

# Quarterly Refunding Charts

U.S. Department of the Treasury  
Office of Debt Management  
October 29, 2007



UNITED STATES  
DEPARTMENT OF  
THE TREASURY



# Financing

## Summary of FY 2007 and Near Term Outlook

- ◆ **FY 2007 deficit was \$163 billion versus \$248 billion for FY 2006**
- ◆ **Net marketable borrowing for FY 2007 was \$134 billion compared to \$203 billion in FY 2006**
- ◆ **FY 2007 net non-marketable borrowing was \$44 billion versus \$6 billion in FY 2006**
- ◆ **Net marketable borrowing for Q4 FY 2007 totaled \$105 billion**

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### **FY 2008 Q1 and Q2 Outlook: Estimated net marketable borrowing**

- **\$68 billion October-December**
- **\$133 billion January-March**



## Treasury Financing Requirements

\$ Billions

- ◆ Deficit funding was higher in FY Q4 with bills being the major component for borrowing.

	July - September 2007		Oct. - Dec. 2007
	(Projected)	(Actuals)	(Projected)
<b>Deficit Funding (Def + / Surplus -)</b>	<b>29</b>	<b>42</b>	<b>96</b>
<b>Means of Financing</b>			
Change in Cash Balance	-35	-50	30
Net Non-Marketable Financing	-4	-8	-2
Other*	-6	-5	-1
Net Marketable Financing	73	105	68
<b>Net Marketable Financing</b>	<b>73</b>	<b>105</b>	<b>68</b>
Bills		89	
Nominal Notes		-13	
TIPS		15	
Bonds		14	
<b>Notes:</b>			
Starting Cash Balance	25	25	75
Ending Cash Balance	60	75	45

