Quarterly Refunding Charts

U.S. Department of the Treasury

Office of Debt Management

August 3, 2009

UNITED STATES DEPARTMENT OF THE TREASURY

Financing
Near Term Outlook

<u>Estimated marketable borrowing</u>

- **$406 billion July-September**
- **$486 billion October-December**
- **Increased stimulus related expenditures and declining receipts primarily related to withheld taxes drive borrowing costs in coming quarters.**

- Cash raised in FY 2009 year to date totals nearly $1.4 trillion.

Treasury Marketable Financing

($ billions)	Q1-Q3 FY 2009 October 1, 2008 - June 30, 2009				FY 2008 October 1, 2007 - September 30, 2008			
	Issued	Matured	Net SOMA Activity *	Net Cash Raised	Issued	Matured	Net SOMA Activity *	Net Cash Raised
Bills (includes SFP's)	$5,291.2	$4,774.6	$0.0	$516.6	$4,632.9	$4,101.2	($152.0)	$531.7
Nominal coupons	$1,325.8	$472.0	$0.0	$853.8	$814.6	$626.2	($5.5)	$188.5
TIPS	$44.2	$20.8	$0.0	$23.4	$61.9	$21.8	$3.5	$40.1
Total	**$6,661.3**	**$5,267.4**	$0.0	**$1,393.8**	**$5,509.5**	**$4,749.2**	($153.9)	**$760.4**

* **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.

