



Quarterly Refunding Charts

August 1, 2005

Office of Debt Management

Current Financing

- **Estimated net marketable borrowing for FY 2005 is \$222 billion, a decline of \$81 billion from the last quarterly estimate**
- **FY 2005 Q4 and FY 2006 Q1 Outlook:**
 - **Estimated net marketable borrowing of \$59 billion this quarter and \$97 billion next quarter**
- **Increased revenue and larger than anticipated net SLGS (estimated at \$66 billion in FY05) have led to reduced Q4 financing needs**
- **We are projecting that net SLGS issuance will fall back from the record levels of the last two quarters during FY 2006**

Treasury Financing Requirements

(\$ Billions)

	April - June 2005		July - September 2005
	(Projected)	(Actuals)	(Projected)
<u>Deficit Funding (Def +/- Surplus -)</u>	-10	-45	75
<u>Means of Financing</u>			
Change in Cash Balance	2	-11	3
Net Non-Marketable Financing	16	24	15
Net Marketable Financing	-42	-79	59
Other*	14	21	-2
<u>Net Marketable Financing</u>	-42	-79	59
Bills		-136	
Nominal Notes		46	
TIPS		18	
Bonds		-7	
<u>Notes:</u>			
Starting Cash Balance	22	22	33
Ending Cash Balance	20	33	30

- Non-marketable financing driven by SLGS continues to provide larger than projected net cash.
- Bill financing was reduced to accommodate sharply lower financing needs.

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

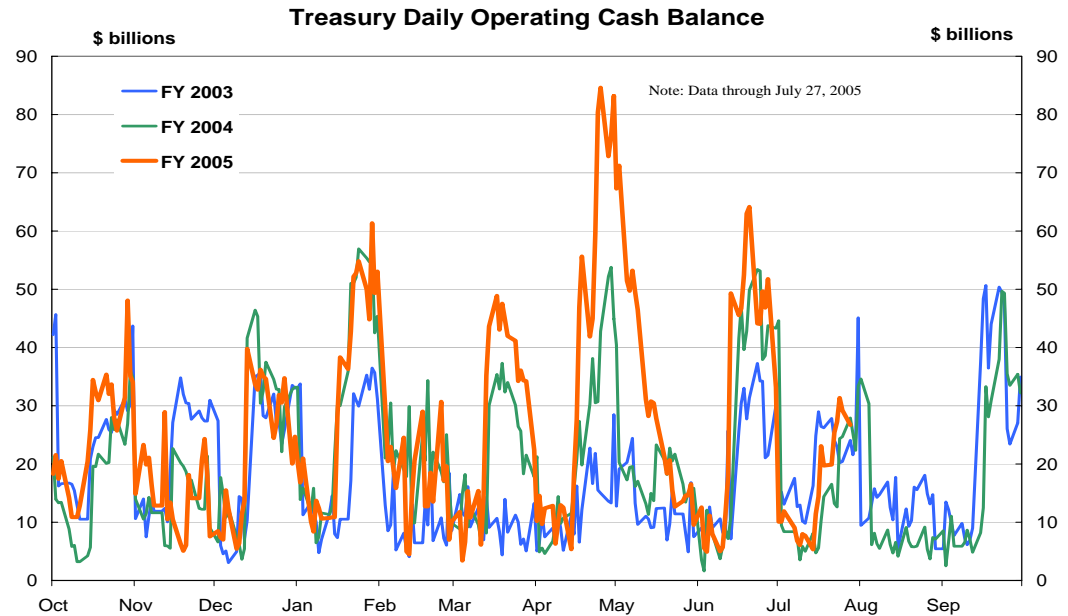
Note: Totals may not add due to rounding.

Marketable Treasury Coupon Flows

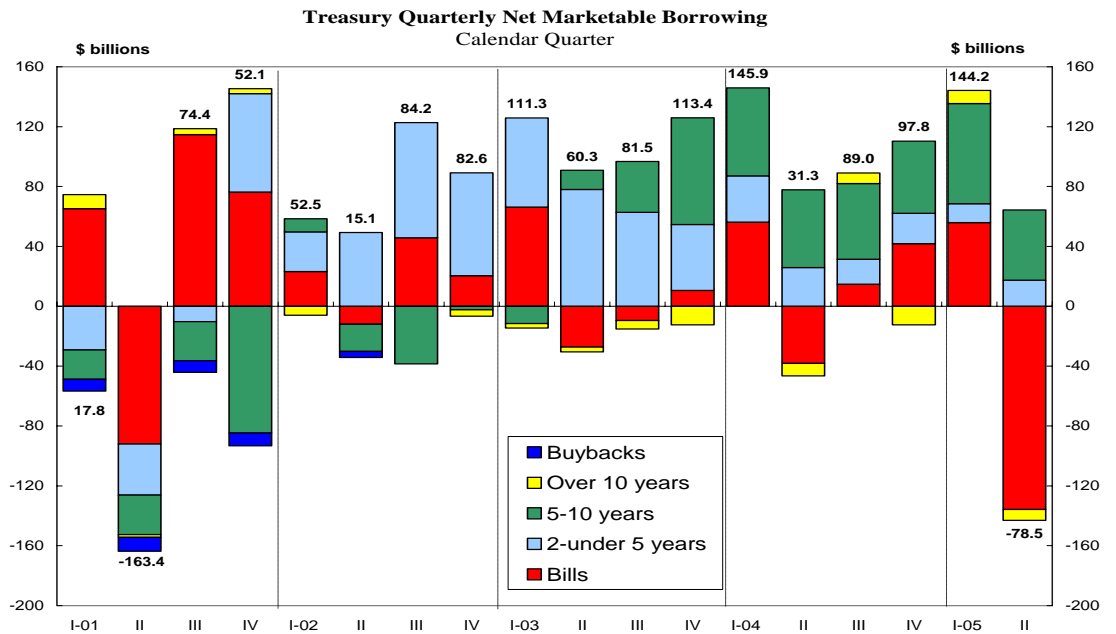
Date	Maturing Coupons (Excluding SOMA holdings)	Coupon Payments	Total Outflows
2005	(in dollar billions)		
August 15	18.6	24.7	43.2
August 31	23.2	1.5	24.7
September 15	0	1.0	1.0
September 30	25.0	1.5	26.5
October 15	0	2.6	2.6
October 31	25.8	1.6	27.4

