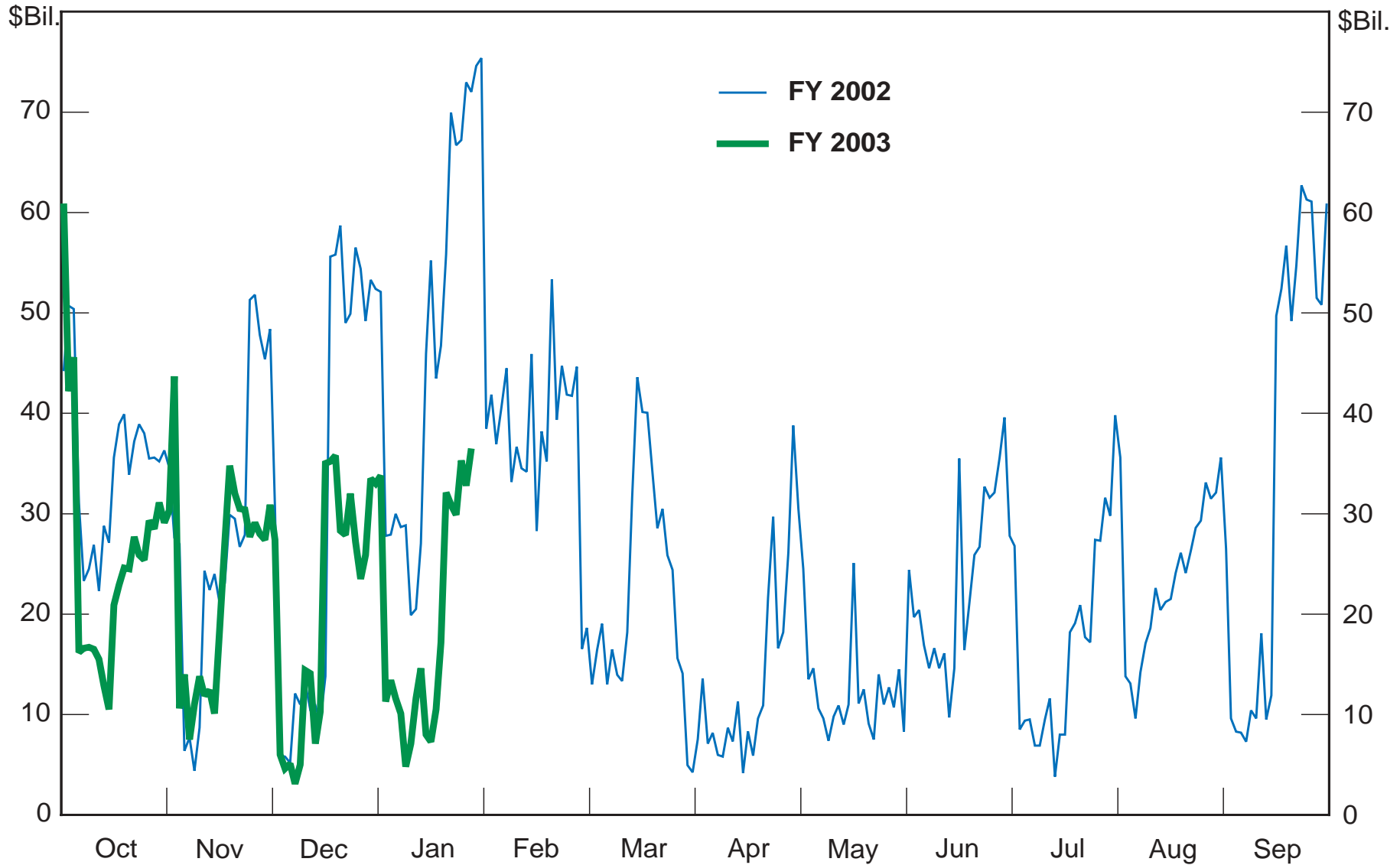


Treasury Debt Management



Timothy Bitsberger
Deputy Assistant Secretary
U.S. Treasury Department

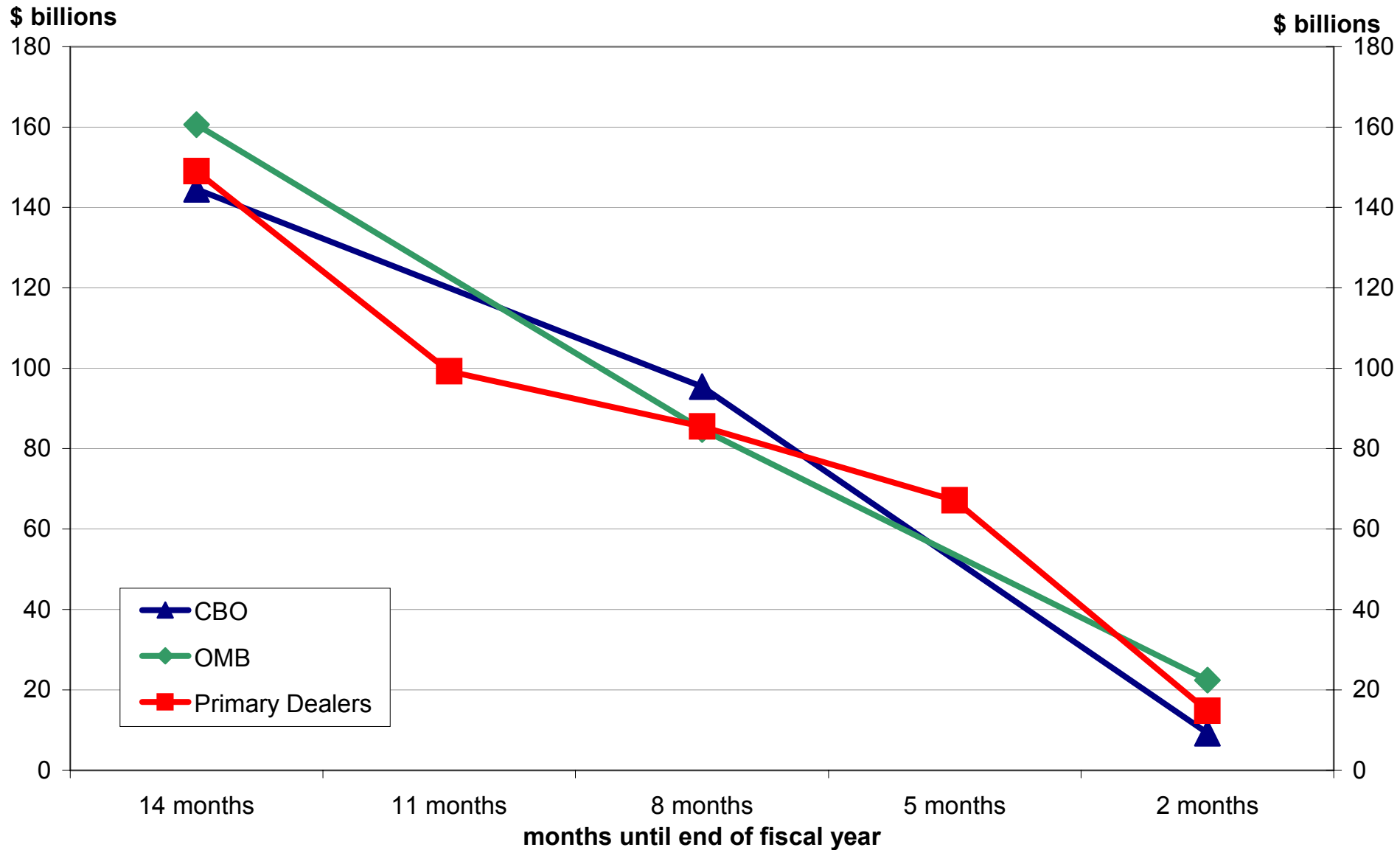
