

# Quarterly Refunding Statement Of Acting Assistant Secretary For Financial Markets Monique Rollins

August 2, 2017

**WASHINGTON** — The U.S. Department of the Treasury is offering \$62 billion of Treasury securities to refund approximately \$47.3 billion of privately-held Treasury notes maturing on August 15, 2017. This will raise new cash of approximately \$14.7 billion. The securities are:

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

The 3-year note will be auctioned on a yield basis at 1:00 p.m. ET on Tuesday, August 8, 2017. The 10-year note will be auctioned on a yield basis at 1:00 p.m. ET on Wednesday, August 9, 2017. The 30-year bond will be auctioned on a yield basis at 1:00 p.m. ET on Thursday, August 10, 2017. All of these auctions will settle on Tuesday, August 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 August 5-year Treasury Inflation-Protected Securities (TIPS) reopening auction, the September 10-year TIPS reopening auction, the October 30-year TIPS reopening 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 at the debt limit and has been taking extraordinary measures to finance

the government on a temporary basis. Based upon available information, Treasury expects to be able to fund the government through the end of September. It is critical that Congress act to increase the nation's borrowing authority, and Treasury urges Congress to act promptly on this important matter.

### **Financing System Open Market Account (SOMA) Portfolio Redemptions**

The Federal Open Market Committee's (FOMC) June statement and Addendum to the Committee's Policy Normalization Principles and Plans signaled expectations for gradual future changes in the Federal Reserve's reinvestment policy for its SOMA portfolio. These will affect Treasury's net marketable borrowing from the public over the coming years. Specifically, Treasury will need to increase the amount of borrowing from other investors in order to fund these SOMA redemptions. Treasury will likely respond to the additional borrowing needs associated with SOMA redemptions by increasing both Treasury bill and Treasury nominal coupon auction sizes, beginning with bills and then coupons, as appropriate.

If and when the timing of the Federal Reserve's start to 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 November 1, 2017.

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