Quarterly Refunding Charts

U.S. Department of the Treasury

Office of Debt Management

April 28, 2008

Financing
Near Term Outlook

- **FY 2008 Q3 and Q4 Outlook:**
  - **We estimate a pay down of $35 billion this quarter and net marketable borrowing of $112 billion next quarter.**
  - **The impact of the fiscal stimulus program, the redemption of nearly $120 billion in securities by the Federal Reserve, and the decline in state and local government debt issuance, will lead to increased marketable borrowing needs for the remainder of the year.**

- Treasury borrowing was considerably higher in FY Q2 and primarily financed through bill issuance.

- Normal mid-month and end of month outflows related to coupons will be compounded by weekly issuance of rebate checks related to the fiscal stimulus program.

Treasury Financing Requirements

$ Billions

	January - March 2008 (*Projected*)	January - March 2008 (**Actuals**)	April - June 2008 (*Projected*)
Deficit Funding (Def + / Surplus -)	***201***	**206**	***-48***
Means of Financing			
Change in Cash Balance	*32*	11	1
Net Non-Marketable Financing	*-9*	-8	*-14*
Other *	*22*	-42	-1
Net Marketable Financing	*156*	244	*-35*
Net Marketable Financing	***156***	**244 ****	**-35 ****
Bills		208	
Nominal Notes		26	
TIPS		-2	
Bonds		13	
Notes:			
Starting Cash Balance	*57*	57	*46*
Ending Cash Balance	*25*	46	*45*

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

**** Excludes System Open Market Account (SOMA) redemptions of $53.5 billion in the Jan.-Mar. quarter and $27.2 billion in redemptions as announced through April 25.**

For the current fiscal year (as announced through April 25) SOMA has redeemed $119.9 billion in marketable Treasury securities.

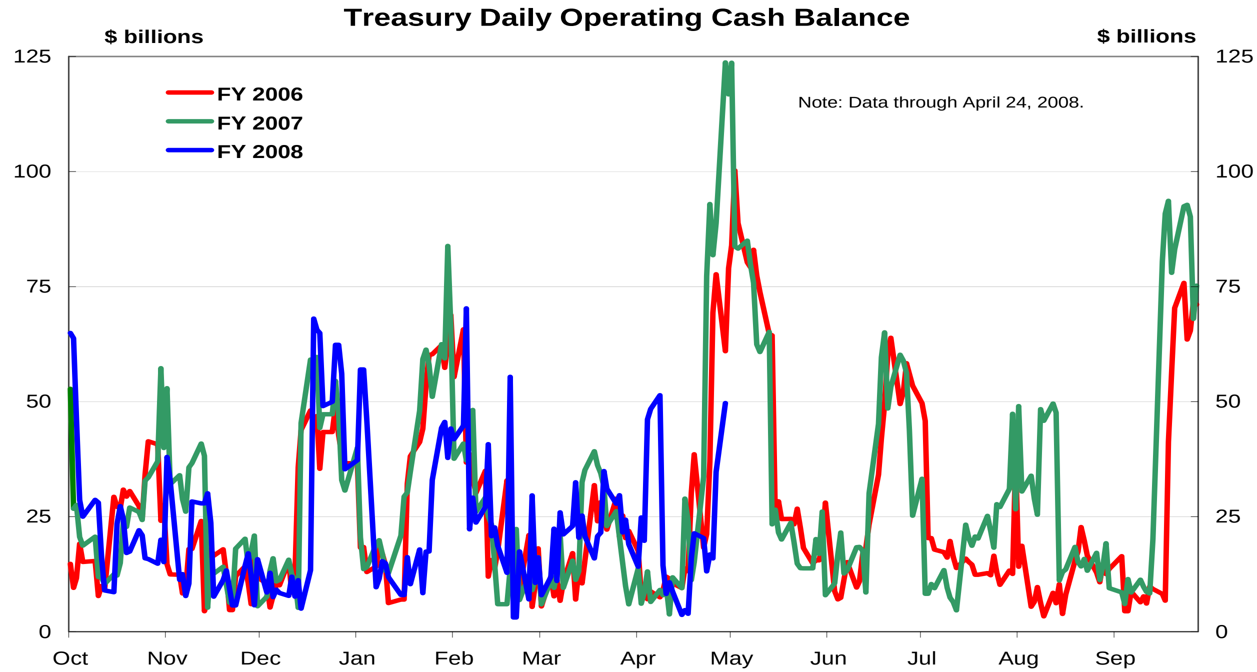
Note: Totals may not add due to rounding.

