

Quarterly Refunding Statement of Assistant Secretary for Financial Markets Josh Frost

May 1, 2024

WASHINGTON — The U.S. Department of the Treasury is offering \$125 billion of Treasury securities to refund approximately \$107.8 billion of privately-held Treasury notes maturing on May 15, 2024. This issuance will raise new cash from private investors of approximately \$17.2 billion. The securities are:

- A 3-year note in the amount of \$58 billion, maturing May 15, 2027;
- A 10-year note in the amount of \$42 billion, maturing May 15, 2034; and
- A 30-year bond in the amount of \$25 billion, maturing May 15, 2054.

The 3-year note will be auctioned at 1:00 p.m. ET on Tuesday, May 7, 2024. The 10-year note will be auctioned at 1:00 p.m. ET on Wednesday, May 8, 2024. The 30-year bond will be auctioned at 1:00 p.m. ET on Thursday, May 9, 2024. All of these auctions will take place on a yield basis and will settle on Wednesday, May 15, 2024.

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

Since August 2023, Treasury has significantly increased issuance sizes for nominal coupon and FRN securities. Treasury believes these cumulative changes leave it well positioned to address potential changes to the fiscal outlook and to the pace and duration of future SOMA redemptions.

NOMINAL COUPON AND FRN FINANCING

Based on current projected borrowing needs, Treasury does not anticipate needing to increase nominal coupon or FRN auction sizes for at least the next several quarters.

The table below presents, in billions of dollars, the actual auction sizes for the February to April 2024 quarter and the anticipated auction sizes for the May to July 2024 quarter:

	2-Year	3-Year	5-Year	7-Year	10-Year	20-Year	30-Year	FRN
Feb-24	63	54	64	42	42	16	25	28
Mar-24	66	56	67	43	39	13	22	28
Apr-24	69	58	70	44	39	13	22	30
May-24	69	58	70	44	42	16	25	28
Jun-24	69	58	70	44	39	13	22	28
Jul-24	69	58	70	44	39	13	22	30

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 May to July 2024 quarter, Treasury plans to maintain the May 10-year TIPS reopening auction size at \$16 billion, increase the June 5-year TIPS reopening auction size by \$1 billion to \$21 billion, and increase the July 10-year TIPS new issue auction size by \$1 billion to \$19 billion.

BILL ISSUANCE

Given current fiscal forecasts, Treasury expects to increase the 4-, 6-, and 8-week bill auction sizes in the coming days to ensure sufficient liquidity to meet our one-week cash needs around the end of May. Then, in anticipation of the June 15th non-withheld and corporate tax date, Treasury expects to implement modest reductions to short-dated bill auction sizes during early to mid-June. Subsequently, over the course of July, Treasury anticipates returning short-dated bill auction sizes to levels at or near the highs from February and March. As


always, Treasury will continue to evaluate near-term borrowing needs and assess additional adjustments to bill auction sizes as appropriate.

INTRODUCTION OF THE 6-WEEK BILL BENCHMARK

Given the outlook for T-bill supply over the medium term and after gathering feedback from a variety of market participants, including the primary dealers and Treasury Borrowing Advisory Committee, Treasury intends to change the regular 6-week CMB into a benchmark bill (part of the regular weekly bill issuance schedule going forward). Investor reception to the 6-week CMB has been strong, and elevation to benchmark status will further support demand.

Over the coming quarters, Treasury plans to make necessary operational and systems changes in order to smoothly transition the 6-week CMB to benchmark status. During this transition, Treasury will continue with weekly issuance of the 6-week CMB. Treasury also intends to maintain the Thursday settlement and maturity cycle when the 6-week CMB becomes a benchmark bill. Additional implementation details, including the likely timing of the first benchmark auction, will be provided at an upcoming refunding.

BUYBACKS

Today, Treasury is announcing the launch of its buyback program and is releasing a tentative buyback [schedule](#)  for the May to July 2024 quarter, with the first operation intended for Wednesday, May 29th. Through July 2024, Treasury plans to conduct weekly Liquidity Support buybacks of up to \$2 billion per operation in nominal coupon securities and up to \$500 million per operation in TIPS.

In each operation, Treasury will seek offers for no more than 20 CUSIPs, due to temporary settlement process limitations. Once these settlement process limitations are addressed, Treasury plans to remove the 20 CUSIP cap and move towards operation sizes consistent with its previous guidance (e.g., maximum of \$30 billion per quarter across buckets for Liquidity Support). Treasury will provide an update on this transition at the next refunding.

There are no planned Cash Management buybacks for the May to July 2024 quarter. Cash Management buybacks may begin later in 2024 depending on fiscal flows and market conditions.

Consistent with conducting these operations in a regular and predictable manner, Treasury intends to announce a tentative buyback schedule at each quarterly refunding. More

information about Treasury buybacks can be found [here](#).

LARGE POSITION REPORT (LPR) CALL

Sometime over the next three months, Treasury intends to issue an LPR call. Treasury last conducted an LPR call on July 11, 2023.

Additionally, Treasury is offering a free virtual workshop on June 7, 2024, regarding Treasury's LPR rules, which apply to all U.S. and foreign entities that may control a large position in a specified Treasury security. [More information about the workshop is available](#).

Further information regarding LPR calls, Treasury's rules, and supplementary formula guidance can be found at <https://www.treasurydirect.gov/laws-and-regulations/gsa/lpr-reports/>.

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, July 31, 2024.

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