Quarterly Refunding Charts

May 2, 2005

Office of Debt Management

Current Financing

- **FY 2005 Q3 and Q4 Outlook:**
  - **Estimated net marketable paydown of $42 billion this quarter and net marketable borrowing of $103 billion next quarter**

- **The Q3 estimated paydown is $54 billion less than we expected in January**

- Non-marketable financing (SLGS) was higher than expected.
- Financing broadly distributed across bills, notes and TIPS.

Treasury Financing Requirements

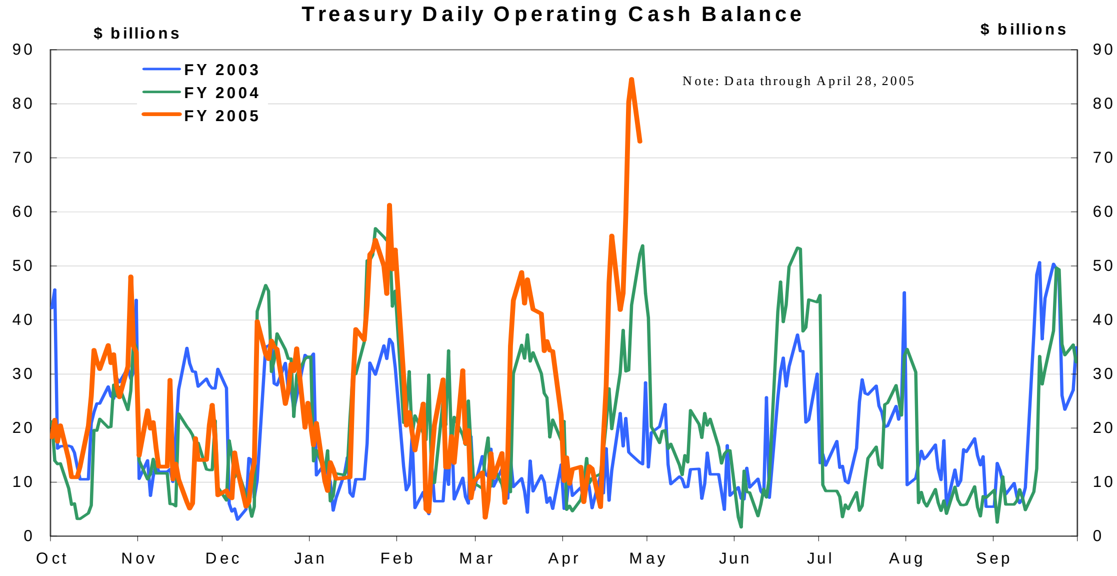
($ Billions)

	January - March 2005 (Projected)	January - March 2005 (Actuals)	April - June 2005 (Projected)
Deficit Funding (Def + / Surplus -)	**178**	**177**	**-10**
Means of Financing			
Change in Cash Balance	15	2	2
Net Non-Marketable Financing	5	17	16
Net Marketable Financing	147	144	-42
Other*	11	14	14
Net Marketable Financing	**147**	**144**	**-42**
Bills		56	
Nominal Notes		70	
TIPS		21	
Bonds		-2	
Notes:			
Starting Cash Balance	25	25	22
Ending Cash Balance	10	22	20

* Includes direct loan activity, changes in accrued interest and checks outstanding and minor miscellaneous transactions.

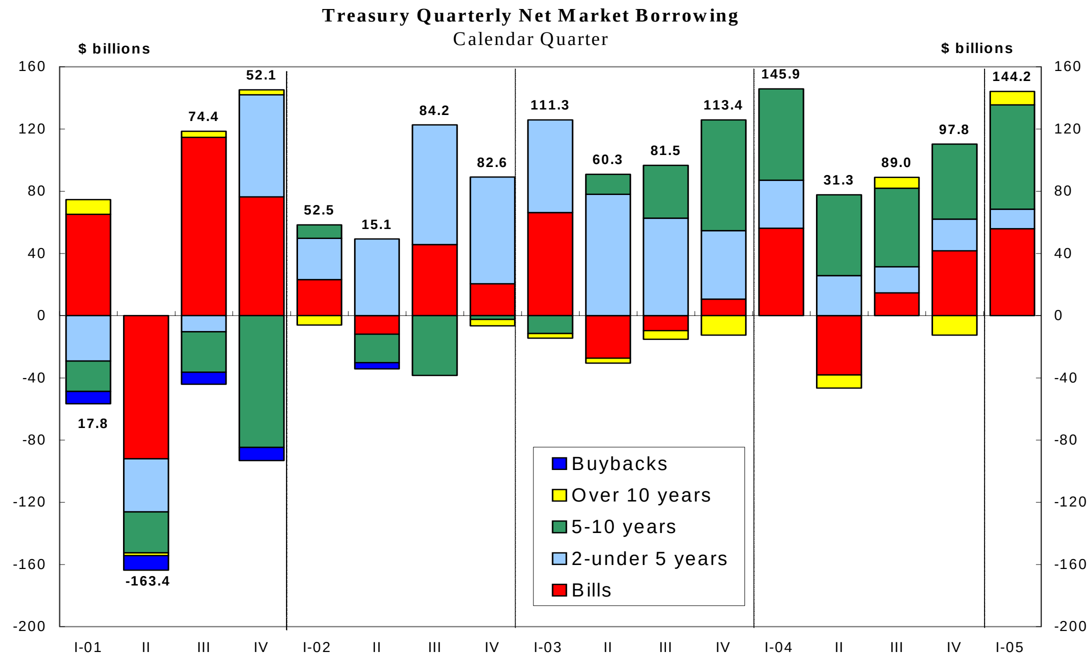
Note: Totals may not add due to rounding

- April individual tax receipts were greater than anticipated.
- $22.5 billion end of March balance.

