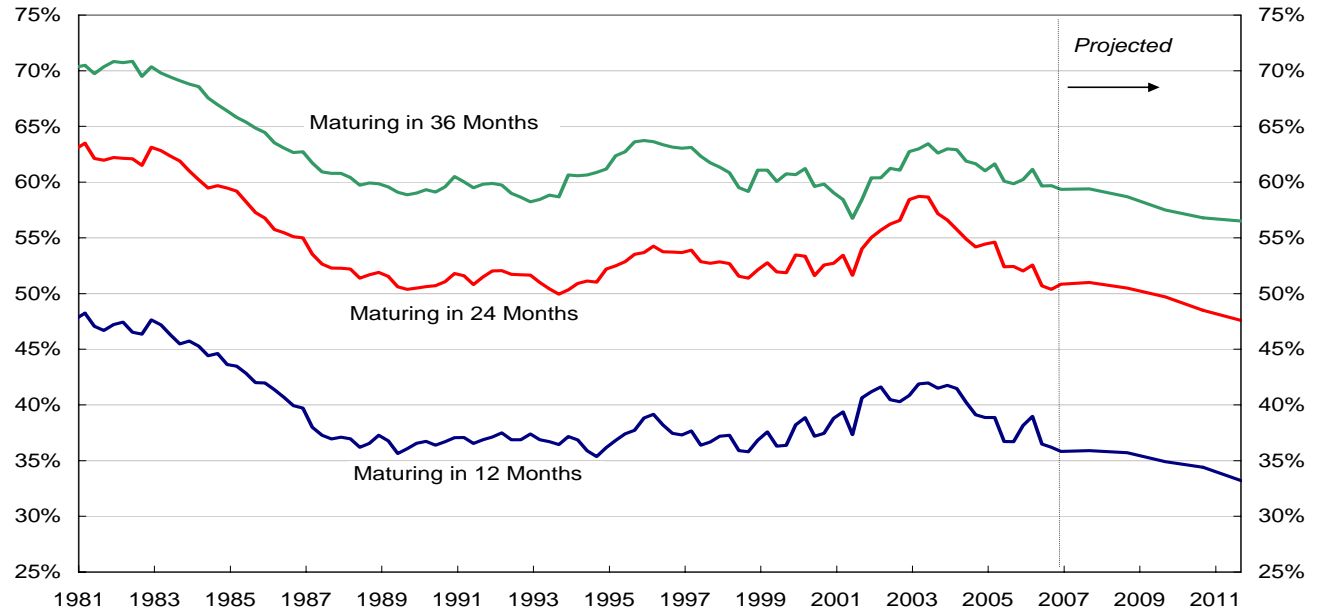


- ◆ If future financing needs are spread proportionally, current issuance patterns will lead to a lower share of short-dated securities.



Projections for FY 2008-2011 are based on OMB 2007 MSR Budget estimates. Future residual financing needs are spread proportionally across auctioned securities, based on hypothetical initial auction sizes in the prior quarter.

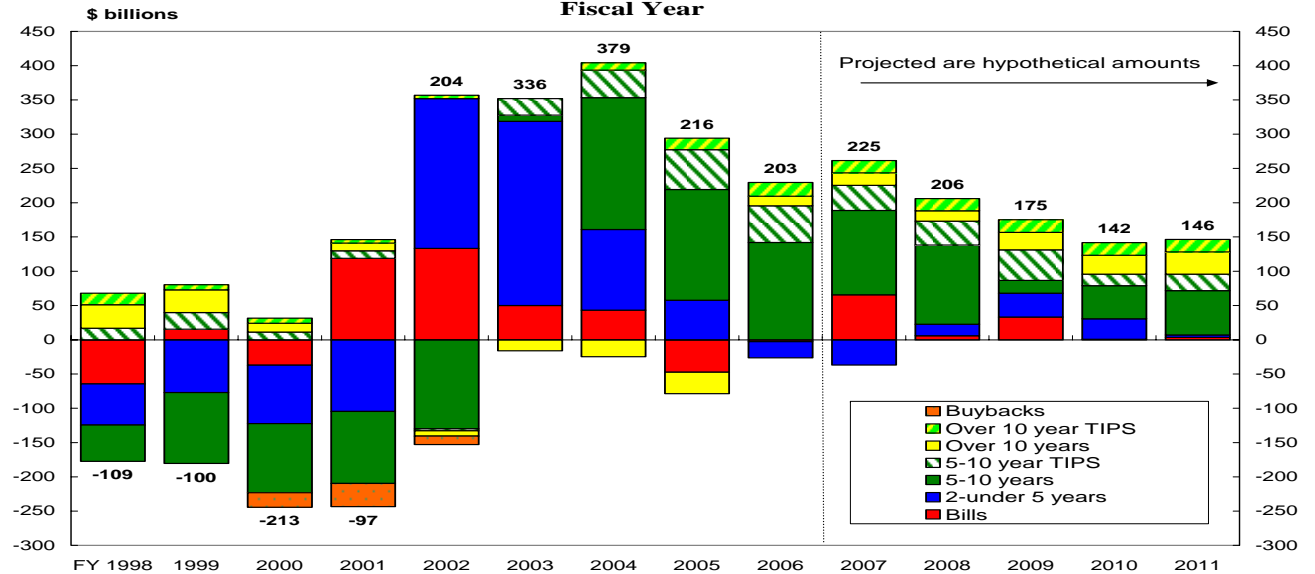
Percentage of Debt Maturing in Next 12 to 36 Months



Projections for FY 2008-2011 are based on OMB 2007 MSR Budget estimates. Future residual financing needs are spread proportionally across auctioned securities, based on hypothetical initial auction sizes in the prior quarter.

- ◆ If future financing needs are spread proportionally, short term debt rollover dynamics remain healthy, near the lower end of historical ranges.

Treasury Annual Net Marketable Borrowing



Projections for FY 2008-2011 are based on OMB 2007 MSR Budget estimates. Future residual financing needs are spread proportionally across auctioned securities, based on hypothetical initial auction sizes in the prior quarter.

- ◆ Issuance patterns across securities over the next 5 years remain relatively stable.



Uncertainty

- ◆ OMB estimates project sharply declining borrowing needs for the next 5 years
- ◆ Volatility in projected receipts, particularly during refund season, could lead to greater variation in bill issuance



FY 07 Deficit Estimates

\$ billions

- ◆ Economic growth and continued strength in receipts have led to sharply lower deficit estimates.
- ◆ OMB will release updated FY 2007 deficit estimates on February 5.

	Primary Dealers*	CBO	OMB
Current:	227	172	339
Range based on average absolute forecast error	135-319	64-280	237-441
Estimates as of:	Jan 07	Jan 07	July 06

Note: Ranges based on errors from 2002-2006.

* Primary Dealers reflect average estimate.

- ◆ Current coupon pattern and issuance amounts will provide approximately \$150 billion of new financing in FY07.

