QUARTERLY REFUNDING STATEMENT OF ACTING ASSISTANT SECRETARY FOR FINANCIAL MARKETS MONIQUE ROLLINS

November 1, 2017

WASHINGTON — The U.S. Department of the Treasury is offering $62 billion of Treasury securities to refund approximately $42.7 billion of privately-held Treasury notes maturing on November 15, 2017. This will raise new cash of approximately $19.3 billion. The securities are:

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

The 3-year note will be auctioned on a yield basis at 1:00 p.m. ET on Tuesday, November 7, 2017. The 10-year note will be auctioned on a yield basis at 1:00 p.m. ET on Wednesday, November 8, 2017. The 30-year bond will be auctioned on a yield basis at 1:00 p.m. ET on Thursday, November 9, 2017. All of these auctions will settle on Wednesday, November 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 November 10-year Treasury Inflation-Protected Securities (TIPS) reopening auction, the December 5-year TIPS reopening auction, the January 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 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.

Changes in Borrowing Needs and Treasury's Response

Given the announced changes to the Federal Reserve's reinvestment policy for its System Open Market Account (SOMA) portfolio and projections for the fiscal outlook, in addition to increasing bill supply, Treasury anticipates announcing gradual adjustments to its nominal coupon and 2-year FRN auction sizes at the February 2018 refunding. The magnitude and allocation of increases to auction sizes will depend in part on projections for the fiscal outlook, as well as feedback from market participants.

Based on current fiscal forecasts and internal Treasury modeling, it is anticipated that these changes will likely result in a stabilization of the weighted average maturity (WAM) of debt outstanding at or around the current levels, with the caveat that unexpected large changes in borrowing needs could have an unforeseen impact on future issuance and ultimately the level of WAM. Any adjustments will be made in a manner consistent with our practice of being regular and predictable.

Debt Limit

The debt limit is 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 Congresses and presidents of both parties have made in the past.

The “Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017” suspended the debt limit through December 8, 2017. If Congress fails to increase or further suspend the debt limit by December 8, Treasury, as it has in the past, can take certain extraordinary measures to continue to finance the government on a temporary basis.

Extraordinary measures will allow the government to continue to meet its obligations through January 2018. It is currently too early to provide a more precise forecast as to how long the extraordinary measures will last.

Test Buyback Operation

Since 2014, Treasury has conducted periodic testing of existing IT infrastructure to ensure that buyback functionality remains operational. Within the next quarter, Treasury intends to conduct another small-value buyback operation to continue testing the buyback infrastructure. Details of such an operation will be announced at a later date.

This small-value buyback operation should not be viewed by market participants as a precursor or signal of any pending policy changes regarding Treasury’s use of buybacks.

Small-Value Contingency Auction Operation Test

Treasury believes that it is prudent to regularly test its contingency auction infrastructure. Treasury's contingency auction system has been used routinely over the last several years to conduct mock auctions. Within the next quarter, Treasury intends to conduct a small-value test auction using its contingency auction system. More details about this small-value auction test will be announced at a later date.

This small-value auction should not be viewed by market participants as a precursor or signal of any pending policy changes regarding Treasury's existing auction processes.

Please send comments and suggestions on these subjects or others related to debt management. The next quarterly refunding announcement will take place on January 31, 2018.

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