- New chart to display mid- and end-of- month coupon outflows for the next three months.

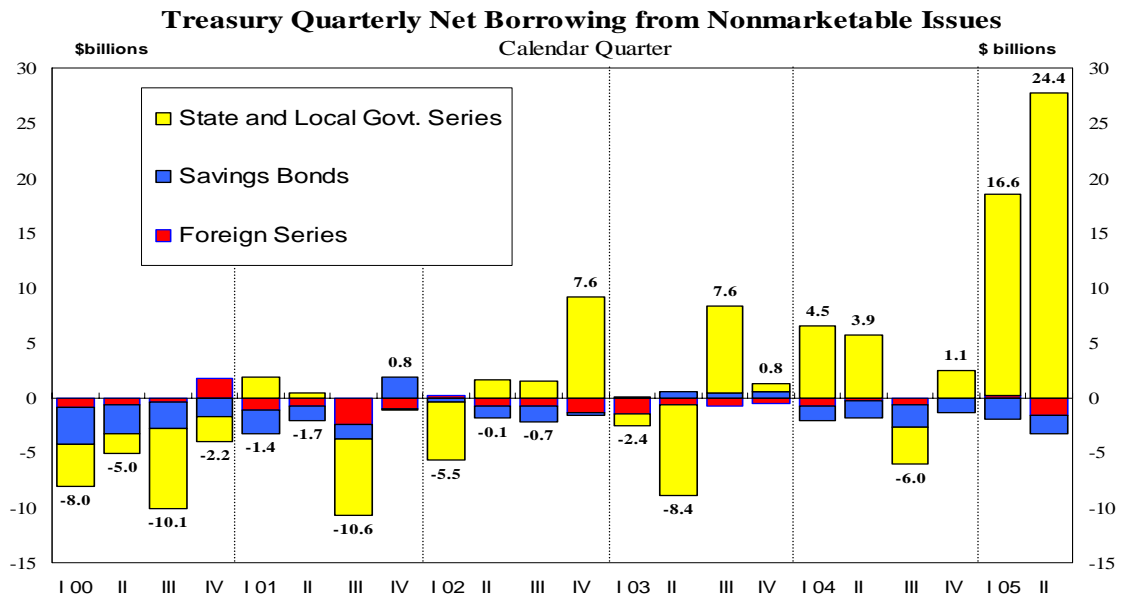
- Individual and corporate tax receipts continue to be stronger than projected.
- Strength in April-May receipts led to high balances.



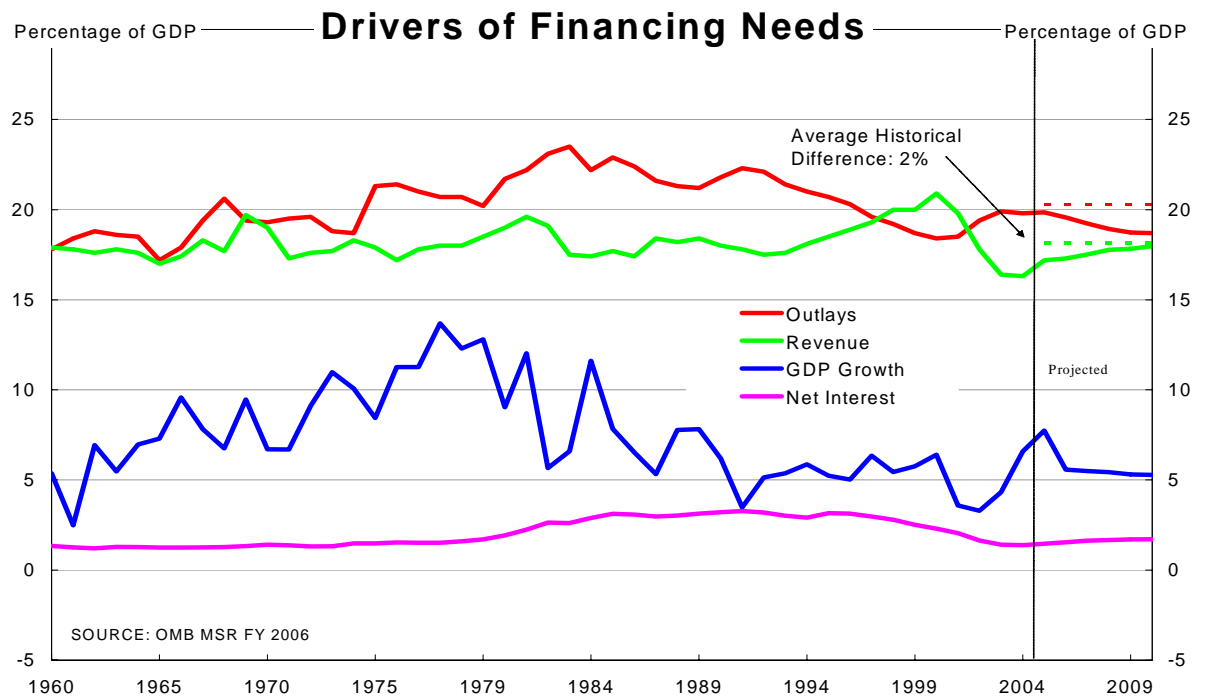
- Record net bill paydown of \$135.7 billion in Q2 2005. Previous record of \$123.4 billion set in Q2 2000.
- Total net paydown in Q2 2005 of \$78.5 is the first quarterly net paydown since Q2 2001.