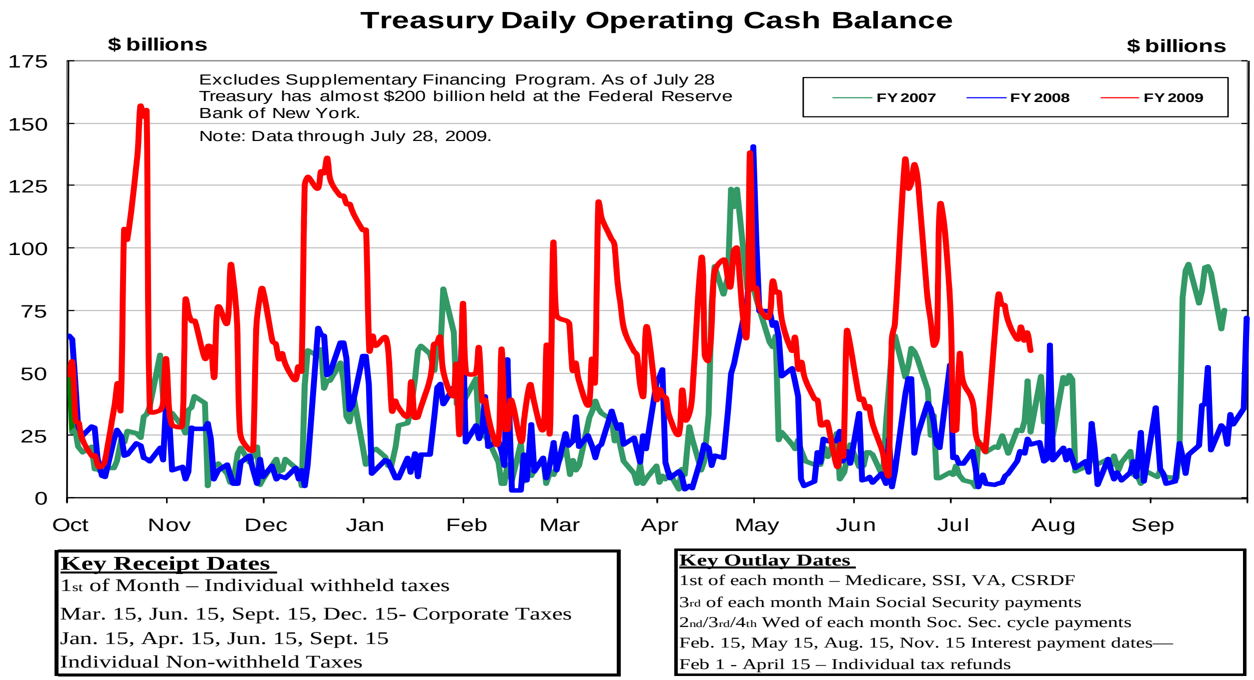
Marketable Treasury Coupon Flows

$ Billions

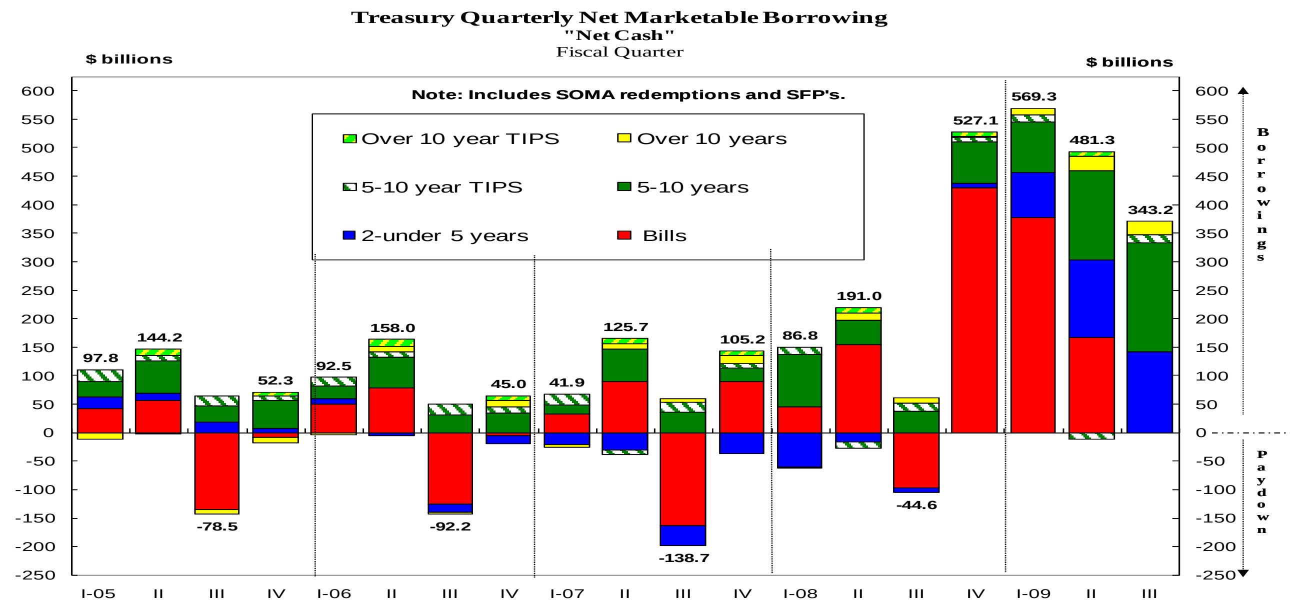
Date	Maturing Coupon Securities (Excluding SOMA holdings)	Coupon Payments	Total Outflows
August 15, 2009	61	27	88
August 31, 2009	19	4	23
September 15, 2009	15	1	16
September 30, 2009	20	4	24
October 15, 2009	14	3	17
October 31, 2009	21	4	25
November 15, 2009	38	21	59
November 30, 2009	21	4	25

- Large cash outflows on August 15 and November 15 are due to interest payments and maturing 3-, 5-, and 10-year notes as well as Treasury's last callable 30-year bonds.

- Volatility of cash balances continues to pose challenges.



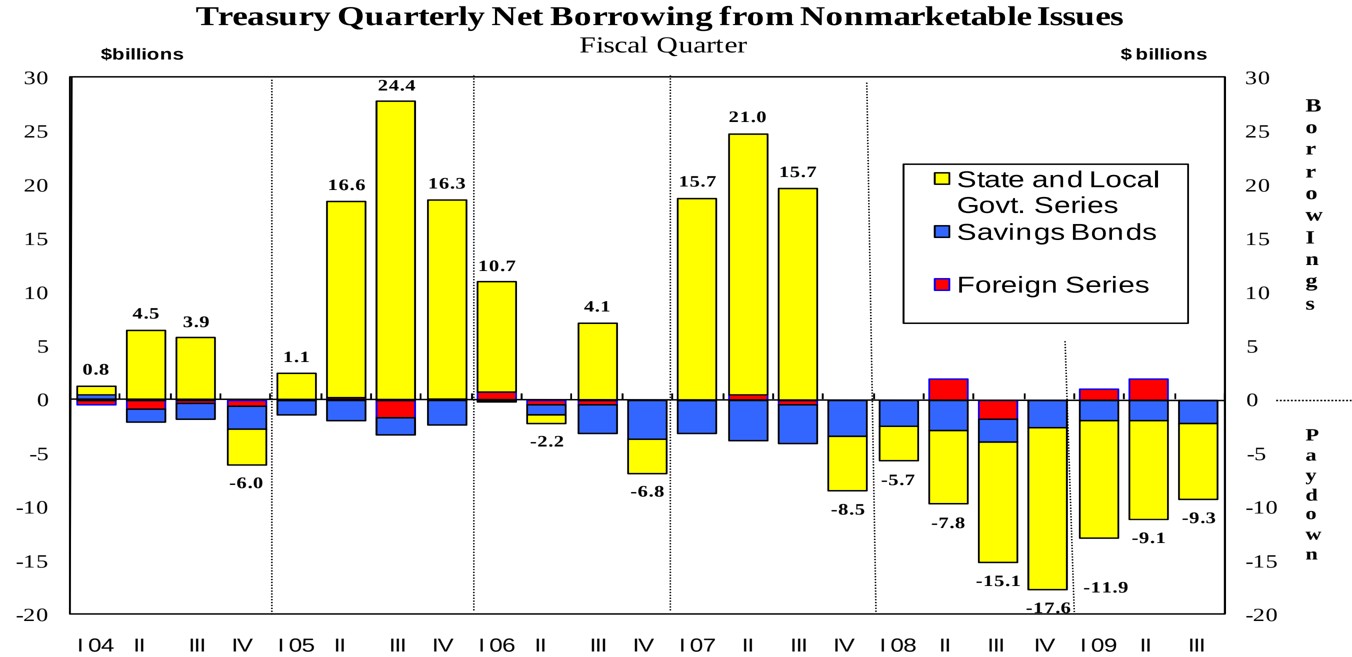
- Net marketable borrowing for Apr-June was a record for a third fiscal quarter and marks the first time that net cash was raised in this quarter since 2004.

