

Quarterly Refunding Charts

U.S. Department of the Treasury
Office of Debt Management
May 1, 2006



UNITED STATES
DEPARTMENT OF
THE TREASURY



Financing Near Term Outlook

- ◆ FY 2006 Q3 and Q4 Improved Outlook:
 - We estimate a pay down of \$51 billion net marketable debt this quarter and net marketable borrowing of \$89 billion next quarter
 - Q3 estimated pay down is \$21 billion greater than estimated in January 2006



Treasury Financing Requirements

\$ Billions

	January - March 2006		April - June 2006
	(Projected)	(Actuals)	(Projected)
Deficit Funding (Def + / Surplus -)	213	179	-47
Means of Financing			
Change in Cash Balance	22	28	-17
Net Non-Marketable Financing	-8	-2	7
Other*	10	-5	15
Net Marketable Financing	188	158	-51
Net Marketable Financing			
Bills		78	
Nominal Notes		49	
TIPS		21	
Bonds		10	
Notes:			
Starting Cash Balance	37	37	8
Ending Cash Balance	15	8	25

* 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.

- ◆ Q1 borrowing was less than projected, due to strong receipts, under runs in outlays and lower than anticipated end of quarter cash balances.
- ◆ A pay down in net non-marketable issuance was the first since Q3 2004.

Marketable Treasury Coupon Flows

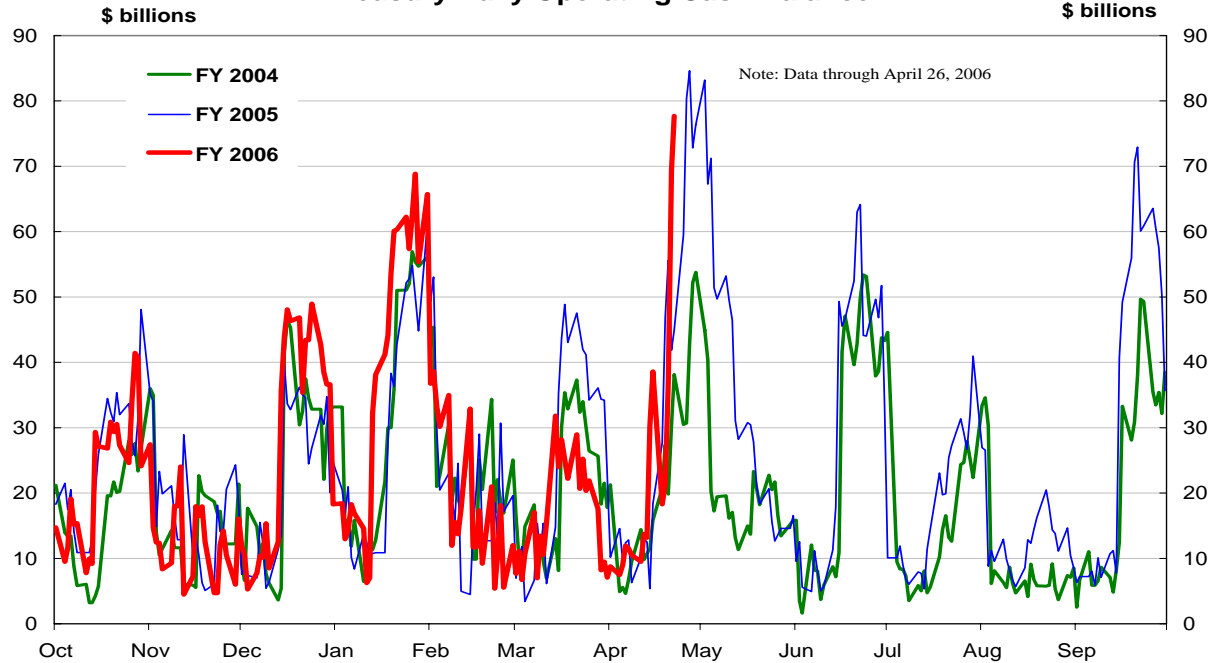
\$ Billions

Date	Maturing Coupons (Excluding SOMA holdings)	Coupon Payments	Total	Outflows
March 31, 2006	26	2	28	
April 15, 2006	0	3	3	
April 30, 2006	26	2	28	
May 15, 2006	57	22	79	
May 31, 2006	24	2	26	
June 15, 2006	0	1	1	
June 30, 2006	25	2	27	
July 15, 2006	17	5	23	
July 31, 2006	23	2	24	

- ◆ May 15 outlays are large.
- ◆ April 15 and June 15 issuances raise all new cash.