\*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

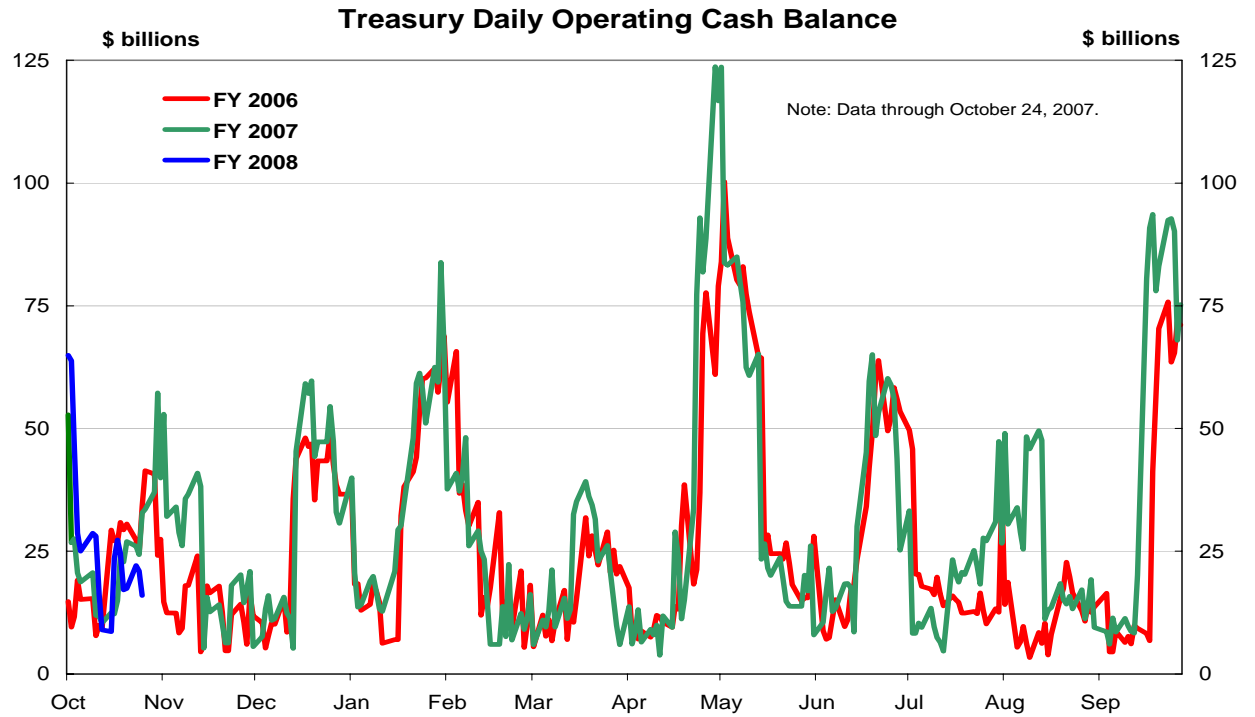
\$ Billions

- ◆ Outflows remain large on November 15, 2007 and February 15, 2008 as securities maturing begin to rise.

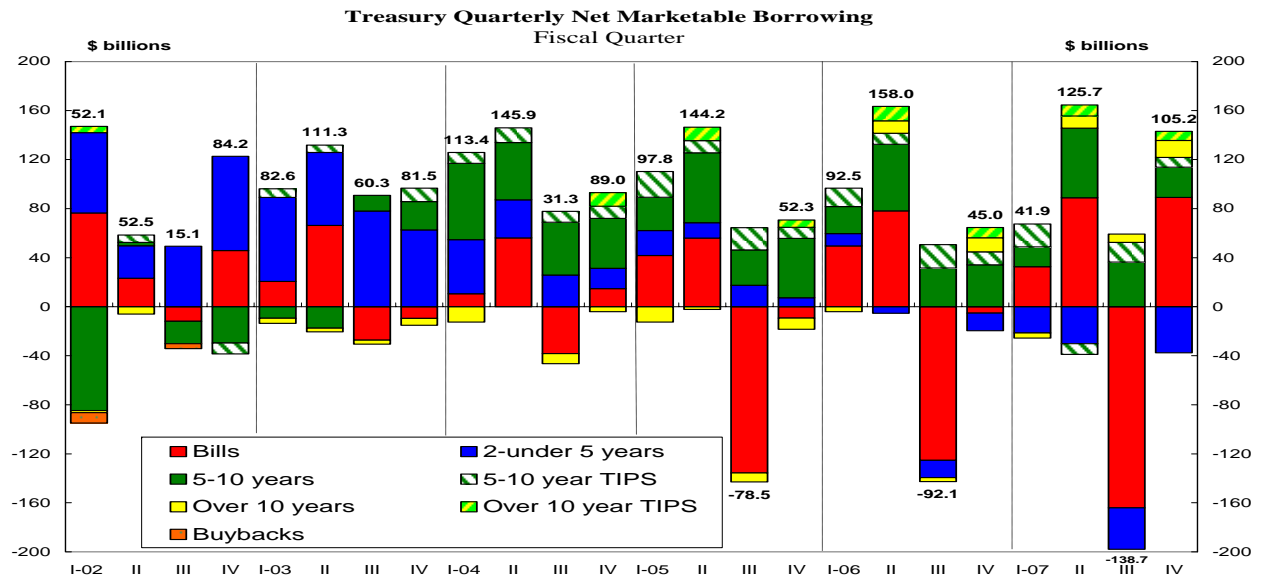
Date	Maturing Coupon Securities (Excluding SOMA holdings)	Coupon Payments	Total Outflows
November 15, 2007	52	21	73
November 30, 2007	19	3	23
December 15, 2007	0	1	1
December 31, 2007	20	4	23
January 15, 2008	19	10	29
January 31, 2008	22	3	25
February 15, 2008	54	26	81
February 29, 2008	22	4	26