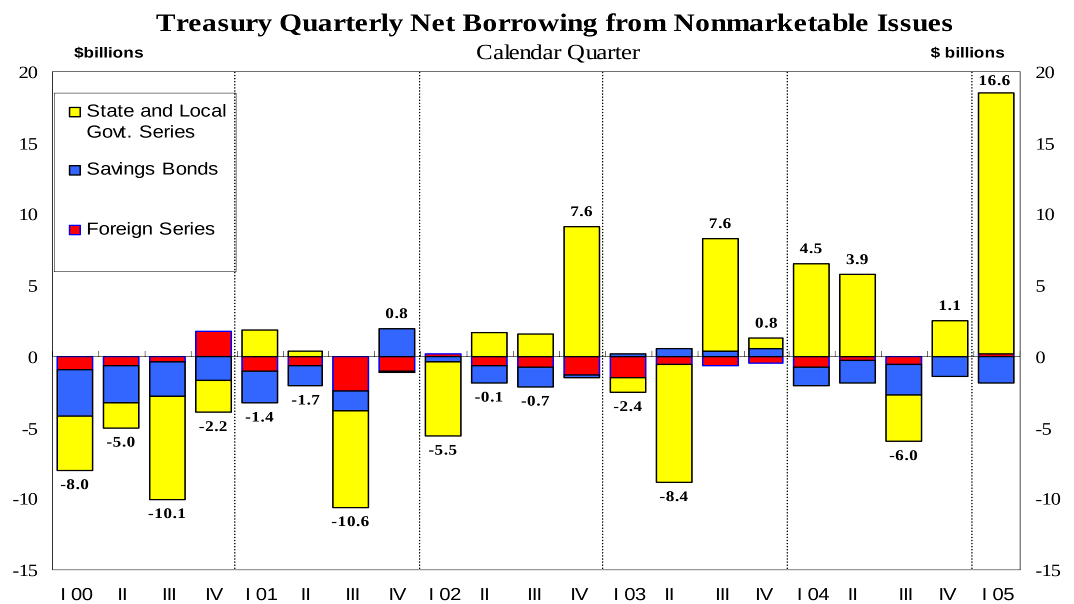


- Financing needs continue to be met by net new issuance across the nominal and TIPS curves.

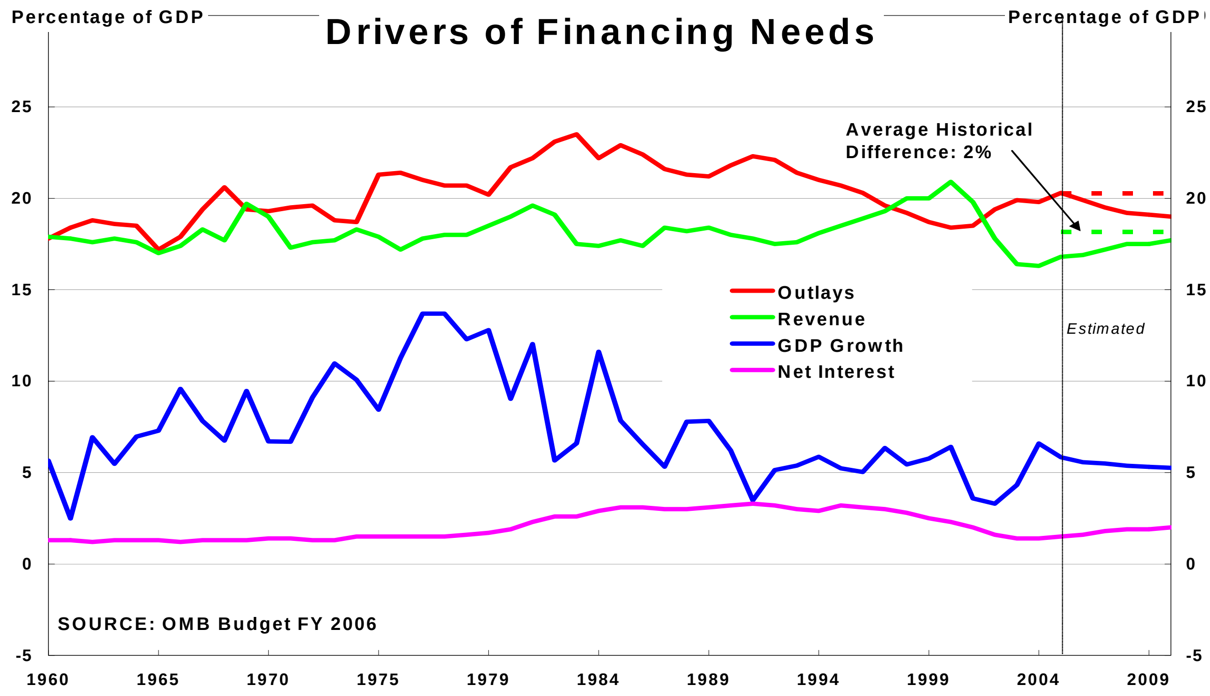
- Small pay downs in 2-yr notes and nominal bonds.



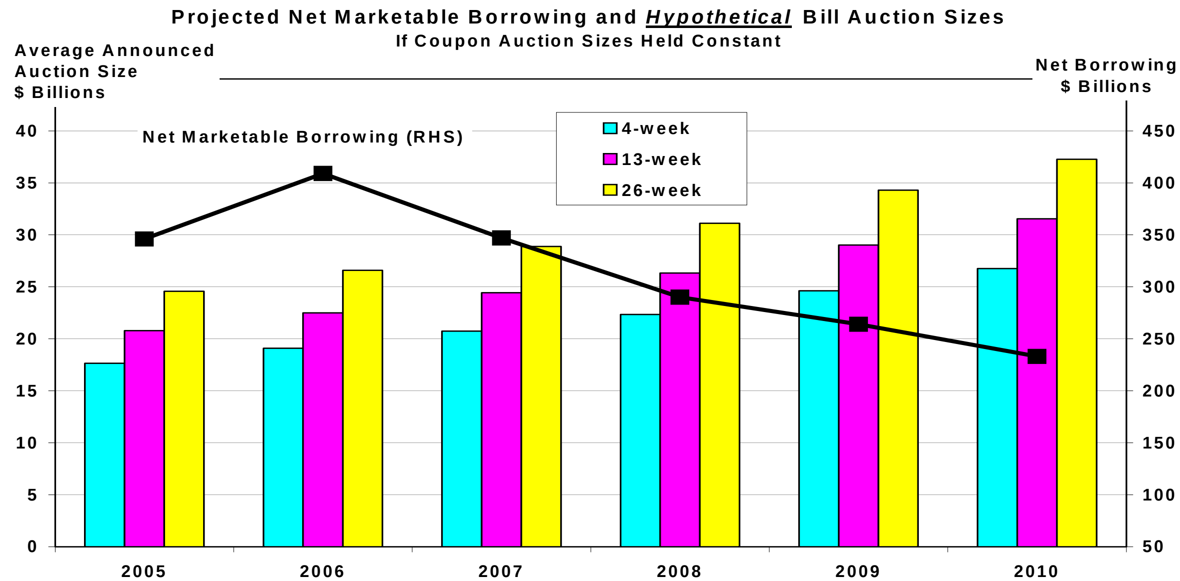
- Record net new cash raised in State and Local Govt. Series (SLGS) issuance.



