

Quarterly Refunding Charts

U.S. Department of the Treasury
Office of Debt Management
July 28, 2008



UNITED STATES
DEPARTMENT OF
THE TREASURY



Financing Near Term Outlook

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- ◆ **Estimated Net Marketable Borrowing**
 - **\$171 billion July-September**
 - **\$142 billion October-December**
 - **The impact of the fiscal stimulus program, the redemption of over \$150 billion in securities by the Federal Reserve, and the decline in state and local government debt issuance, lead to increased marketable borrowing needs.**



Treasury Marketable Financing

- Treasury marketable issuance increased in FY 2008 year-to-date vs. the same period in to FY 2007.

(\$ billions)	FY 2008 October 1, 2007 - June 30, 2008				FY 2007 October 1, 2006 - June 30, 2007			
	<u>Issued</u>	<u>Matured</u>	<u>SOMA Activity *</u>	<u>Net Cash Raised</u>	<u>Issued</u>	<u>Matured</u>	<u>SOMA Activity *</u>	<u>Net Cash Raised</u>
Bills	\$3,095.5	\$2,993.2	(\$148.7)	\$102.4	\$2,700.7	\$2,743.1	\$0.0	(\$42.5)
Nominal coupons	\$584.6	\$479.2	(\$4.8)	\$105.4	\$506.6	\$470.2	(\$11.0)	\$36.4
TIPS	\$47.3	\$21.8	\$2.9	\$25.5	\$55.2	\$20.1	\$7.1	\$35.1
Total	\$3,727.4	\$3,494.2	(\$150.6)	\$233.3	\$3,262.4	\$3,233.4	(\$3.9)	\$29.0

* 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

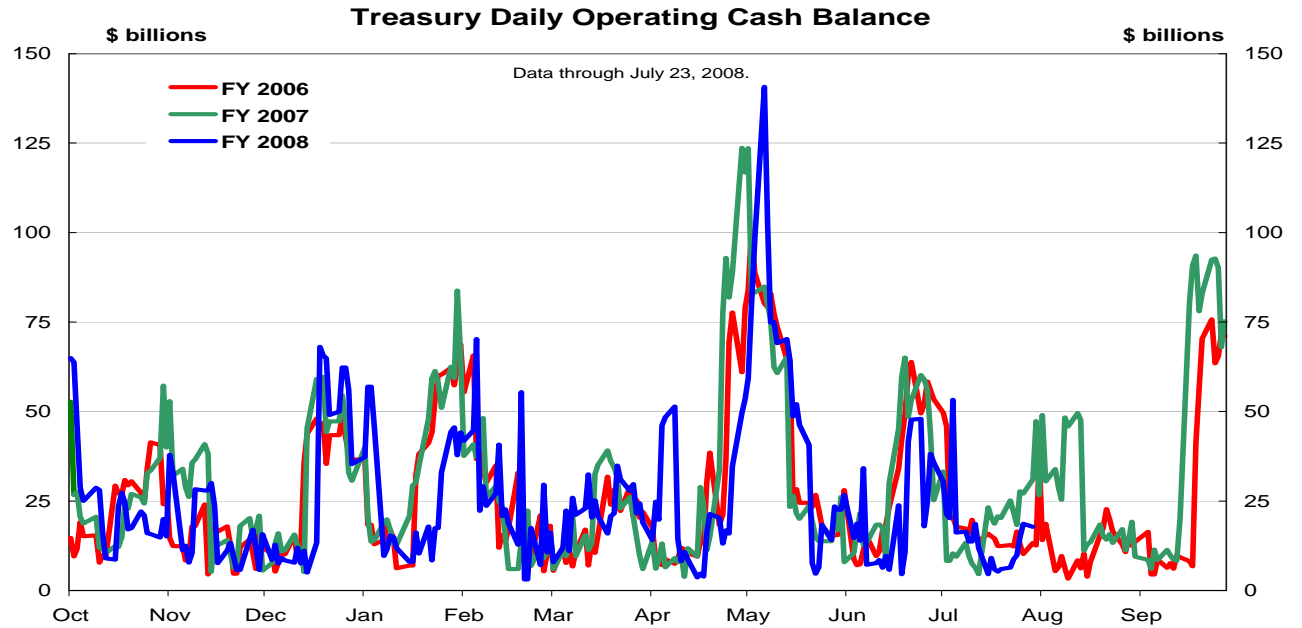
\$ Billions

- Large cash outflows in August result from normal interest payments and \$43 billion of maturing 3-,5- and 30-year securities on Aug. 15.