Marketable Treasury Coupon Flows

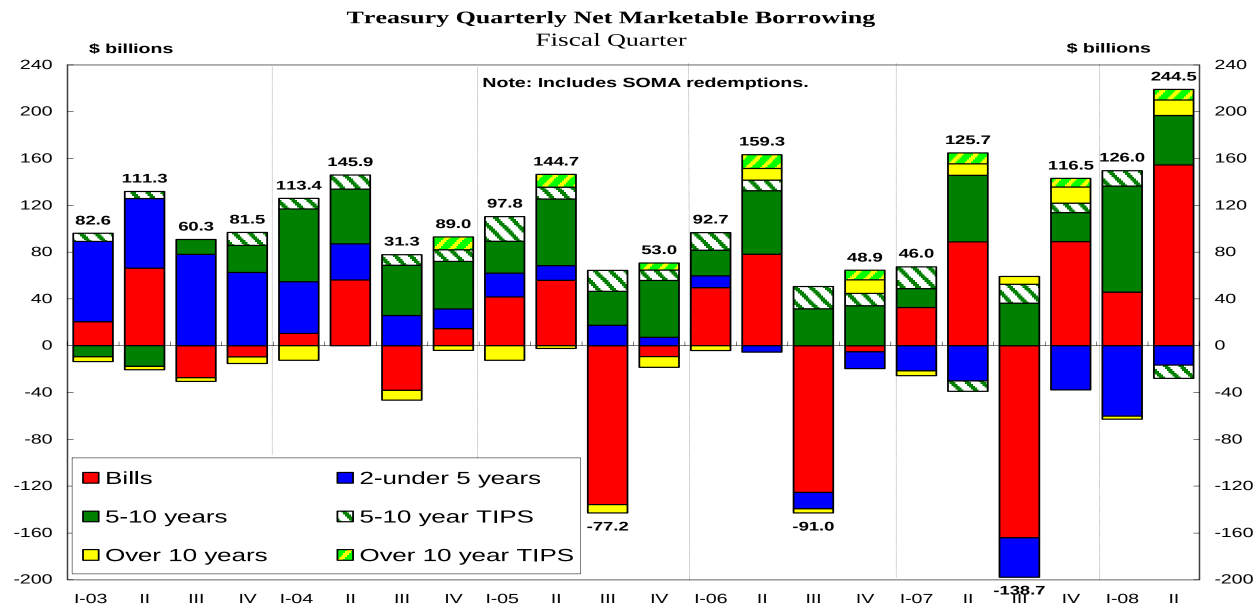
$ Billions

Date	Maturing Coupon Securities (Excluding SOMA holdings)	Coupon Payments	Total Outflows
May 15, 2008	74	21	95
May 31, 2008	22	4	26
June 15, 2008	0	1	1
June 30, 2008	21	4	25
July 15, 2008	0	9	9
July 31, 2008	20	3	23
August 15, 2008	43	26	69
August 31, 2008	22	4	26

- Cash balances continue to be volatile given unexpected redemptions, less predictable receipts, and timing issues related to tax refunds.
- The rebates associated with the fiscal stimulus program will add to this volatility.



- Total net marketable borrowing for Q2 FY 2008 was a record $244 billion with the greatest portion of net new cash raised from bills and medium-term nominal notes.