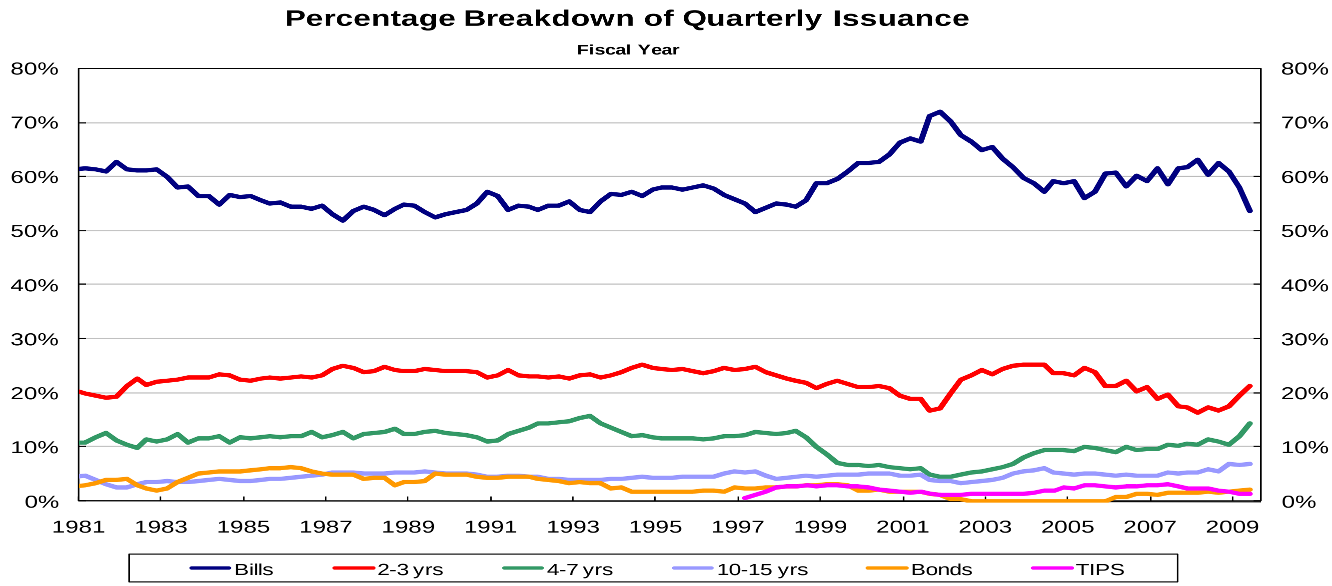


- For the eighth consecutive quarter, net nonmarketable issuance was negative, led by continued weakness in net issuance of State and Local Government Series Securities.

- Savings Bonds have experienced net outflows for twenty-two consecutive quarters.

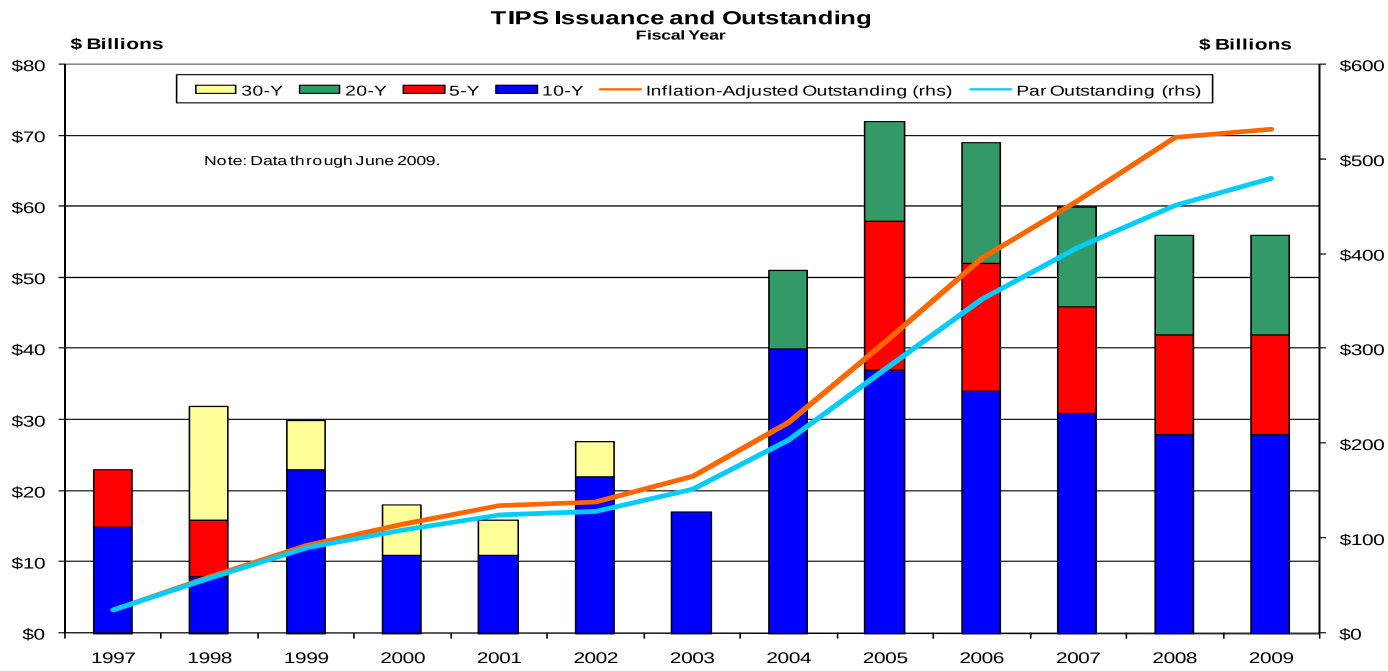
- Treasury continues to gradually transition from bill issuance to coupon issuance.



