

Quarterly Refunding Statement of Acting Assistant Secretary for Financial Markets Monique Rollins

May 3, 2017

WASHINGTON — The U.S. Department of the Treasury is offering \$62 billion of Treasury securities to refund approximately \$49.7 billion of privately-held Treasury notes maturing on May 15, 2017. This will raise new cash of approximately \$12.3 billion. The securities are:

- A 3-year note in the amount of \$24 billion, maturing May 15, 2020;
- A 10-year note in the amount of \$23 billion, maturing May 15, 2027; and
- A 30-year bond in the amount of \$15 billion, maturing May 15, 2047.

The 3-year note will be auctioned on a yield basis at 1:00 p.m. ET on Tuesday, May 9, 2017. The 10-year note will be auctioned on a yield basis at 1:00 p.m. ET on Wednesday, May 10, 2017. The 30-year bond will be auctioned on a yield basis at 1:00 p.m. ET on Thursday, May 11, 2017. All of these auctions will settle on Monday, May 15, 2017.

The balance of Treasury financing requirements will be met with the weekly bill auctions, cash management bills, the monthly note and bond auctions, the May 10-year Treasury Inflation-Protected Securities (TIPS) reopening auction, the June 30-year TIPS reopening auction, the July 10-year TIPS auction, and the regular monthly 2-year Floating Rate Note (FRN) auctions.

Projected Financing Needs

Based on current fiscal forecasts, Treasury intends to maintain coupon issuance sizes at current levels over the upcoming quarter. Treasury will continue to monitor projected financing needs and make appropriate adjustments as necessary. Treasury plans to address changes in any seasonal borrowing needs over the next quarter through changes in regular bill auction sizes and/or cash management bills.

Debt Limit

The Bipartisan Budget Act of 2015 suspended the debt limit through March 15, 2017. Since that time, Treasury has been taking extraordinary measures to finance the government on a temporary basis. Treasury expects to exhaust the measures sometime in the second half of 2017. Accordingly, Treasury respectfully urges Congress to protect the full faith and credit of the United States by acting to increase or suspend the statutory debt limit as soon as possible.

Ultra-Long Issuance

Treasury is currently studying the possibility of issuing ultra-long bonds, with tenors greater than 30-years. As part of this effort, and consistent with Treasury's objective to fund the government at the least cost over time, Treasury continues to meet with a broad variety of market participants in order to assess the costs and benefits associated with issuing ultra-long bonds. At a future refunding meeting, following the completion of this internal review, Treasury will provide an update on the potential for ultra-long issuance.

Financing Potential System Open Market Account (SOMA) Portfolio Redemptions

The March 2017 Federal Open Market Committee (FOMC) minutes (released April 5, 2017) signaled potential changes in the Federal Reserve's reinvestment policy for its SOMA portfolio that could effect Treasury's net marketable borrowing from the public over the coming years. Specifically, if the Federal Reserve ceases to reinvest some or all of its maturing Treasury securities, Treasury would likely need to increase the amount of borrowing from the public in order to fund these SOMA redemptions. Treasury would likely respond to the additional borrowing needs associated with SOMA redemptions by increasing both Treasury bill and Treasury nominal coupon auction sizes.

If and when greater detail concerning the timing and magnitude of any potential plan by the Federal Reserve for SOMA redemptions becomes available, Treasury will provide market participants with further guidance regarding changes to future auction sizes.

Please send comments and suggestions on these subjects or others related to [debt management](#). The next quarterly refunding announcement will take place on August 2, 2017.

###