- Another record quarter in net cash raised in State and Local Govt. Series (SLGS) issuance.
- FY 2005 non-marketable borrowing on track for a record of \$57 billion net cash.

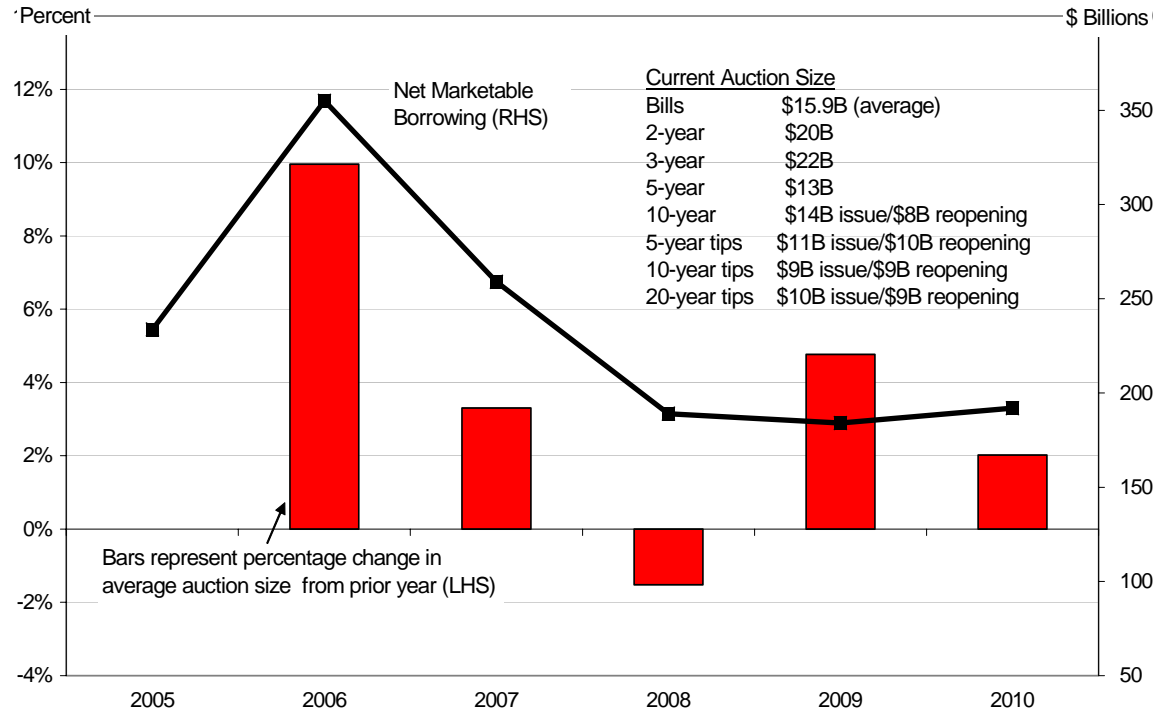


- Fiscal forecasts are within historic norm.



- Percentage changes in auction sizes are equally distributed across auctioned securities to meet financing needs.

Projected Net Marketable Borrowing and Hypothetical Auction Sizes



Projections are based on current OMB MSR budget estimates (except internal Treasury estimate for FY2005). Future residual financing needs are spread equally across auctioned securities to maintain constant maturity of issuance.