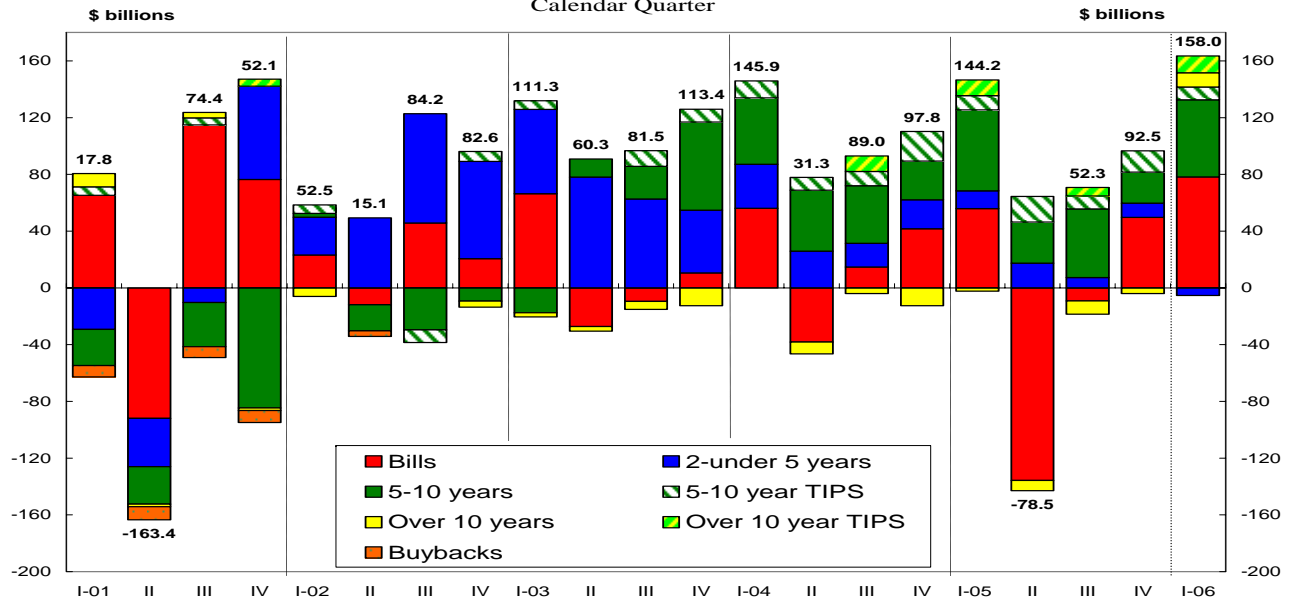


Treasury Daily Operating Cash Balance



- ◆ Cash balances in 2nd half of March were below previous year balances, due in part to debt ceiling constraints.

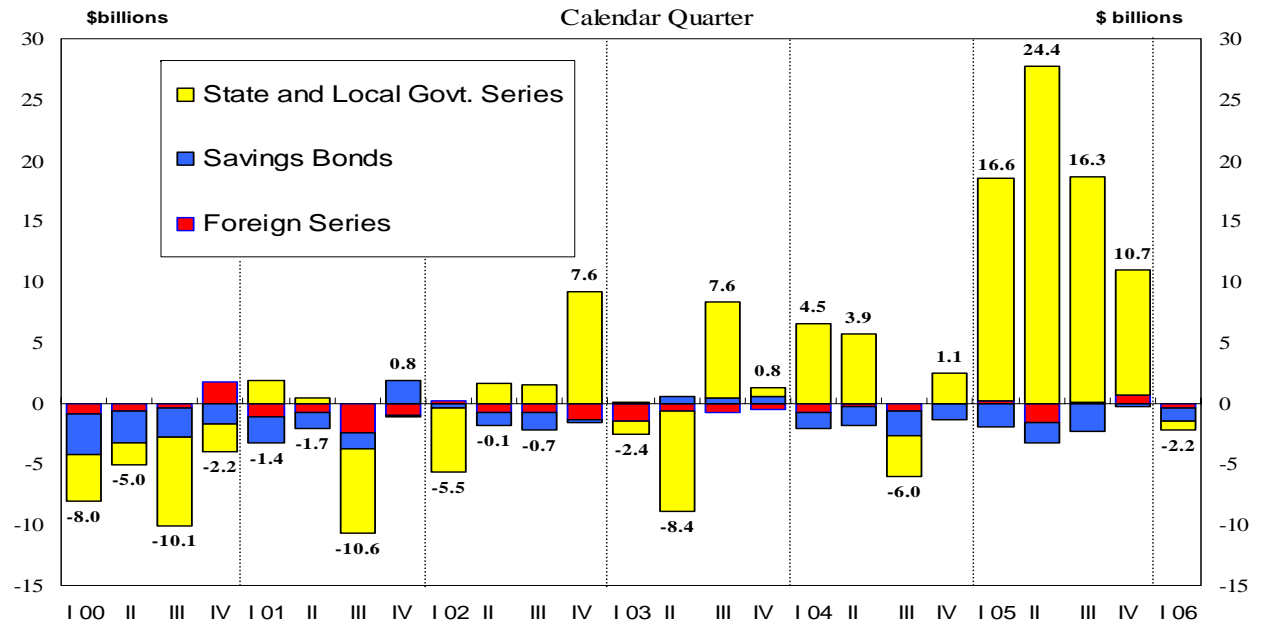
Treasury Quarterly Net Marketable Borrowing



- ◆ Net marketable borrowing set a record in Q1 2006. The previous record was set in Q1 2004.
- ◆ Bill issuance was increased in anticipation of April receipt inflows.

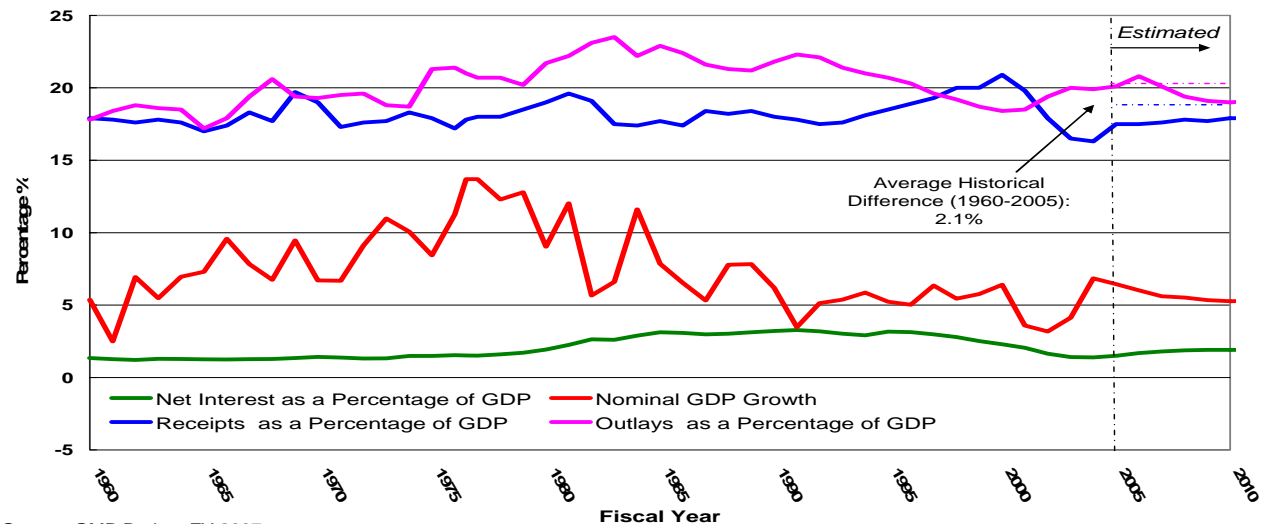


Treasury Quarterly Net Borrowing from Nonmarketable Issues



- State and Local Govt. Series (SLGS) issuance declined sharply from record levels, due in part to the suspension of SLGS caused by the debt limit impasse.