Cash balance volatility declines



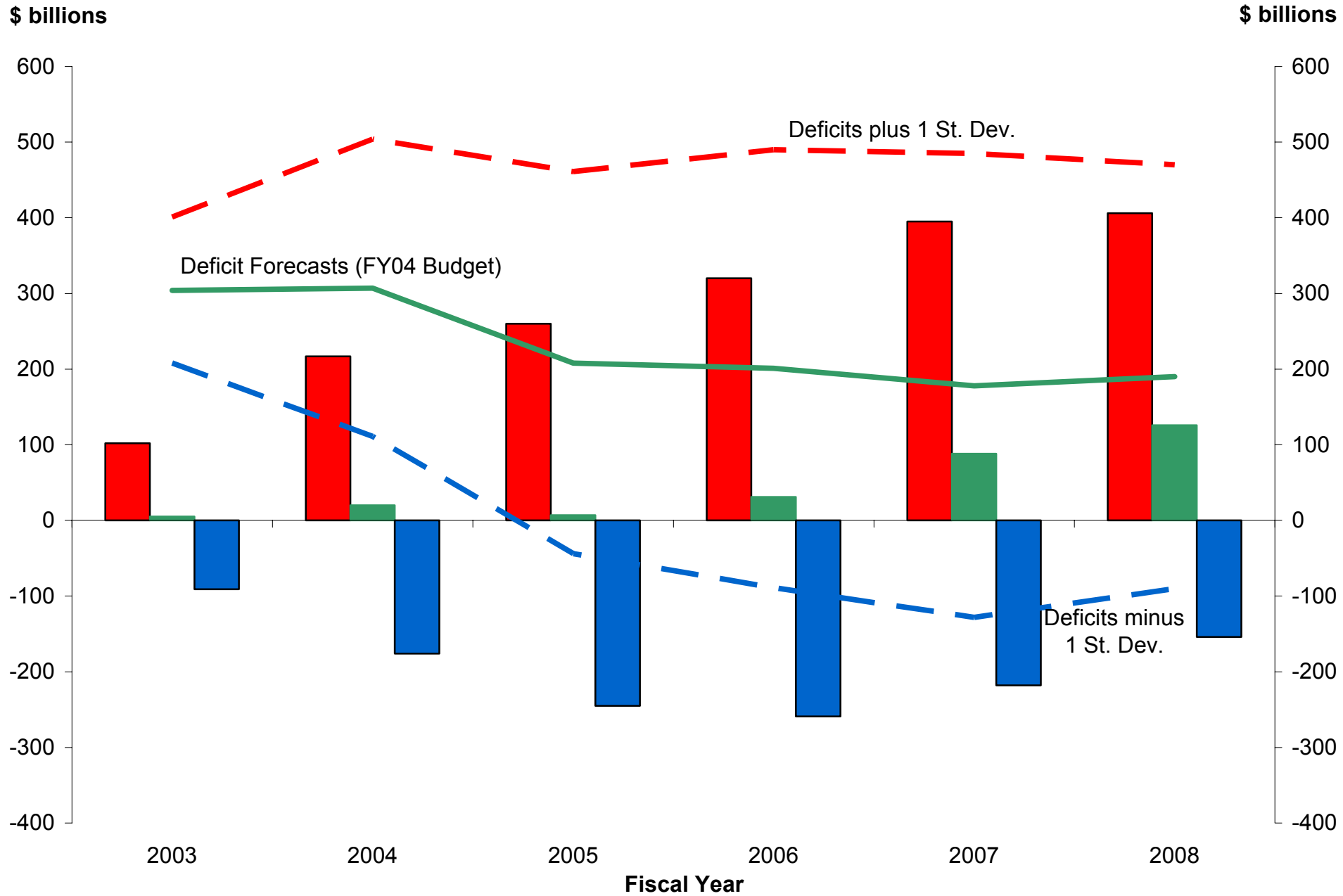
Treasury Daily Operating Cash Balance

Source: Daily Treasury Statement, data through January 29.