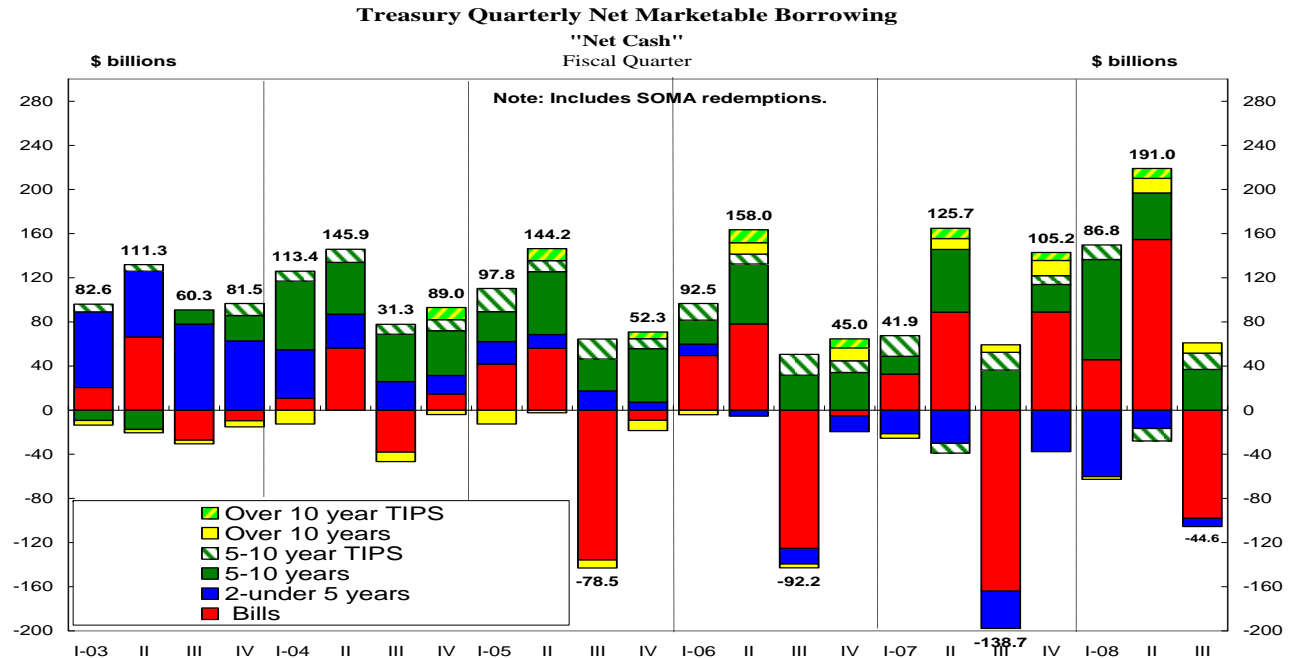
Date	Maturing Coupon Securities (Excluding SOMA holdings)	Coupon Payments	Total Outflows
July 31, 2008	20	3	23
August 15, 2008	43	26	70
August 31, 2008	22	4	26
September 15, 2008	15	1	16
September 30, 2008	19	4	23
October 15, 2008	15	3	18
October 31, 2008	20	4	24
November 15, 2008	55	20	75
November 30, 2008	20	4	24



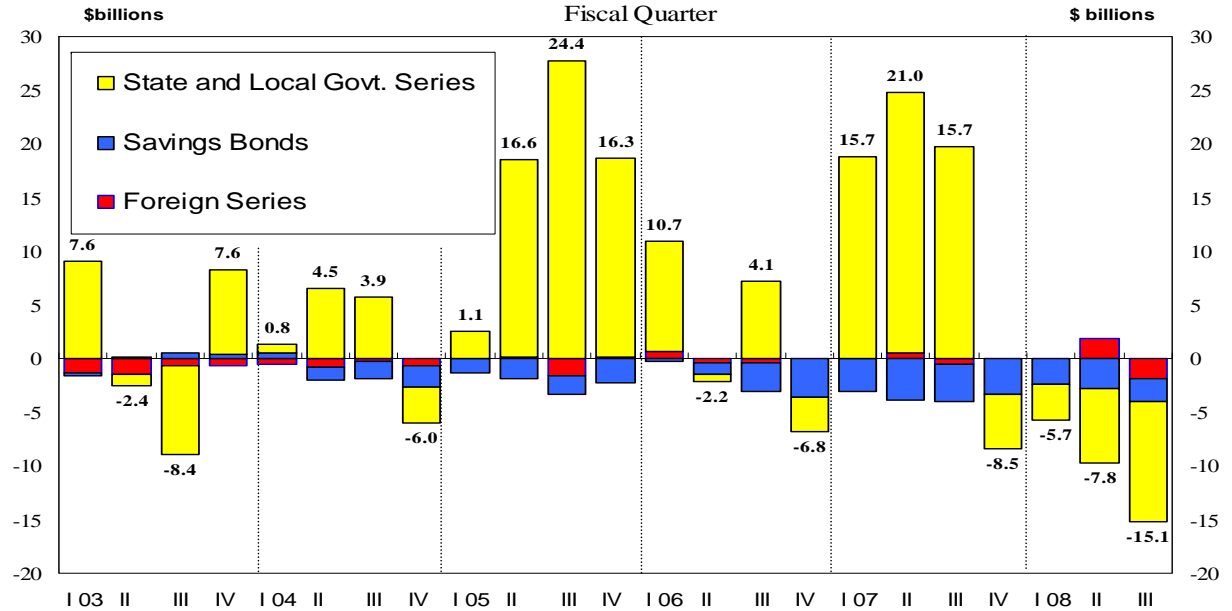
- Treasury has managed this year's volatility in cash balances through a series of cash management bills (both short- and long-dated) and increased bill supply.