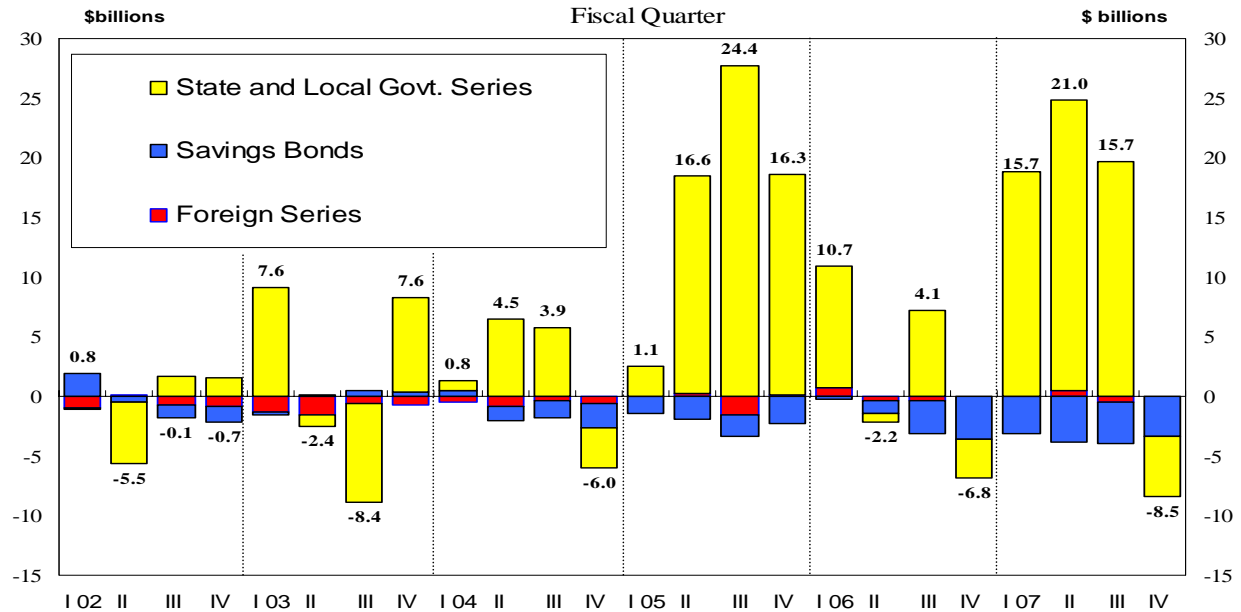
- ◆ Cash balance volatility generally followed the seasonal patterns of prior years.



- ◆ Total net marketable borrowing for FY 2007 was \$134 billion, the lowest amount since FY 2001 surplus.
- ◆ Total net marketable borrowing for Q4 FY 2007 was \$105 billion.

