

Quarterly Refunding Charts

U.S. Department of the Treasury
Office of Debt Management
November 3, 2008



UNITED STATES
DEPARTMENT OF
THE TREASURY



Financing

Summary of FY 2008 and Initial FY 2009 Outlook

- ◆ **FY 2008 deficit was \$455 billion versus \$163 billion for FY 2007**
- ◆ **Net marketable borrowing for FY 2008 was \$760 billion (includes \$154 billion of SOMA redemptions) compared to \$134 billion (includes \$15 billion of SOMA redemptions) in FY 2007**
- ◆ **FY 2008 net non-marketable borrowing was \$46 billion *in redemptions* versus \$44 billion *in cash raised* in FY 2007**
- ◆ **Net marketable borrowing for Q4 FY 2008 totaled \$527 billion (includes \$3 billion of SOMA redemptions)**

FY 2009 Q1 and Q2 Outlook: Estimated marketable borrowing

- **\$550 billion October-December**
- **\$368 billion January-March**
- **Expenditures related to various economic assistance programs, liquidity initiatives, as well as weakness in receipts and a decline state and local government debt issuance will lead to increased marketable borrowing needs**



Treasury Marketable Financing

- ◆ Treasury net marketable financing was a record \$760 billion in FY 2008.
- ◆ SOMA redemptions of \$153.9 billion and SFP issuance of \$300 billion in FY 2008 accounted for over 8% of total issuance.

(\$ billions)	FY 2008 October 1, 2007 - September 30, 2008				FY 2007 October 1, 2006 - September 30, 2007			
	Issued	Matured	SOMA Activity *	Net Cash Raised	Issued	Matured	SOMA Activity *	Net Cash Raised
Bills (includes SFP's)	\$4,632.9	\$4,101.2	(\$152.0)	\$531.7	\$3,689.9	\$3,643.4	-\$10.0	\$46.6
Nominal coupons	\$814.6	\$626.2	(\$5.5)	\$188.5	\$662.5	\$625.1	(\$13.5)	\$37.2
TIPS	\$61.9	\$21.8	\$3.5	\$40.1	\$70.5	\$20.1	\$8.4	\$50.4
Total	\$5,509.5	\$4,749.2	(\$153.9)	\$760.4	\$4,422.9	\$4,288.6	(\$15.1)	\$134.2

* Note: Negative SOMA activity represents redemptions.

Positive SOMA activity represents additional issuance of securities, made possible by redemptions in maturing securities with the same settlement date; these are offsetting transactions and are net cash neutral.