- Marketable borrowing for the first three fiscal quarters totaled nearly \$384 billion. However, SOMA redemptions of \$151 billion reduced the net marketable cash raised to \$233 billion.

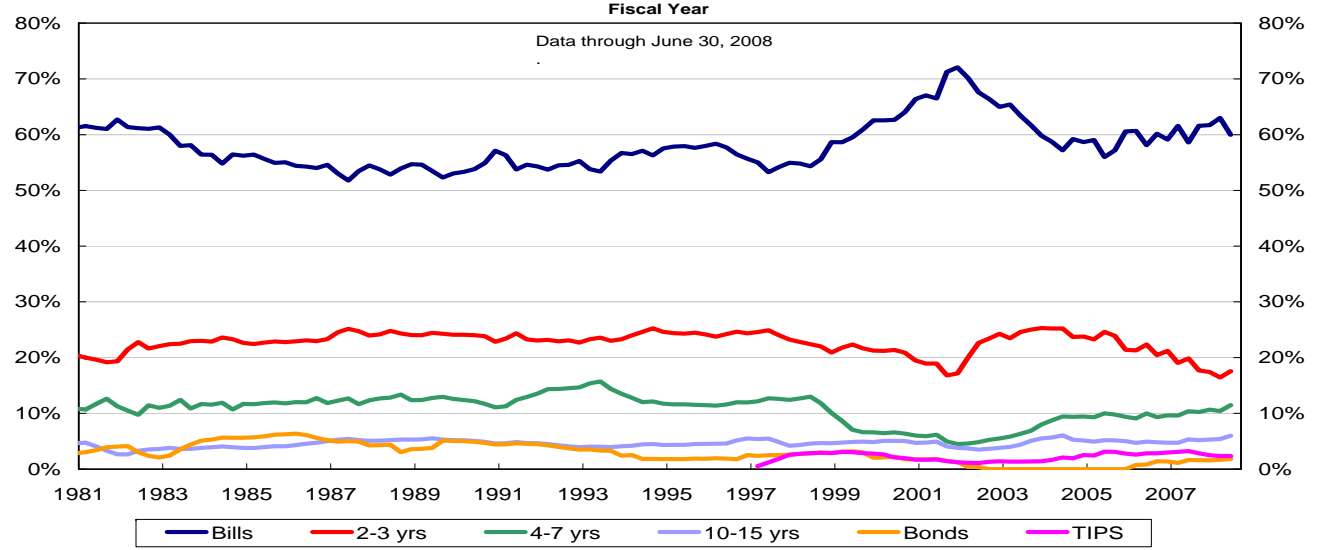


Treasury Quarterly Net Borrowing from Nonmarketable Issues



◆ State and Local Government issuance totaled \$75 billion for FY 2008 YTD vs. \$116 billion for the same period last year, requiring additional marketable borrowing.

Percentage Breakdown of Quarterly Issuance



◆ The share of bill issuance decreased in FY Q3 2008 while issuance of 2- and 5-year securities increased.



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 June 30, 2008.
- ◆ OMB FY 2009 MSR Budget deficit estimates used for FY2008-2013.