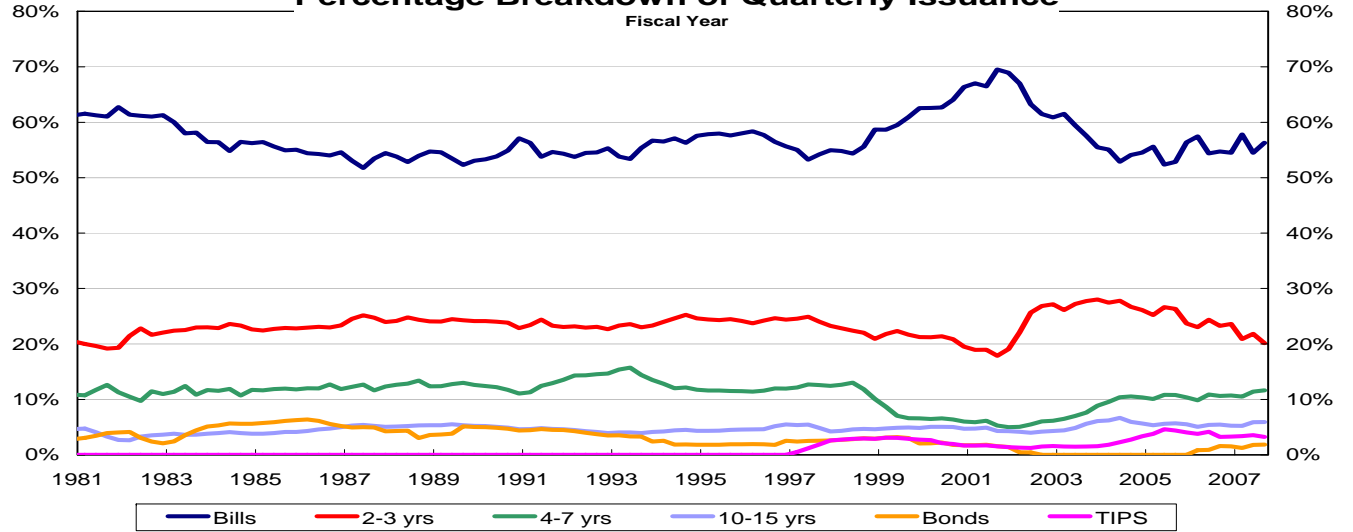


### Treasury Quarterly Net Borrowing from Nonmarketable Issues



- ◆ Q4 net nonmarketable issuance had the largest decline since April-June 2003.
- ◆ There was a record pay down in Savings Bonds of nearly \$14 billion in FY 2007, surpassing the previous pay down record of \$10 billion in FY 2000.

### Percentage Breakdown of Quarterly Issuance



Note: Data through September 30, 2007

- ◆ Bill issuance increased in Q4 2007.



