

Quarterly Refunding Statement of Assistant Secretary for Financial Markets Josh Frost

November 1, 2023

WASHINGTON — The U.S. Department of the Treasury is offering \$112 billion of Treasury securities to refund approximately \$102.2 billion of privately-held Treasury notes maturing on November 15, 2023. This issuance will raise new cash from private investors of approximately \$9.8 billion. The securities are:

- A 3-year note in the amount of \$48 billion, maturing November 15, 2026;
- A 10-year note in the amount of \$40 billion, maturing November 15, 2033; and
- A 30-year bond in the amount of \$24 billion, maturing November 15, 2053.

The 3-year note will be auctioned at 1:00 p.m. ET on Tuesday, November 7, 2023. The 10-year note will be auctioned at 1:00 p.m. ET on Wednesday, November 8, 2023. The 30-year bond will be auctioned at 1:00 p.m. ET on Thursday, November 9, 2023. All of these auctions will take place on a yield basis and will settle on Wednesday, November 15, 2023.

The balance of Treasury financing requirements over the quarter will be met with regular weekly bill auctions, cash management bills (CMBs), and monthly note, bond, Treasury Inflation-Protected Securities (TIPS), and 2-year Floating Rate Note (FRN) auctions.

PROJECTED FINANCING NEEDS AND ISSUANCE PLANS

Based on projected intermediate- to long-term borrowing needs, Treasury intends to continue gradually increasing coupon auction sizes in the upcoming November 2023 to January 2024 quarter. As these changes will make substantial progress towards aligning auction sizes with projected borrowing needs, Treasury anticipates that one additional quarter of increases to coupon auction sizes will likely be needed beyond the increases announced today. Treasury issuance plans will continue to depend on a variety of factors, including the evolution of the fiscal outlook and the pace and duration of future SOMA redemptions.

NOMINAL COUPON AND FRN FINANCING

Treasury plans to continue with gradual nominal coupon and FRN auction size increases, but at a more moderate rate in longer-dated tenors. Treasury will continue to evaluate whether additional relative adjustments are appropriate when determining future changes in auction sizes.

Treasury plans to increase the auction sizes of the 2- and 5-year by \$3 billion per month, the 3-year by \$2 billion per month, and the 7-year by \$1 billion per month. As a result, the auction sizes of the 2-, 3-, 5-, and 7-year will increase by \$9 billion, \$6 billion, \$9 billion, and \$3 billion, respectively, by the end of January 2024.

Treasury plans to increase both the new issue and the reopening auction size of the 10-year note by \$2 billion and the 30-year bond by \$1 billion. Treasury plans to maintain the 20-year bond new issue and reopening auction size.

Treasury plans to increase the November and December reopening auction size of the 2-year FRN by \$2 billion and the January new issue auction size by \$2 billion.

The table below presents, in billions of dollars, the actual auction sizes for the August to October 2023 quarter and the anticipated auction sizes for the November 2023 to January 2024 quarter:

	<u>2-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>7-Year</u>	<u>10-Year</u>	<u>20-Year</u>	<u>30-Year</u>	<u>FRN</u>
Aug-23	45	42	46	36	38	16	23	24
Sep-23	48	44	49	37	35	13	20	24
Oct-23	51	46	52	38	35	13	20	26
Nov-23	54	48	55	39	40	16	24	26
Dec-23	57	50	58	40	37	13	21	26
Jan-24	60	52	61	41	37	13	21	28

Treasury plans to address any seasonal or unexpected variations in borrowing needs over the next quarter through changes in regular bill auction sizes and/or CMBs.

TIPS FINANCING

Given the intermediate- to long-term borrowing outlook and the structural balance of supply and demand for TIPS, Treasury believes it would be prudent to continue with incremental increases to TIPS auction sizes in order to maintain a stable share of TIPS as a percentage of total marketable debt outstanding. Over the November 2023 to January 2024 quarter, Treasury plans to maintain the November 10-year TIPS reopening auction size at \$15 billion,

increase the December 5-year TIPS reopening auction size by \$1 billion to \$20 billion, and increase the January 10-year TIPS new issue auction size by \$1 billion to \$18 billion.

BILL ISSUANCE

Given current fiscal forecasts, Treasury expects to maintain bill auction sizes at current levels into late-November – this will help to ensure sufficient liquidity to meet our elevated one-week cash needs around the end of this month. By early-December, Treasury anticipates implementing modest reductions to short-dated bill auction sizes that will likely then be maintained through mid- to late-January. As always, Treasury will continue to evaluate near-term borrowing needs and assess additional adjustments to bill auction sizes as appropriate.

Treasury is actively evaluating whether to change the regular 6-week CMB to benchmark status and will announce its decision at an upcoming refunding. In the interim, Treasury will continue to supplement its benchmark bill financing with weekly issuance of the 6-week CMB, at least through the end of March 2024.

BUYBACKS

Treasury continues to make significant progress on its plans to implement a regular buyback program in 2024. This last quarter, Treasury received important feedback from the primary dealers with regard to scheduling buyback operations for liquidity support and cash management purposes. Treasury intends to provide an update on the timing for implementing the regular buyback program in the next quarterly refunding announcement.

Please send comments or suggestions on these subjects or other subjects related to debt management to debt.management@treasury.gov.

The next quarterly refunding announcement will take place on Wednesday, January 31, 2024.

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