- Forecasts for fiscal improvement remain intact.

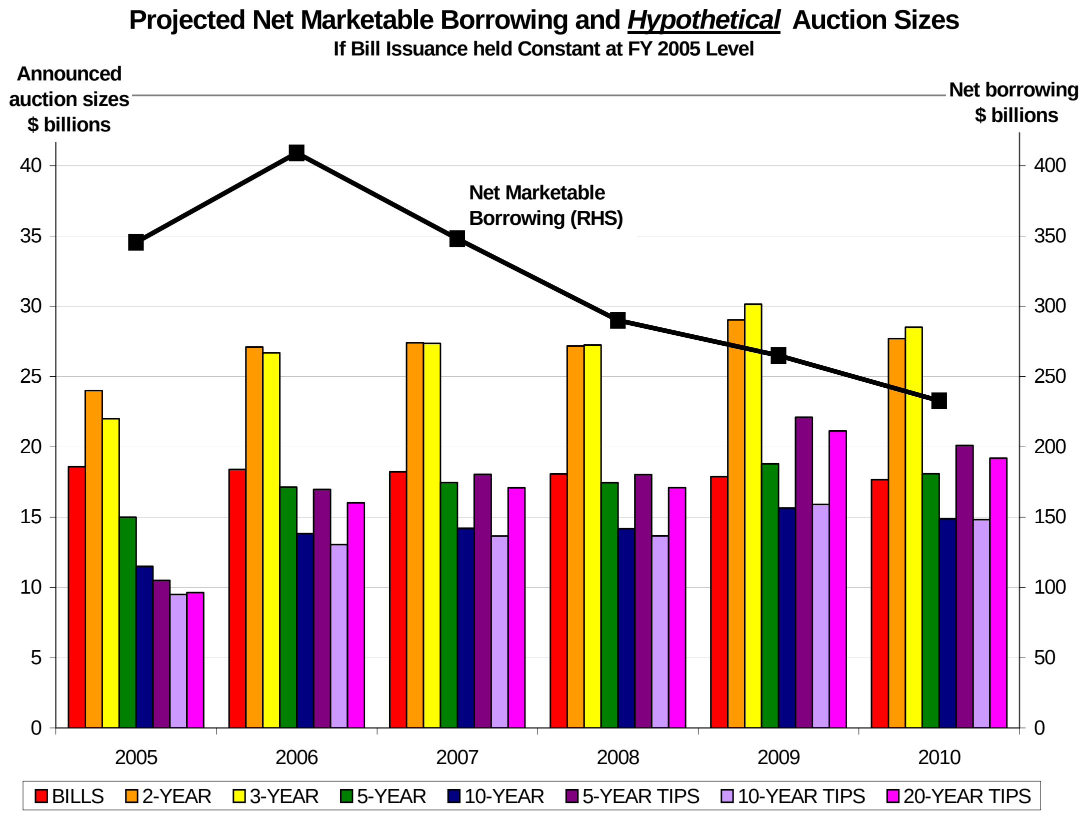


- At current coupon levels bill issuance rises in FY 2009 due to increased rollover, despite declining deficits.



Assumes OMB's FY 2006 Budget deficit projections (except internal Treasury estimate used for FY05) and coupon auction sizes remain at most recently announced amounts. Bill issuance sizes are shown in fixed shares to meet residual financing needs.

- Coupon sizes show manageable growth under budget deficit projection and constant bill issuance.



* *For bills, the average auction size equals the amount outstanding at the end of the fiscal year divided by 43 (i.e., 4 1-month auctions, 13 3-month auctions, plus 26 6-month auctions).

Debt Portfolio

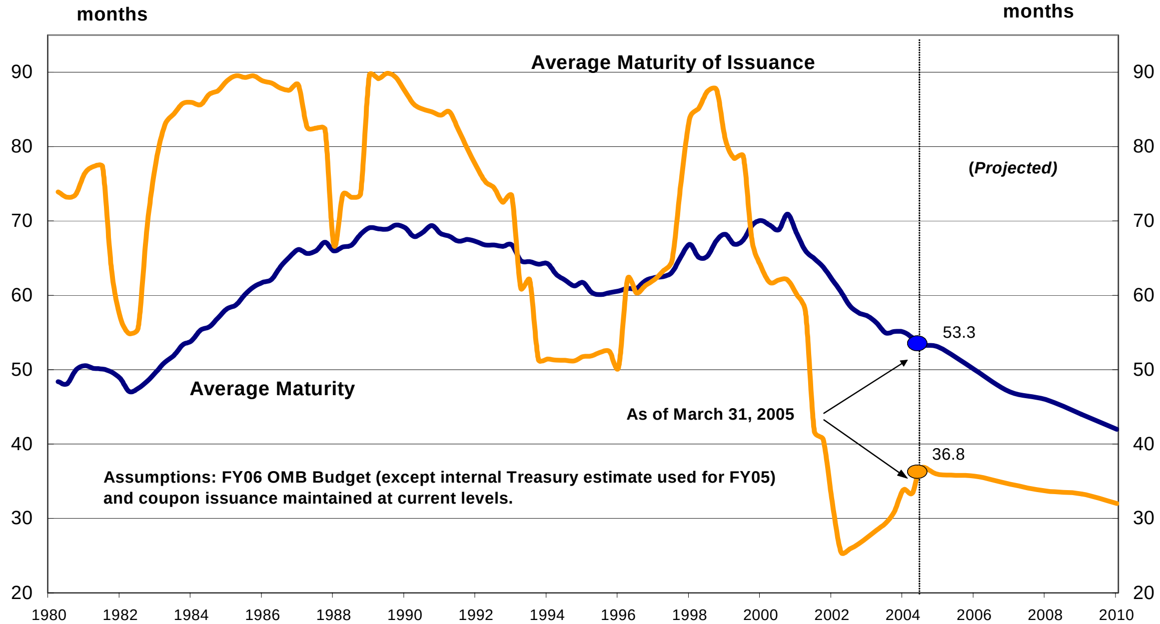
Assuming coupon levels held constant and new budget projections:

- **Average maturity of issuance rises on 20-year TIPS issuance**
- **Maturity of total outstanding drops from around 4.5 years to less than 4 years over the next 5 years**
- **The percent of debt maturing with 3 years or less to maturity would reach nearly 63%**

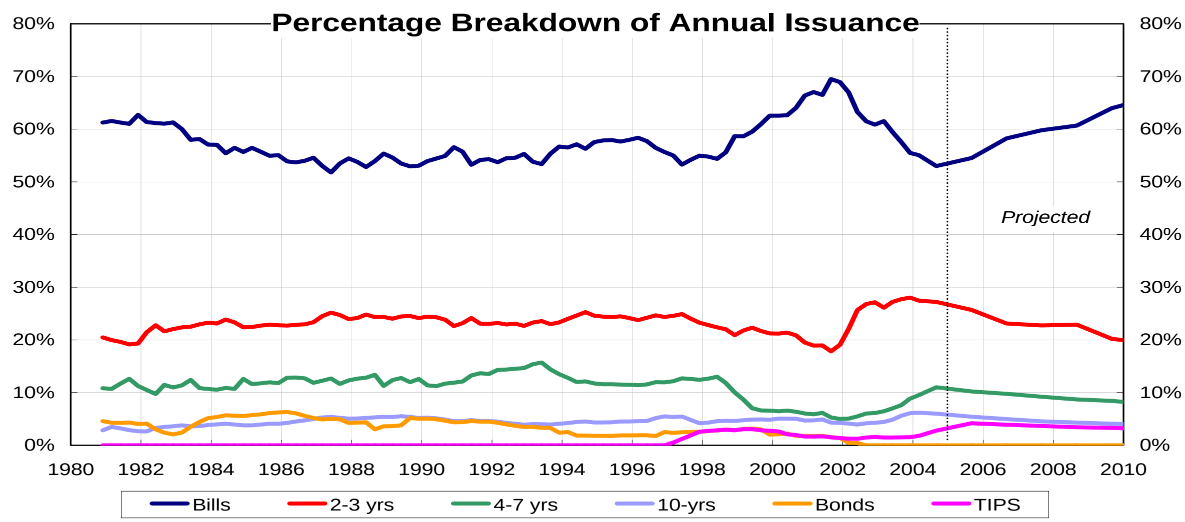
- The combination of continued residual bill financing and maturing bonds results in the decline of the average maturity of debt outstanding.

- Bills as a percentage of total annual issuance are projected to increase.

DEBT MATURITY MEASURES [1/]



1/ The average maturity of issuance is the ultimate average maturity achieved if coupon issuance in any given quarter is held constant going forward and the balance of financing needs are met with changes in bill issuance. (4 quarter moving average).

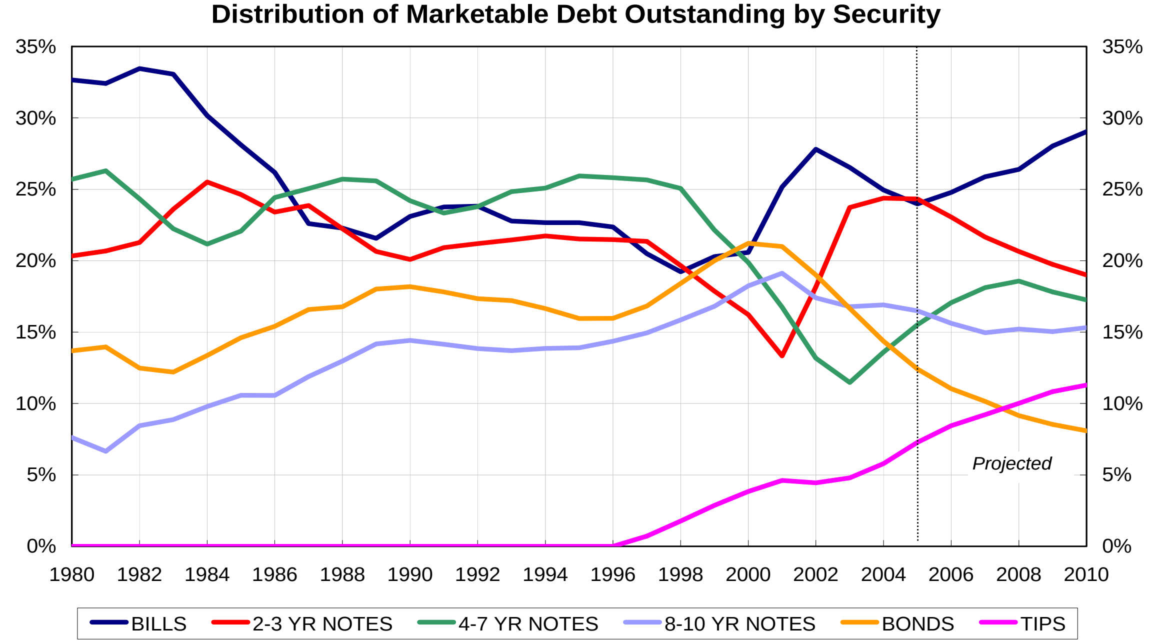


Projections based on OMB's FY 2006 Budget (except internal Treasury estimate used for FY05) and assumes coupon auction sizes remain at most recently announced amounts. Residual amounts financed with bills.

- 2- and 3- year notes outstanding are expected to temporarily exceed bills outstanding at the end of FY 2005.

- TIPS growth continues.

- If residuals are financed with bills, then maturing debt with 1-3 years is increasing, consistent with declining average maturity.