# Debt Portfolio

## **Assumptions used in the next 4 charts:**

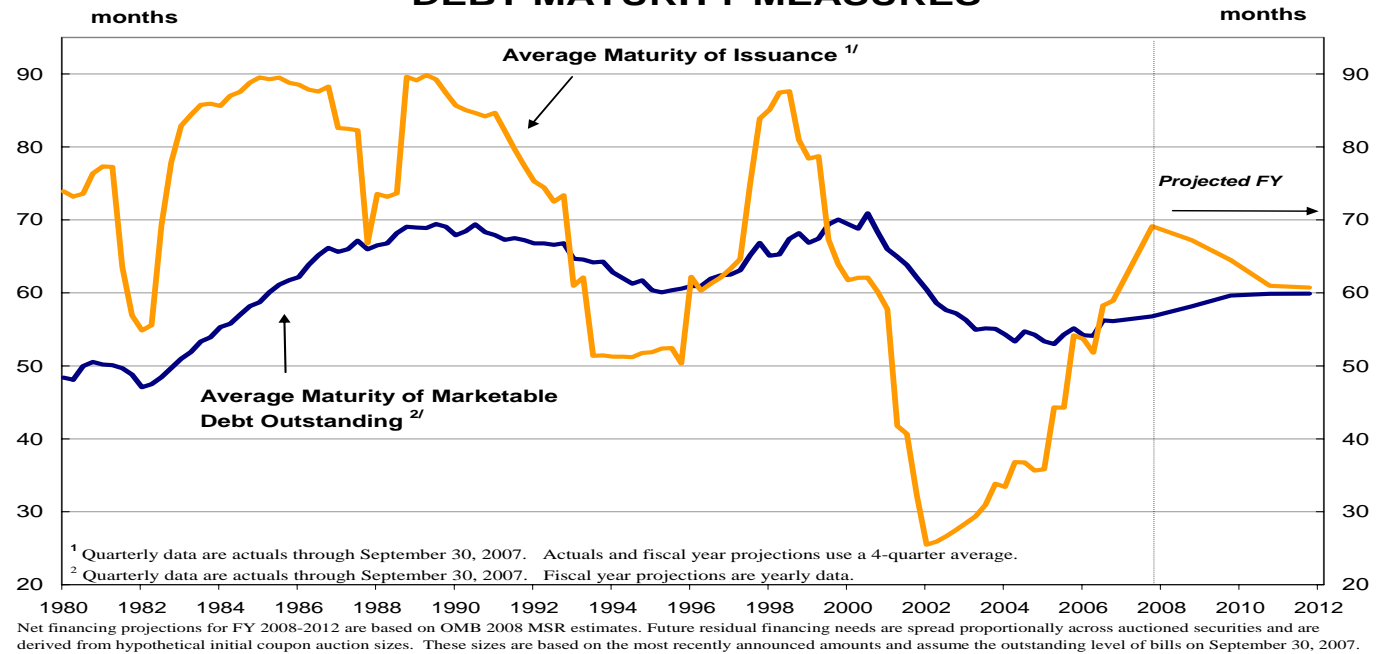
- ◆ Future residual financing needs are spread proportionally across auctioned securities and are derived from ***hypothetical*** initial coupon auction sizes. These sizes are based on the most recently announced amounts and assume the outstanding level of bills on September 30, 2007.
- ◆ OMB 2008 MSR Budget deficit estimates used for FY2008-2012.

