

TREASURY ANNOUNCES MARKETABLE BORROWING ESTIMATES

August 3, 2020

Sources and Uses Table

WASHINGTON -- The U.S. Department of the Treasury today announced its current estimates of privately-held net marketable borrowing^[1] for the July - September 2020 and October - December 2020 quarters. These estimates assume \$1 trillion of additional borrowing need in anticipation of additional legislation being passed in response to the COVID-19 outbreak.

- During the July - September 2020 quarter, Treasury expects to borrow \$947 billion in privately-held net marketable debt, assuming an end-of-September cash balance of \$800 billion. The borrowing estimate is \$270 billion higher than announced in May 2020. The increase in privately-held net marketable borrowing is primarily driven by higher expenditures, due to a shift from the prior quarter and anticipated new legislation, largely offset by the higher beginning-of-July cash balance^[2] and higher receipts.
- During the October - December 2020 quarter, Treasury expects to borrow \$1.216 trillion in privately-held net marketable debt, assuming an end-of-December cash balance of \$800 billion.

During the April - June 2020 quarter, Treasury borrowed \$2.753 trillion in privately-held net marketable debt and ended the quarter with a cash balance of \$1.722 trillion. In May 2020, Treasury estimated privately-held net marketable borrowing of \$2.999 trillion and assumed an end-of-June cash balance of \$800 billion. The \$246 billion decrease in borrowing resulted primarily from lower-than-projected expenditures and higher receipts largely offset by the increase in the cash balance.

Additional financing details relating to Treasury's Quarterly Refunding will be released at 8:30 a.m. on Wednesday, August 5, 2020.

^[1] Privately-held net marketable borrowing excludes rollovers (auction "add-ons") of Treasury securities held in the Federal Reserve System Open Market Account (SOMA) but includes

financing required due to SOMA redemptions. Secondary market purchases of Treasury securities by SOMA do not directly change net privately-held marketable borrowing but, all else equal, when the securities mature and assuming the Fed does not redeem any maturing securities, would increase the amount of cash raised for a given privately-held auction size by increasing the SOMA “add-on” amount.

[2]

Cash Balance Assumptions	<u>April - June Quarter</u>			<u>July - September Quarter</u>		
	Prior	Current	Change	Prior	Current	Change
Opening Balance	\$515	\$515	\$0	\$800	\$1,722	\$922
<u>Closing Balance</u>	<u>\$800</u>	<u>\$1,722</u>	<u>\$922</u>	<u>\$800</u>	<u>\$800</u>	<u>\$0</u>
Impact on Borrowing	\$285	\$1,207	\$922	\$0	-\$922	-\$922