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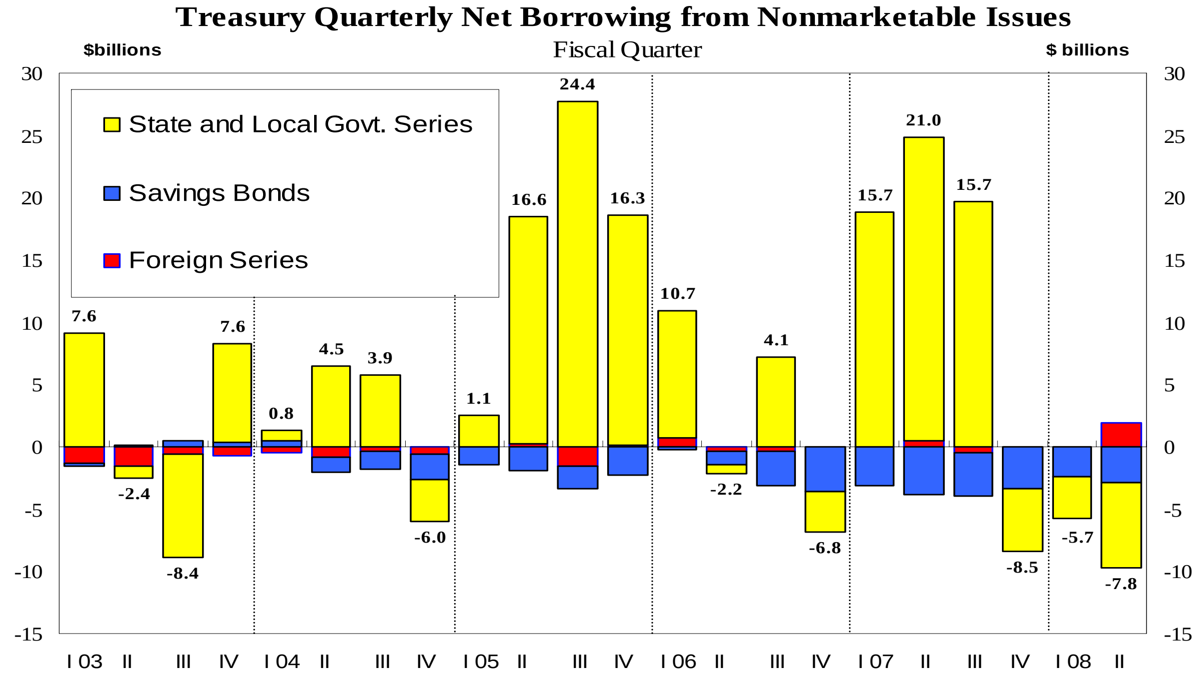
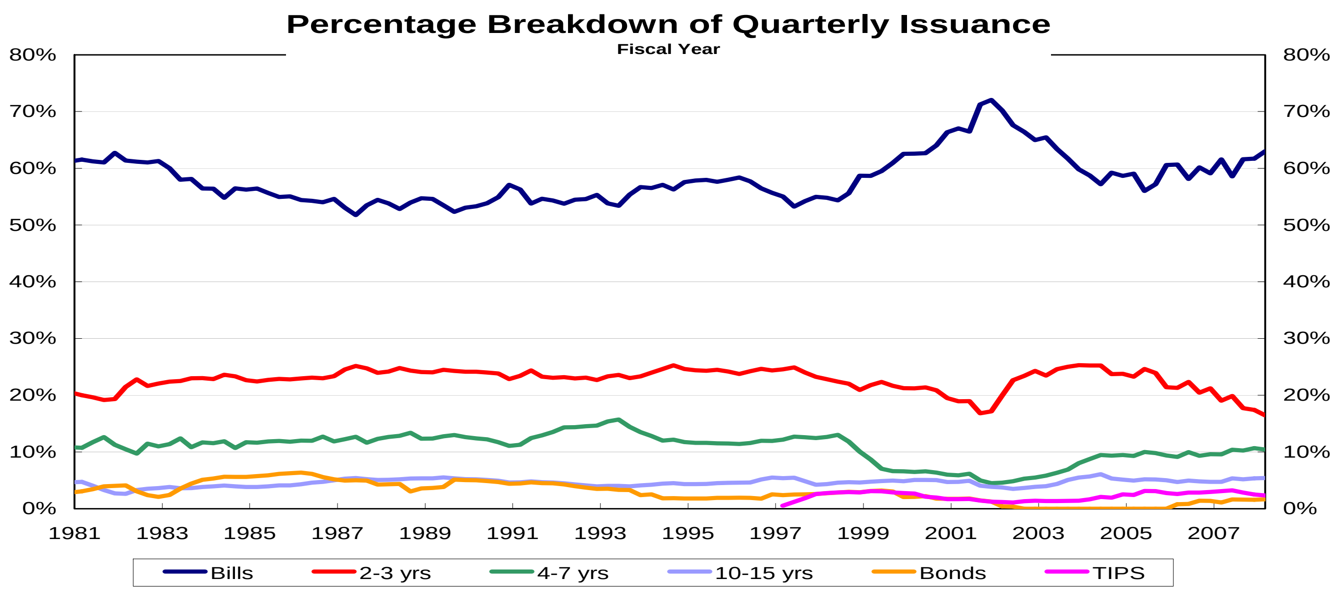
- Net non-marketable issuance continues to decline, particularly in the state and local government sector.
- In addition, this is the seventeenth consecutive month in which savings bonds have been a net drain on cash, totaling nearly $39 billion since November 2006.



- Bill issuance increased in FY Q2 2008, with a significant portion of this increase related to redemptions by the Federal Reserve.