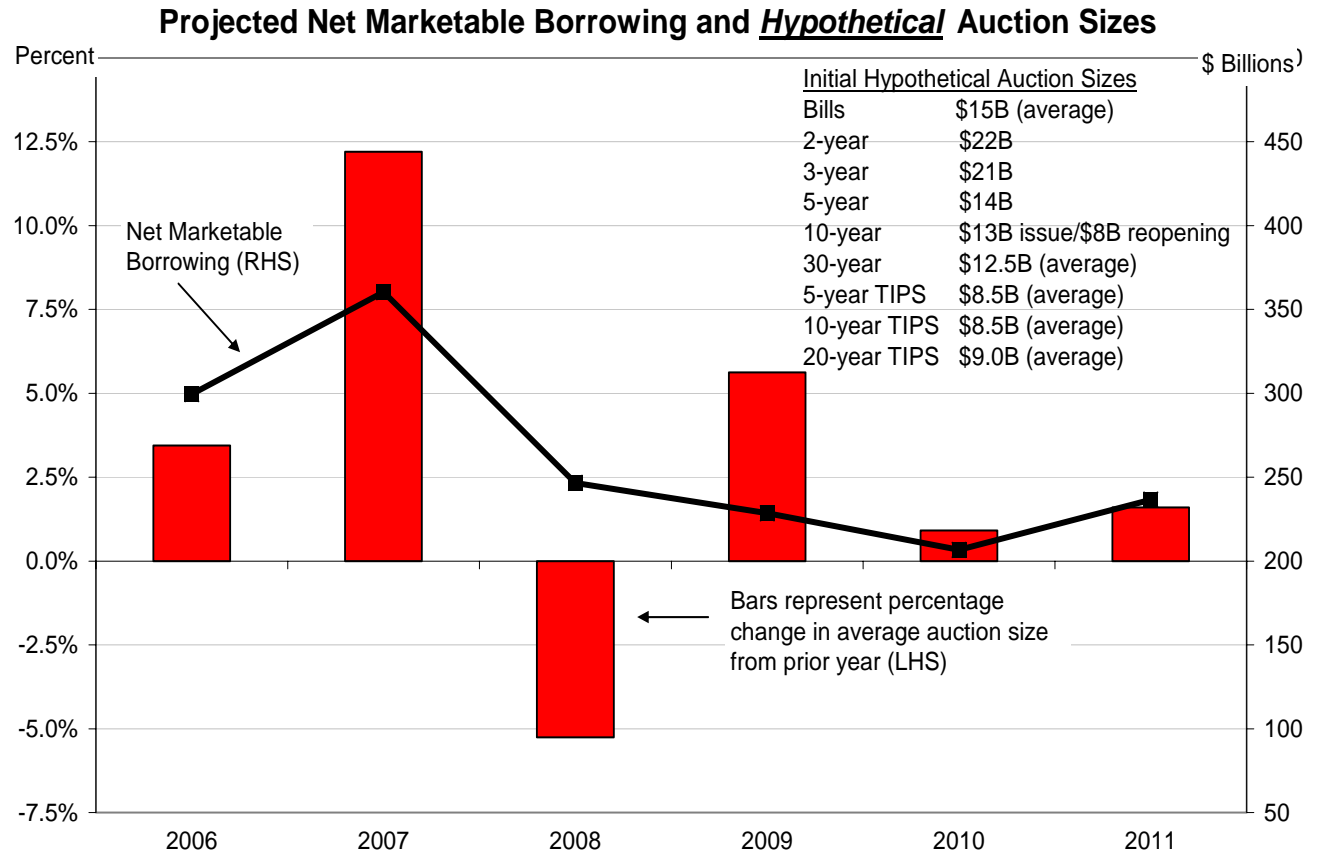
Drivers of Financing Needs



- Given OMB budget estimates, revenues as a share of GDP are expected to remain below historical average, while the difference between outlays and revenues as a share of GDP declines sharply.



- Given OMB budget estimates, changes in auction sizes are expected to increase in FY 2007.



Internal Treasury budget estimate used for FY 2006. Projections for FY 2007-2011 are based on OMB 2007 Budget estimates. Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance.