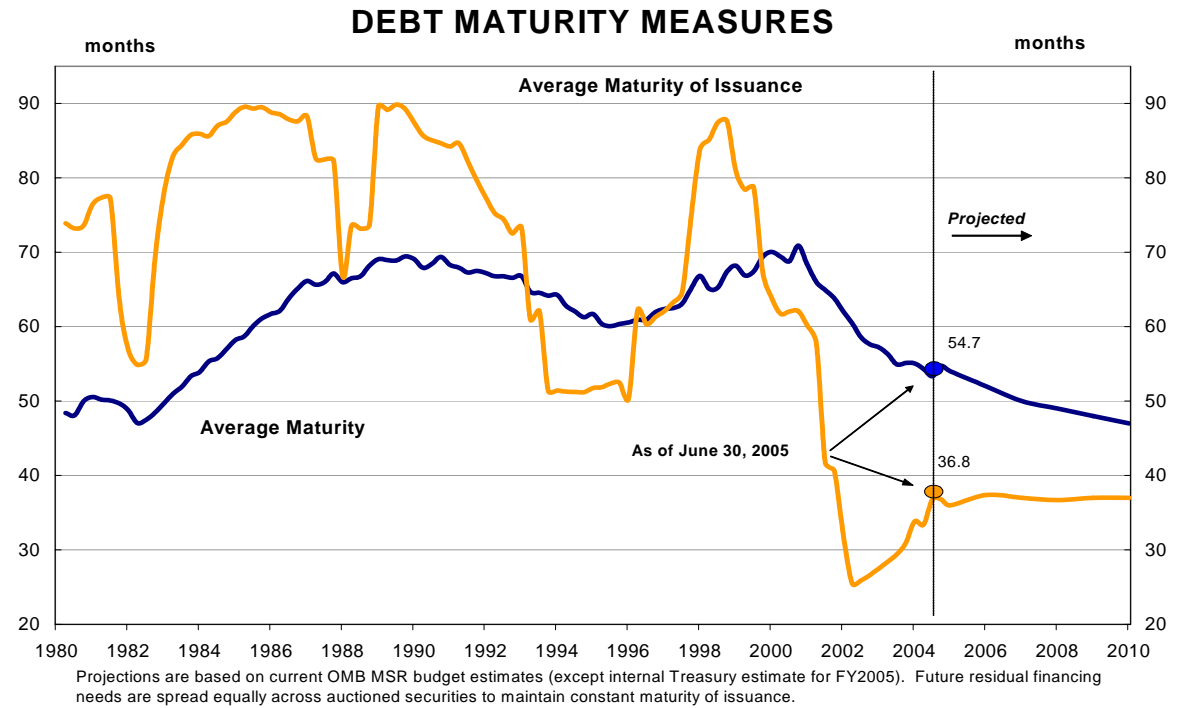
Debt Portfolio

- **Average maturity of issuance plateaus around 37 months**
 - **Maturity of total outstanding declines from 4 1/2 years to 3 1/2 years over the next 5 years**
 - **The percent of debt maturing with 3 years or less to maturity stabilizes around 60 percent**
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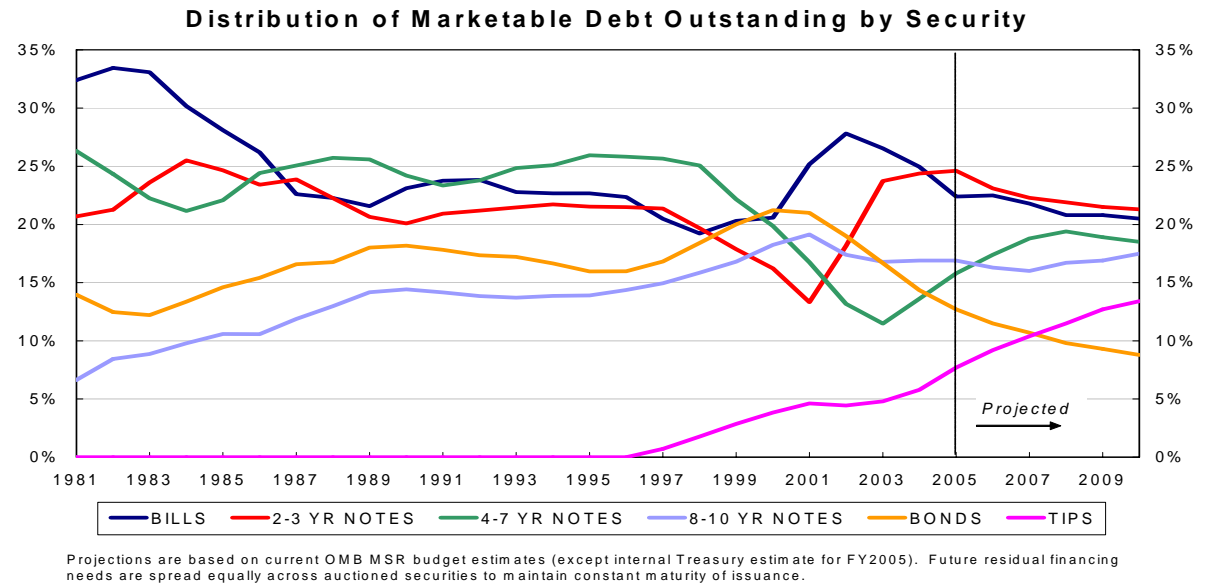
Assumptions used in the next 5 charts:

- **Future residual financing needs are spread equally across auctioned securities to maintain constant maturity of issuance**
- **Current OMB MSR budget estimates (except internal Treasury estimate for FY05)**

- Average maturity continues to decline.