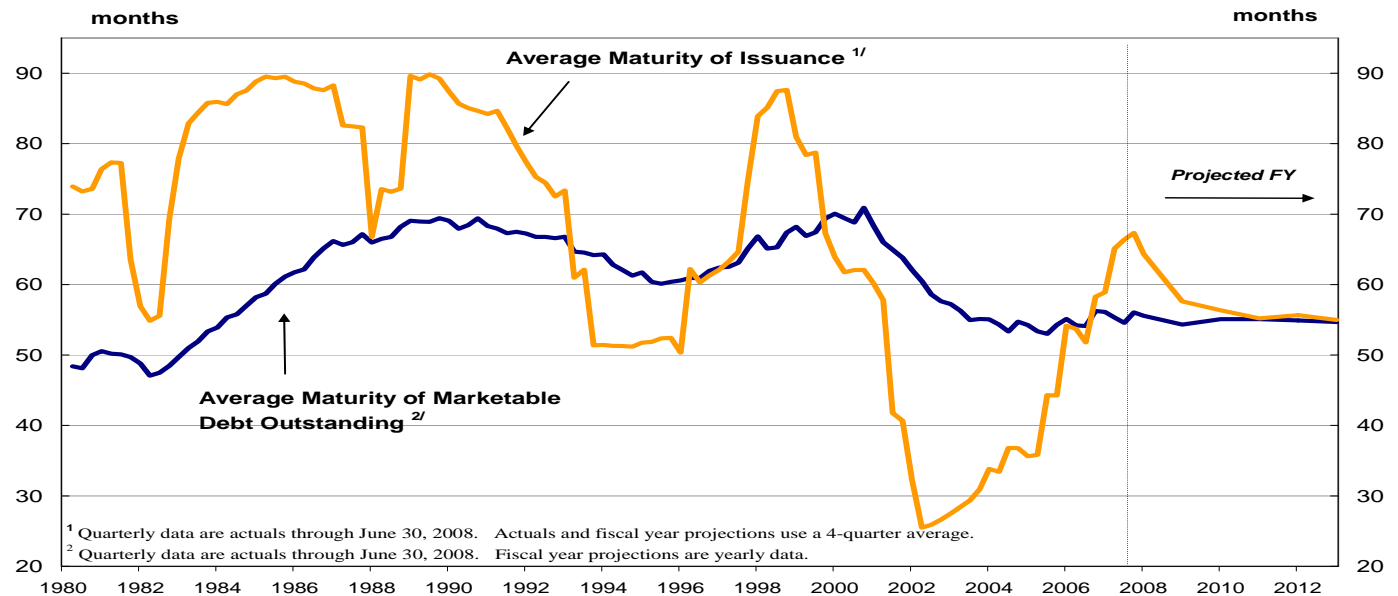
Using the above assumptions, over the next 6 fiscal years:

- ◆ Average maturity of total outstanding and average maturity of issuance settle to about 56 and 55 months, respectively.
- ◆ The percent of debt maturing with 3 years or less to maturity reaches nearly 57 percent.



DEBT MATURITY MEASURES

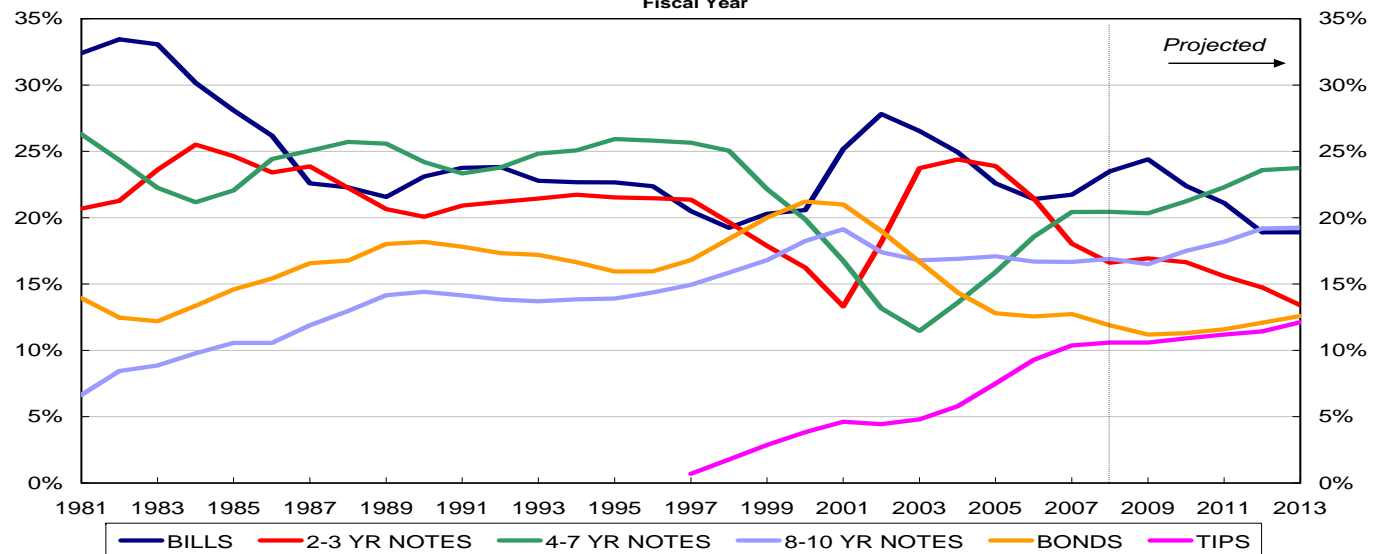
- Under current assumptions, average maturity of issuance peaks this fiscal year.



Net financing projections for FY 2008-2013 are based on OMB FY 2009 MSR 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 June 30, 2008.