Debt Portfolio

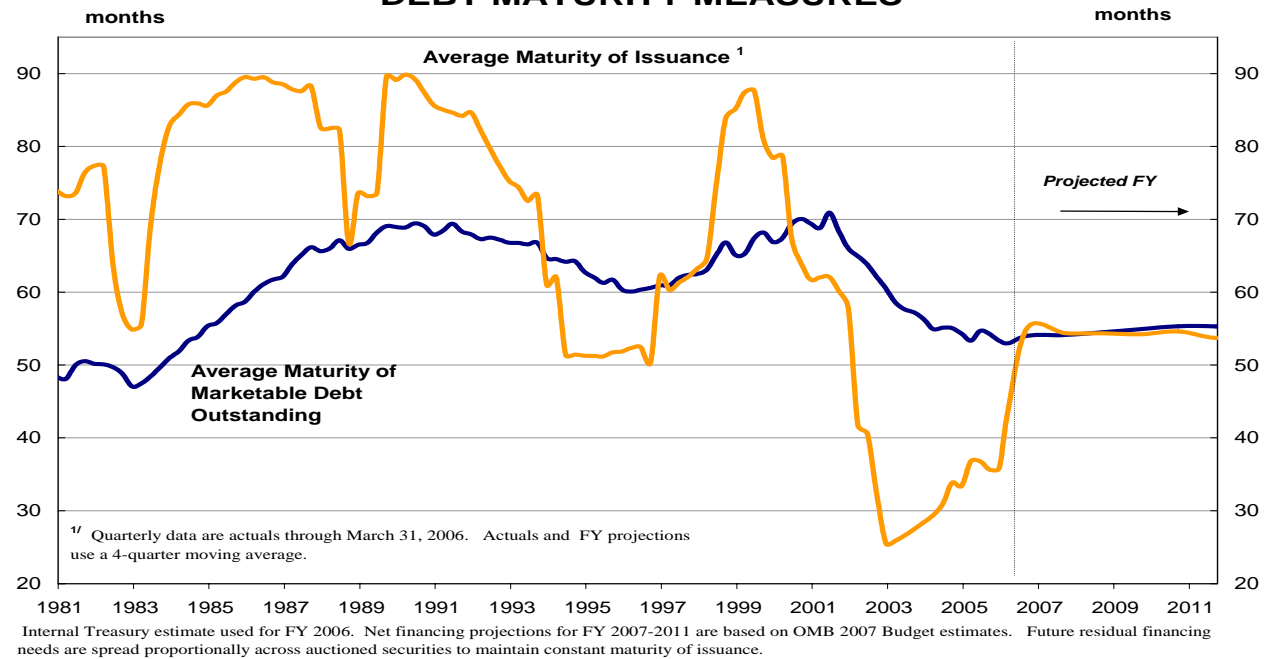
- ◆ Average maturity of total outstanding debt remains stable at 55 months over the next 5 years
- ◆ Average maturity of issuance stabilizes between 54-55 months
- ◆ The percent of debt maturing with 3 years or less to maturity declines to around 58 percent

Assumptions used in the next 5 charts:

- ◆ Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance, based on hypothetical initial auction sizes
- ◆ OMB 2007 Budget estimates, with internal Treasury estimate for current fiscal year

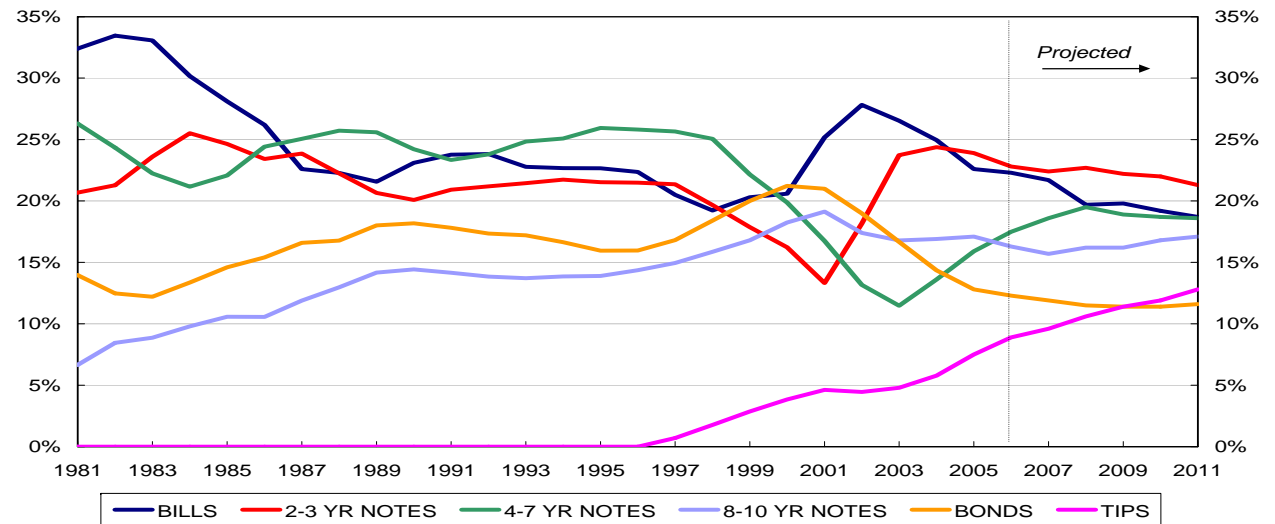


DEBT MATURITY MEASURES



- ◆ Average maturity stabilizes with assumption of stable 30-year bond issuance.
- ◆ The end of FY 2006 average maturity of issuance (a 4-quarter moving average) is expected to reach nearly 55-months.

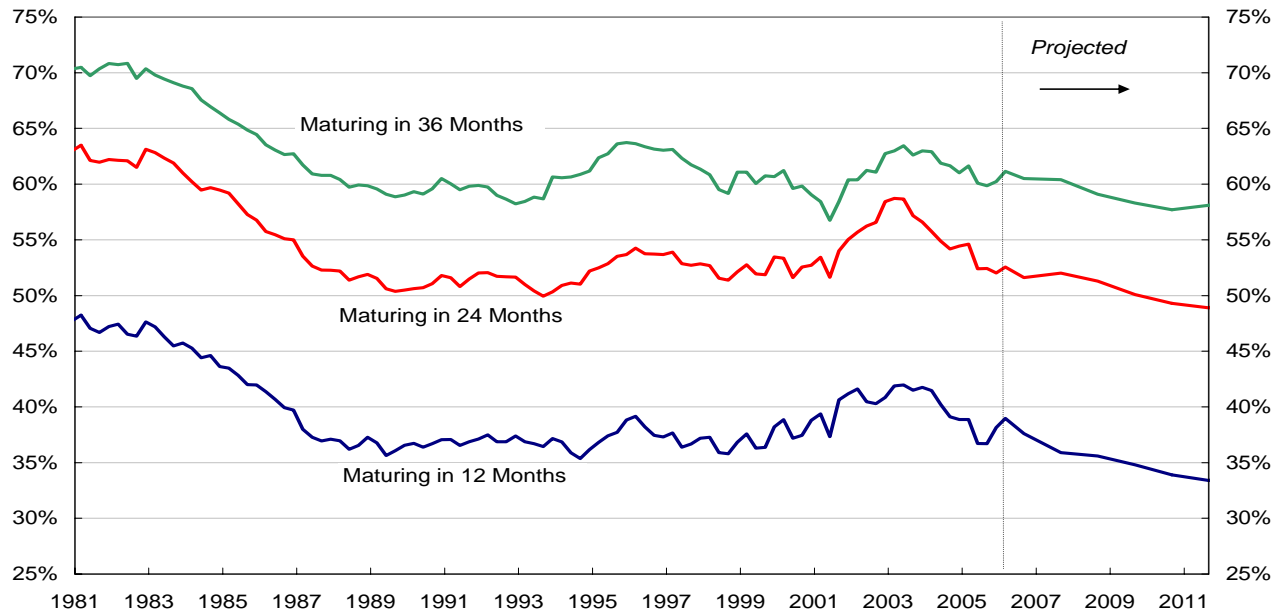
Distribution of Marketable Debt Outstanding by Security