Average Absolute Federal Budget Forecast Errors 1997 - 2002



FINANCING RESIDUALS GIVEN CURRENT ISSUANCE

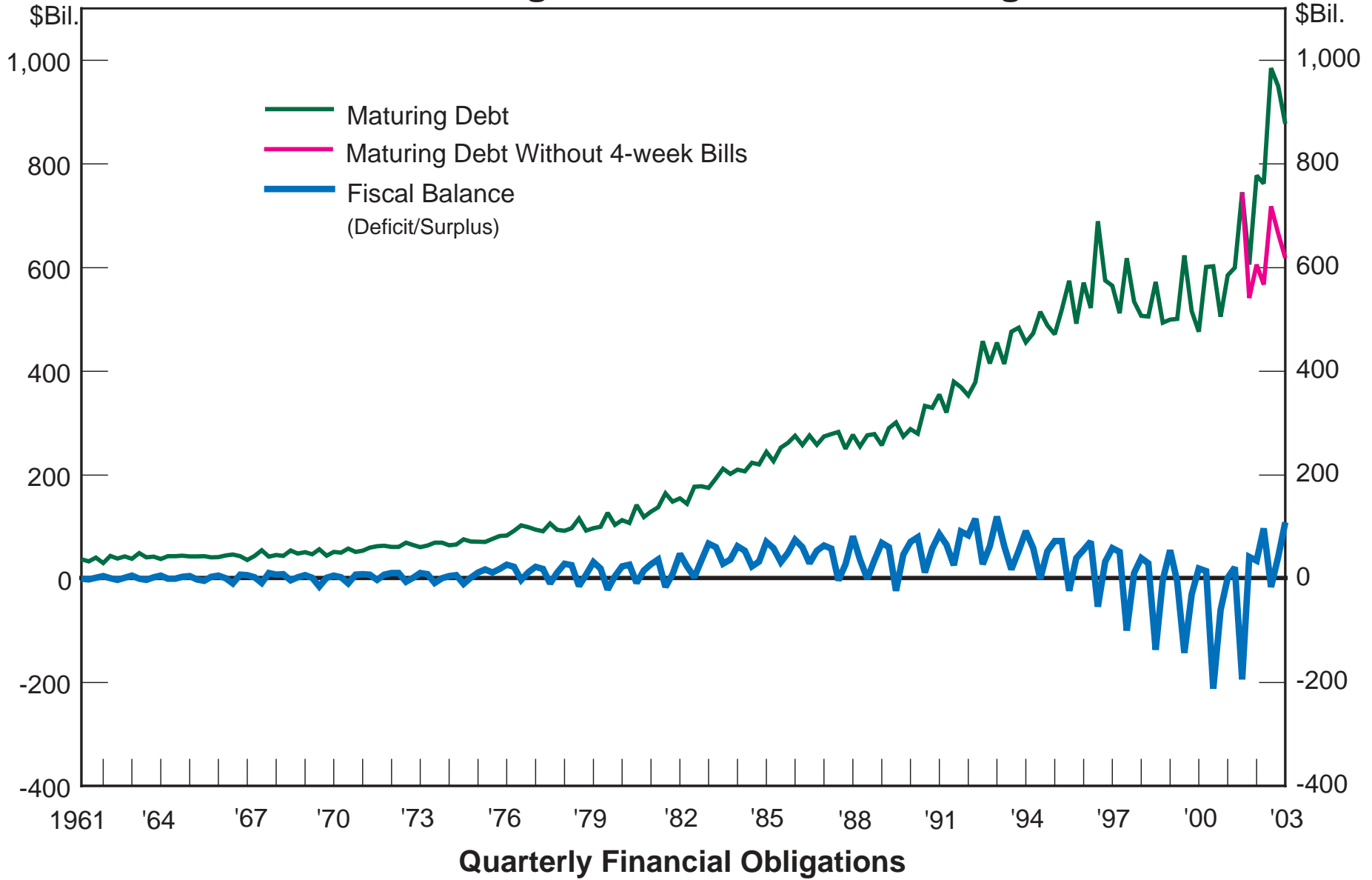


Borrowing Needs Uncertainty

Inflow or Outflow	Comment	Data Volatility*
Revenues	Day-to-day volatility adequate predictability, quarterly filings less so	
- <u>Expenditures</u>	Good short-term predictability, poor longer-term predictability	
= Headline Surplus or Deficit		
- <u>Other Means of Financing</u>	Generally a small number	
= Fiscal Needs		
- Maturing Debt	Known	
+ <u>Non-Marketable Borrowing</u>	SLGS issuance not well-modeled, other factors not significant	
= Marketable Financing		

* Ideally, this column would show the volatility in prediction error, but the forecast of financing components are not currently decomposed.

Refinancing dominates new financing



Treasury Financing Requirements

(\$ Billions)

	January - March 2003		April - June 2003
	(Projected)	(Actuals)	(Projected)
<u>Net Marketable Issuance*</u>	110	111	79
Bills		66	
Nominal Notes		42	
IIS		6	
Bonds (20-yr)		-3	
<u>Financing</u>	110	111	79
Deficit Funding **	116	143	23
Compensating Balances		14	-18
Net Non-Marketable Financing	-3	-2	-5
Change in Cash Balance	8	20	-32
 <u>Notes:</u>			
Starting Cash Balance	33	33	13
Ending Cash Balance	25	13	45

* Previously released coupon issuance pattern would raise \$214 billion in FY03

** Includes budget results, direct loan activity, changes in accrued interest and checks outstanding and minor miscellaneous transactions.