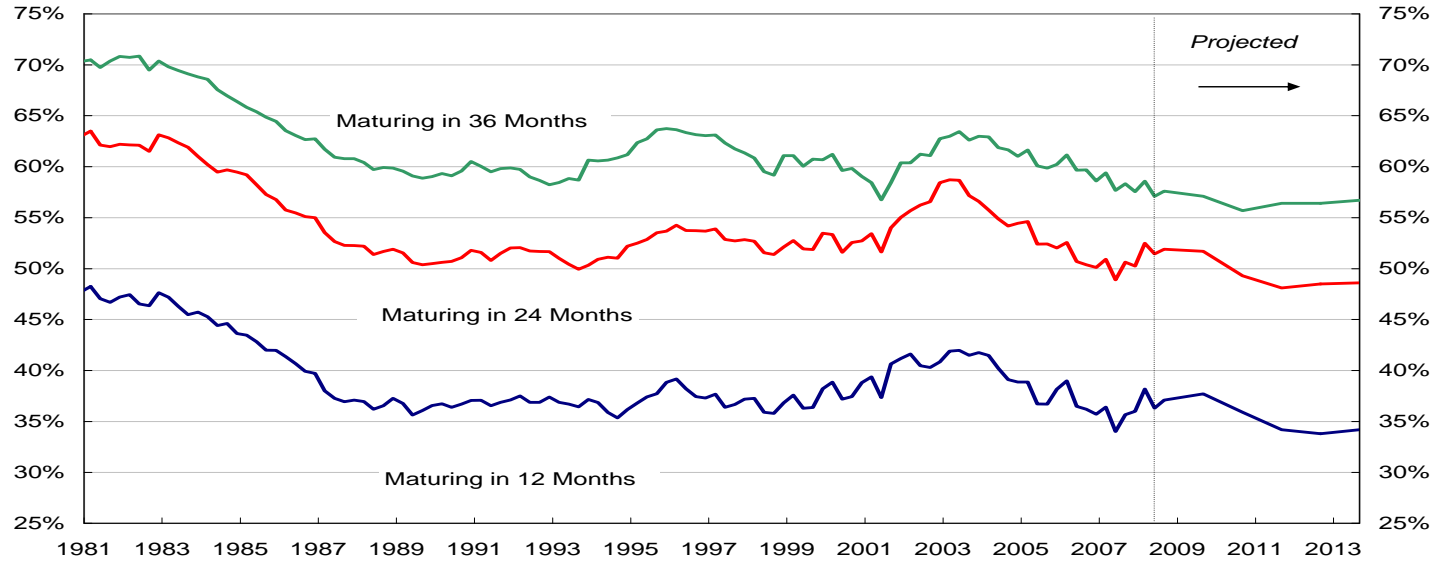
Distribution of Marketable Debt Outstanding by Security

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



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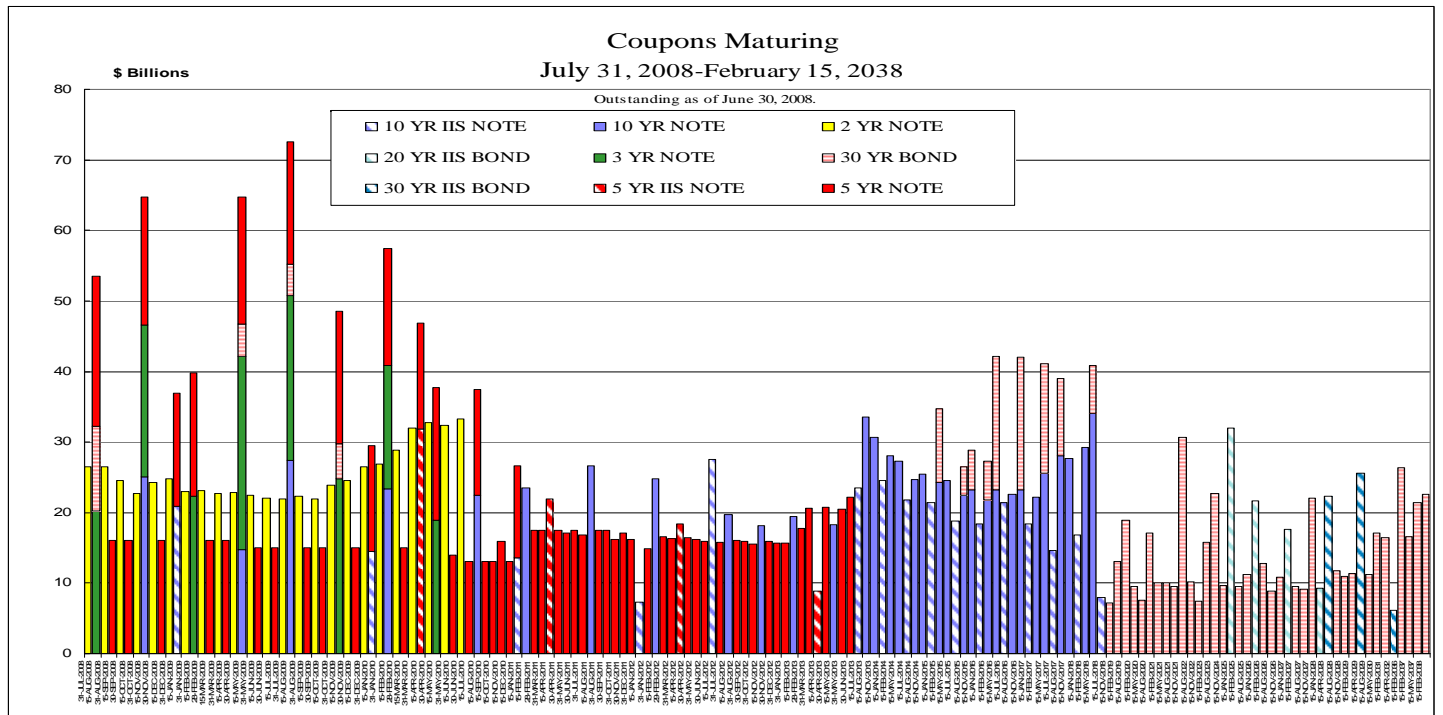
Percentage of Debt Maturing in Next 12 to 36 Months