- ◆ On current paths, bills' share of the portfolio is projected to fall to near historic lows.

Internal Treasury budget estimate used for FY 2006. Projections for FY 2007-2011 are based on OMB 2007 Budget estimates. Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance.

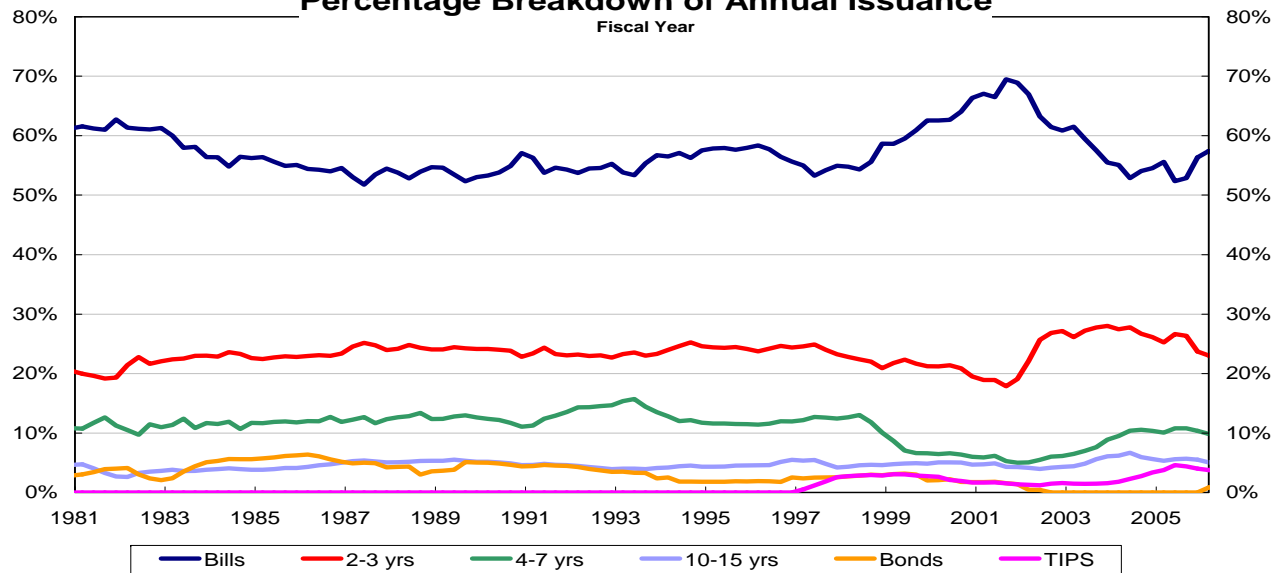
Percentage of Debt Maturing in Next 12 to 36 Months



Internal Treasury budget estimate used for FY 2006. Projections for FY 2007-2011 are based on OMB 2007 Budget estimates. Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance.

- ◆ Debt with a residual maturity of 3 years or less trends toward lower end of historical ranges.

