

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Assistant Secretary for Financial Markets Matthew Rutherford February 2013 Quarterly Refunding Statement

2/6/2013

WASHINGTON – The U.S. Department of the Treasury is offering \$72 billion of Treasury securities to refund approximately \$64.0 billion of securities maturing on February 15, 2013. This will raise approximately \$8.0 billion of new cash. The securities are:

- A 3-year note in the amount of \$32 billion, maturing February 15, 2016;
- A 10-year note in the amount of \$24 billion, maturing February 15, 2023; and
- A 30-year bond in the amount of \$16 billion, maturing February 15, 2043.

The 3-year note will be auctioned on a yield basis at 1:00 p.m. ET on Tuesday, February 12, 2013. The 10-year note will be auctioned on a yield basis at 1:00 p.m. ET on Wednesday, February 13, 2013, and the 30-year bond will be auctioned on a yield basis at 1:00 p.m. ET on Thursday, February 14, 2013. All of these auctions will settle on Friday, February 15, 2013.

The balance of Treasury financing requirements will be met with the weekly bill auctions, cash management bills, the monthly note and bond auctions, the February 30-year Treasury Inflation Protected Security (TIPS) auction, the March 10-year TIPS reopening auction, and the April 5-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.

As is typical during the tax season, in the coming weeks there will be a seasonal increase in borrowing needs ahead of the April 2013 filing deadline. Treasury plans to address this seasonal borrowing need through increases in regular bill auction sizes and cash management bills.

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

Floating Rate Notes (FRNs)

At the August 2012 Quarterly Refunding, Treasury announced plans to develop a floating rate note (FRN) program to complement our existing suite of securities and to help achieve our objective of financing the government at the lowest cost over time.

On December 5, 2012, Treasury published an Advance Notice of Proposed Rulemaking (ANPR) soliciting public comments on the design details and terms and conditions relevant to the issuance of floating rate securities. The ANPR comment period closed on January 22, 2013.

Treasury is currently reviewing the comment letters that have been received. We plan to issue a final rule on floating rate notes in the coming months, with the first FRN auction still estimated to be about a year away. This timeframe reflects Treasury's best estimate for implementing required auction regulations and IT systems modifications.

Treasury will continue to provide additional information on the details of the program.

Treasury Inflation Protected Security (TIPS) Issuance in 2013

TIPS are an important part of Treasury's overall debt management strategy. Over the past three years, Treasury has taken a number of steps to improve liquidity in the TIPS market, including increasing TIPS issuance, increasing the frequency of auctions, and moving 20-year TIPS to 30-year TIPS. These actions have been taken after extensive consultation with market participants.

Going forward, Treasury expects to continue to gradually increase issuance of TIPS in 2013. The increase in TIPS issuance in 2013 will occur in the 5-year tenor.

Treasury continues to welcome feedback on the size and composition of TIPS issuance.

Debt Limit

On February 4, 2013, a temporary suspension of the debt limit until May 18, 2013 was enacted into law. Treasury urges Congress to pass a longer-term debt limit increase prior to reaching May 18, 2013. Failure by Congress to pass a timely increase in the debt limit when the temporary suspension expires would require Treasury take certain extraordinary measures in order to provide Congress more time to act and to protect the creditworthiness of the country.

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, May 1, 2013.

###