◆ Short-term debt as a percent of the overall portfolio remains modest.

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



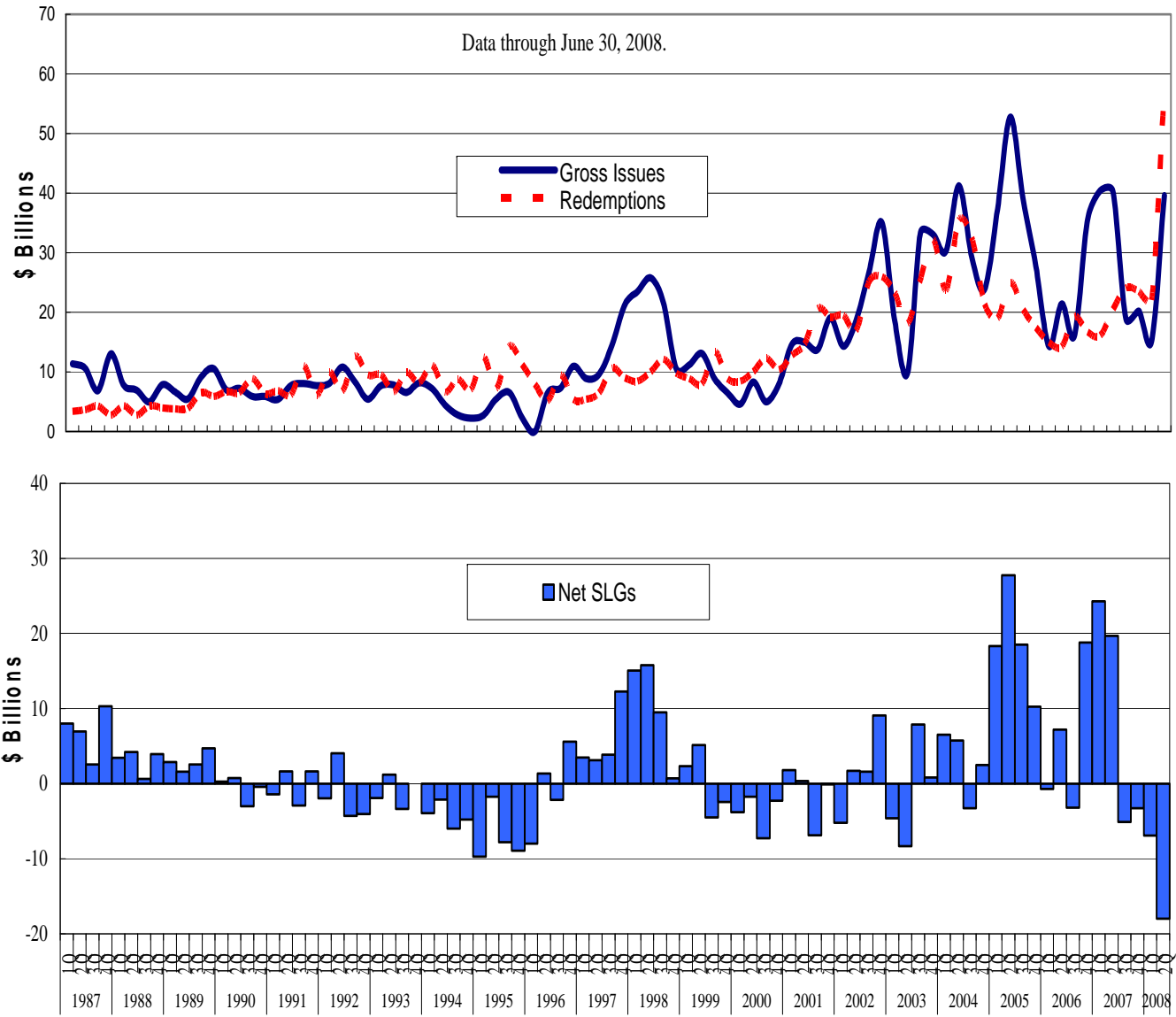
Uncertainty

- ◆ OMB FY 2009 MSR Budget estimates, indicate a reduced borrowing need in FY 2008 and an increased borrowing need in FY 2009, with an eventual return to surplus in FY 2012.
- ◆ Credit market conditions and ongoing liquidity initiatives add uncertainty to borrowing requirements.
- ◆ Volatility in projected receipts and outlays as well as reduced non-marketable debt issuance could also lead to increased near-term marketable financing needs.