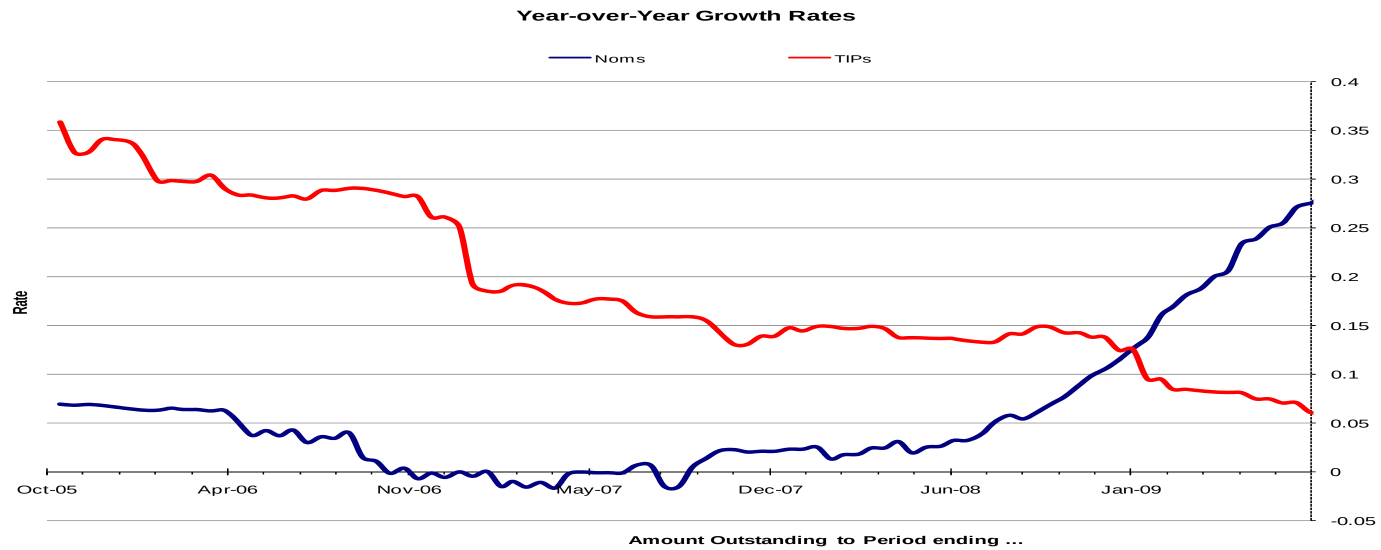


Note: Data are a 4-quarter rolling average through June 30, 2009. Excludes CMB's.

- The rate of growth in par outstanding TIPS has moderated.



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



Office of Debt Management

Debt Portfolio Considerations

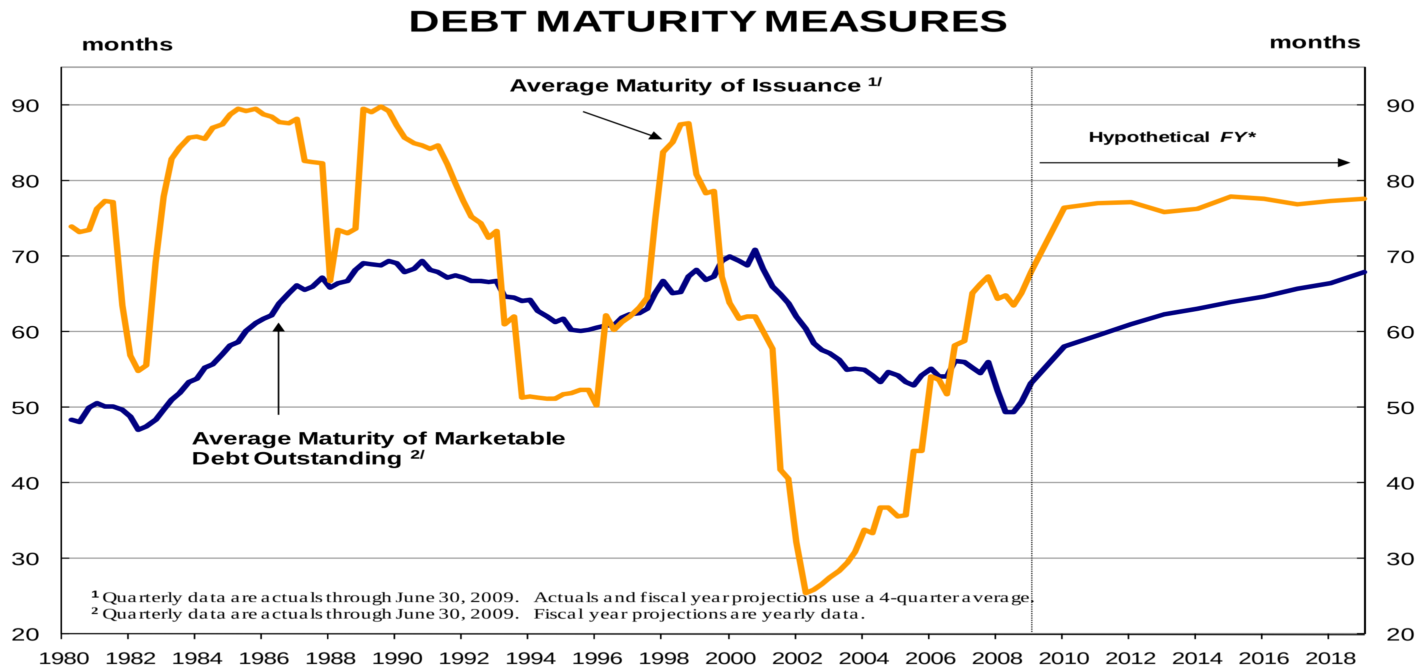
Assumptions used in the next 3 charts:

- Future residual financing needs are spread proportionally across auctioned securities and are derived from ***hypothetical*** initial coupon auction sizes, which are based on announced coupon amounts as of July 23, 2009 and assume the outstanding level of weekly bills on June 30, 2009.
- Projections exclude cash management bills.
- Assumes no change to future issuance patterns.

