

Quarterly Refunding Charts

U.S. Department of the Treasury
Office of Debt Management
February 2, 2009



UNITED STATES
DEPARTMENT OF
THE TREASURY



Financing Near Term Outlook

FY 2009 Q2 and Q3 Outlook: Estimated marketable borrowing

- **\$493 billion January-March**
- **\$165 billion April-June**
- **Weakness in receipts as well as increases in outlays related to economic recovery programs will lead to greater marketable borrowing needs**
- **The decline in state and local government series securities also increases marketable borrowing needs**



Treasury Marketable Financing

(\$ billions)	Q1-FY 2009				FY 2008			
	October 1, 2008 - December 31, 2008				October 1, 2007 - September 30, 2008			
	Issued	Matured	SOMA Activity *	Net Cash Raised	Issued	Matured	SOMA Activity *	Net Cash Raised
Bills (includes SFP's)	\$1,955.1	\$1,578.3	\$0.0	\$376.9	\$4,632.9	\$4,101.2	(\$152.0)	\$531.7
Nominal coupons	\$347.8	\$168.6	(\$1.2)	\$179.2	\$814.6	\$626.2	(\$5.5)	\$188.5
TIPS	\$13.2	\$0.0	\$1.2	\$13.2	\$61.9	\$21.8	\$3.5	\$40.1
Total	\$2,316.2	\$1,746.9	\$0.0	\$569.3	\$5,509.5	\$4,749.2	(\$153.9)	\$760.4

- ◆ Q1 marketable financing was a record in both net and gross issuance.

* **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

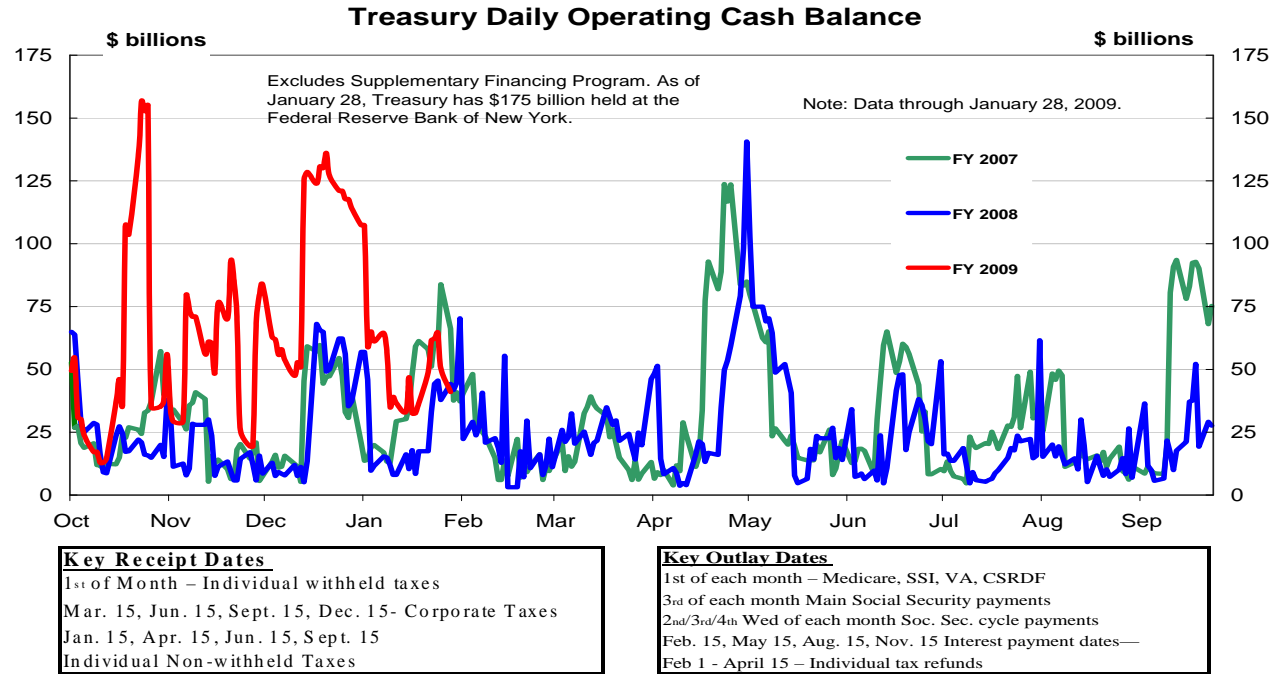
\$ Billions

Date	Maturing Coupon Securities (Excluding SOMA holdings)	Coupon Payments	Total Outflows
February 15, 2009	36	25	61
February 28, 2009	18	3	21
March 15, 2009	15	1	16
March 31, 2009	18	4	22
April 15, 2009	15	3	18
April 30, 2009	19	4	23
May 15, 2009	52	20	72
May 31, 2009	19	4	23