Note: Data through March 31, 2008

Debt Portfolio Considerations

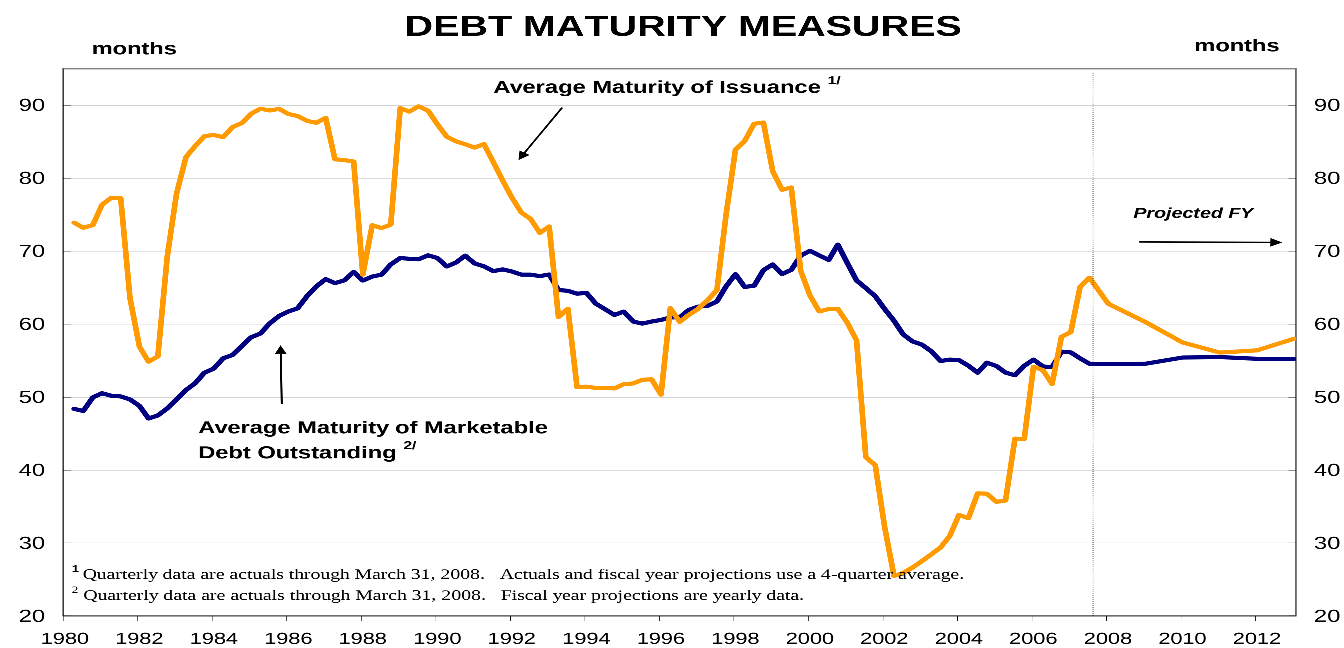
Assumptions used in the next 3 charts:

- Future residual financing needs are spread proportionally across auctioned securities and are derived from ***hypothetical*** initial coupon auction sizes.
- These sizes are based on the most recently announced amounts and assume the outstanding level of bills on March 31, 2008.
- OMB 2009 Budget deficit estimates used for FY2008-2013.

Using the above assumptions, over the next 6 years:

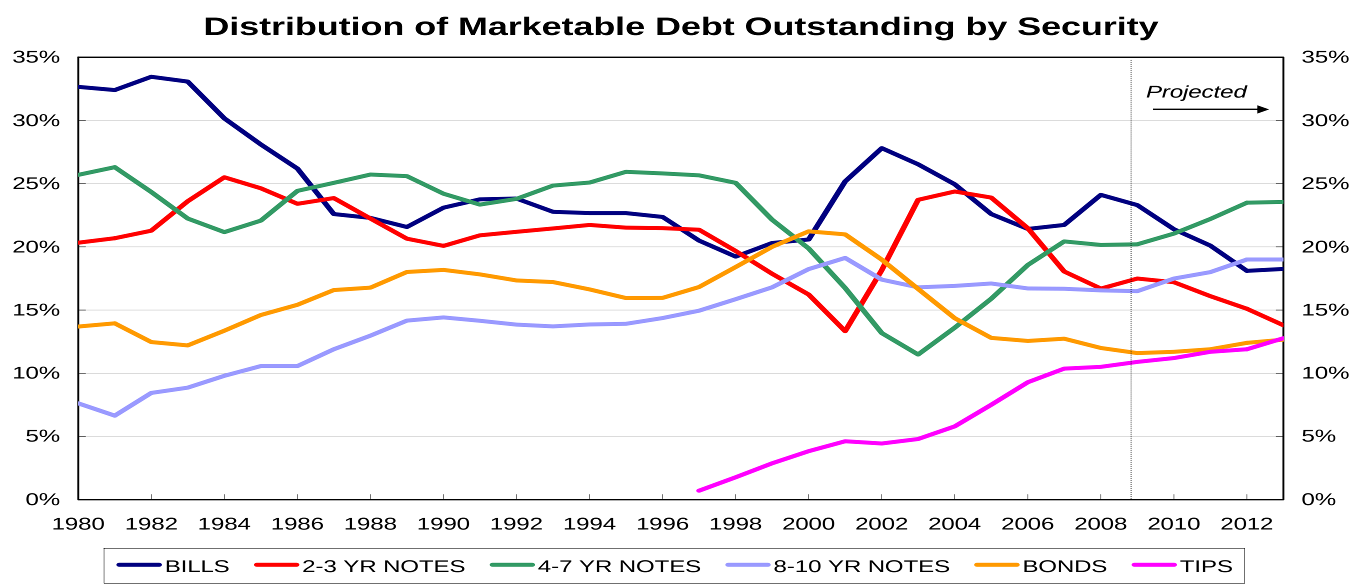
- Average maturity of total outstanding and average maturity of issuance settle to about 55 and 58 months, respectively.
- The percent of debt maturing with 3 years or less to maturity stabilizes at 56 percent.

- Under current assumptions, average maturity of issuance peaks in FY 2008 and then declines thereafter.



Net financing projections for FY 2008-2013 are based on OMB 2009 Budget estimates. Future residual financing needs are spread proportionally across auctioned securities and are derived from hypothetical initial coupon auction sizes. These sizes are based on the most recently announced amounts and assume the outstanding level of bills on March 31, 2008.

- 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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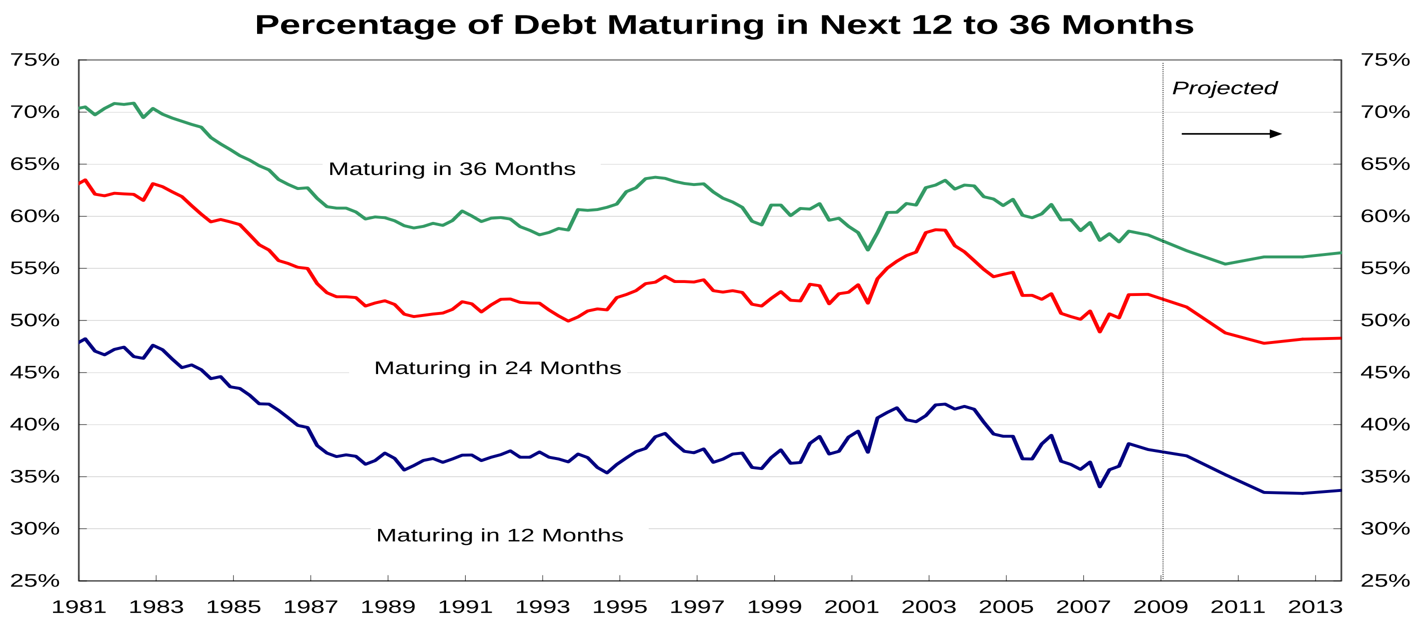
♦ Projected short-term debt rollover percentages will decline before stabilizing if future financing needs are spread proportionally.