Marketable Treasury Coupon Flows

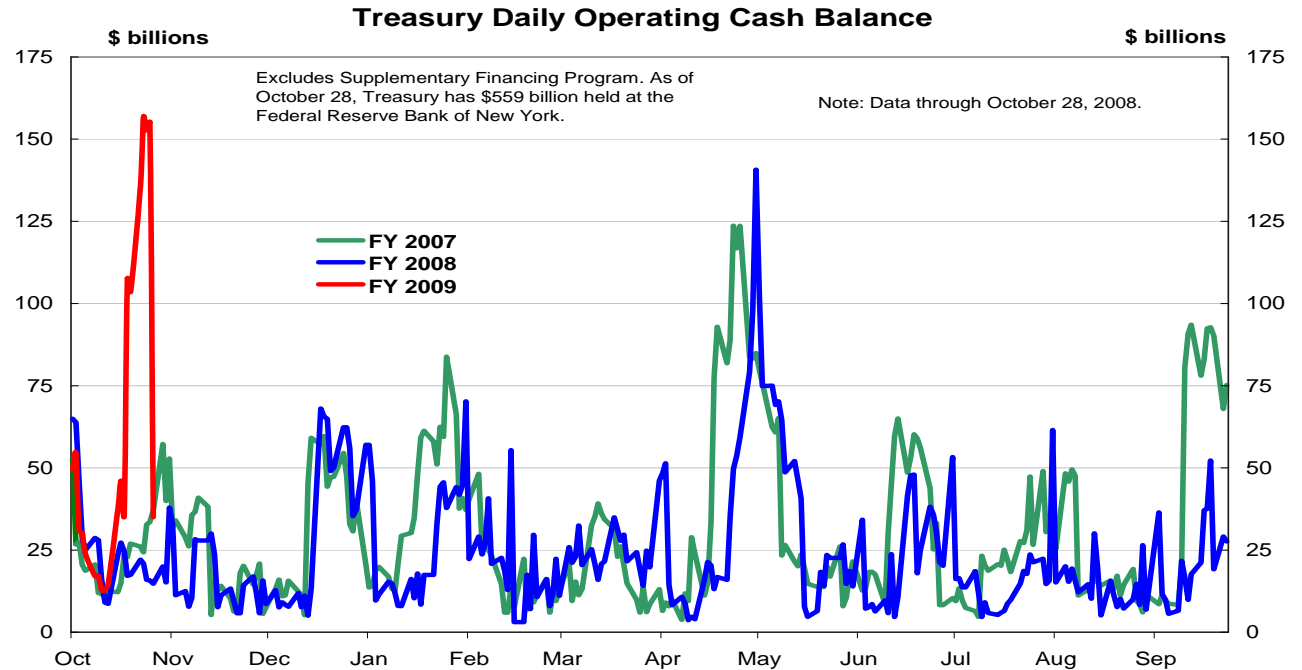
\$ Billions

Date	Maturing Coupon Securities (Excluding SOMA holdings)	Coupon Payments	Total Outflows
November 15, 2008	55	20	75
November 30, 2008	20	4	24
December 15, 2008	15	1	16
December 31, 2008	20	4	24
January 15, 2009	33	10	43
January 31, 2009	20	4	24
February 15, 2009	36	25	61
February 28, 2009	18	3	21

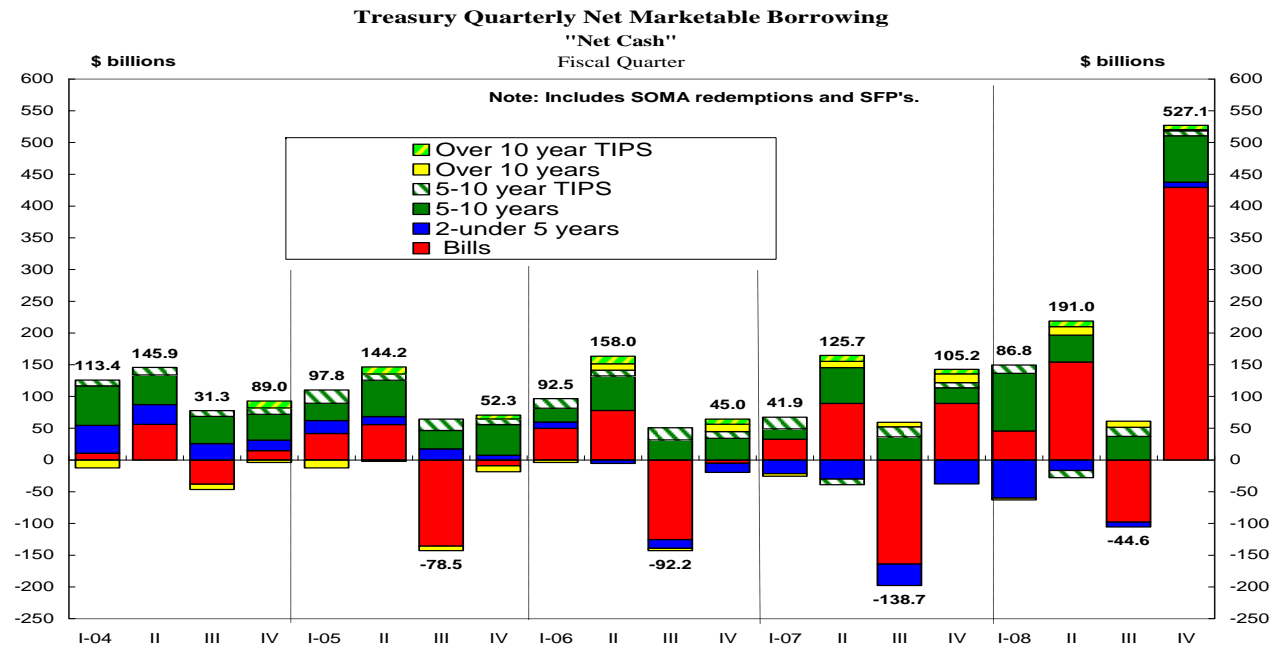
- ◆ Large cash outflows totaling \$75 billion on November 15 result from interest payments and maturing 3-, 5-, and 10-year notes.