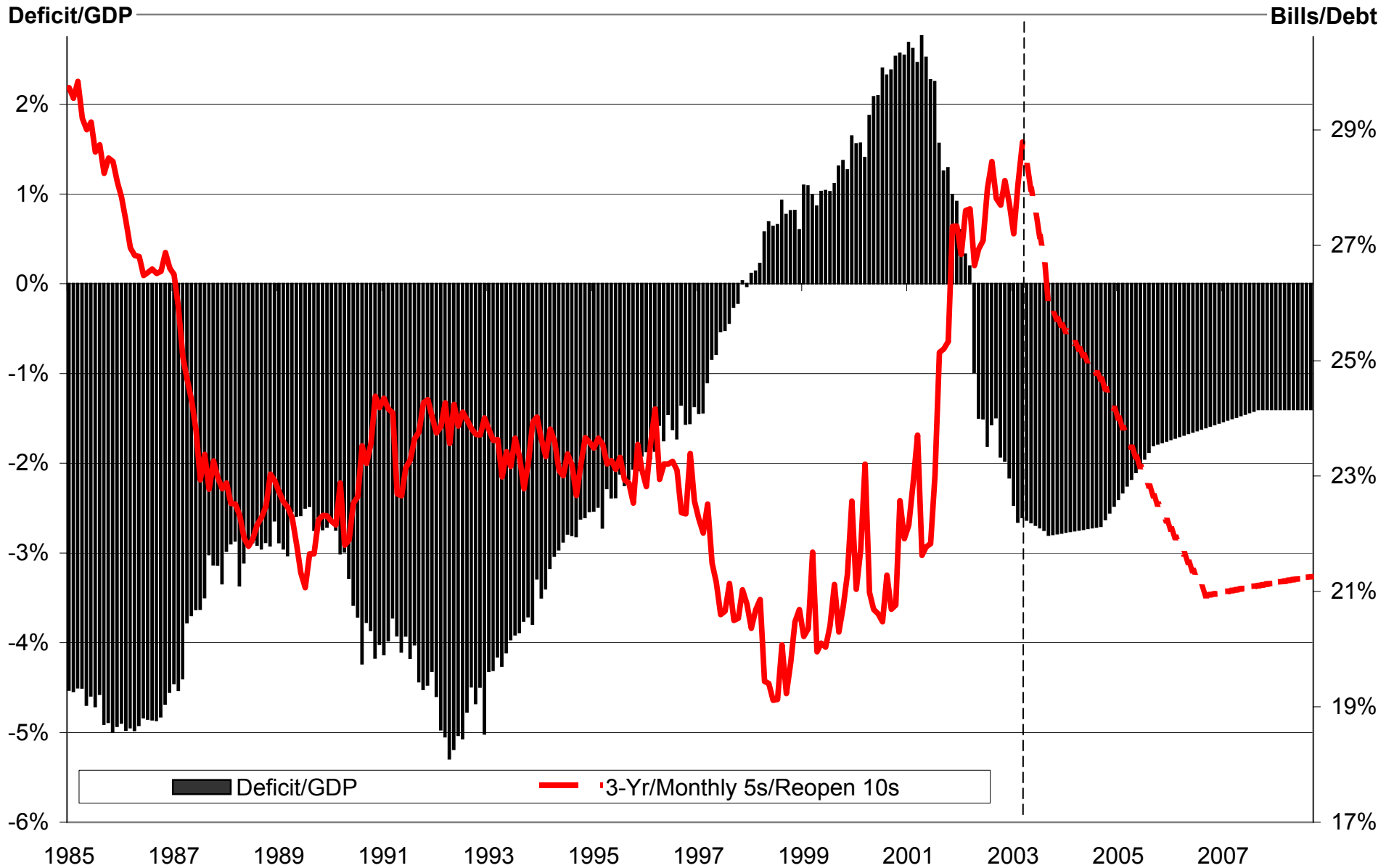
Note: Totals may not add due to rounding