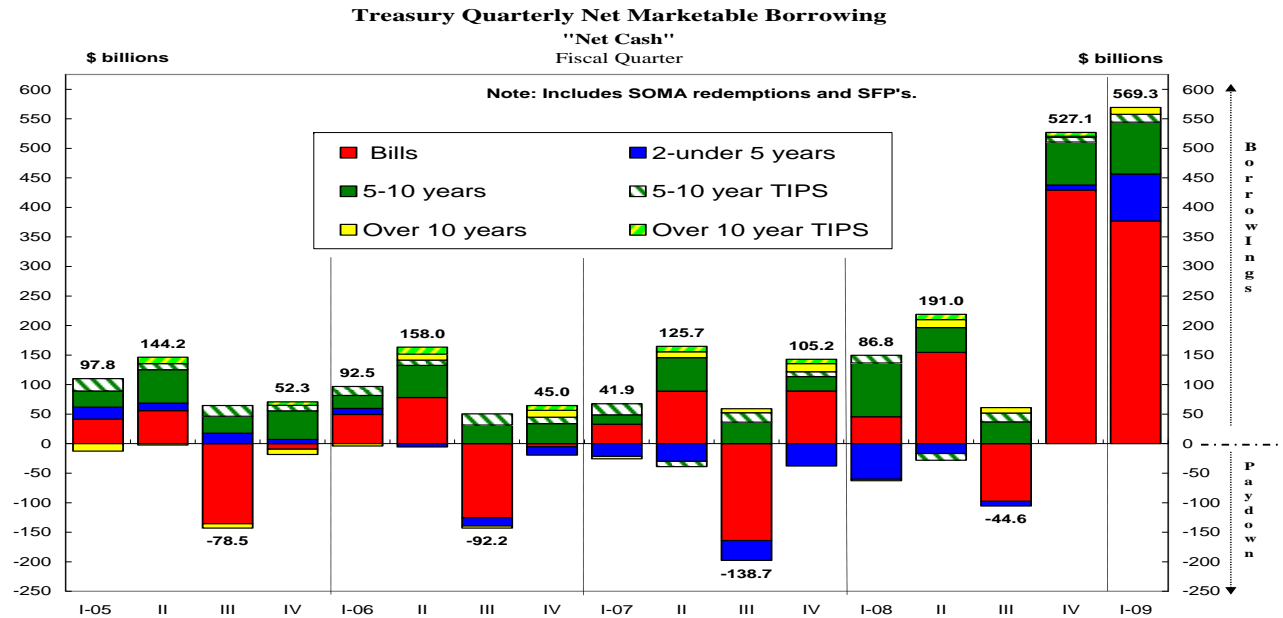
- ◆ Cash outflows totaling \$72 billion on May 15 result from interest payments and maturing 3-, 5-, 10-year notes and the called 30-year bond.



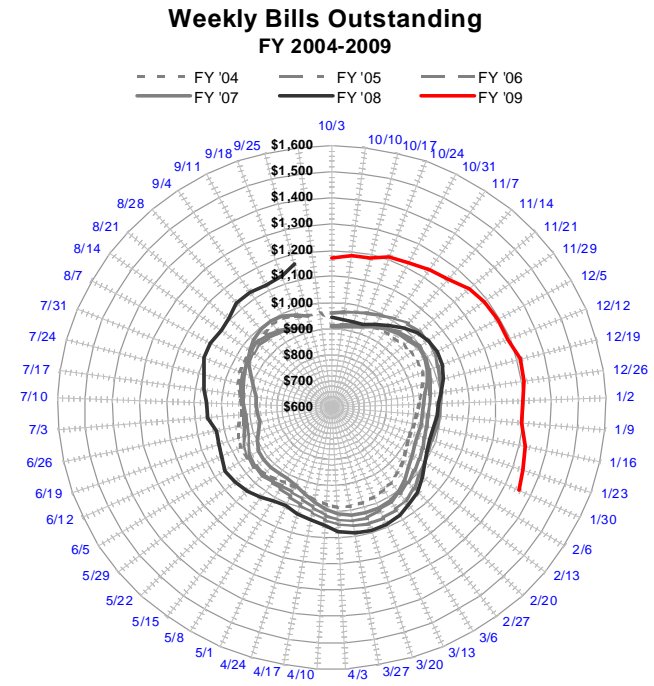
- ◆ Managing volatility of cash balances remains challenging.



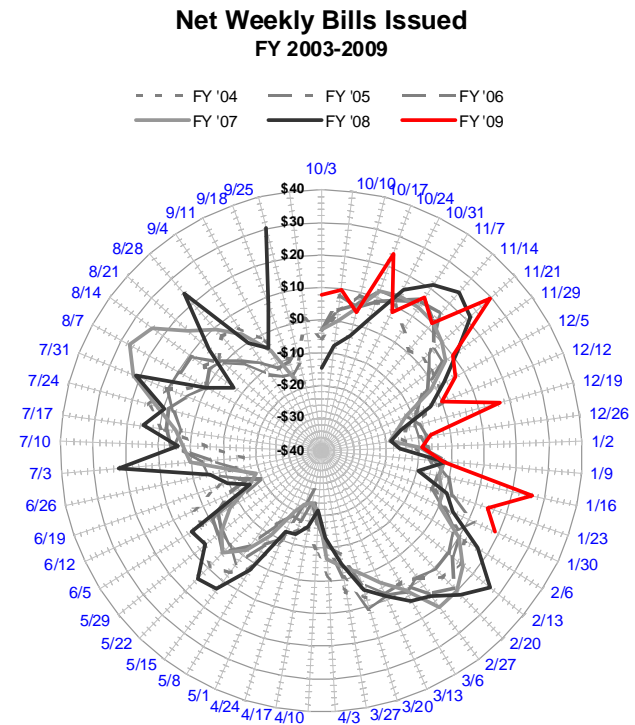
- ◆ Net marketable borrowing for the first quarter was a record \$569 billion and was primarily financed through bills.