## **Using the above assumptions, over the next 5 years:**

- ◆ Average maturity of total outstanding and average maturity of issuance settle to about 60 months
- ◆ The percent of debt maturing with 3 years or less to maturity stabilizes at 53 percent

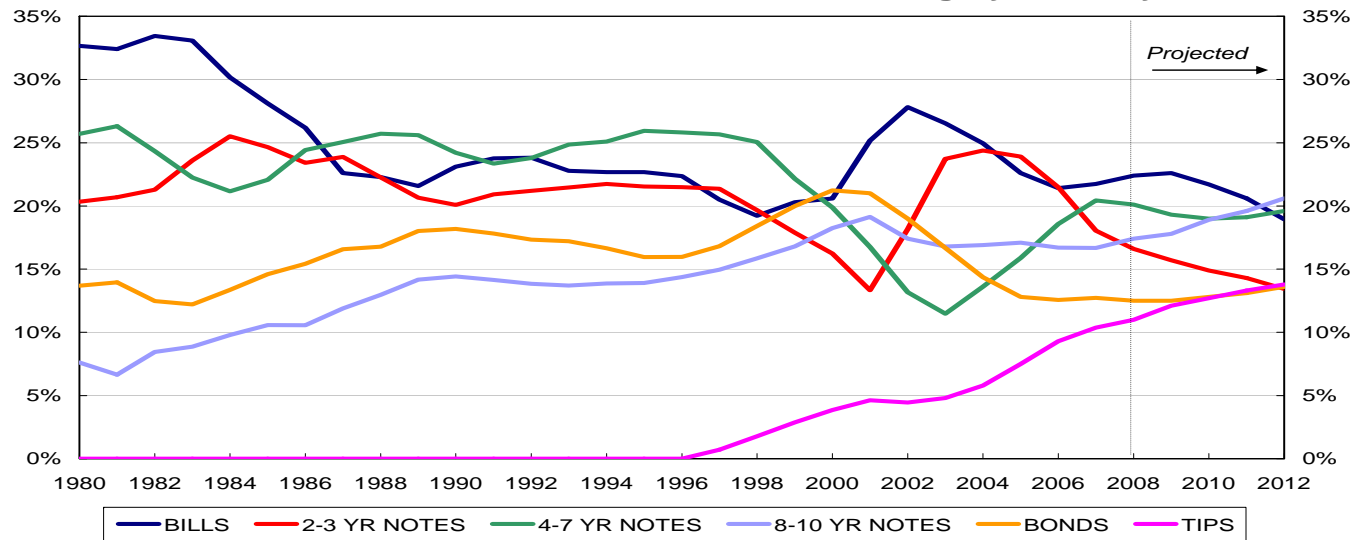


## DEBT MATURITY MEASURES



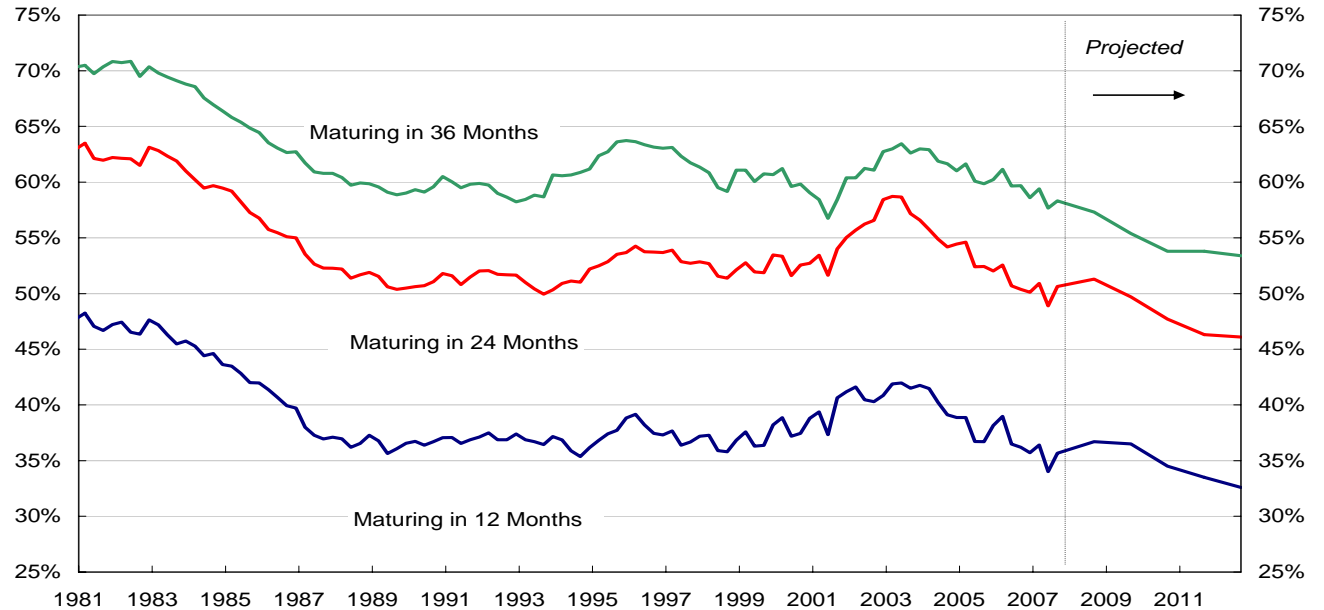
- ◆ Based on current assumptions, average maturity of issuance peaks in FY 2008.

## Distribution of Marketable Debt Outstanding by Security



- ◆ If future financing needs are spread proportionally, current issuance patterns would lead to an increased share of longer-term debt.