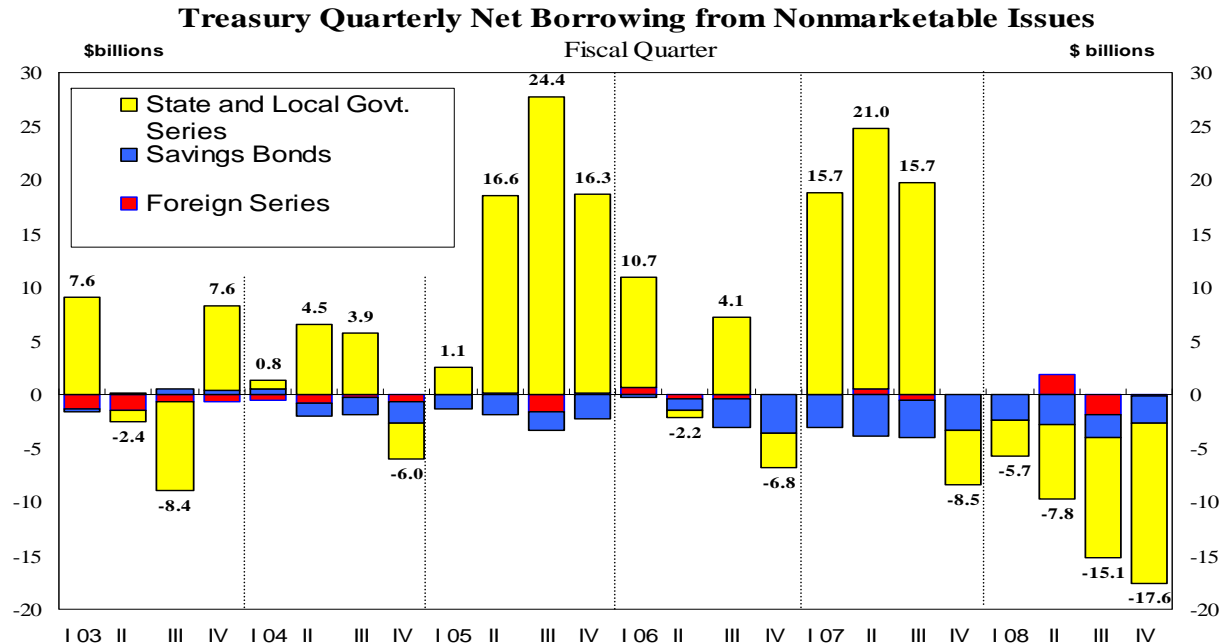
- ◆ Financing associated with the Emergency Economic Stabilization Act (EESA) has made managing volatility in cash balances more challenging.