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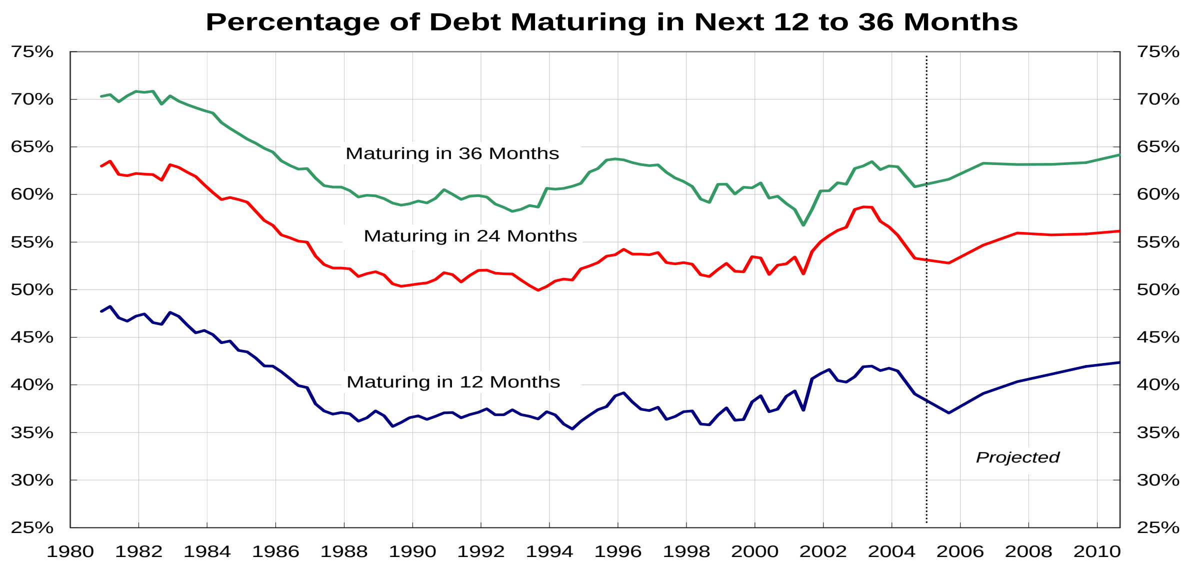
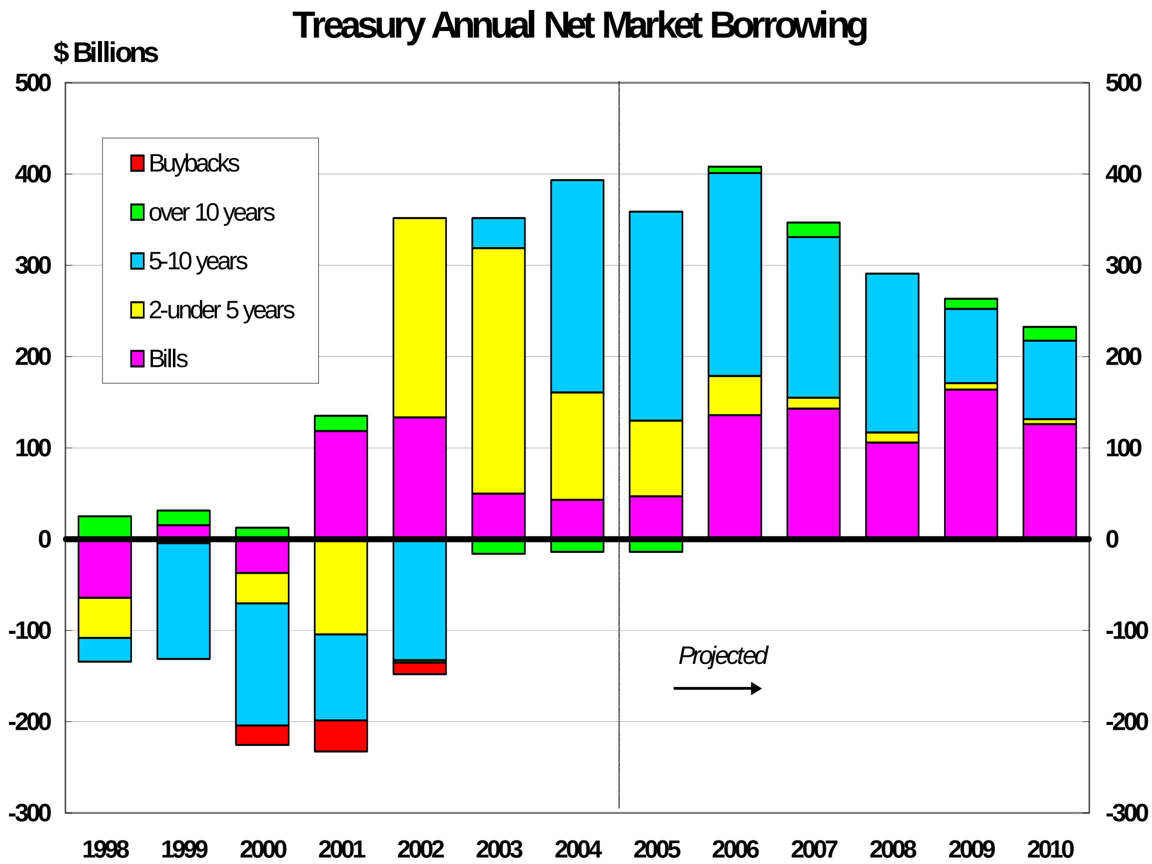


Projections based on OMB's FY 2006 Budget (except internal Treasury estimate used for FY05) and assumes coupon auction sizes remain at most recently announced amounts. Residual amounts financed with bills.

- On a net basis 2- and 3-year notes are expected to provide minimal new cash after FY 2006.



Projections are based on FY 2006 OMB's Budget (except internal Treasury estimate used for FY05) and assumes coupon auction sizes remain at most recently announced amounts. Residual amounts financed with bills.