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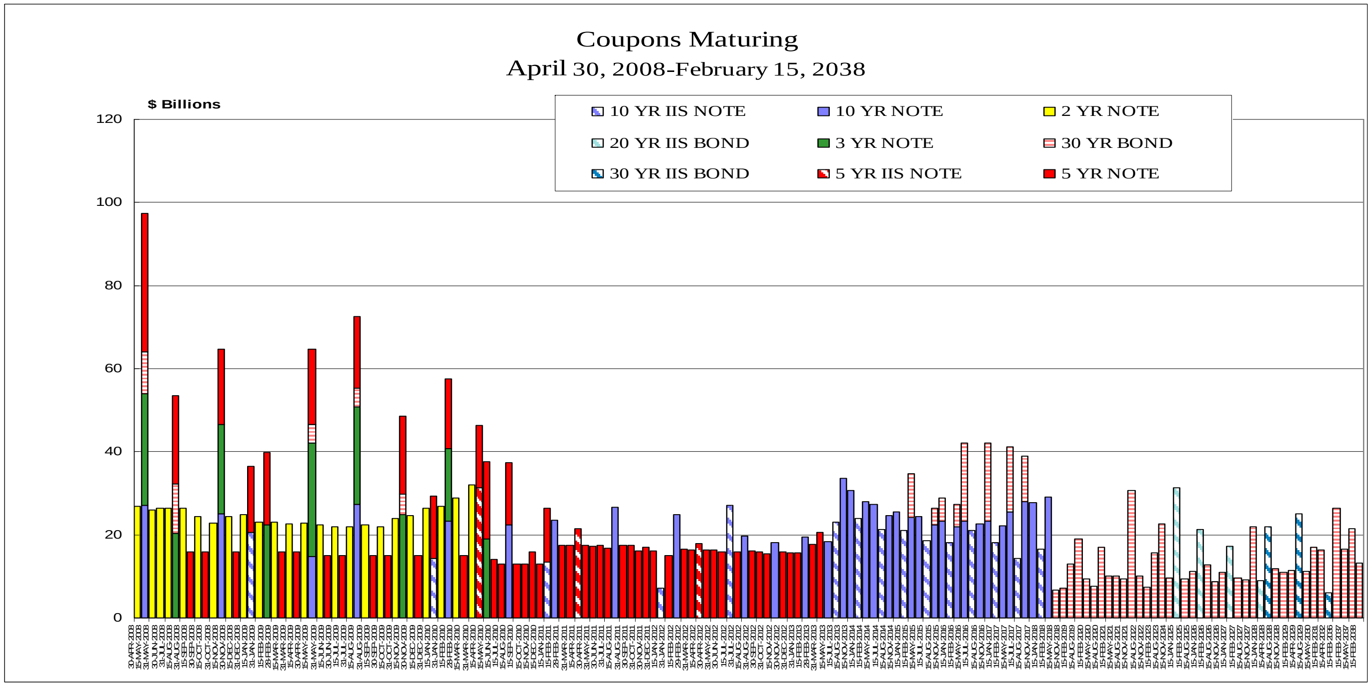
♦ Maturing 3-year note and 5-year note securities in the coming years lead to increased near- and medium-term financing needs.