Department of the Treasury

Office of Market Finance

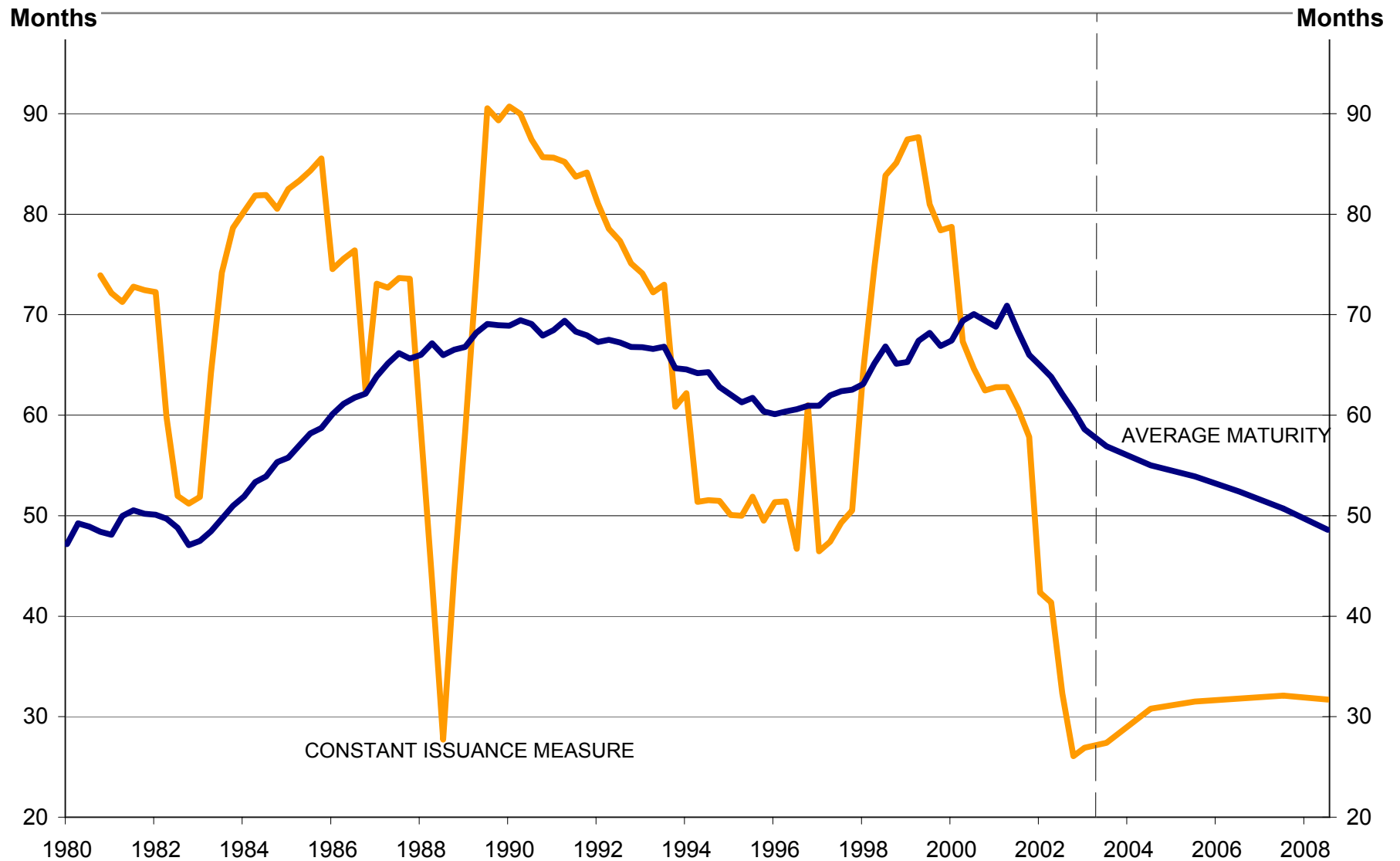
April 28, 2003

BILLS AS A PERCENTAGE OF MARKETABLE DEBT AND DEFICIT AS A PERCENTAGE OF GDP¹



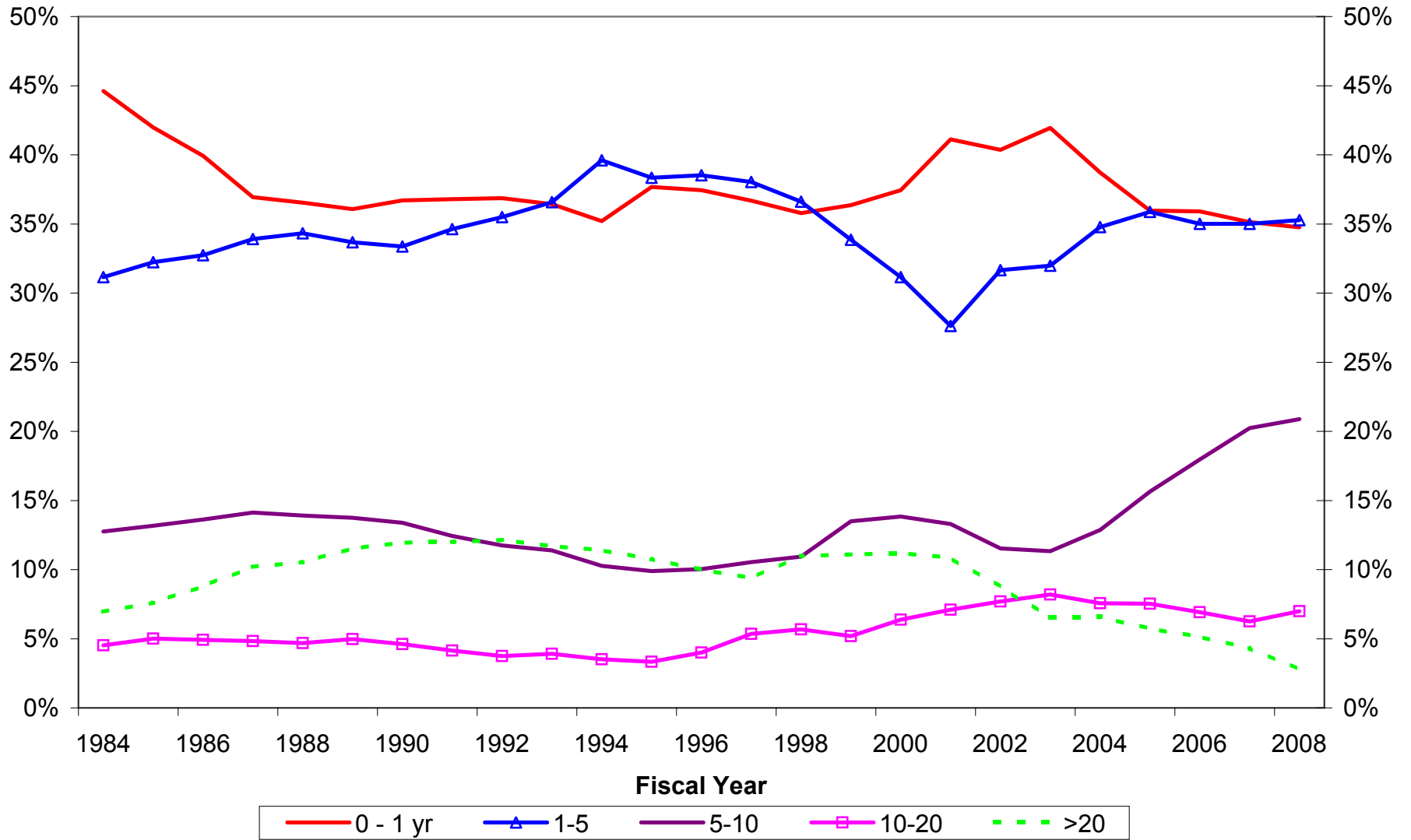
1/ The projected deficits as a percentage of GDP for 2003 to 2008 are from Administration's FY04 Budget.
Hypothetical auction sizes for the 3yr, 5yr, 10yr, and 10yr reopening are 18, 15, 16, and 10, respectively.