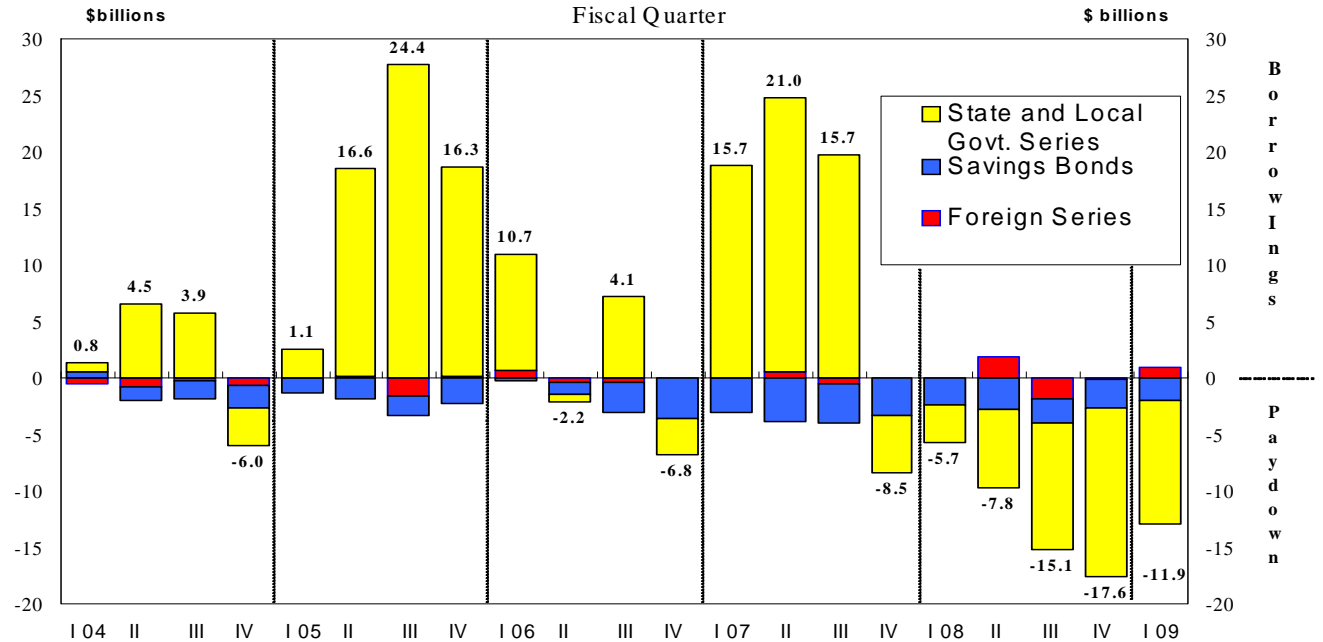
- ◆ Bills outstanding remain elevated.



- ◆ Net weekly bills issuance continues to provide a major portion of our financing.

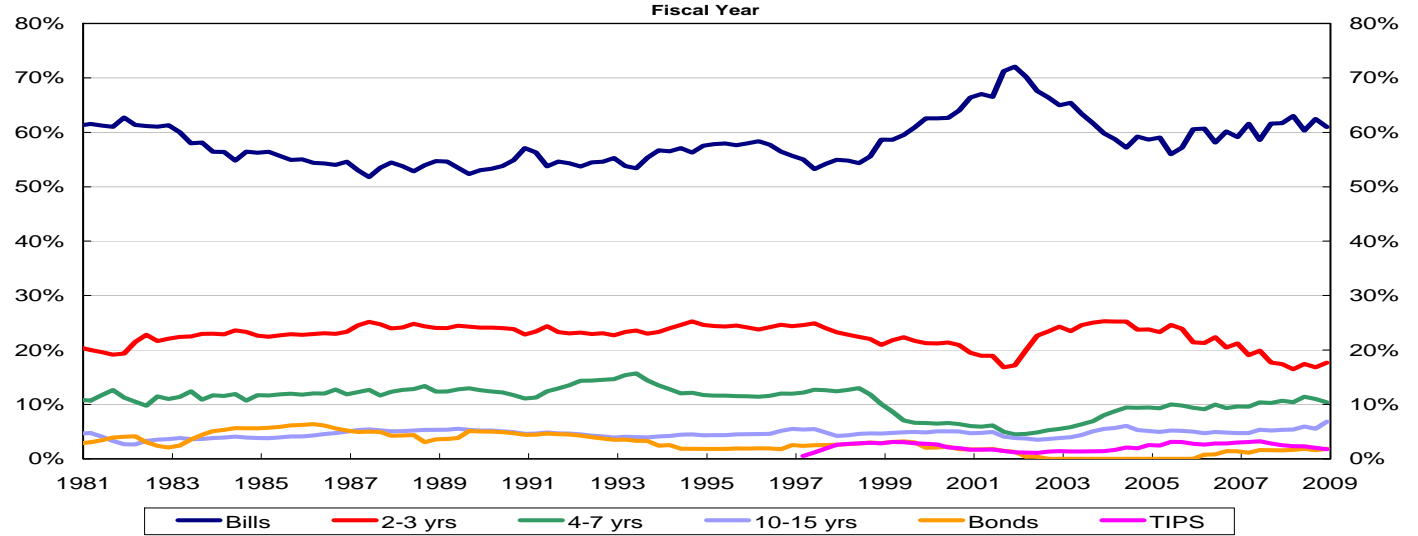


Treasury Quarterly Net Borrowing from Nonmarketable Issues



- ◆ State and Local Government net issuance remains negative for the sixth consecutive quarter.
- ◆ For the twentieth consecutive quarter, Savings Bonds did not raise any cash.