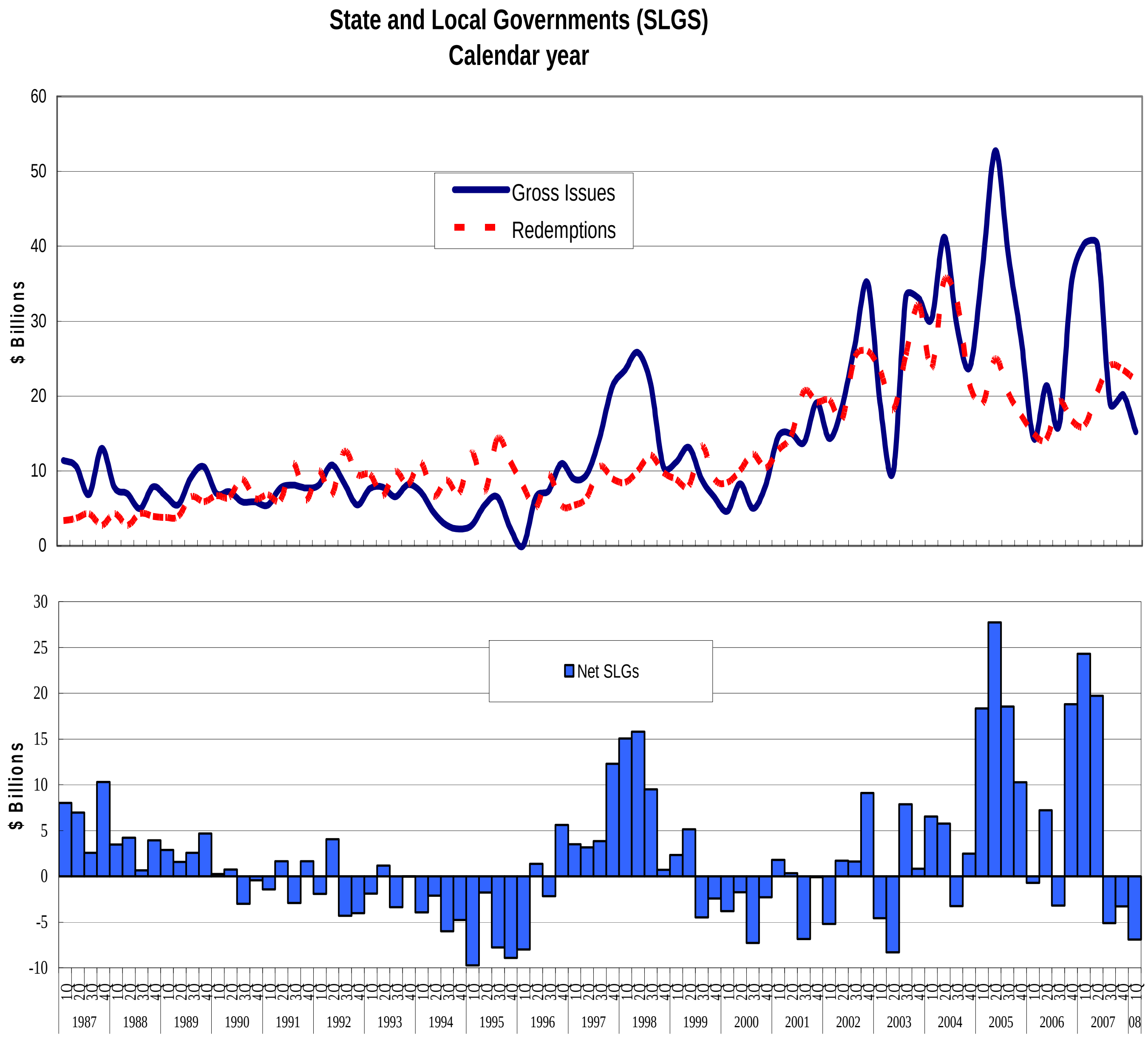


Uncertainty

- OMB FY 2009 Budget estimates, published in February 2008, indicated an increased borrowing need in FY 2008 and 2009, with an eventual return to surplus in FY 2012.

- Recent SOMA redemptions have increased borrowing requirements and uncertainty in near-term cash balances.

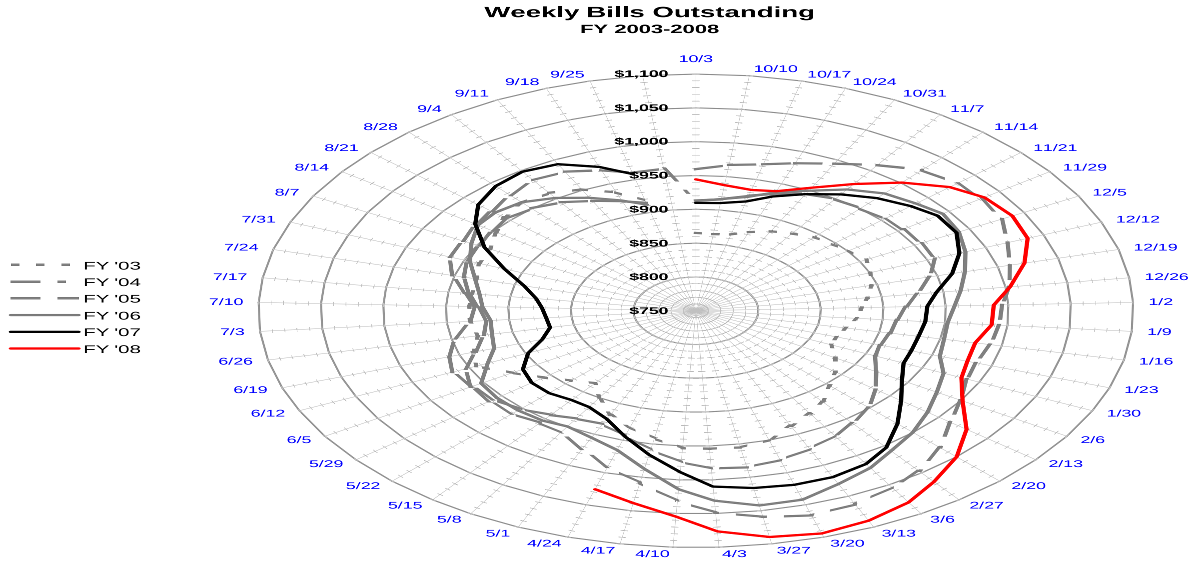
- Volatility in projected receipts and reduced non-marketable debt issuance could also lead to increased marketable financing needs.