AVERAGE MATURITY OF TOTAL OUTSTANDING MARKETABLE DEBT AND 1-YEAR MOVING AVERAGE OF CONSTANT ISSUANCE MEASURE¹



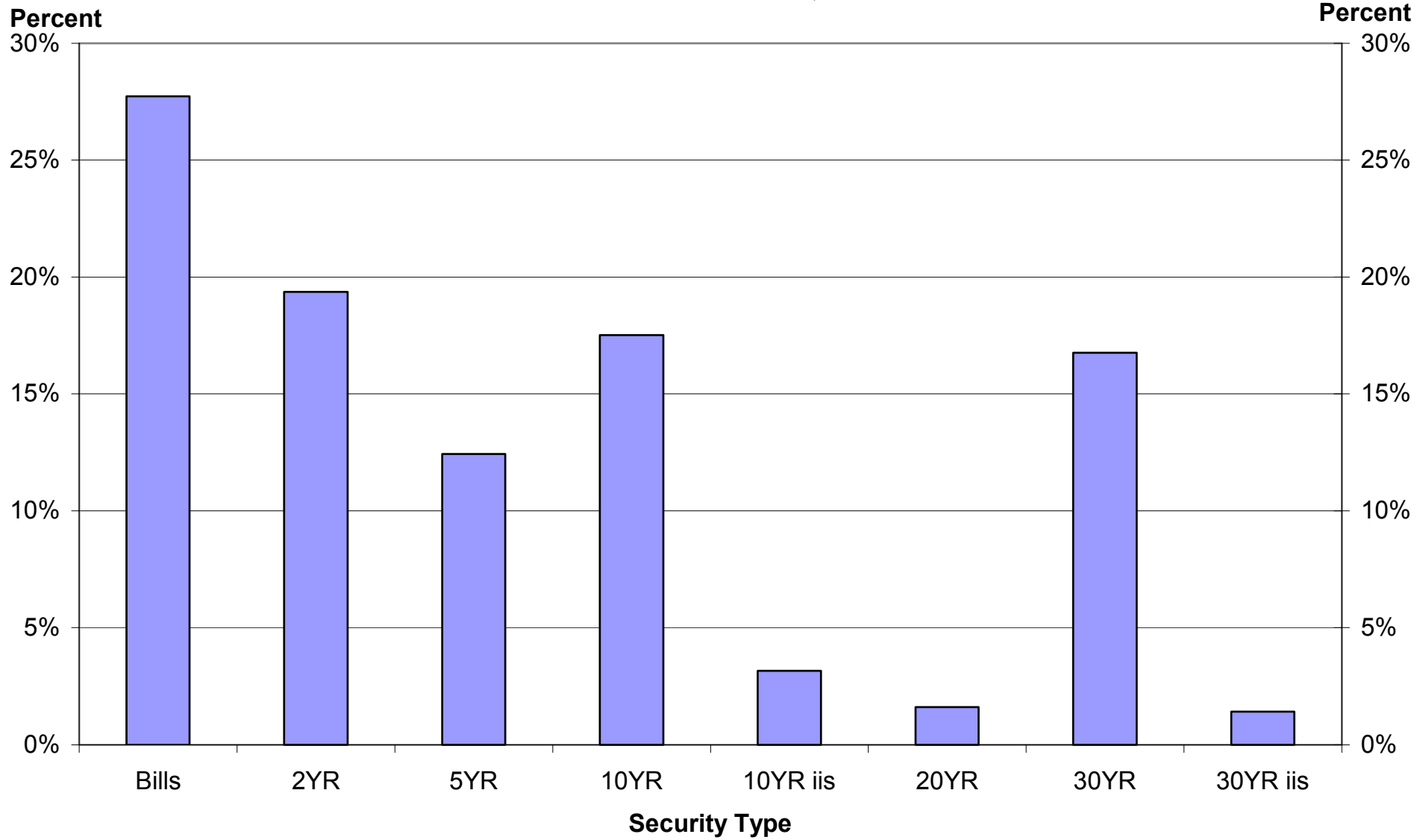
^{1/} The constant issuance measure is the ultimate average maturity achieved if nominal issuance in any given quarter is held constant going forward.

Maturity Distribution of Outstanding Debt Percent of Total Marketable Debt Maturing