Percentage Breakdown of Quarterly Issuance

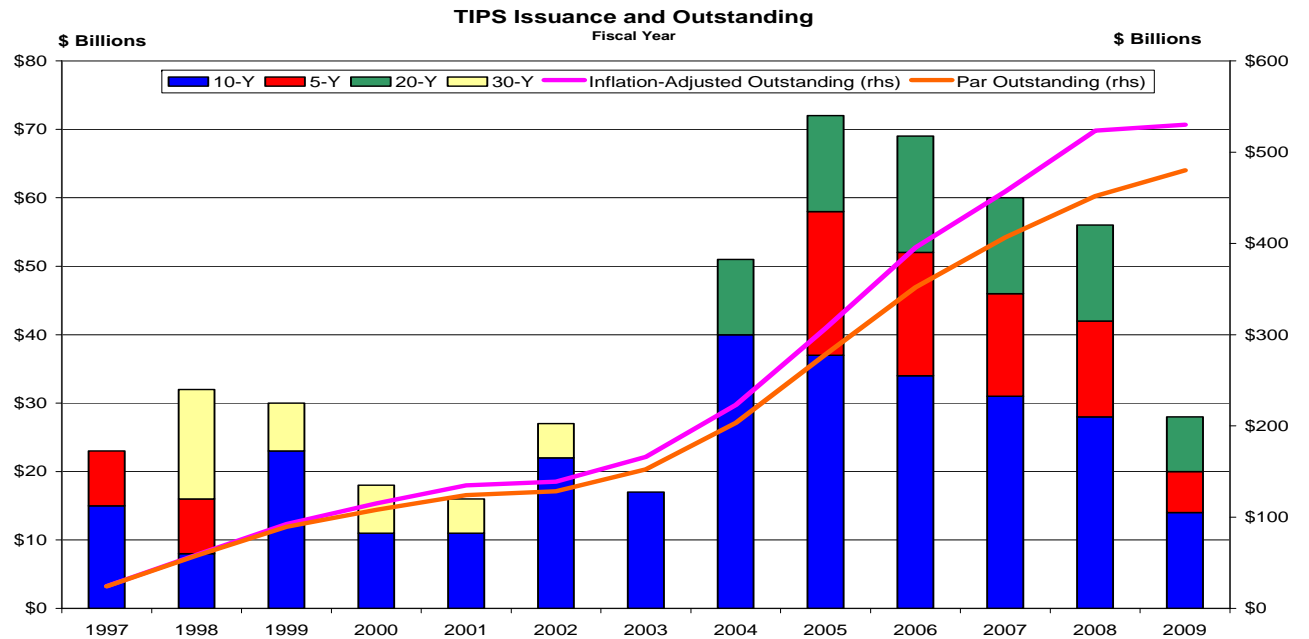


- ◆ The 2-3 year and 10-year sectors begin to trend higher.

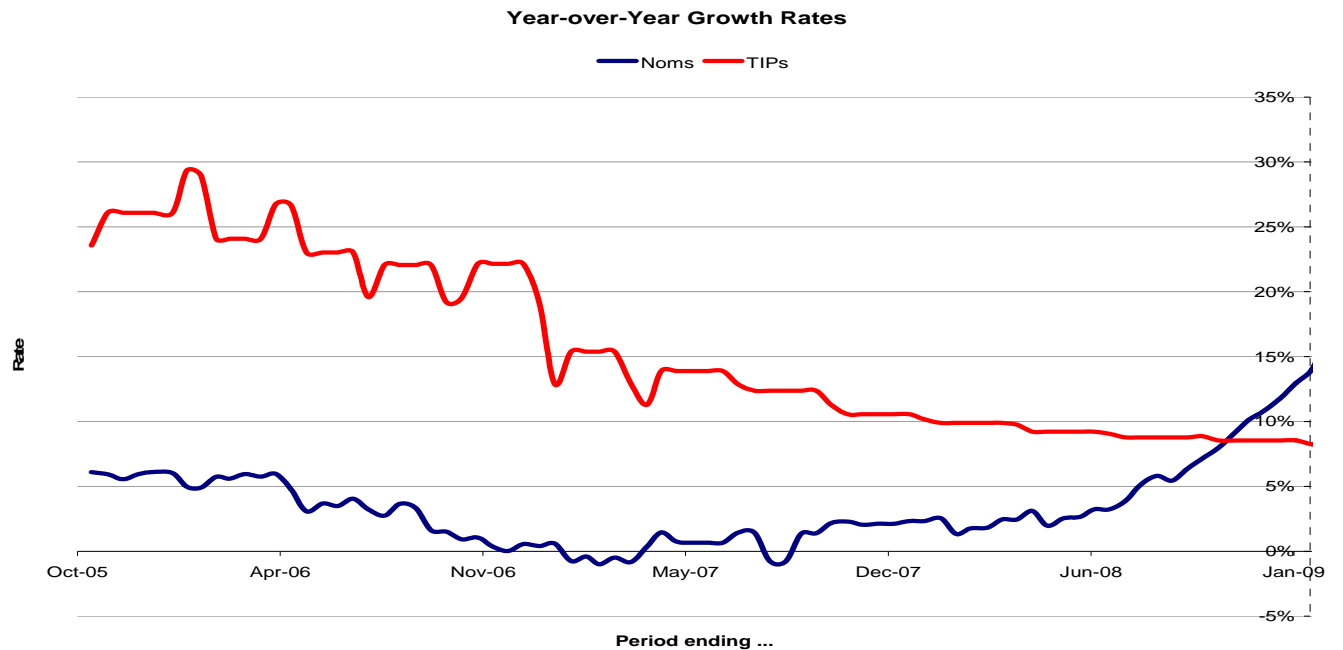
Note: Data through December 31, 2008. Excludes CMB's.



- Adjusted TIPS outstanding have started to plateau.



- Nominal coupon issuance has increased sharply in response to increased fiscal needs.



Debt Portfolio Considerations

Assumptions used in the next 3 charts:

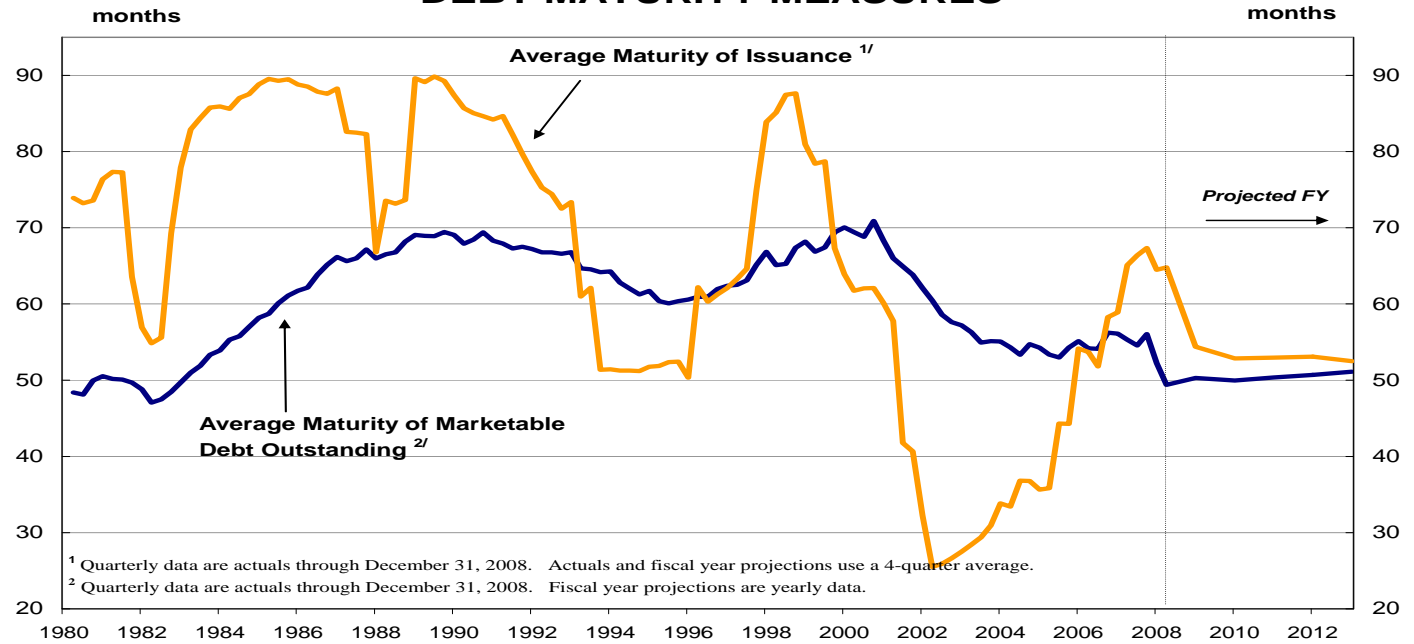
- ◆ Future residual financing needs are spread proportionally across auctioned securities and are derived from ***hypothetical*** initial coupon auction sizes.
- ◆ These sizes are based on announced coupon amounts as of January 15, 2009 and assume the outstanding level of bills on December 31, 2008.
- ◆ 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 52 and 51 months, respectively.
- ◆ The percent of debt with 3 years or less to maturity stabilizes at 60 percent.



DEBT MATURITY MEASURES

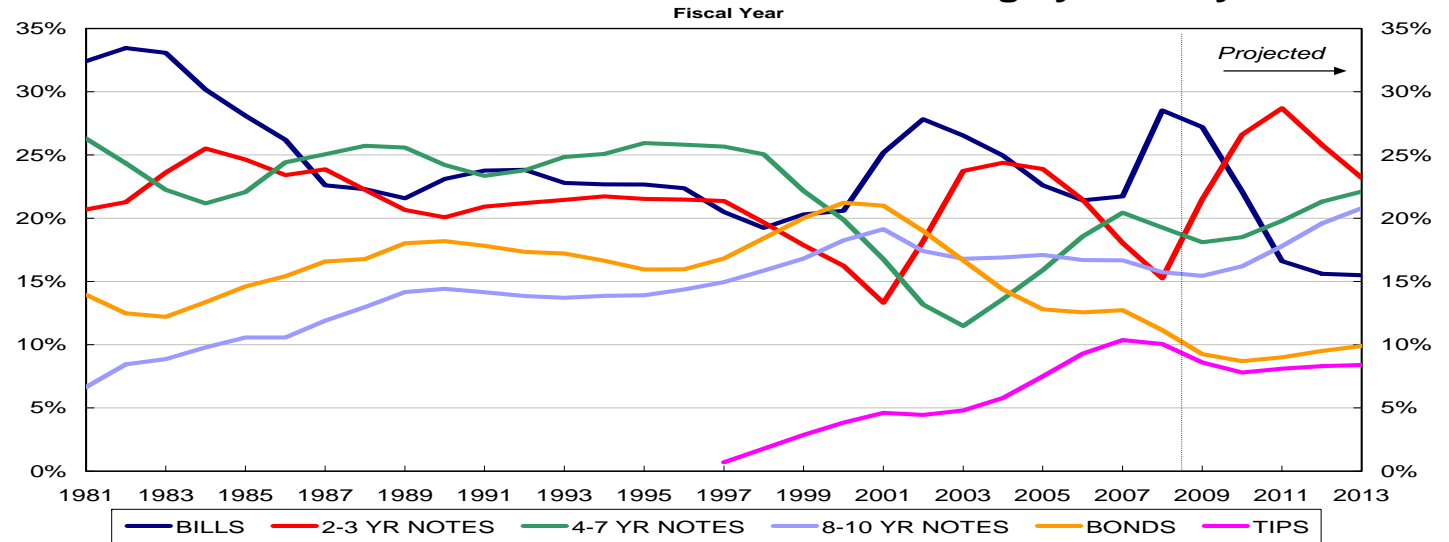


◆ Average maturity of issuance peaked in FY 2008.

1980 1982 1984 1986 1988 1990 1992 1994 1996 1998 2000 2002 2004 2006 2008 2010 2012

Net financing projections for FY 2009-10 are based on internal estimates; projections for FY 2011-13 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 January 15, 2009 and assume the outstanding level of bills on December 31, 2008. All projections exclude CMB issuance and maturing amounts.