Using the above assumptions, over the next 10 years:

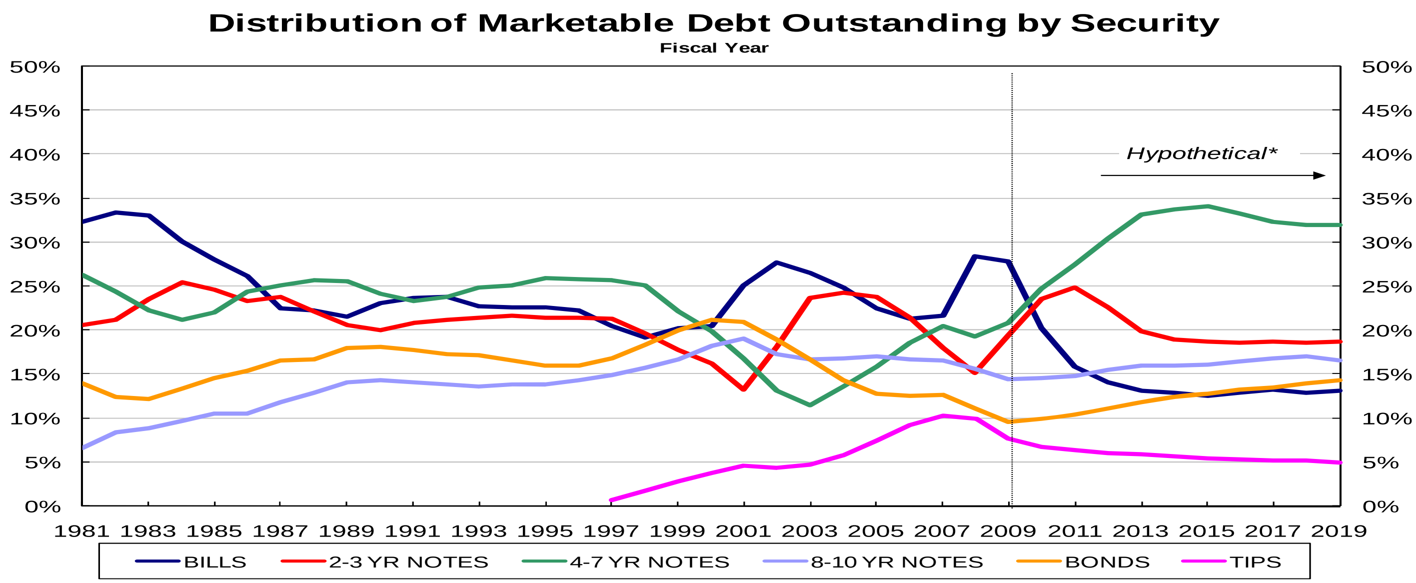
- Average maturity of total outstanding and average maturity of issuance settle to about 68 and 78 months, respectively.
- The percent of debt with 3 years or less to maturity declines to 53 percent.

- As expected, average maturity of marketable debt outstanding is projected to rise over the coming years.



*Net financing projections for FY 2009-2019 are based on OMB 2010 Budget estimates released May 2009. 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 July 23, 2009 and assume the outstanding level of bills on June 30, 2009. All projections exclude CMB issuance and maturing amounts.

- If future financing needs are spread proportionally, current pattern issuance would lead to steadily increasing coupon issuance greater than 5 years in tenor as a share of the portfolio.



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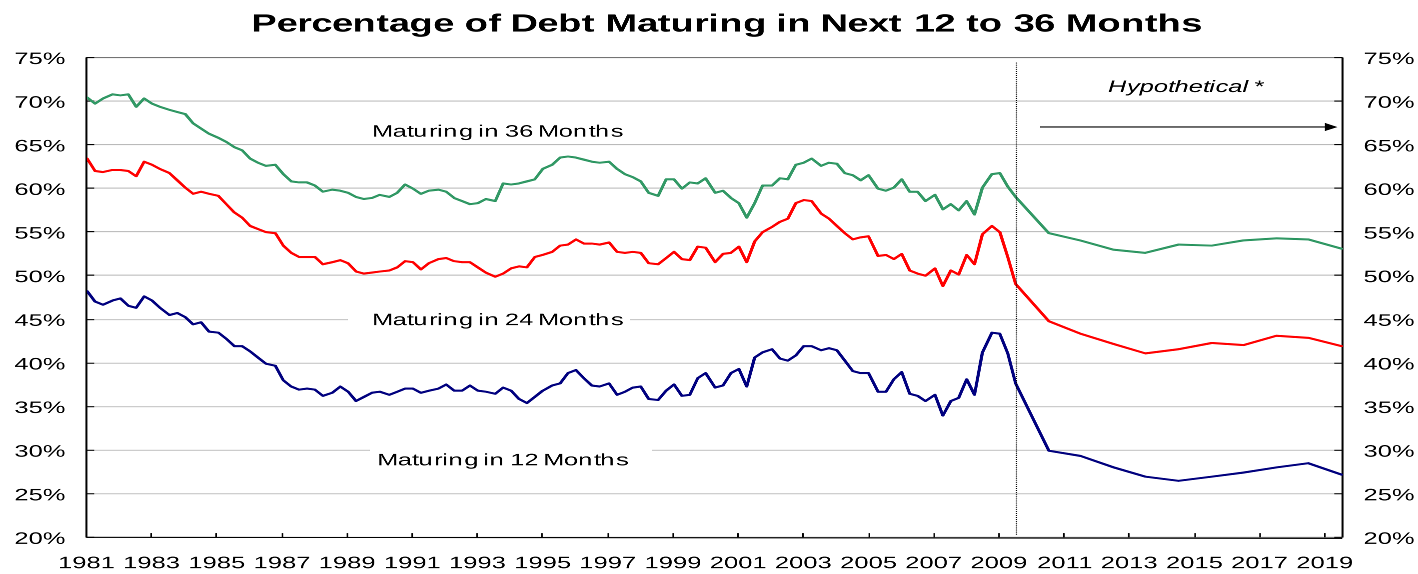
- If future financing needs are spread proportionally, the amount of debt rolling over within the next three years is projected to fall considerably.