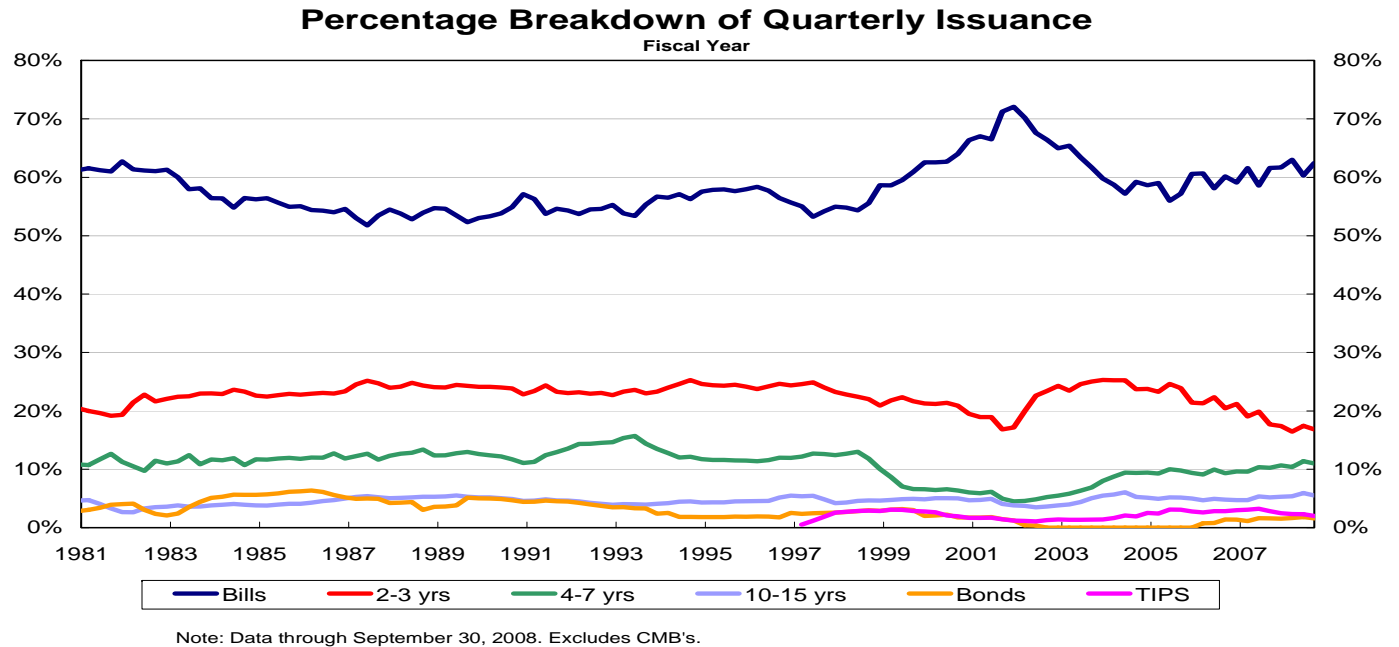
- ◆ Net marketable borrowing for the fourth quarter was a record \$527 billion and was primarily financed through bills.
- ◆ SFPs accounted for \$300 billion of Q4 net marketable borrowing.



- ◆ State and Local Government net redemptions were a record \$36.3 billion FY 2008 versus \$57.7 billion net issuance in FY 2007.
- ◆ For the 19th consecutive quarter, Savings Bonds did not raise any cash.
- ◆ In FY 2008, Savings Bonds redemptions totaled \$10 billion.



- ◆ Bill issuance remains elevated, while the 2-3 year sector continues to trend lower.



Debt Portfolio Considerations

Assumptions used in the next 3 charts:

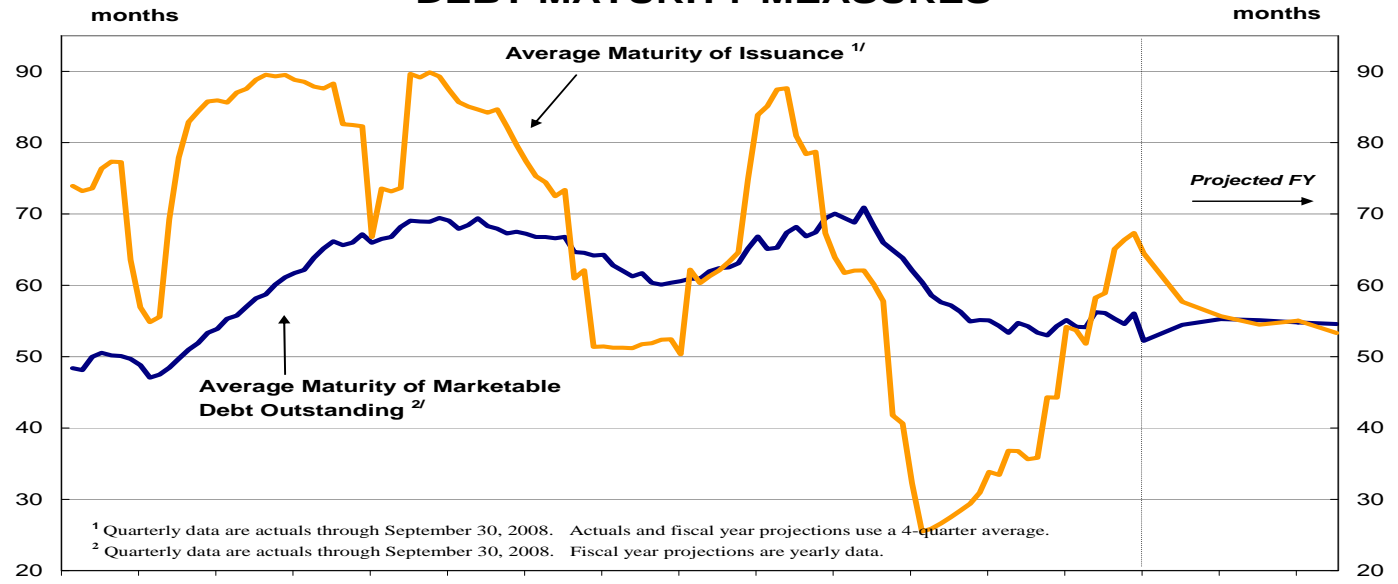
- ◆ Future residual financing needs are spread proportionally across auctioned securities and are derived from ***hypothetical*** initial coupon auction sizes.
- ◆ These sizes are based on announced coupon amounts as of September 30, 2008 and assume the outstanding level of bills on September 30, 2008.
- ◆ OMB 2009 MSR Budget estimates used for FY2009-2013.
- ◆ Projections exclude cash management bills.