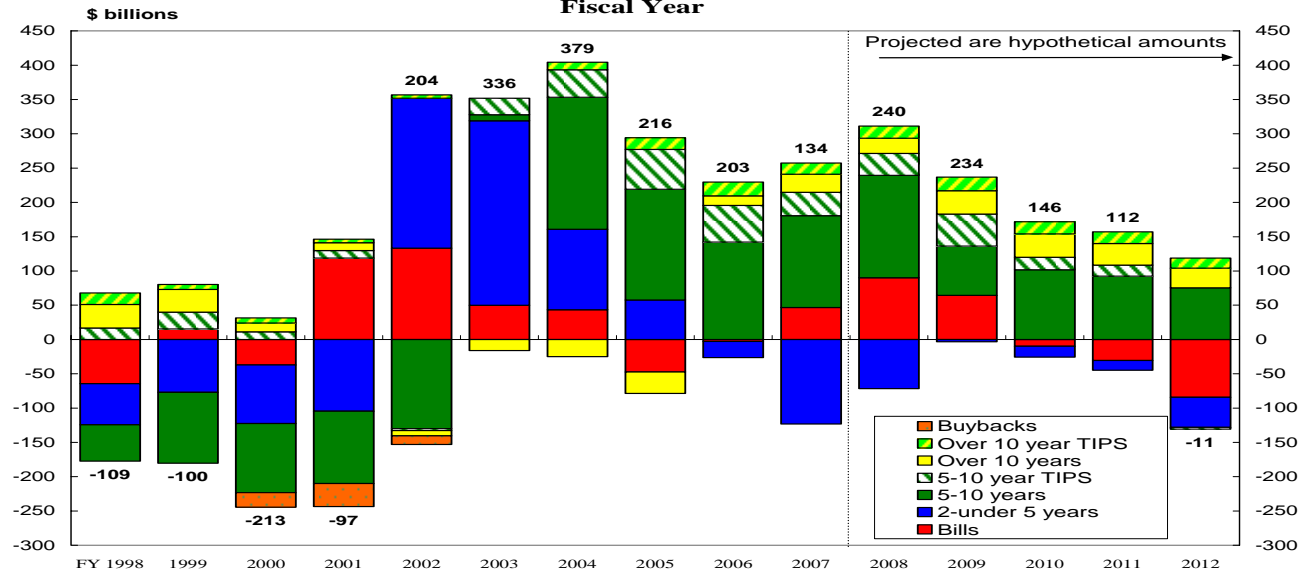
### Percentage of Debt Maturing in Next 12 to 36 Months



◆ If future financing needs are spread proportionally, projected short-term debt rollover percentages will continue to decline.

Net financing projections for FY 2008-2012 are based on OMB 2008 MSR 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 September 30, 2007.

### Treasury Annual Net Marketable Borrowing Fiscal Year



◆ Based on OMB MSR fiscal assumptions, net marketable borrowing will rise in FY 2008, but declines steadily thereafter.

Net financing projections for FY 2008-2012 are based on OMB 2008 MSR 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 September 30, 2007.