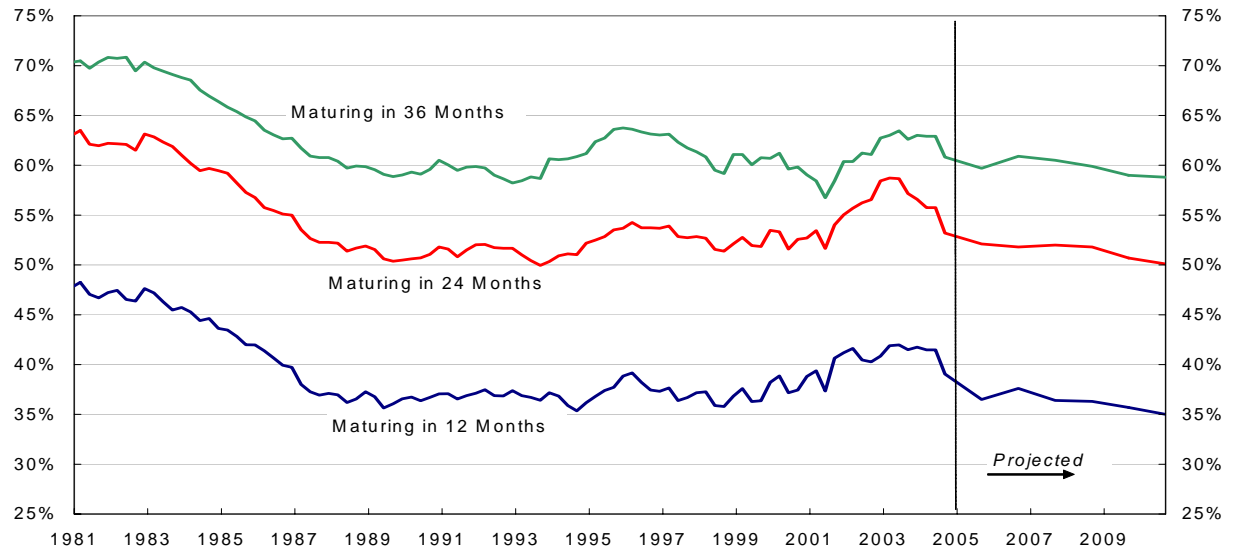


- Bills' share of debt outstanding has fallen as a result of an unexpected decline in net marketable financing needs.
- 4-7 year notes and TIPS make up a growing share of debt outstanding.



- The trajectory of debt maturing within 3 years is at the lower end of historical ranges.

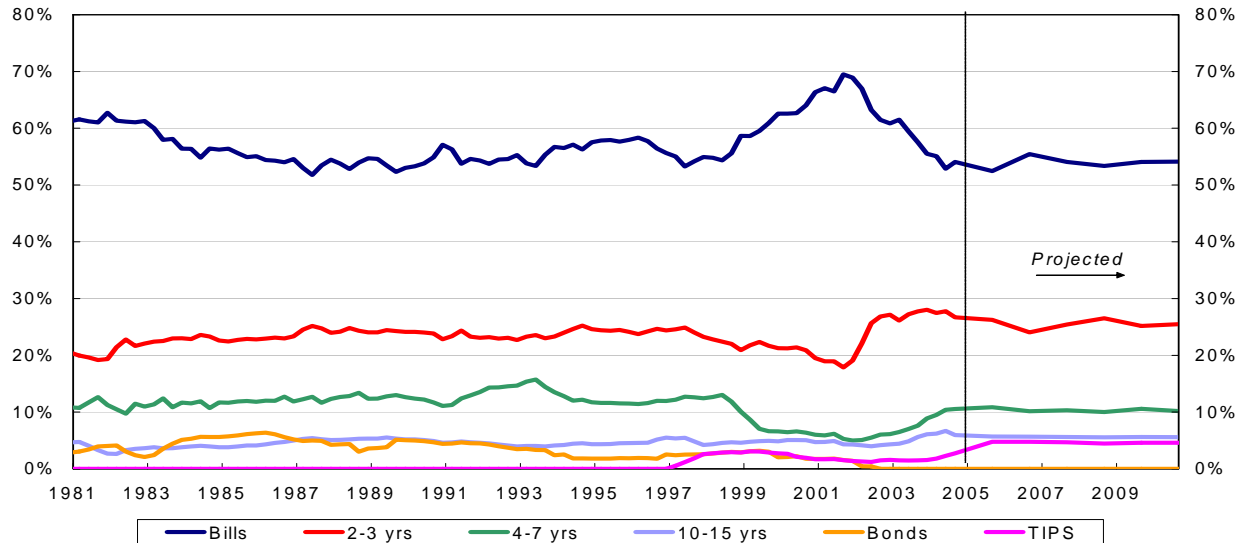
Percentage of Debt Maturing in Next 12 to 36 Months



Projections are based on current OMB MSR budget estimates (except internal Treasury estimate for FY2005). Future residual financing needs are spread equally across auctioned securities to maintain constant maturity of issuance.