Using the above assumptions, over the next 5 years:

- ◆ Average maturity of total outstanding and average maturity of issuance settle to about 53 and 55 months, respectively.
- ◆ The percent of debt with 3 years or less to maturity stabilizes at 56 percent.

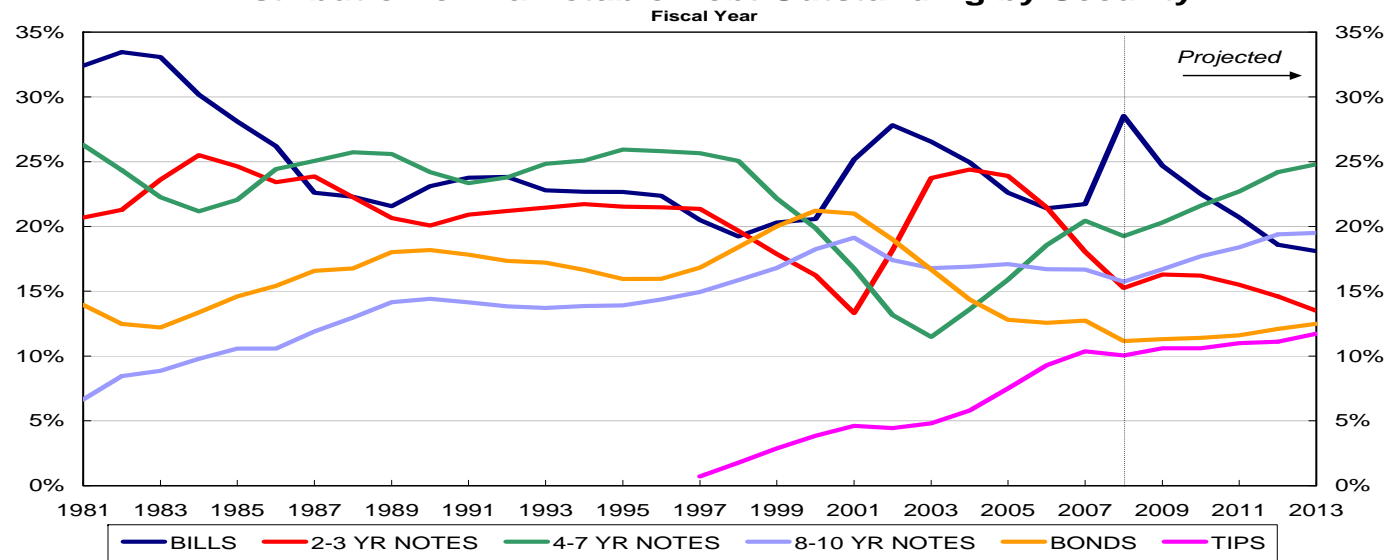


DEBT MATURITY MEASURES



- ◆ Average maturity of issuance recently peaked in FY 2008.
- ◆ The average maturity of marketable debt outstanding fell by three months reflecting increased bill issuance in the last quarter of FY 2008.

