

## U.S. DEPARTMENT OF THE TREASURY

## Press Center

**February 2010 Quarterly Refunding Statement**

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**U.S. Treasury Department  
Office of Public Affairs**

**Embargoed Until 9 a.m. (EST), February 3, 2010****Contact: Office of Public Affairs, (202) 622-2960****FEBRUARY 2010 QUARTERLY REFUNDING STATEMENT**

**Washington, DC** – The U.S. Department of the Treasury is offering \$81 billion of Treasury securities to refund approximately \$48.3 billion of privately held securities maturing on February 15, 2010. This will raise approximately \$32.7 billion. The securities are:

- A 3-year note in the amount of \$40 billion, maturing February 15, 2013;
- A 10-year note in the amount of \$25 billion, maturing February 15, 2020; and
- A 30-year bond in the amount of \$16 billion, maturing February 15, 2040.

The 3-year note will be auctioned on a yield basis at 1:00 p.m. EST on Tuesday, February 9, 2010. The 10-year note will be auctioned on a yield basis at 1:00 p.m. EST on Wednesday, February 10, 2010, and the 30-year bond will be auctioned on a yield basis at 1:00 p.m. EST on Thursday, February 11, 2010. All of these auctions will settle on Tuesday, February 16, 2010.

The balance of Treasury financing requirements will be met with 4-, 13-, and 26-week bills; 52-week bills; monthly 2-year, 3-year, 5-year, and 7-year notes; the February 30-year TIPS; the March and April 10-year note reopenings and 30-year bond reopenings; the April 5-year TIPS; and the April 10-year TIPS reopening.

Treasury will also issue cash management bills, some potentially longer dated, during the quarter.

**Financing Needs and Portfolio Considerations**

Over the last two years, Treasury has responded to increasing marketable borrowing requirements in a deliberate manner, consistent with our operating framework of being regular and predictable. In addition to increasing issue sizes of coupon securities, several maturity points were added to the auction calendar and the frequency of coupon auctions was increased.

Treasury believes that auction sizes are at levels that give us the ability to adequately address a broad range of potential financing needs, while allowing the average maturity of debt to gradually extend. As such, Treasury anticipates that nominal coupon auction sizes will stabilize at current levels. Going forward, we will continue to monitor projected financing needs and make adjustments, as necessary.

This decision on nominal coupon issuance does not extend to the Treasury Inflation-Indexed Securities (TIPS) program. As indicated at the August and November Quarterly refundings, TIPS issuance will gradually increase going forward.

**Treasury Inflation-Indexed Securities (TIPS)**

TIPS are an important component of Treasury's debt management strategy. Given financing needs and efforts to improve liquidity in the TIPS program, Treasury is considering increasing the frequency of TIPS auctions. This could include, but is not limited to, the addition of a second reopening to 10-year TIPS offerings. Such an action would result in a total of six 10-year TIPS auctions per year.

This potential change would be implemented in July, with reopening auctions in September and November. Any decision regarding a second reopening of the 10-year TIPS offering will be announced at the May 2010 quarterly refunding.

Treasury will continue to consider other changes to the TIPS calendar in the coming year.

**Debt Subject to the Limit**

Based on current projections, Treasury expects to reach the debt ceiling as early as the end of February. However, the government's cash flows are volatile, making it difficult to forecast a precise date.

Treasury is working closely with Congress to pass legislation to increase the debt ceiling. We will keep financial market participants apprised of developments as the debt outstanding approaches the statutory limit.

**Supplementary Financing Program (SFP)**

In late December, the balance in the Treasury Supplemental Financing Program (SFP) account declined from \$15 billion to \$5 billion. The action was taken to preserve flexibility in the conduct of debt management policy. Despite the recent decision to reduce the size of the program, Treasury retains the flexibility to increase the SFP in the future. Such a decision will be made in coordination with the Federal Reserve.

Please send comments and suggestions on these subjects or others related to Treasury debt management to [debt.management@treasury.gov](mailto:debt.management@treasury.gov).

The next quarterly refunding announcement will take place on Wednesday, May 5, 2010.

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