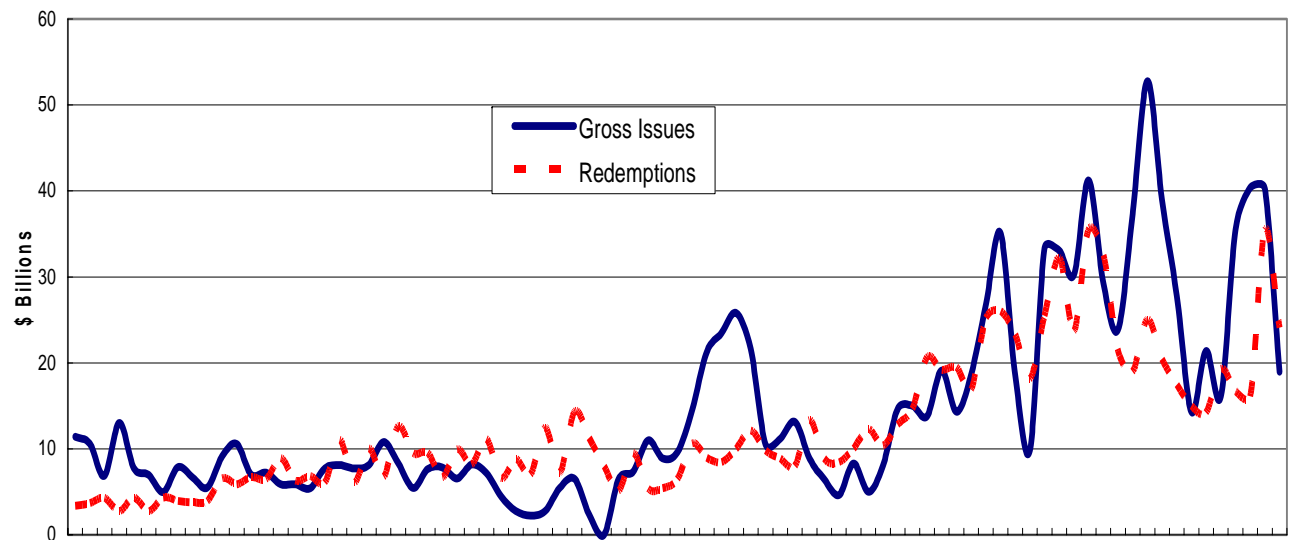
# Uncertainty

- ◆ OMB MSR estimates indicate an increased borrowing need in FY 2008, with an eventual return to surplus in FY 2012
- ◆ Volatility in projected receipts, economic uncertainty, and reduced non-marketable debt issuance could lead to increasing financing needs

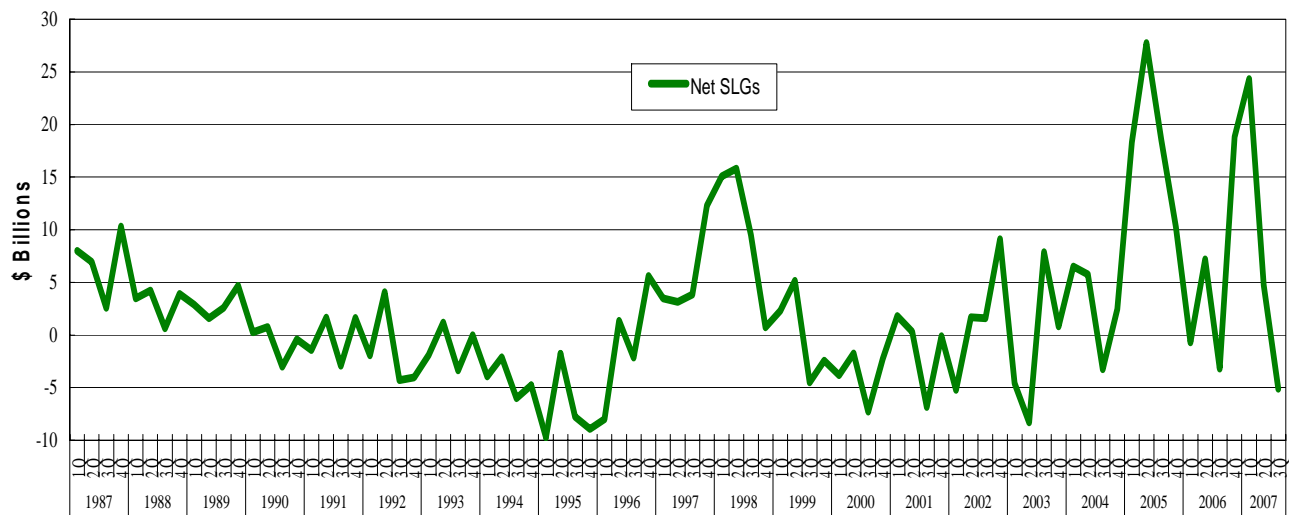


### State and Local Governments (SLGS) Calendar year

◆ State and Local Government Series (SLGS) issuance remains volatile.



◆ Net SLGS issuance in FY 2007 totaled \$58 billion versus \$14 billion in FY 2006, \$67 billion in FY 2005, and \$10 billion in FY 2004.



# FY 08 Deficit Estimates

\$ billions

- Primary dealers currently estimate a FY2008 deficit of \$203 billion, with a potential error of nearly +/- \$80 billion.

	Primary Dealers*	CBO	OMB
<b>Current:</b>	203	155	258
<b>Range based on average absolute forecast error</b>	119-287	78-232	150-366
<b>Estimates as of:</b>	October 07	August 07	July 07

Note: Ranges based on errors from 2003-2007.

\* Primary Dealers reflect average estimate.

- Based on OMB projections, the implied additional marketable financing need is \$161 billion for FY 2008.