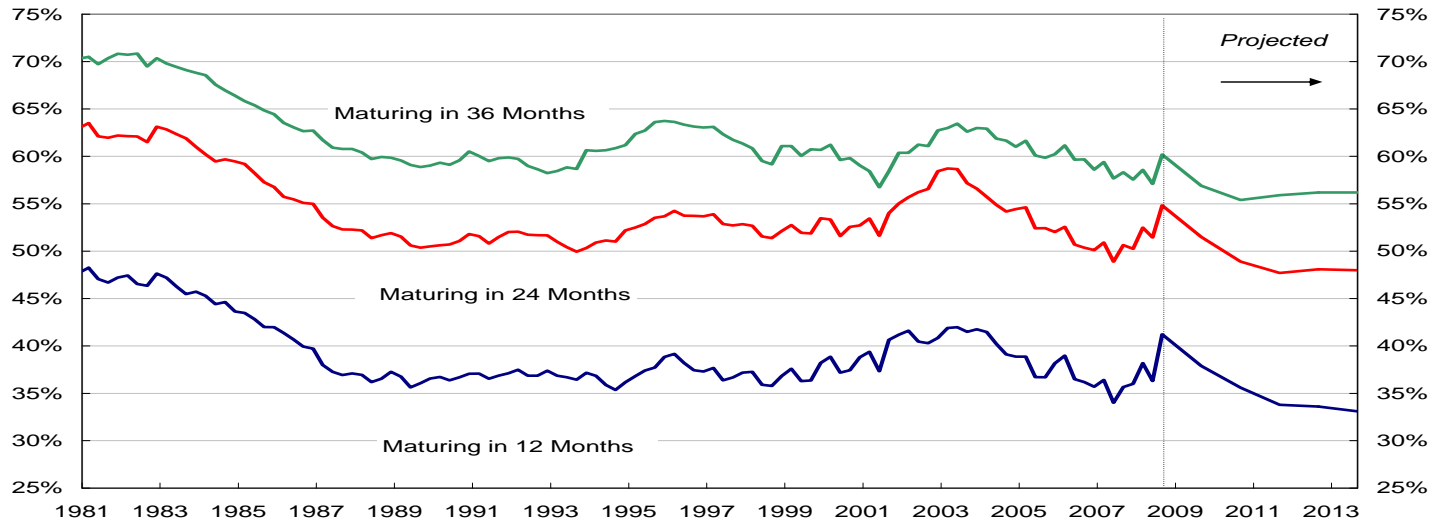
Distribution of Marketable Debt Outstanding by Security



- ◆ If future financing needs are spread proportionally, current issuance patterns would lead to a steadily increasing share of medium to longer-term debt.

Net financing projections for FY 2009-2013 are based on OMB 2009 MSR Budget estimates. Future residual financing needs are spread proportionally across auctioned securities and are derived from hypothetical auction sizes. Initial sizes are based on announced coupon amounts as of September 30, 2008 and assume the outstanding level of bills on September 30, 2008. All projections exclude CMB issuance and maturing amounts.