Percentage Breakdown of Annual Issuance

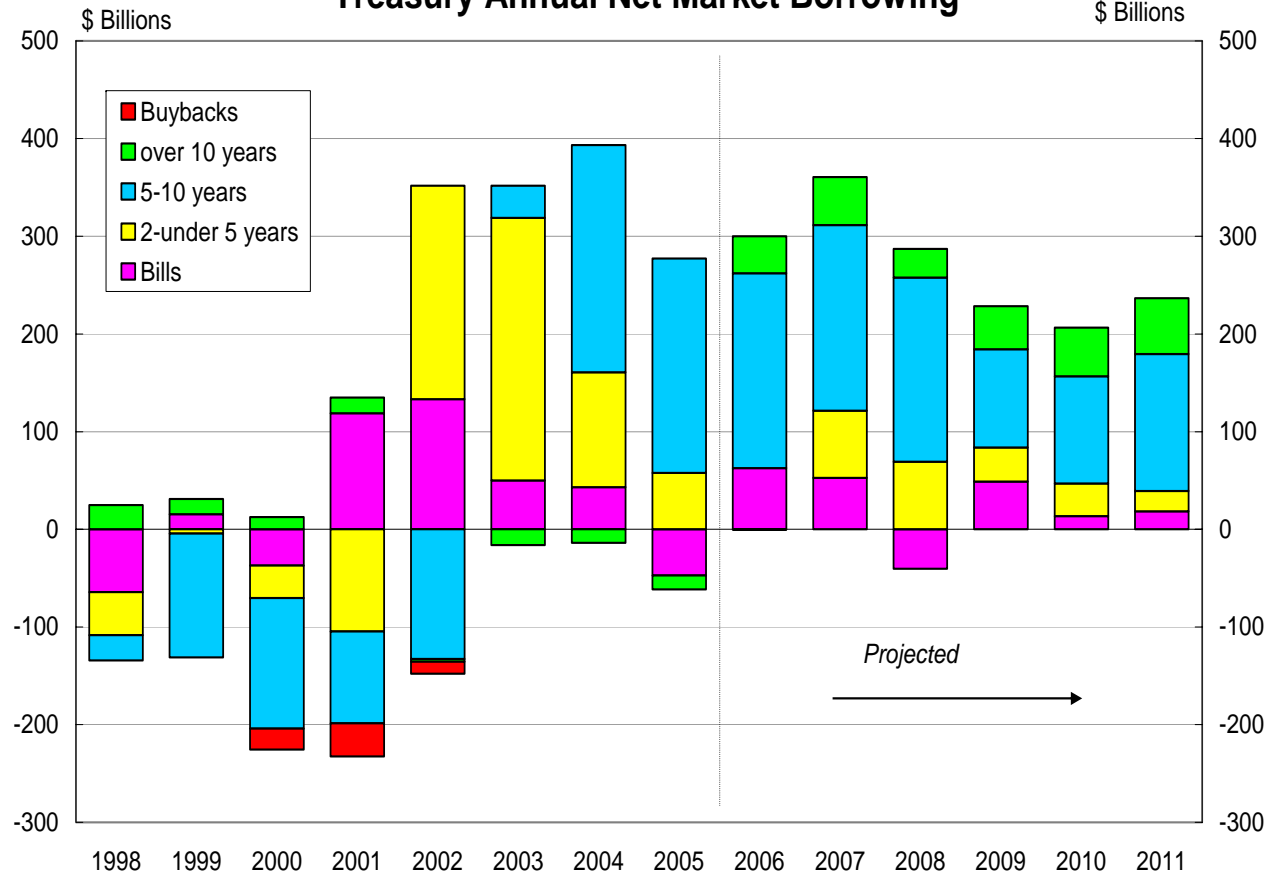


Note: Data through March 31, 2006.

- ◆ 2- and 3-year note issuance has stabilized, while bill issuance rises from recent lows.



Treasury Annual Net Market Borrowing



- ◆ Net marketable borrowing is mostly concentrated in 5- and 10-year note issuance through FY 2011.

Internal Treasury budget estimate used for FY 2006. Projections for FY 2007-2011 are based on OMB 2007 Budget estimates. Future residual financing needs are spread proportionally across auctioned securities to maintain constant maturity of issuance.



Uncertainty

- ◆ Current financing calendar can meet likely ranges of borrowing needs without adjustments over this fiscal year



FY 06 Deficit Estimates

\$ billions

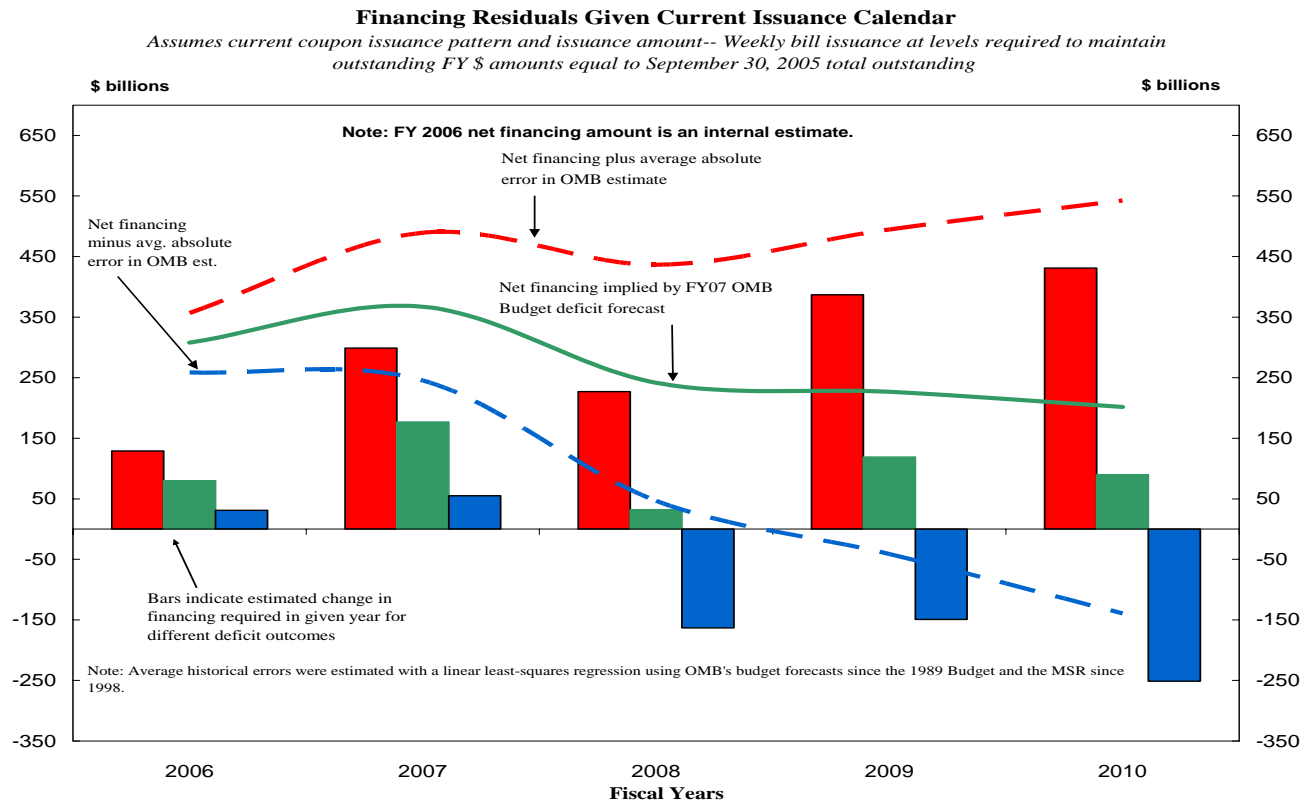
- ◆ Deficit estimates have declined since January.