Uncertainty

- **FY 2006 forecast shows modestly larger residual financing needs from 2006-2010**
- **FY 2005 residual financing need has fallen due to improved receipts and record SLGS issuance**

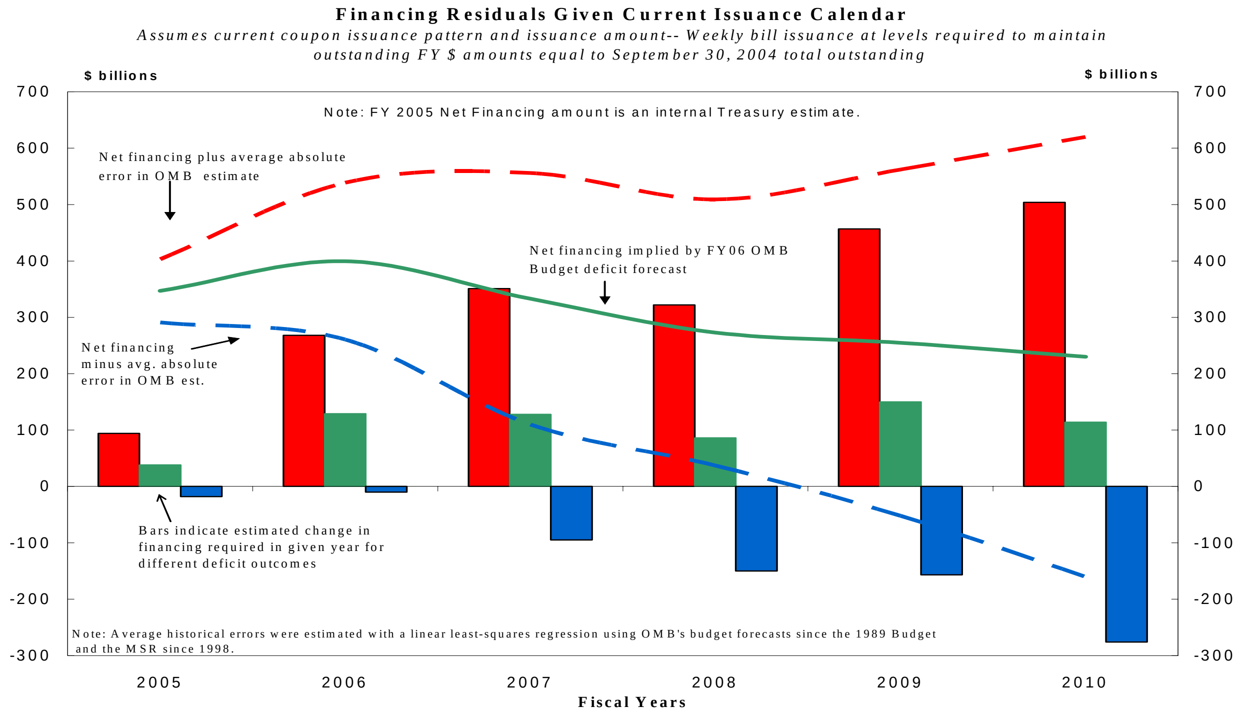
- Primary dealer estimates have risen slightly.

FY 05 Deficit Estimates

	($ Billions)		
	Primary Dealers	CBO	OMB
Current:	382	365	427
Range based on average absolute error	329-435	264-466	342-512
Estimates as of:	April 28, 05	March 05	February 05

Note: Ranges based on Errors from 1997-2004

- FY 2005 residual has declined due to stronger than expected receipts and net SLGS issuance.

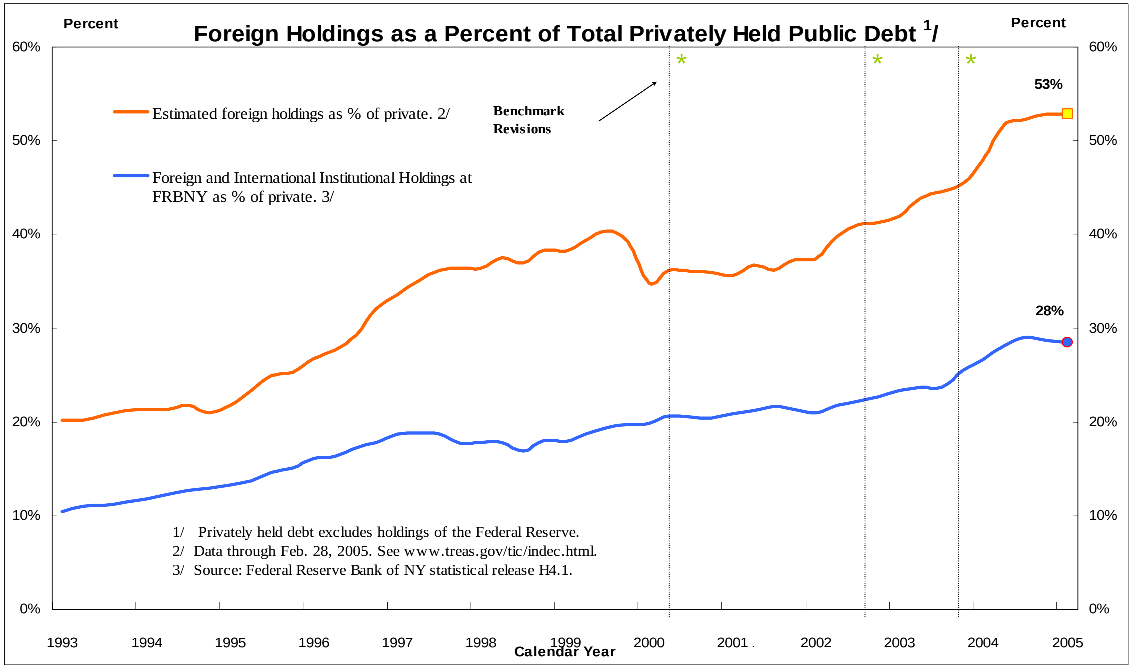


Capital Markets

- Foreign holdings of Treasury debt continue at historical highs, but are comparable to foreign holdings of other G-7 countries