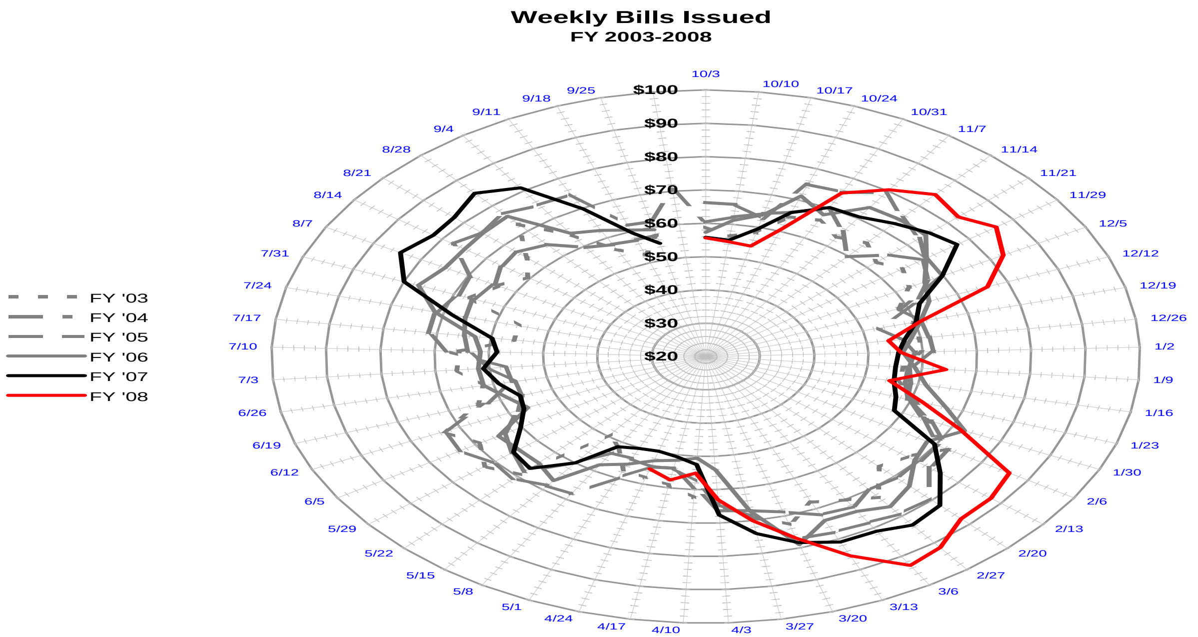
- State and Local Government Series (SLGS) debt issuance has been negative over the past three quarters.

- Net SLGS fiscal year to date in 2008 is -$10.2 billion, while in FY2007 total net SLGS issuance was +$57.7 billon, representing a significant reversal.

- Bills have been a major source of borrowing in FY 2008, rising to $1,026 billion versus $958 billion.
- Bills privately-held have risen from $691 billion to $955 billion, a net increase of $264 billion.



- Bill issuance increased sharply in the first and second quarter of the fiscal year.
- Most of the increase can be attributed to the nearly $200 billion in Federal Reserve (publicly-held) redemptions or outright sales.



- Primary dealers currently estimate a FY2008 deficit of $414 billion.

- The projection of fiscal deficits remains challenging given the uncertainty related to the pace of economic growth.

FY 08 Deficit Estimates

$ billions

	Primary Dealers*	CBO	OMB
Current:	414	396	410
Range based on average absolute forecast error	362-466	319-473	302-518
Estimates as of:	April 08	March 08	February 08

Note: Ranges based on errors from 2003-2007.

* Primary Dealers reflect average estimate.