State and Local Governments (SLGS) Calendar year

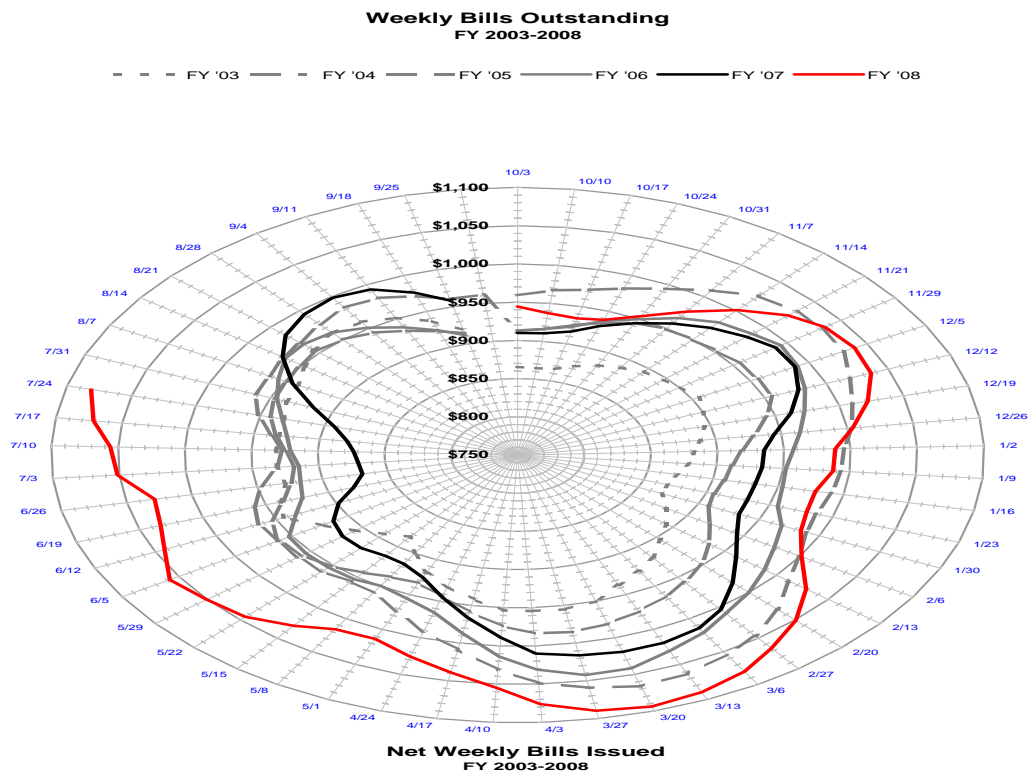
- State and Local Government Series (SLGS) debt issuance has been negative over the past four quarters.



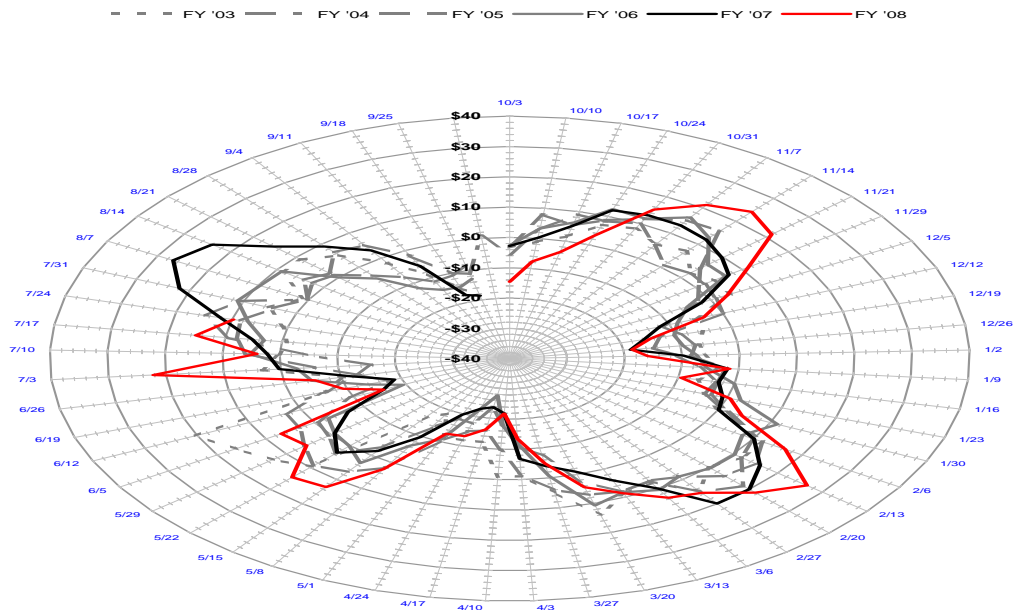
- Net SLGS fiscal year to date in 2008 is -\$28.2 billion, while in FY2007 total net SLGS issuance was +\$57.7 billion.
- The Apr-Jun pay down of \$18.2 is a record, surpassing the previous record pay down of \$8.7 billion in CY Q1 1995.