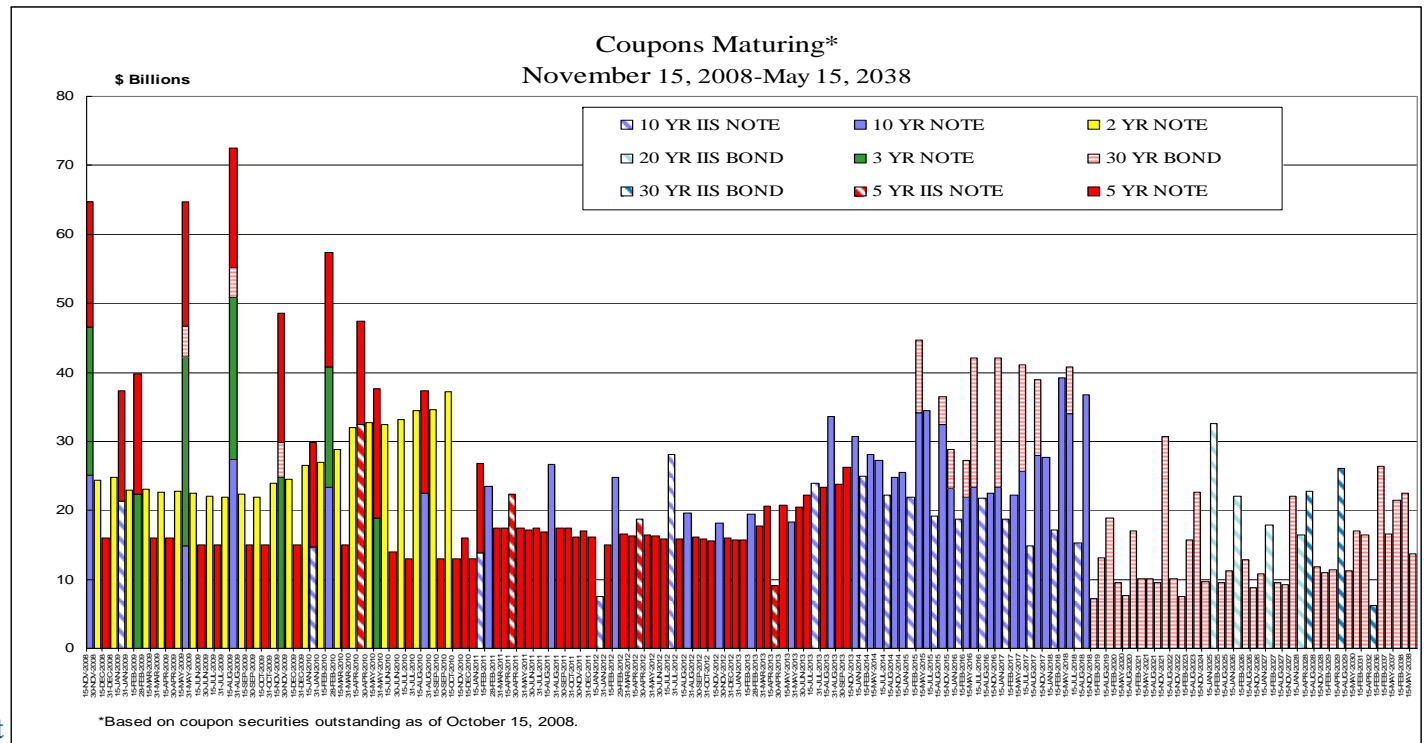
Percentage of Debt Maturing in Next 12 to 36 Months



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◆ Short-term debt as a percent of the overall portfolio rose, as a result of the introduction of the 52-week bill, an increase in weekly bill issuance, and funding for the SFP.

◆ Maturing 2-year, 3-year and 5-year note securities lead to increased near- and medium-term financing needs.



*Based on coupon securities outstanding as of October 15, 2008.



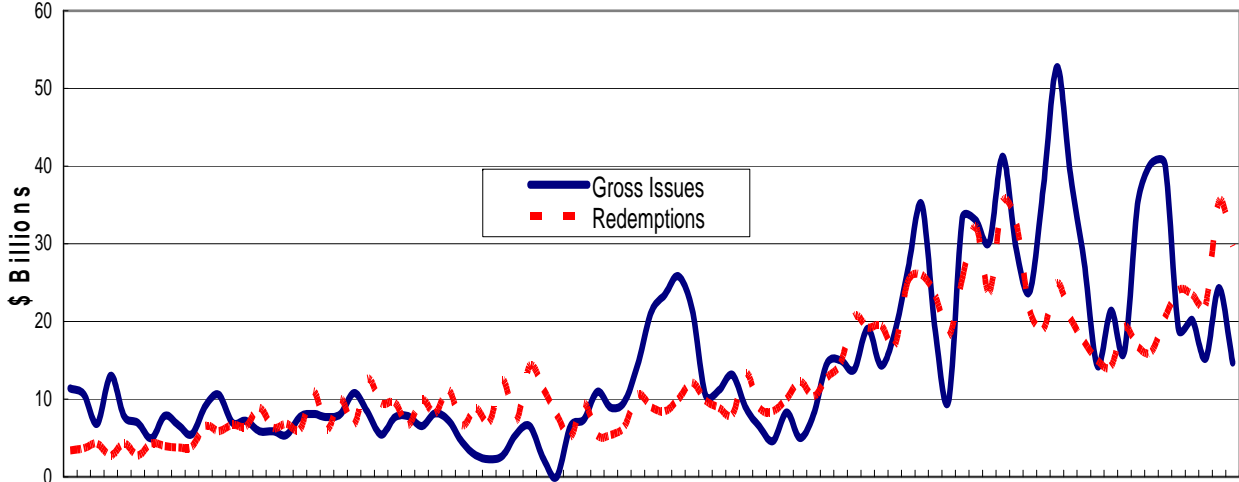
Uncertainty

- ◆ Economic and credit market conditions, and ongoing Federal Reserve System actions continue to add uncertainty to borrowing requirements.
- ◆ Volatility in projected receipts, outlays and reduced non-marketable debt issuance could also lead to increased near-term marketable financing needs.