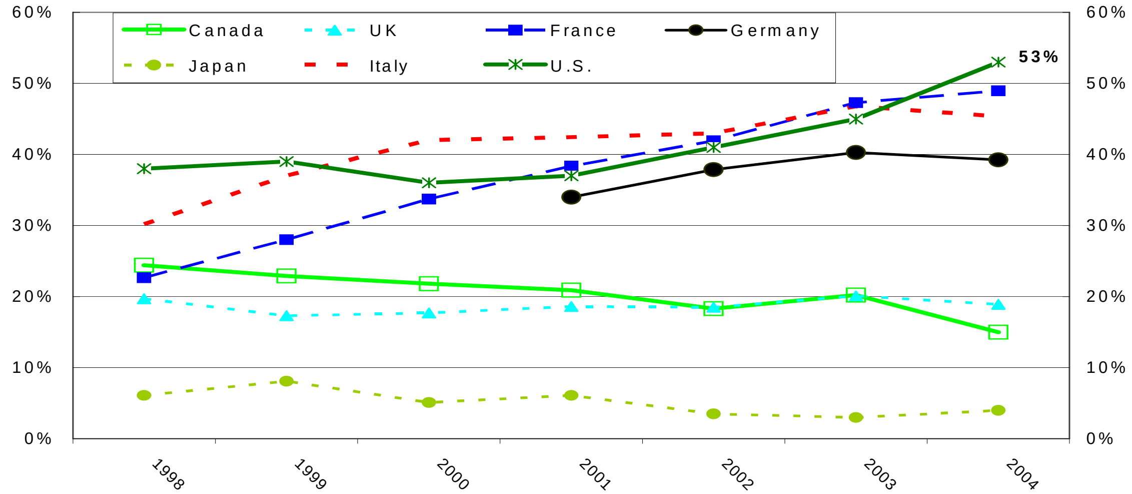
- Treasuries represent a stable proportion of the U.S. credit market

- Foreign holdings growth has stabilized near 53 percent of privately held debt.



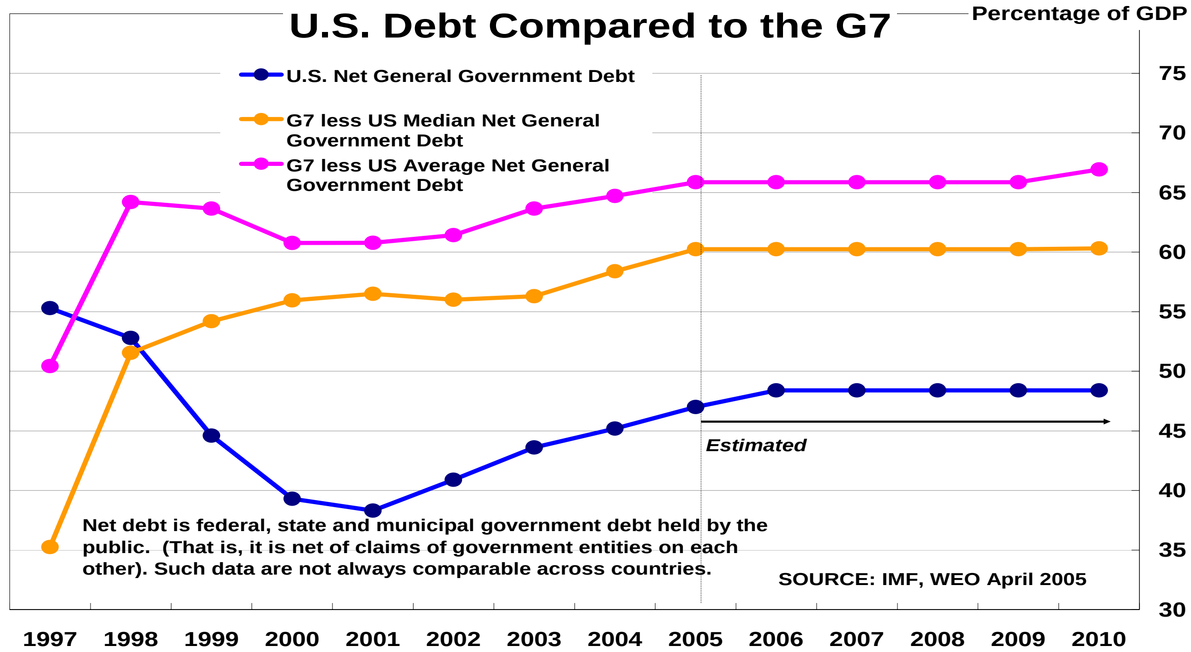
- Non-resident participation in U. S. Treasury market comparable to some G-7 government debt markets.