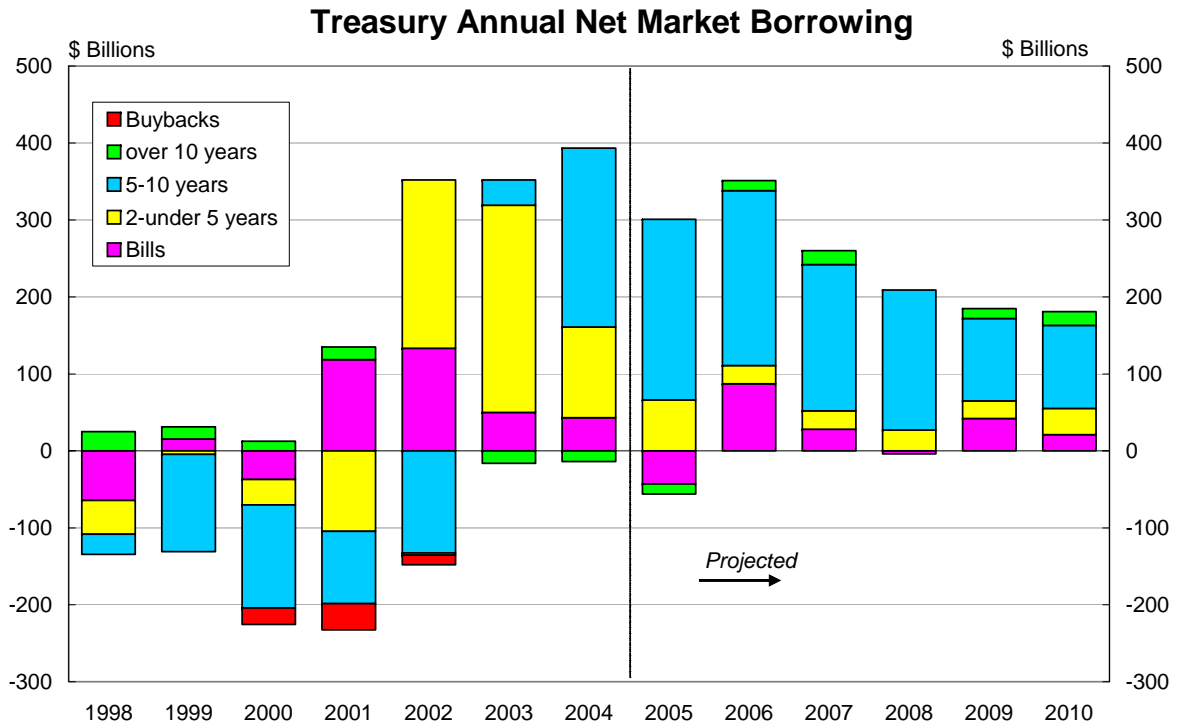
- Maintains short-dated bias.

Percentage Breakdown of Annual Issuance



Projections are based on current OMB MSR budget estimates (except internal Treasury estimate for FY2005). Future residual financing needs are spread equally across auctioned securities to maintain constant maturity of issuance.

- Net marketable borrowing is proportionally distributed across maturities consistent with constant maturity of issuance.



Projections are based on current OMB MSR budget estimates (except internal Treasury estimate for FY2005). Future residual financing needs are spread equally across auctioned securities to maintain constant maturity of issuance.

Uncertainty

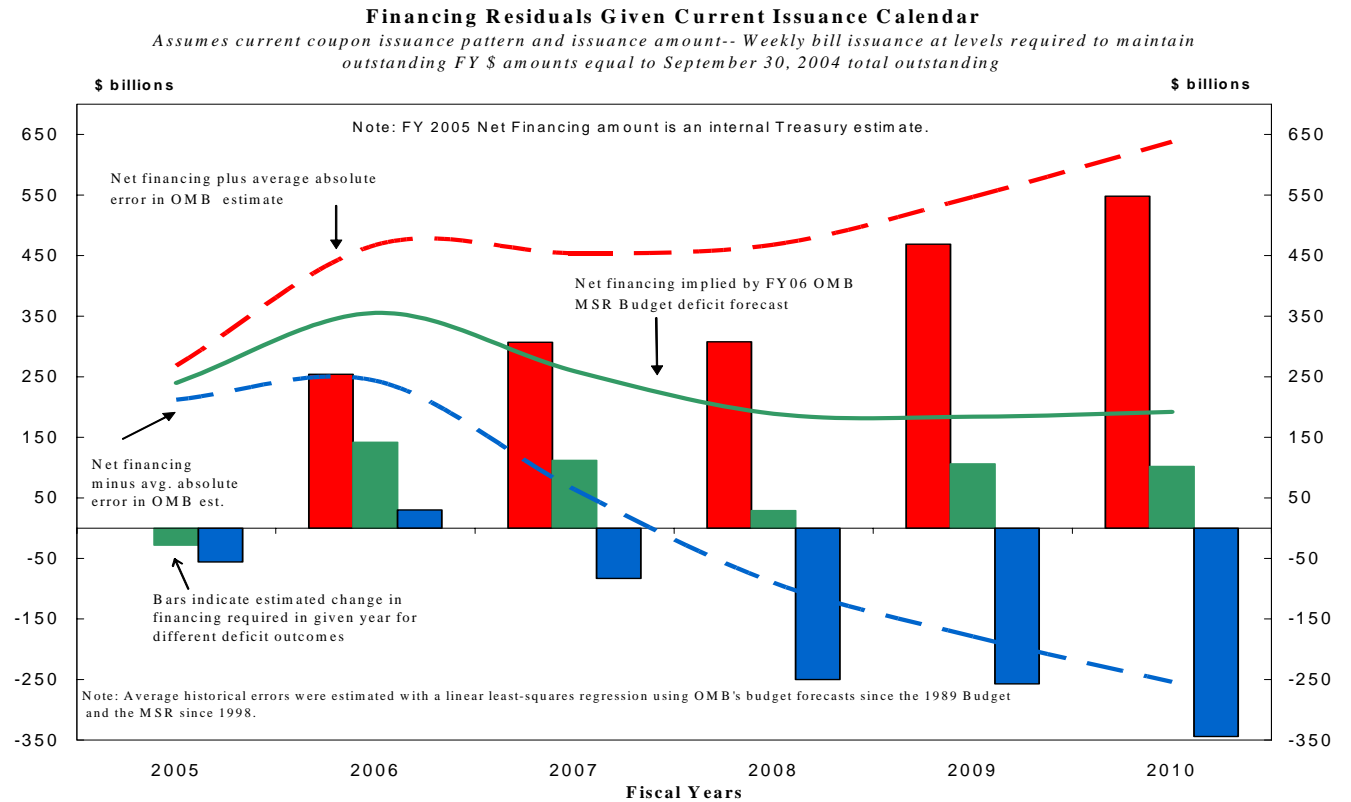
- **Looking forward, we see a larger financing need for FY 2006 as a result of increases in maturing debt and fiscal needs**