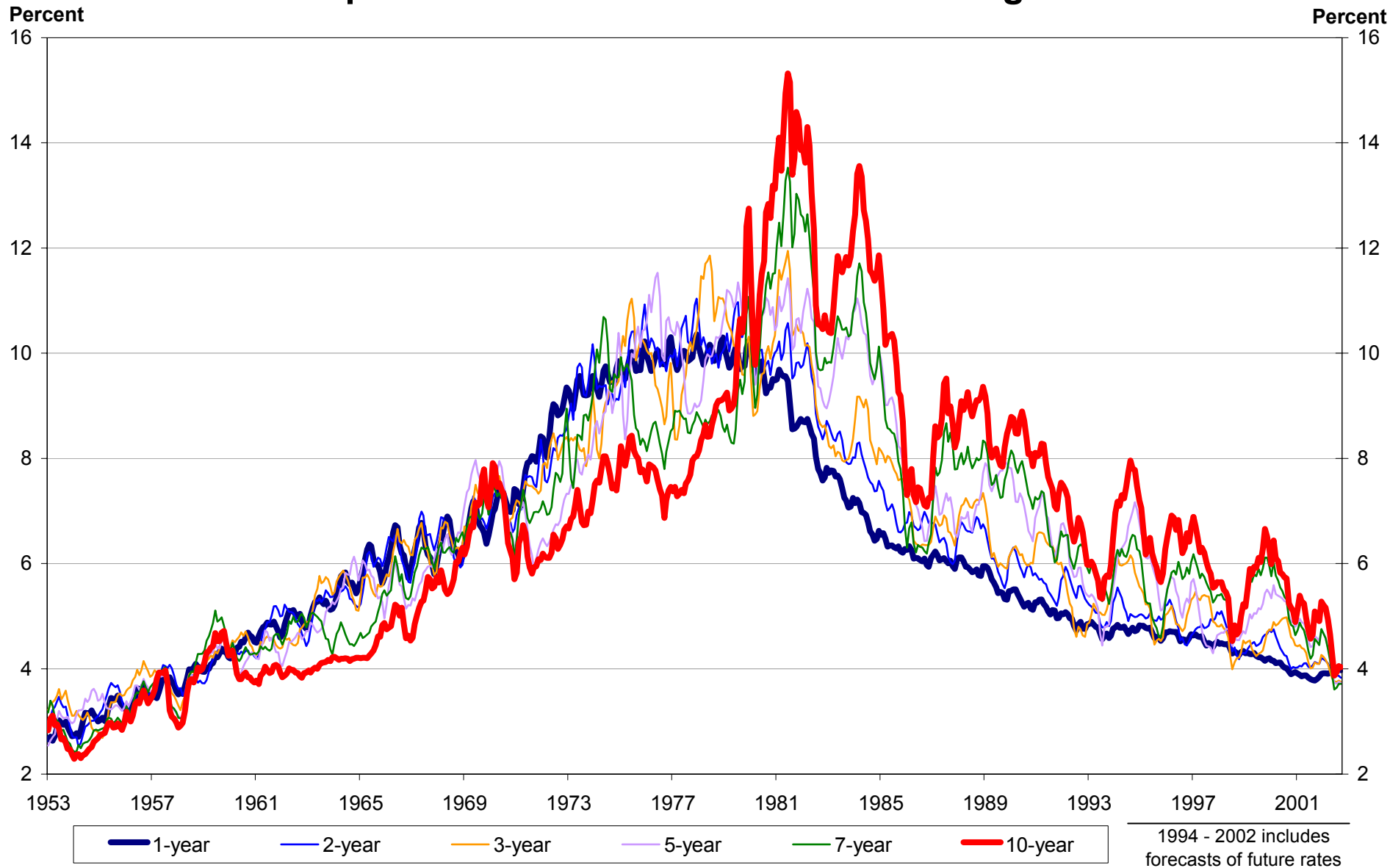


Distribution of Outstanding Debt by Security

as of December 31, 2002



Comparison of Realized 10-Year Borrowing Cost^{1/}

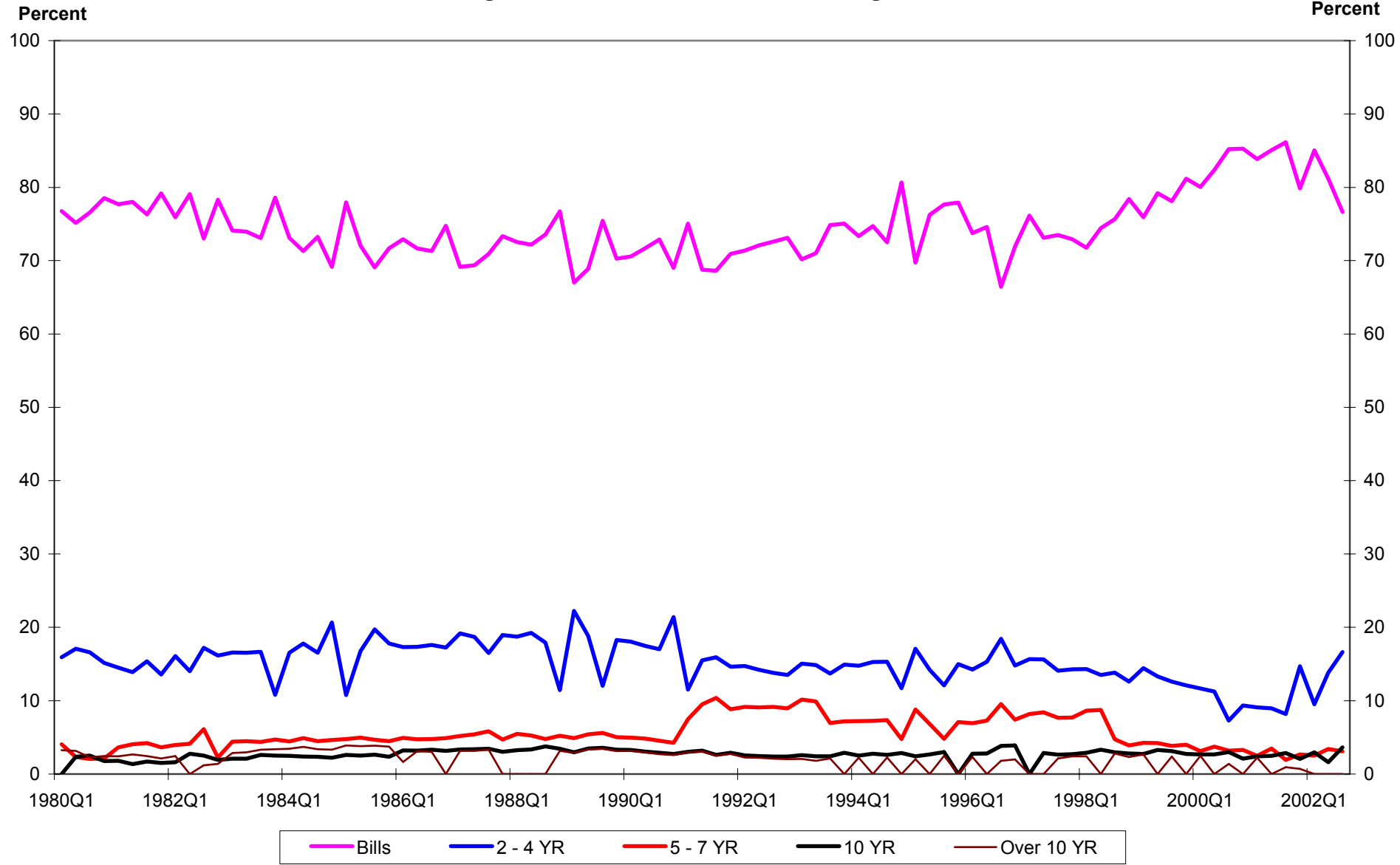


Office of Market Finance
Department of the Treasury

^{1/} Interest cost for a given term to maturity averaged over a rolling 10-year period, using Treasury constant maturity yields.