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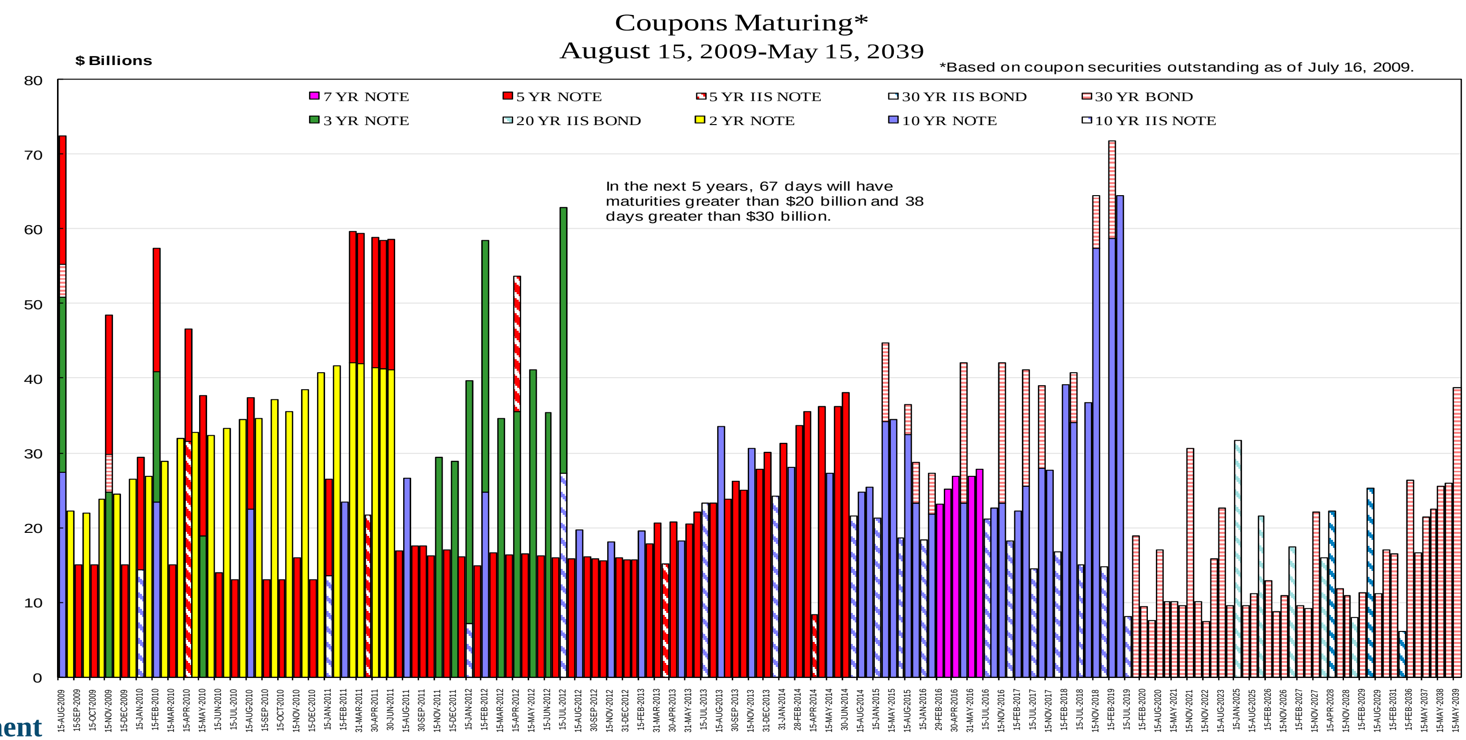
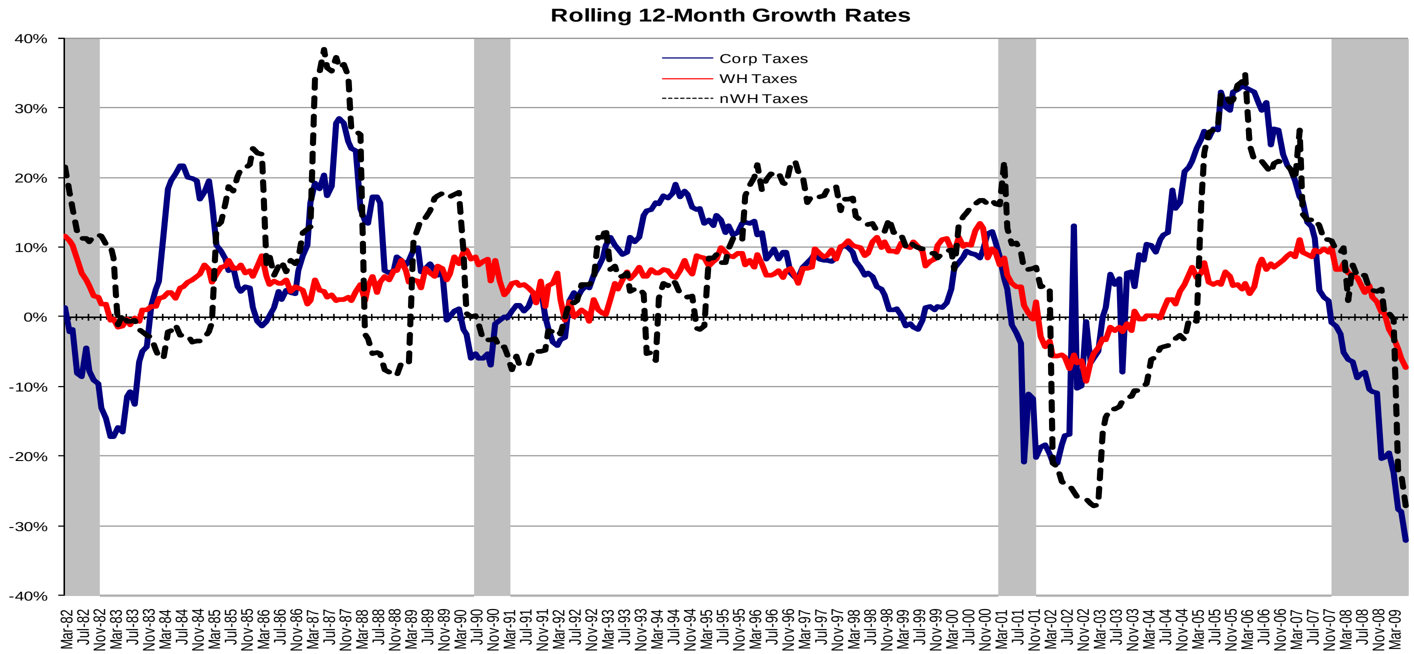
- Maturing 2-year, 3-year and 5-year notes lead to increased near- and medium-term financing needs.