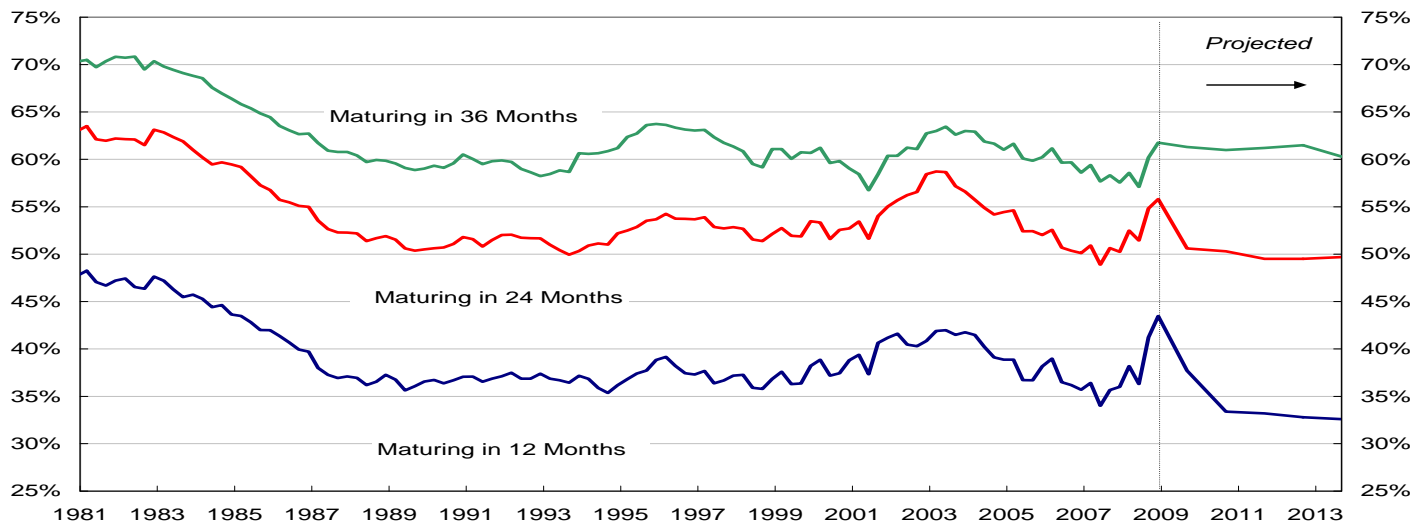
Distribution of Marketable Debt Outstanding by Security



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

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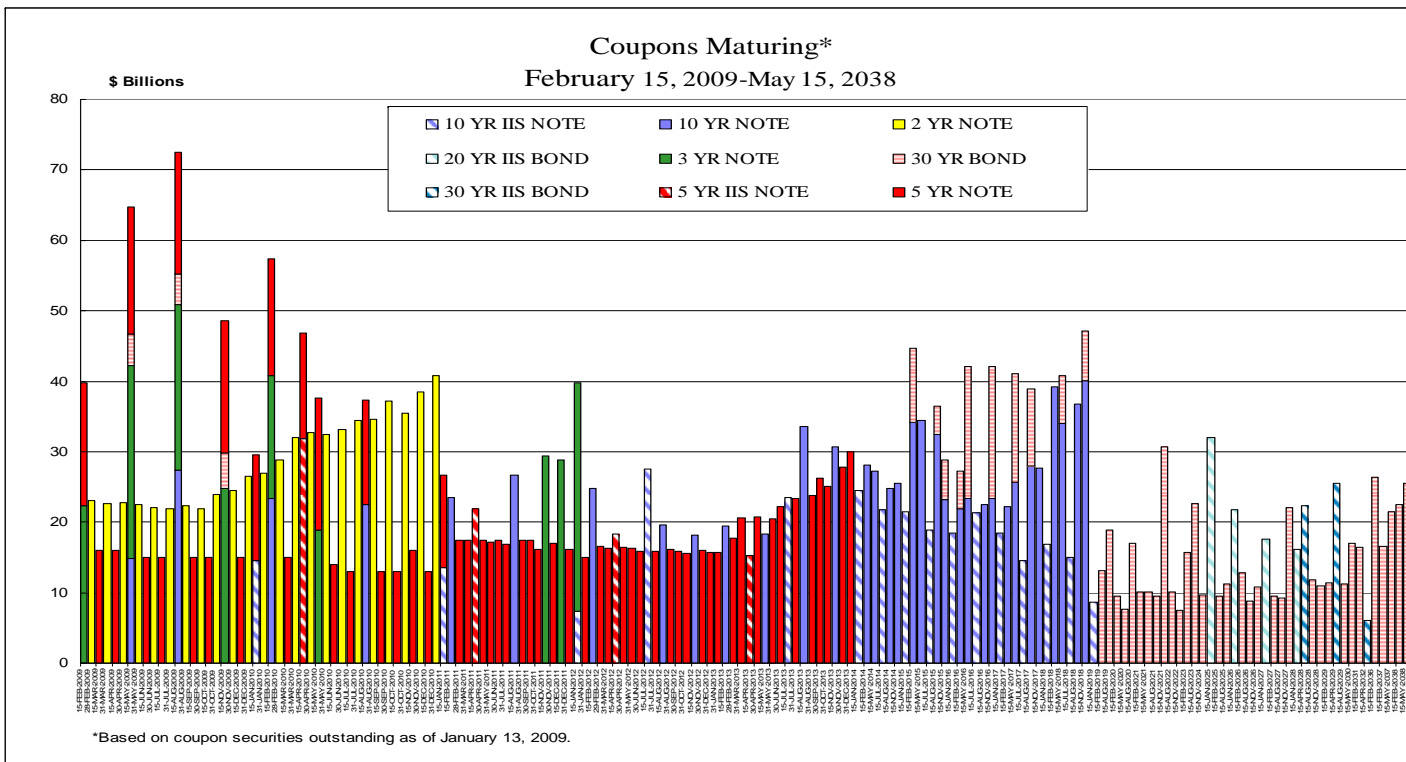
Percentage of Debt Maturing in Next 12 to 36 Months



Net financing projections for FY 2009-10 are based on internal estimates; projections for FY 2011-13 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 January 15, 2009 and assume the outstanding level of bills on December 31, 2008. All projections exclude CMB issuance and maturing amounts.

◆ Short-term debt as a percent of the overall portfolio continues to rise as a result of the introduction of the 52-week bill and monthly 3-year notes.

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



*Based on coupon securities outstanding as of January 13, 2009.