- FY 2005 estimates have declined sharply.

FY 05 Deficit Estimates			
	(\$ Billions)		
	Primary Dealers	CBO	OMB
Current:	324	325	333
Range based on average absolute error	305-343	314-336	302-364
Estimates as of:	July 28, 05	July 05	July 05

Note: Ranges based on errors from 1997-2004

- Combination of fiscal needs, maturing debt and reduced coupon sizes lead to rising then declining financing needs.

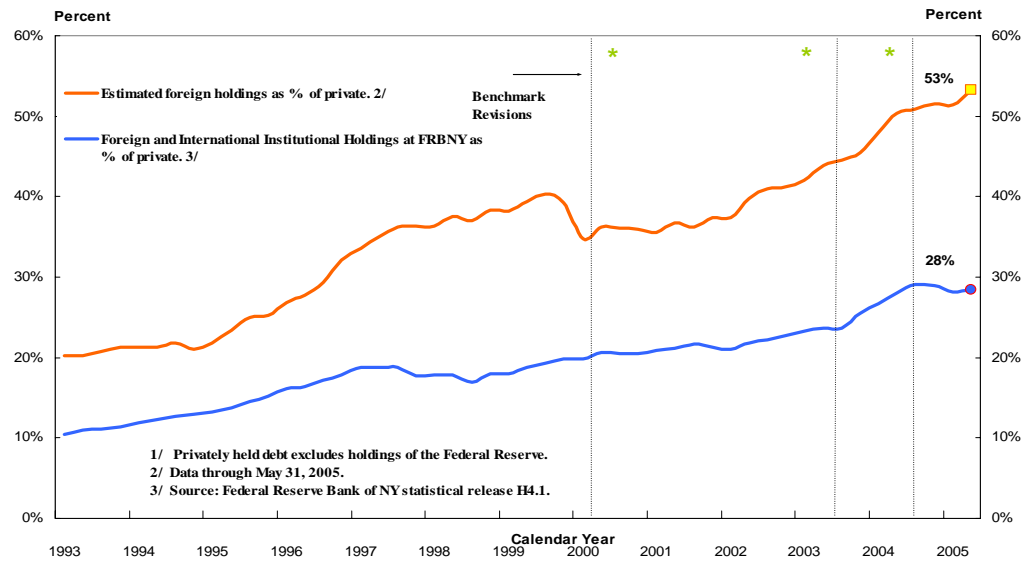


Capital Markets

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

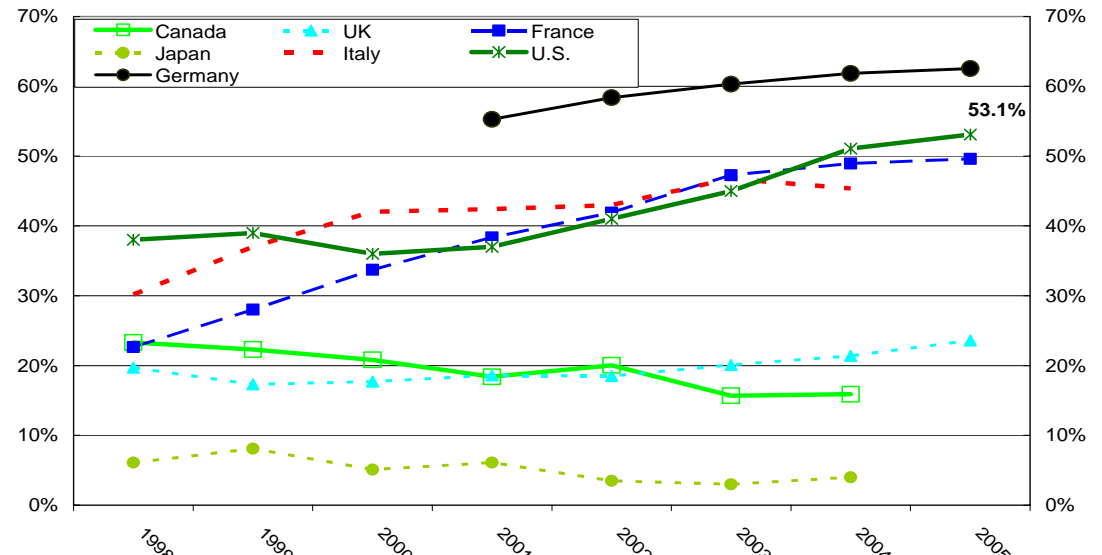
Foreign Holdings as a Percent of Total Privately Held Public Debt ^{1/}