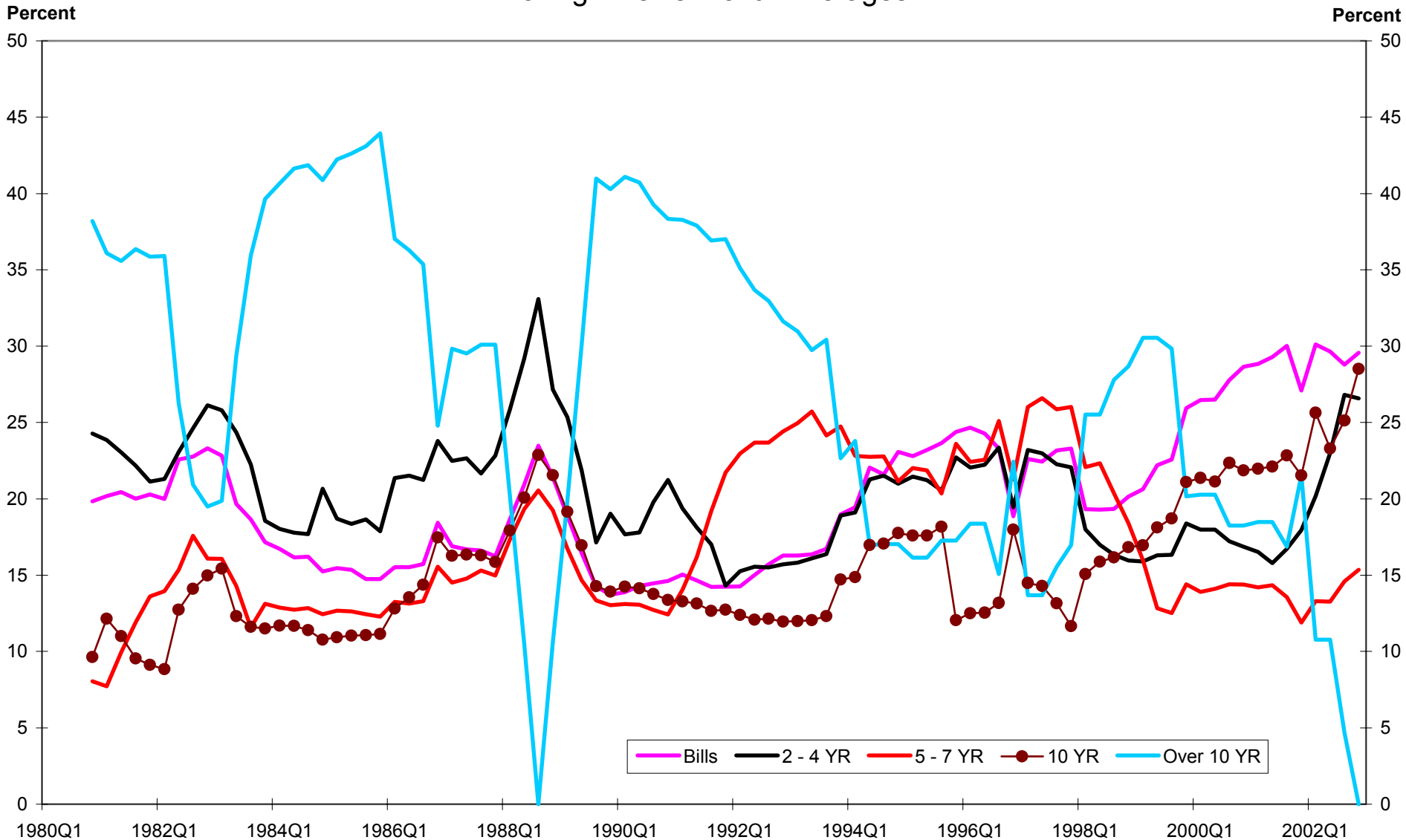
1994 - 2002 includes forecasts of future rates

Quarterly Shares of Treasury Issuance

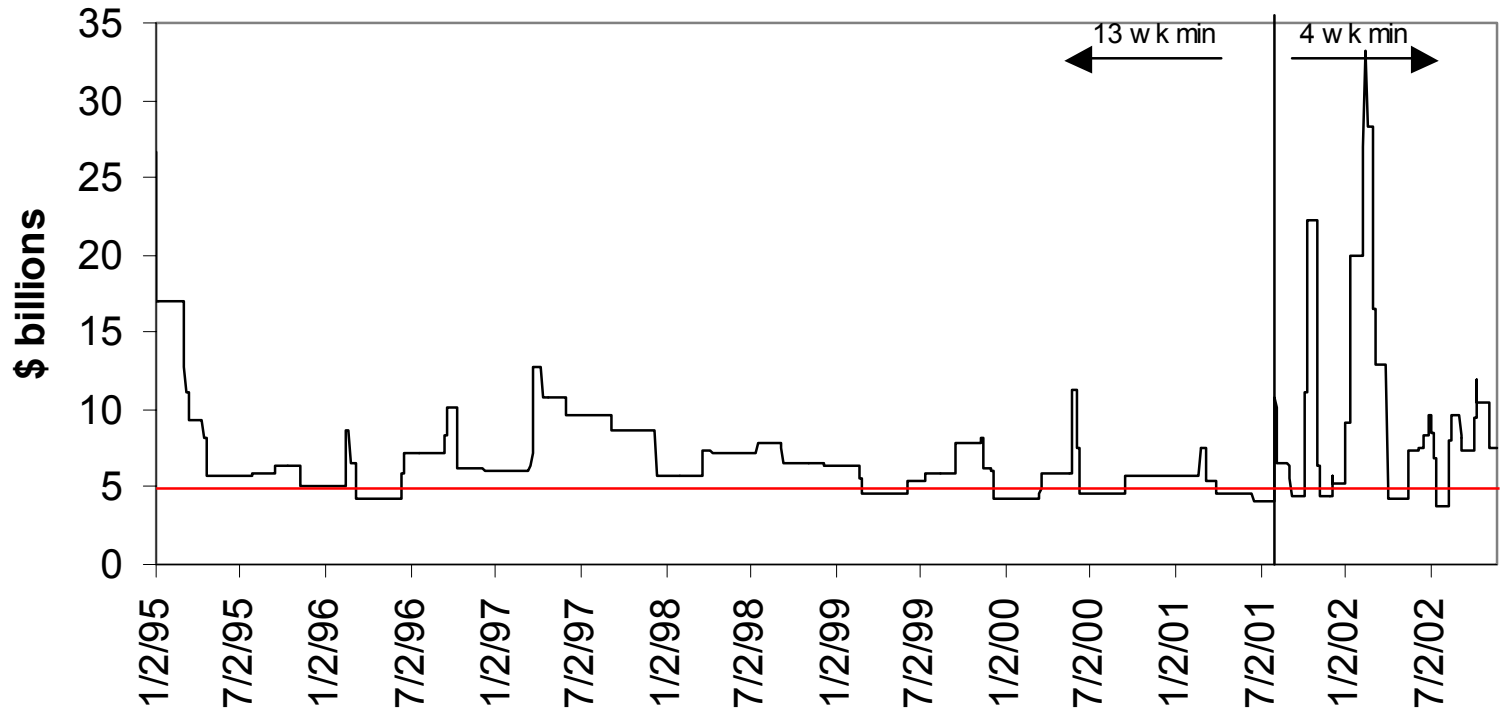


Shares of Constant Issuance Maturity ^{1/}

Rolling Twelve Month Averages



High Debt Issuance Periods



Marginal Cost of, and Returns to, Issuance