	Primary Dealers*	CBO	OMB
Current:	356	336	423
Range based on average absolute forecast error	279-433	240-432	335-511
Estimates as of:	April 06	March 06	February 06

Note: Ranges based on errors from 1997-2005.

* Primary Dealers reflect average estimate.

- ◆ Current coupon pattern and issuance amounts will provide approximately \$220 billion of new financing in FY 2006.

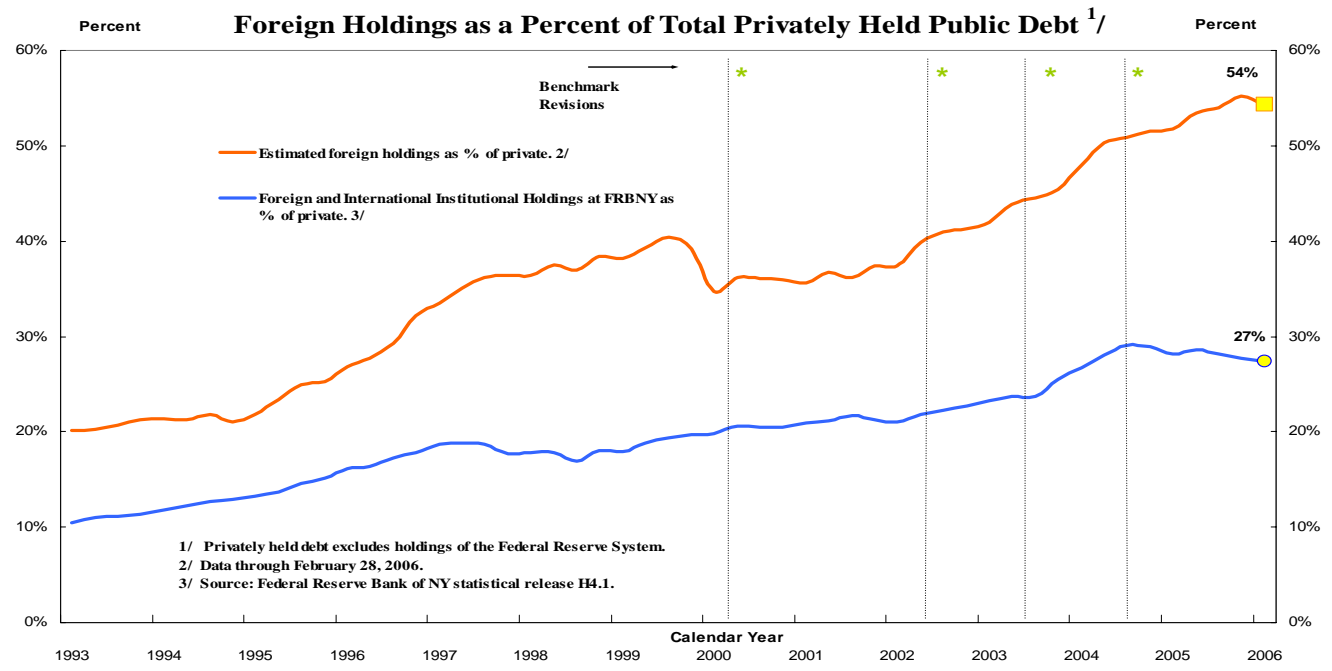


Capital Markets

- ◆ Foreign holdings of Treasuries have stabilized, while Treasury's share of the money market has reversed a recent trend

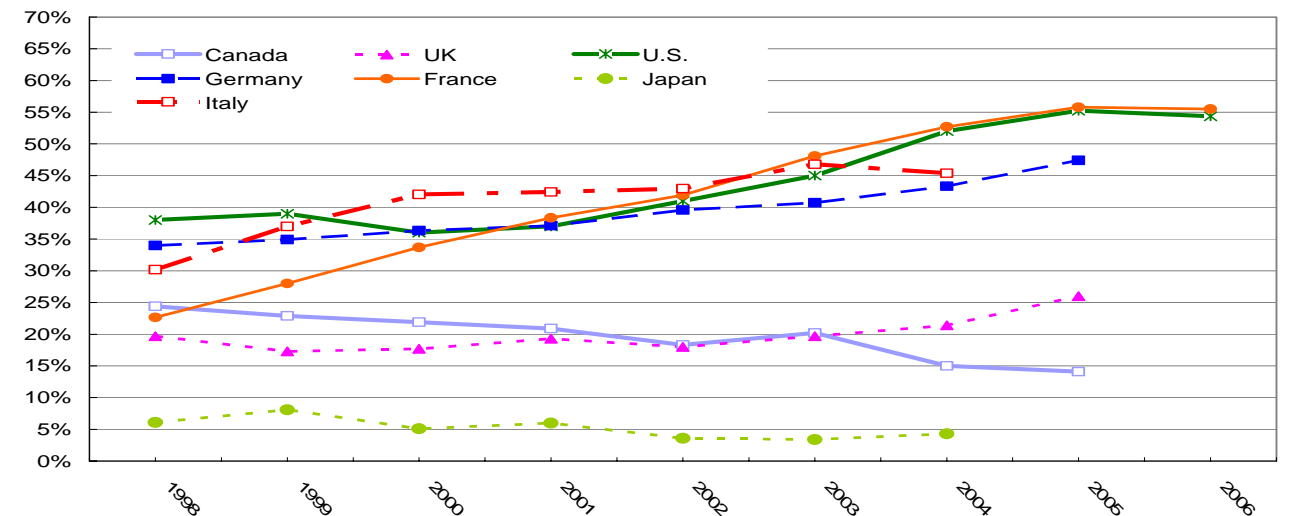


- ◆ Foreign holdings of U.S. Treasury debt are stable.
- ◆ Note that we anticipate a benchmark revision soon.