NON-RESIDENT PARTICIPATION IN G-7 GOVERNMENT BOND MARKETS

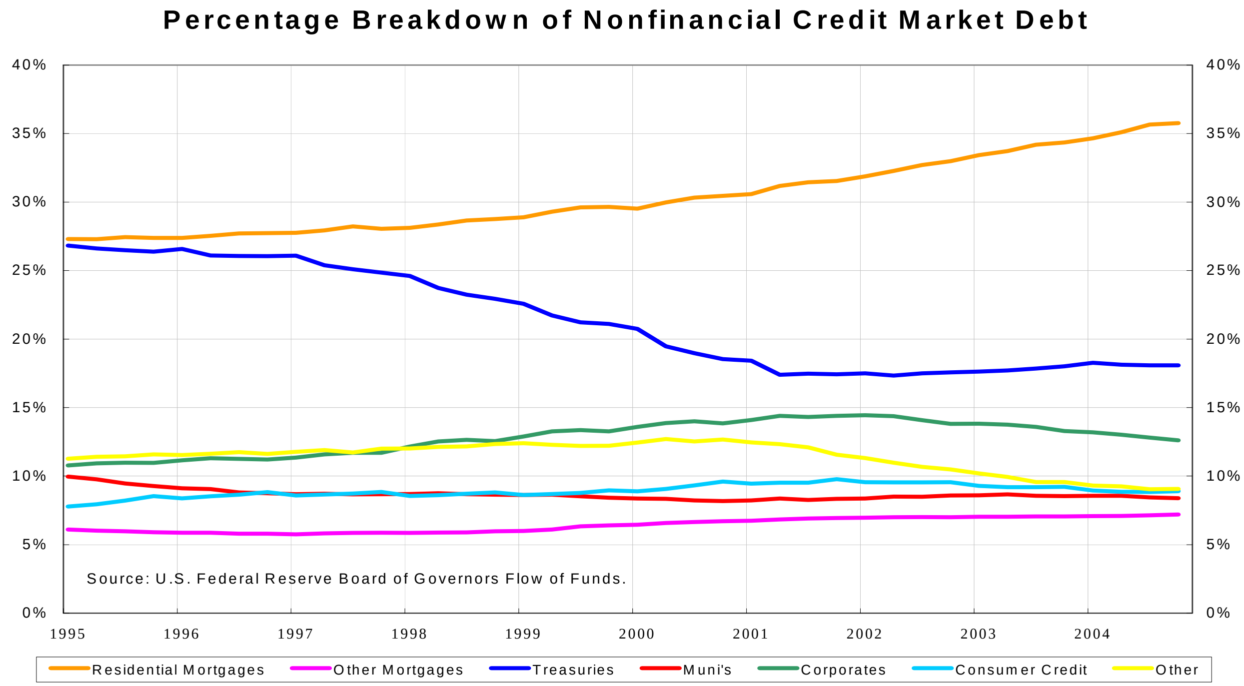


Sources: Canadian MOF, UK DMO, U.S. TIC, French Tresor, Bundesbank, Japanese MOF websites, Italian Treasury and U.S. Treasury staff calculations. Data for the UK and Germany are through Q3 2004.

- U.S. debt levels compare favorably to other G-7 countries.

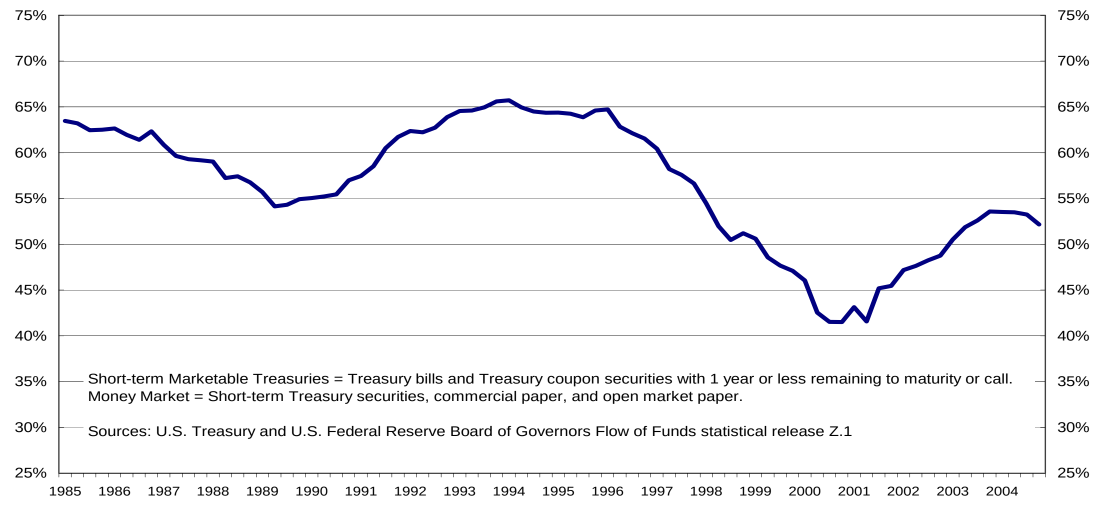


- Treasury share of U.S. credit markets remains stable.



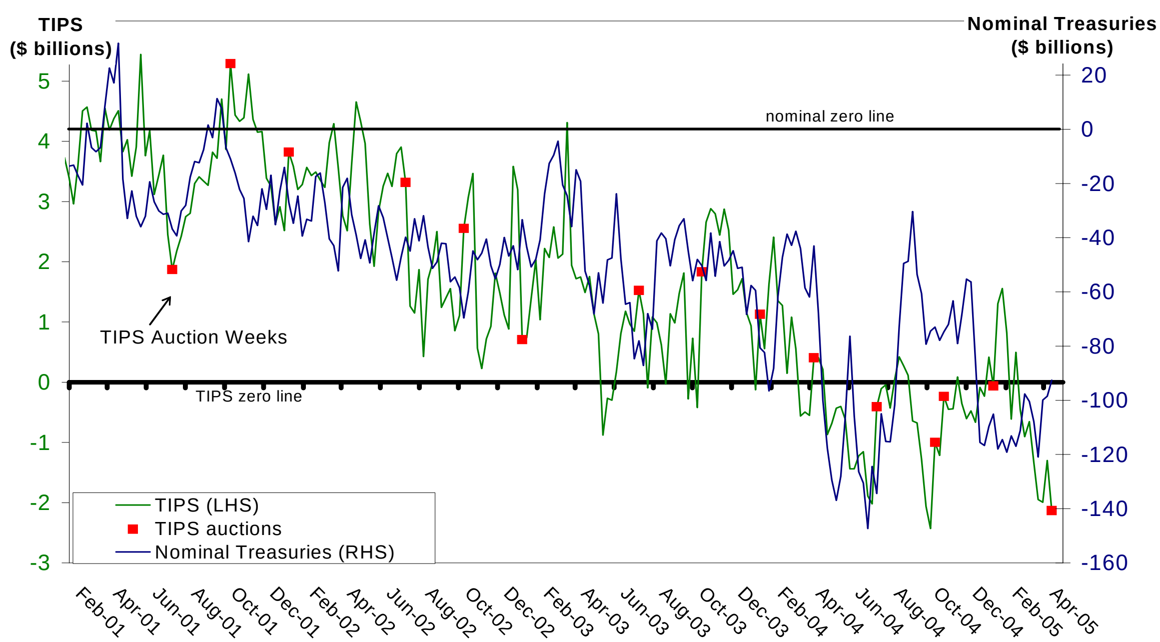
- Treasury share of U.S. money markets remains below 20-year average.

Outstanding Short-term Marketable Treasury Securities as a Percentage of Money Market Instruments



- Dealer net short in TIPS near all-time high.

Net Primary Dealer Positions in Treasuries



Source: NY Fed

Auction Release Time Performance

<u>Current quarter exceptions to Treasury's 2 minute auction release times</u>

<u>2/7/05</u> – 13-week Bill: An XML failure resulted in manual typing of results from the PDF version posted on the Bureau of Public Debt's website.