- ◆ Privately-held bills exceeded the \$1 trillion level for the first time.



- ◆ Bill issuance has increased in this fiscal year, attributable to over \$200 billion in Federal Reserve redemptions or outright sales.



FY 08 Deficit Estimates

\$ billions

- Primary dealers currently estimate a FY 2008 deficit of \$413 billion.

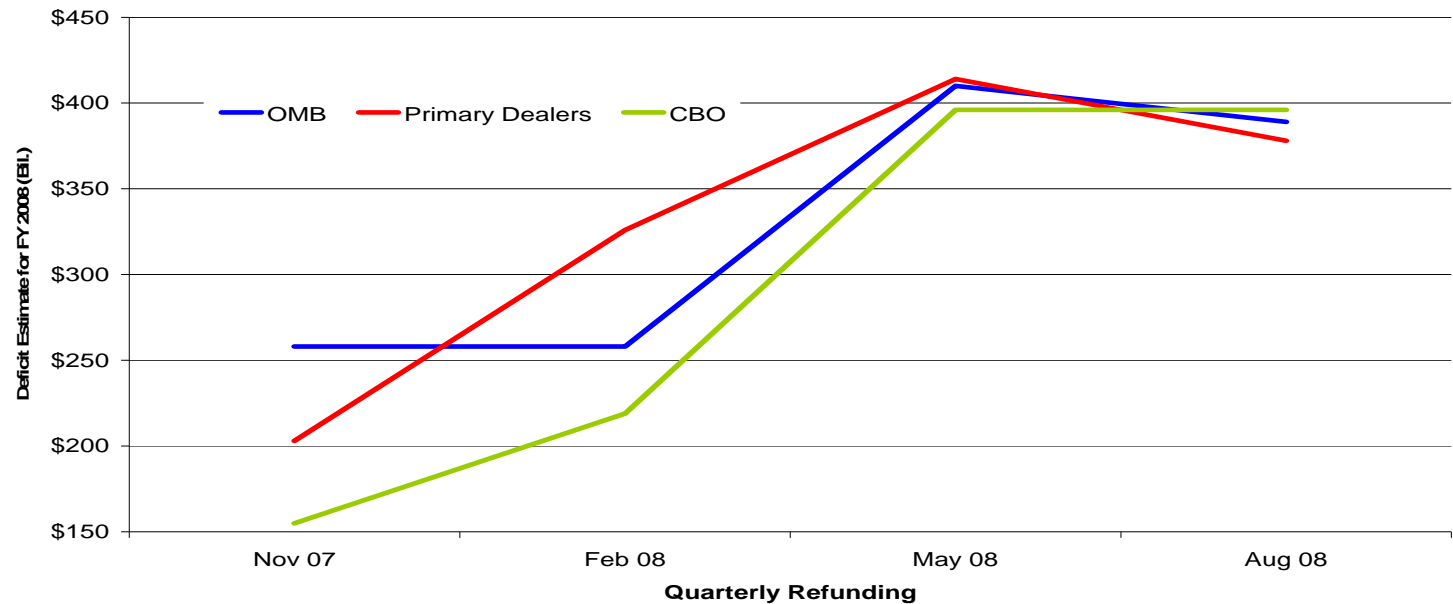
	Primary Dealers*	CBO	OMB
Current:	413	396	389
Range based on average absolute forecast error	375-451	319-473	345-433
Estimates as of:	July 08	March 08	July 08

Ranges based on errors from 2003-2007.

* Primary Dealers reflect average estimate.

- The estimated deficit for FY 2008 has significantly changed since the November 2007 quarterly refunding.

Comparing Deficit Estimates for FY 2008 since November 2007



Estimates reflect the average as released during the Quarterly Refunding process. Numbers may not be directly comparable due to different release dates.