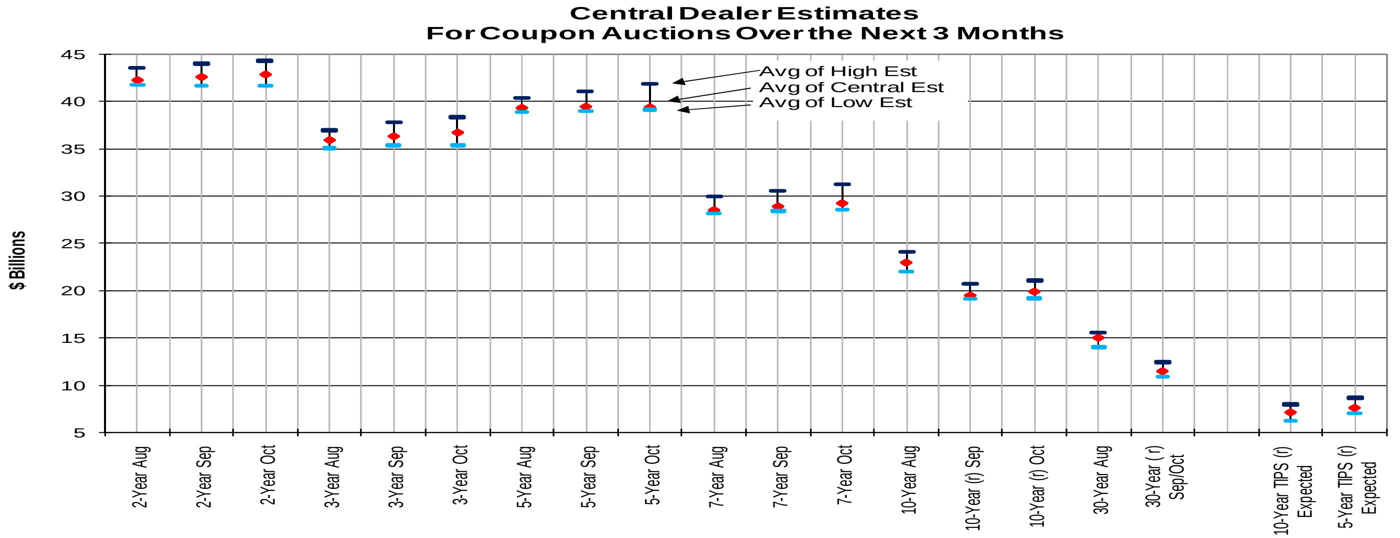
Additional Factors to Consider

- Increasing volatility in receipts, outlays related to fiscal stimulus and financial market stabilization programs, could lead to increased near term marketable financing needs.
- Corporate tax receipt declines may signal near term declines in other receipt categories.
- Treasury must maintain its flexibility to address potential borrowing scenarios given the range of borrowing estimates by primary dealers for FY 2010.