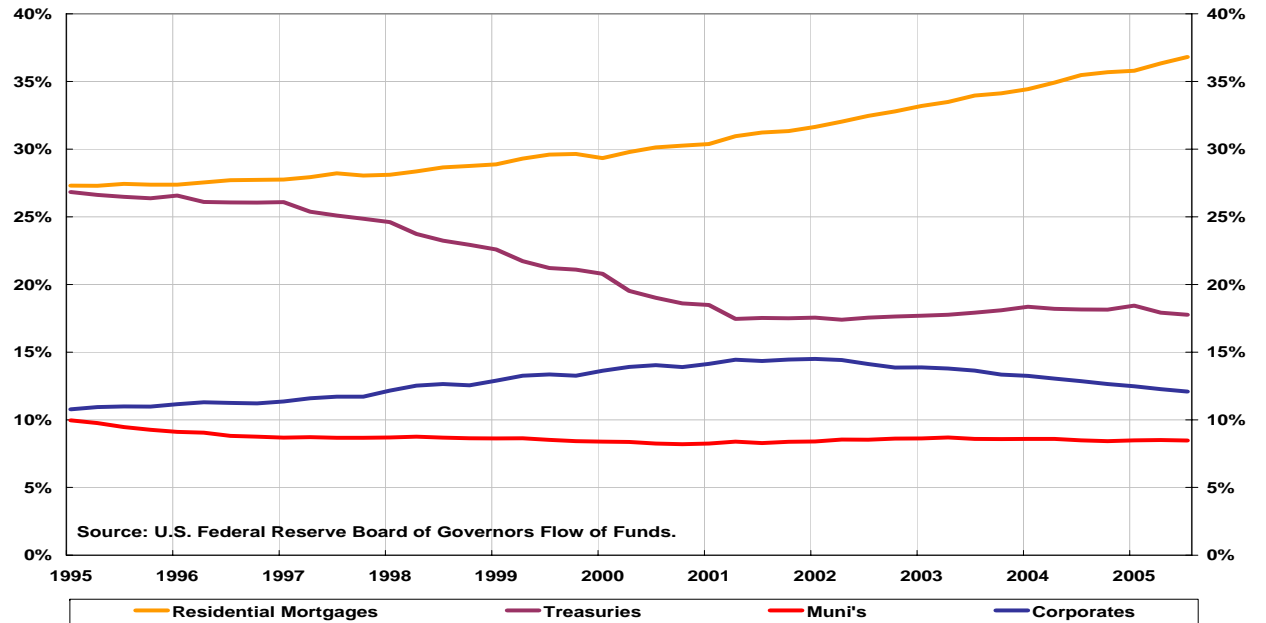
- ◆ Non-resident participation in U.S. bond markets remains comparable to other G-7 members.

NON-RESIDENT PARTICIPATION IN G-7 GOVERNMENT BOND MARKETS



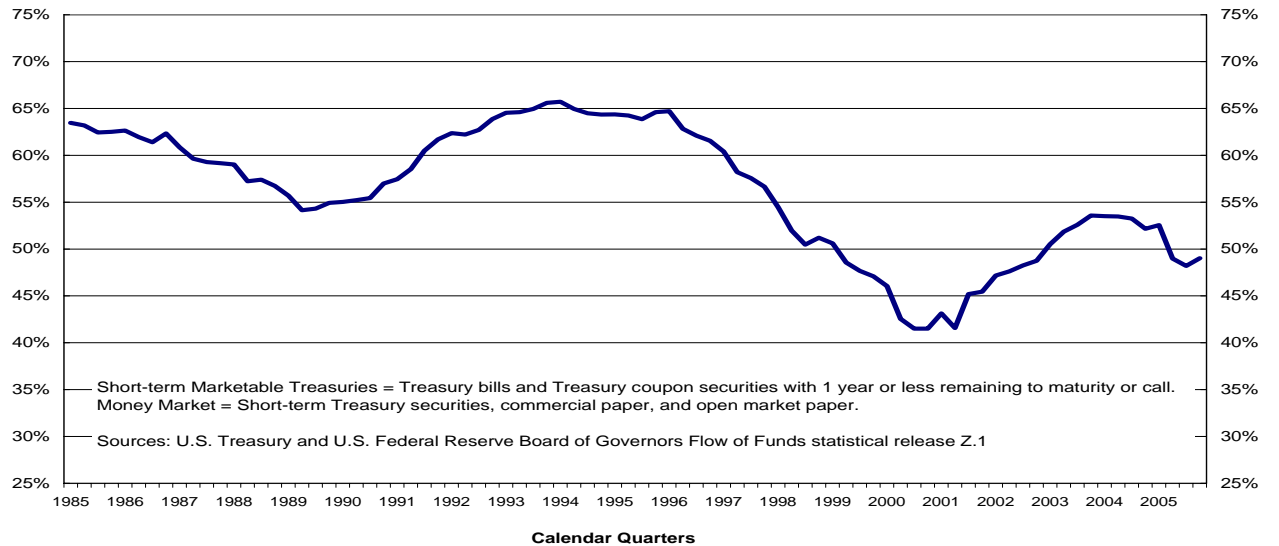
Sources: Canadian MOF, UK DMO, U.S. TIC, French Tresor, Bundesbank, Japanese MOF websites, Italian Treasury and U.S. Treasury staff calculations. Data for the UK, Germany and Canada are through Q3 2005, Oct 2005, and end-2005, respectively. Bundesbank data for Germany reflects non-resident holdings of general government debt. Data for France and the U.S. are through February 2006.

Percentage Breakdown of Nonfinancial Credit Market Debt



- Treasury's share of U.S. credit markets remains fairly level.

Outstanding Short-term Marketable Treasury Securities as a Percentage of Money Market Instruments



- The share of total short-term Treasuries outstanding grew in the fourth quarter of CY 2005 as bills outstanding reversed a 2 quarter decline.



Auction Release Time Performance

- ◆ No current quarter exceptions to Treasury's 2 minute auction release times

Auction Release Times for May 2005 - April 2006

Data through April 27, 2006
(In Minutes and Seconds)