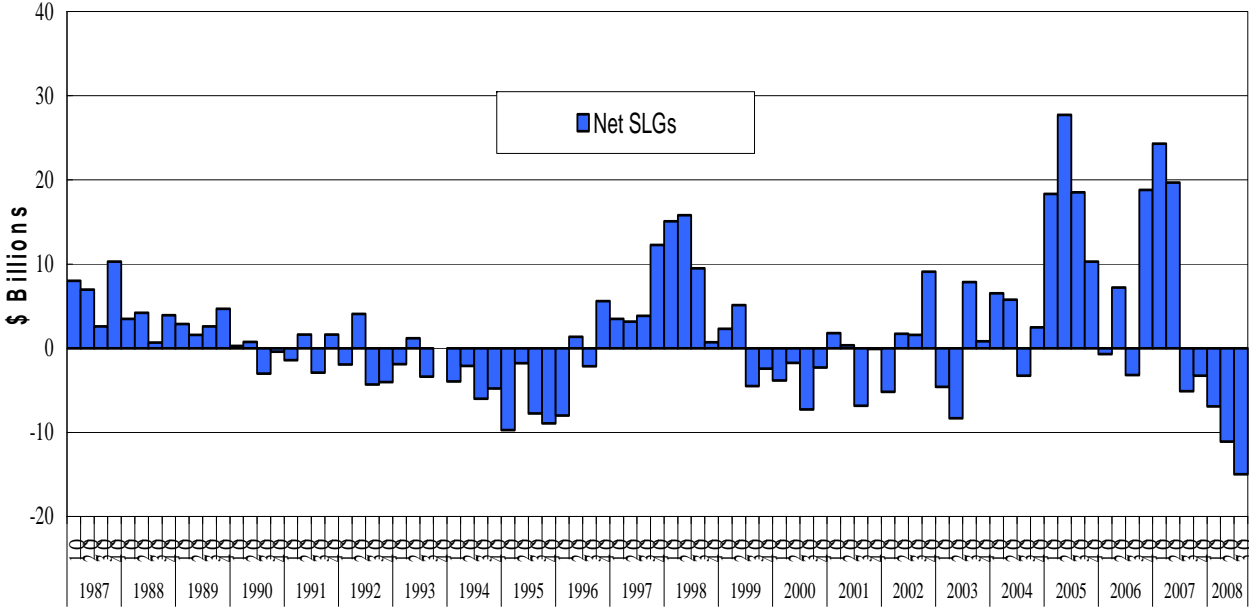


**State and Local Governments (SLGS)
Calendar year**

- ◆ State and Local Government Series (SLGS) debt redemptions continue to exceed issuance due to volatility in the municipal bond sector.



- ◆ In FY 2008 Net SLGS redemptions were a record \$36.3 billion, compared to FY2007 total net SLGS issuance of \$57.7 billion.



FY 09 Deficit Estimates

\$ billions

- ◆ Primary dealers currently estimate a FY 2009 deficit of \$988 billion.
- ◆ Dealer estimates reflect uncertainty regarding the fiscal outlook.

	Primary Dealers*	CBO	OMB
Current:	988	438	482
Range based on average absolute forecast error**	863 - 1,113	338 - 538	391 - 573
FY 2009 Marketable Borrowing***	1,400	-	-
FY 2009 Marketable Borrowing Range***	1,100 - 2,100	-	-
Estimates as of:	October 08	September 08	July 08

* Primary Dealers reflect average estimate.

** Ranges based on errors from 2004-2008.

*** Based on Primary Dealer feedback on October 30, 2008.

- ◆ Fiscal deficit projections remain volatile given overall uncertainty.

Comparing Deficit Estimates for FY 2009 since February 2008