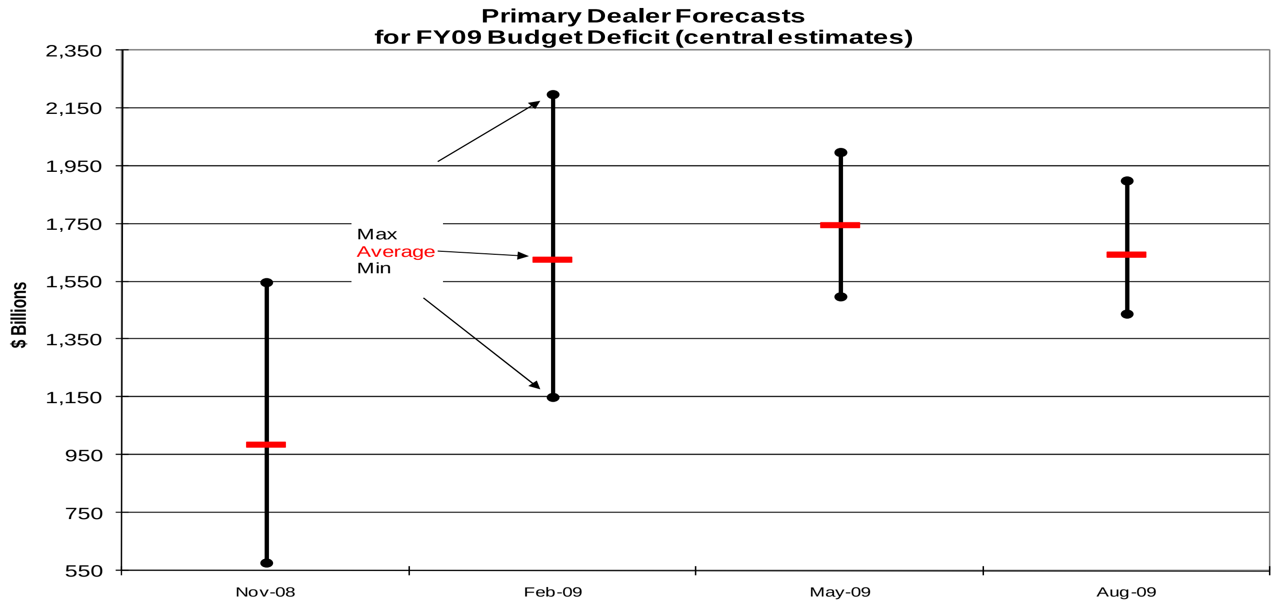
- Tax receipts continue to decline.



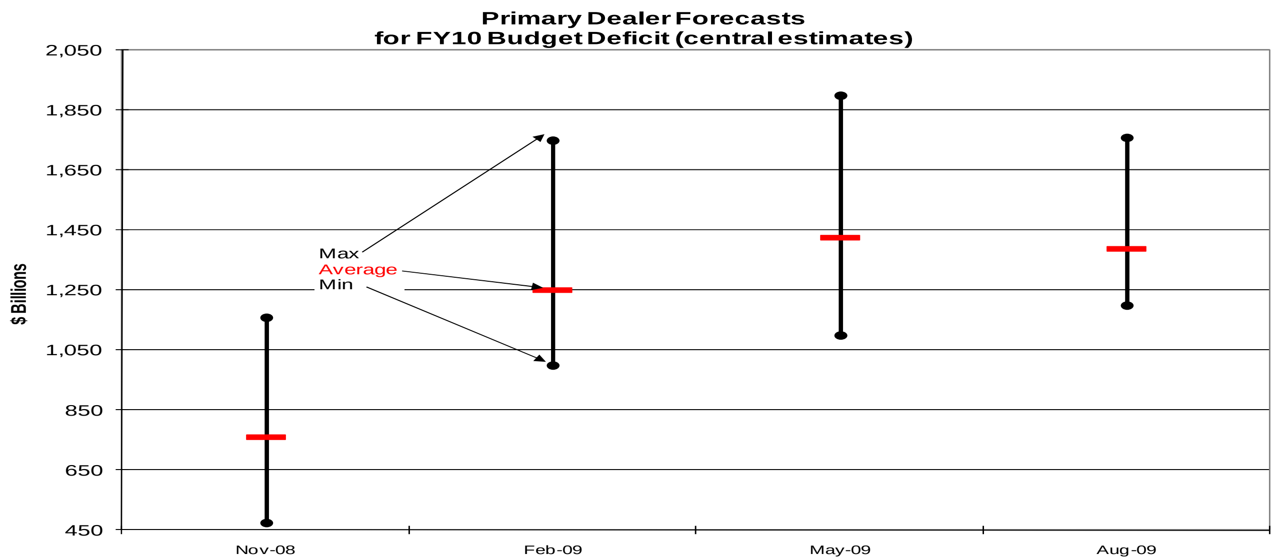
- Primary dealers estimate that increases in coupon sizes can address additional borrowing needs.



- FY 2009 budget deficit estimates by primary dealers have risen significantly since last year, but the range has narrowed.



- Primary dealer estimates for FY 2010 remain widely dispersed.



- Primary dealers currently estimate a FY 2009 deficit of over $1.6 trillion, slightly below recent government projections.
- Fiscal deficit projections remain elevated and volatile.

FY 09 Deficit Estimates

$ billions

	Primary Dealers*	CBO	OMB
Current:	1644	1825	1841
Range based on average absolute forecast error**	1605-1683	1772-1878	1768-1914
Estimates as of:	July 09	June 09	May 09
FY 2009 Marketable Borrowing Range***	1500-2050		
FY 2010 Marketable Borrowing Range***	1000-1600		

* Primary Dealers reflect average estimate. Based on Primary Dealer feedback on July 30, 2009.

** Ranges based on errors from 2004-2008.

*** Based on Primary Dealer feedback on July 30, 2009.

Comparing Deficit Estimates for FY 2009 since February 2008