- Data revised for the prior 18 months with minimal change to current levels.
- Prior data indicated foreign holdings stabilizing, but now trending upward.



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

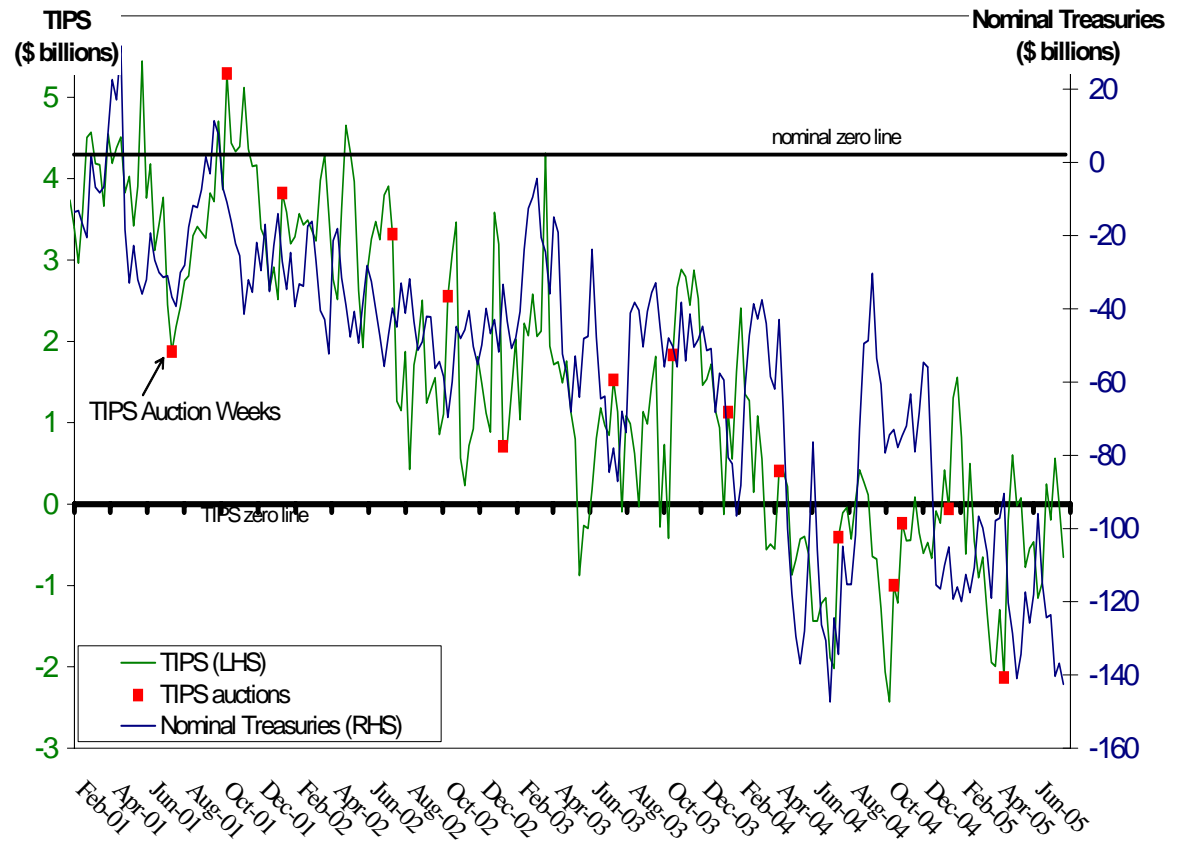
NON-RESIDENT PARTICIPATION IN G-7 GOVERNMENT BOND MARKETS



Sources: Canadian MOF, UK DMO, U.S. TIC, French Tresor, Bundesbank, Japanese MOF websites, Italian Treasury and U.S. Treasury staff calculations. Data for Canada, the UK, Germany, France and the US are through Q1 2004, Q1 2005, Q1 2005, April 2005, and May 2005 respectively.
Note: Germany non-resident participation was revised from last quarterly presentation to incorporate additional data.

Net Primary Dealer Positions in Treasuries

- Dealer trends in short positions continue.



Source: NY Fed

Auction Release Time Performance

Current quarter exceptions to Treasury's 2 minute auction release times

5/16/05 – 26-week bills: Software problems delayed calculation of the auction results.

7/18/05 – 13- and 26-week bills: Hardware problems delayed calculation of the auction results.

Auction Release Times for August 2004 - July 2005

Data through July 27, 2005

(In Minutes and Seconds)