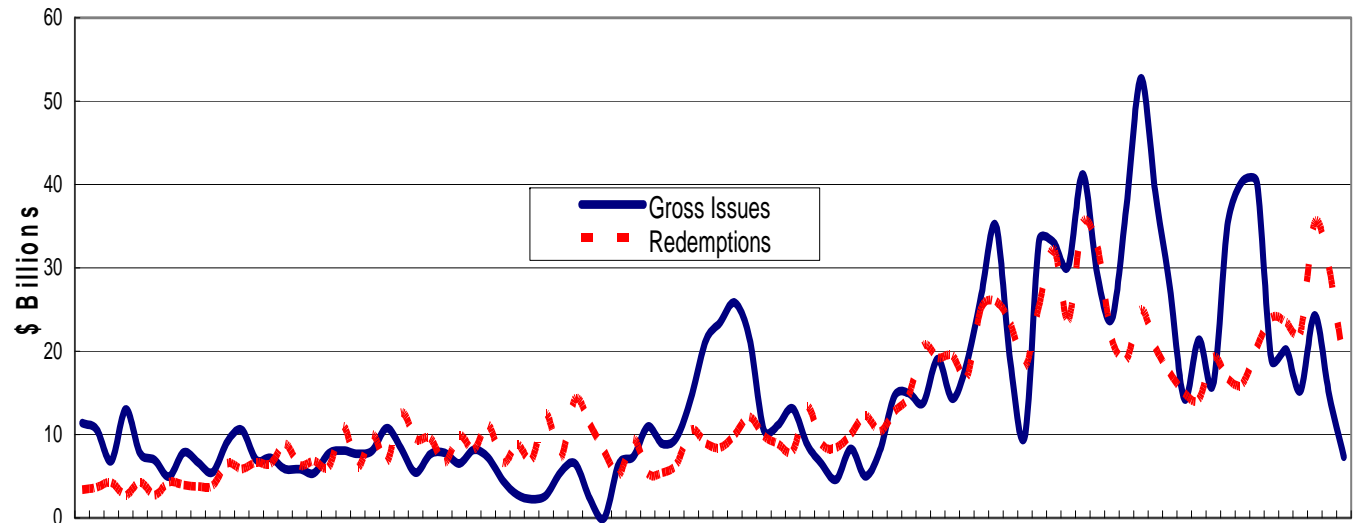
Uncertainty

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

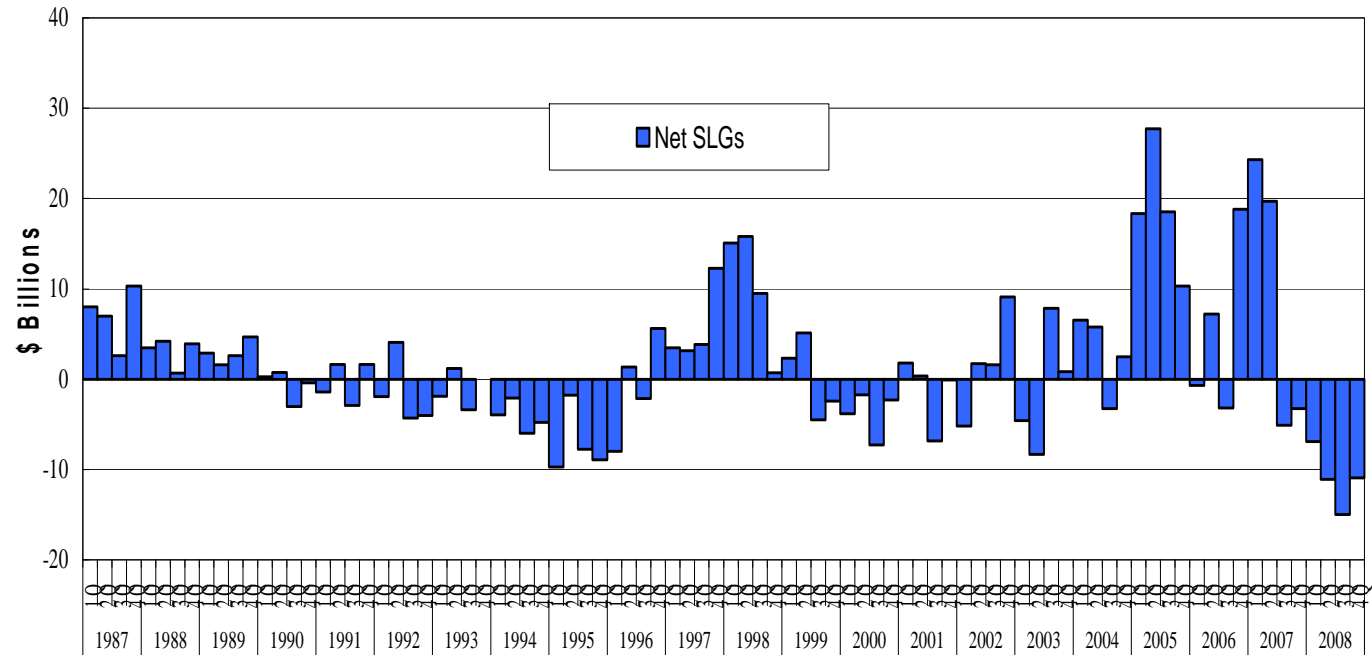


State and Local Governments (SLGS) Calendar year

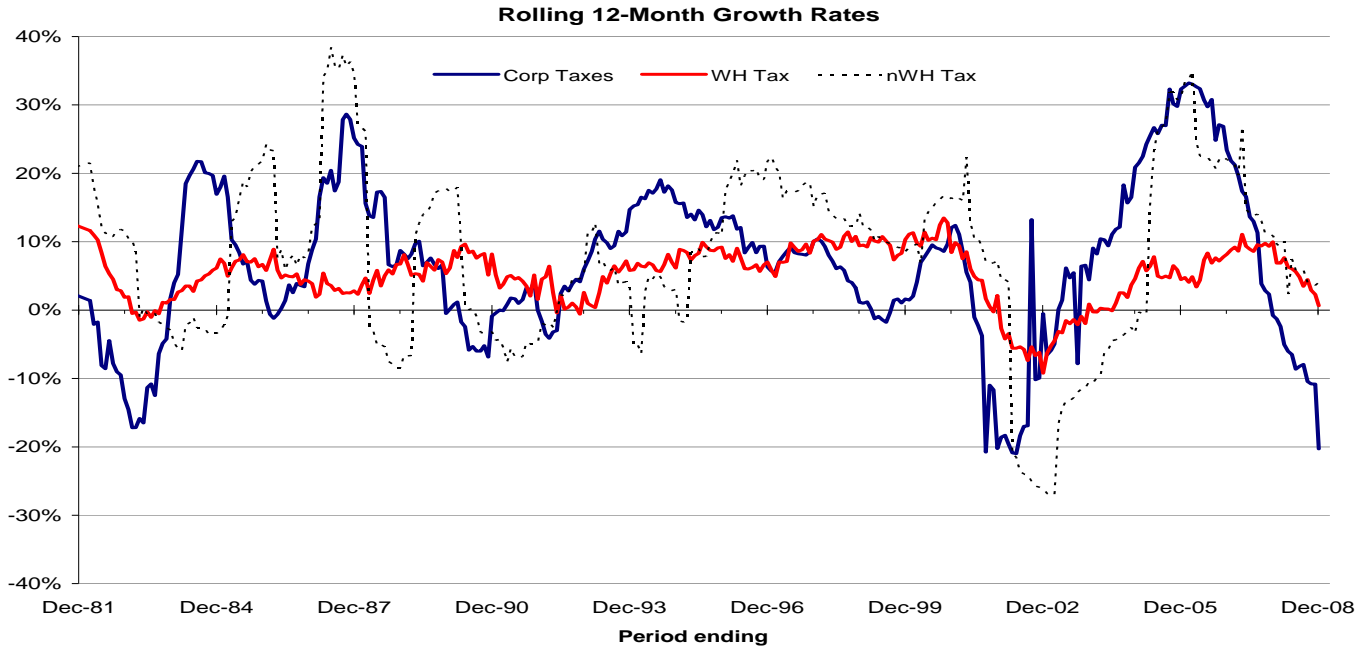
◆ State and Local Government Series (SLGS) issuance is at the lowest level since CY 2000.



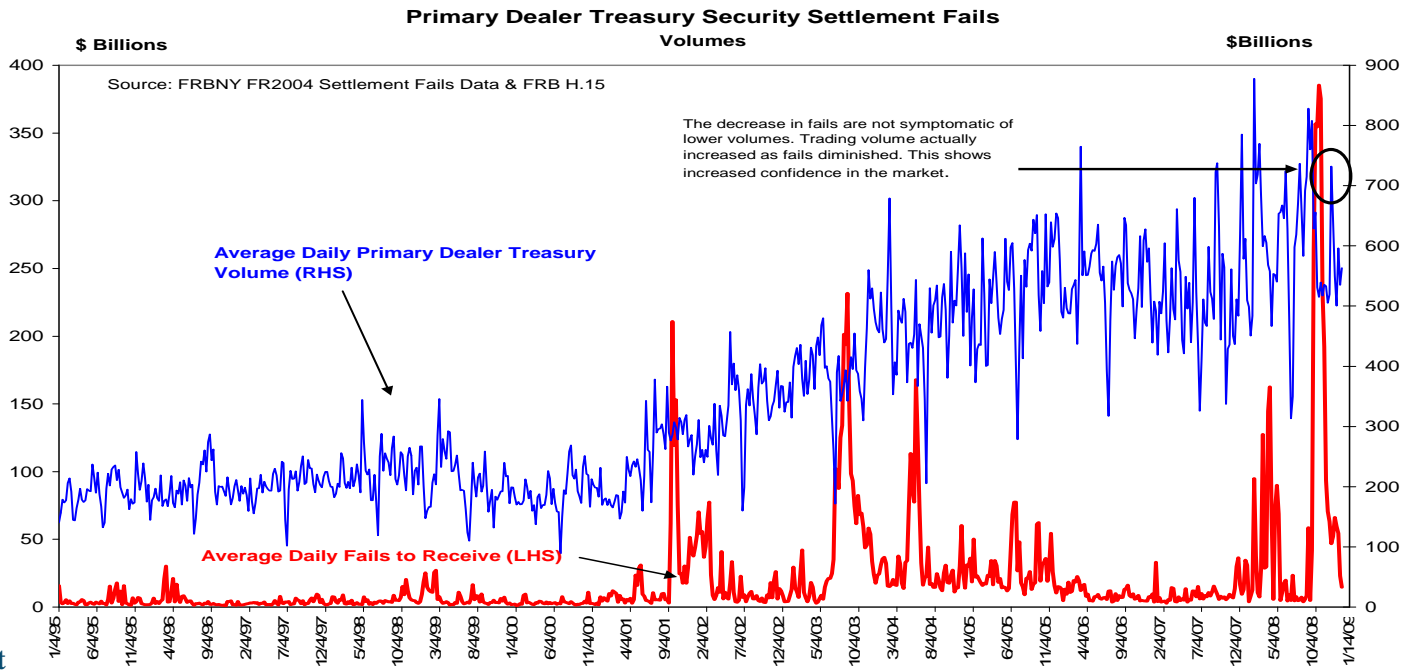
◆ SLGS net pay downs continue for the sixth consecutive quarter.



◆ The decline in corporate tax receipts has contributed to additional borrowing needs.



◆ The Treasury repo market, after experiencing dislocations, is gradually readjusting with volumes increasing and fails plateauing.



FY 09 Deficit Estimates

\$ billions

- ◆ Primary dealers currently estimate a FY 2009 deficit of over \$1.6 trillion.

	Primary Dealers*	CBO	OMB
Current:	1626	1186	482
Range based on average absolute forecast error**	1535-1717	1086-1286	391 - 573
Estimates as of:	January 09	January 09	July 08

* Primary Dealers reflect average estimate.

** Ranges based on errors from 2004-2008.

*** Based on Primary Dealer feedback on January 29, 2009.

- ◆ Fiscal deficit projections remain volatile given overall uncertainty.

Comparing Deficit Estimates for FY 2009 since February 2008

