

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Assistant Secretary for Financial Markets Matthew Rutherford November 2012 Quarterly Refunding Statement

10/31/2012

WASHINGTON – The U.S. Department of the Treasury is offering \$72 billion of Treasury securities to refund approximately \$63.1 billion of securities maturing on November 15, 2012. This will raise approximately \$8.9 billion of new cash. The securities are:

- A 3-year note in the amount of \$32 billion, maturing November 15, 2015;
- A 10-year note in the amount of \$24 billion, maturing November 15, 2022; and
- A 30-year bond in the amount of \$16 billion, maturing November 15, 2042.

The 3-year note will be auctioned on a yield basis at 1:00 p.m. ET on Tuesday, November 6, 2012. The 10-year note will be auctioned on a yield basis at 1:00 p.m. ET on Wednesday, November 7, 2012, and the 30-year bond will be auctioned on a yield basis at 1:00 p.m. ET on Thursday, November 8, 2012. All of these auctions will settle on Thursday, November 15, 2012.

The balance of Treasury financing requirements will be met with the weekly bill auctions, cash management bills, the monthly note and bond auctions, the November 10-year Treasury Inflation Protected Security (TIPS) reopening auction, the December 5-year TIPS reopening auction, and the January 10-year TIPS auction.

Projected Financing Needs

Treasury expects to keep note and bond auction sizes stable in the coming months. Treasury believes that the current coupon issuance schedule and offering sizes for notes and bonds are adequate to address forecasted borrowing needs over the near term.

Going forward, Treasury will continue to provide guidance to market participants regarding any changes in the fiscal outlook that might affect the government's financing needs.

Floating Rate Notes (FRNs)

Treasury announced at the last Quarterly Refunding that it plans to develop a floating rate note (FRN) program to complement the existing suite of securities issued and to help achieve our objective of financing the government at the lowest cost over time. The first FRN auction is still estimated to be at least one year away. The timeframe reflects Treasury's best estimate for implementing required auction regulations and IT systems modifications.

In the coming quarters, we plan to solicit comments from the public on the design details, terms and conditions, and other features of this new type of security. Treasury will continue to provide additional information on the details of the program.

Debt Limit

The debt limit places a limitation on the total amount of money that the United States government is authorized to borrow to meet its existing legal obligations, including Social Security and Medicare benefits, military salaries, interest on the national debt, tax refunds, and other payments. The debt limit does not authorize new spending commitments. It simply allows the government to finance existing legal obligations that Congress and presidents of both parties have made in the past.

Treasury continues to expect the debt limit to be reached near the end of 2012. However, Treasury has the authority to take certain extraordinary measures to give Congress more time to act to ensure we are able to meet the legal obligations of the United States of America. We continue to expect that these extraordinary measures would provide sufficient "headroom" under the debt limit to allow the government to continue to meet its obligations until early in 2013.

Please send comments and suggestions on these subjects or others related to debt management to debt.management@treasury.gov. The next quarterly refunding announcement will take place on Wednesday, February 6, 2013.

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