



## **U.S. TREASURY DEPARTMENT OFFICE OF PUBLIC AFFAIRS**

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**Contact: Office of Public Affairs, (202) 622-2960**

### **NOVEMBER 2009 QUARTERLY REFUNDING STATEMENT**

**Washington, DC** – Treasury is announcing the following changes to the issuance calendar:

- Reintroduction of 30-year Treasury Inflation-Protected Securities (TIPS), with the first auction to occur in February 2010.
- Discontinuation of 20-year TIPS auctions, effective immediately.

#### **Details of the November Refunding**

We are offering \$81.0 billion of Treasury securities to refund approximately \$38.5 billion of privately held securities maturing or called on November 15, 2009. This will raise approximately \$42.5 billion. The securities are:

- A 3-year note in the amount of \$40.0 billion, maturing November 15, 2012;
- A 10-year note in the amount of \$25.0 billion, maturing November 15, 2019; and
- A 30-year bond in the amount of \$16.0 billion, maturing November 15, 2039.

The 3-year note will be auctioned on a yield basis at 1:00 p.m. EST on Monday, November 9, 2009. The 10-year note will be auctioned on a yield basis at 1:00 p.m. EST on Tuesday, November 10, 2009, and the 30-year bond will be auctioned on a yield basis at 1:00 p.m. EST on Thursday, November 12, 2009. All of these auctions will settle on Monday, November 16, 2009.

The balance of our financing requirements will be met with weekly bills; monthly 52-week bills; monthly 2-year, 3-year, 5-year, and 7-year notes; the December and January 10-year note and 30-year bond reopenings; and the January 10-year TIPS offering.

Treasury will also issue cash management bills, some longer dated, during the quarter.

## **Changes to the TIPS Auction Calendar**

To potentially improve liquidity in the TIPS program, extend the average maturity of the portfolio, and better capture the premium associated with inflation protection, Treasury will replace its 20-year TIPS offering with 30-year TIPS.

The 30-year TIPS will be issued on a semi-annual basis, with an initial offering in February, followed by a reopening of the original issue in August 2010. Similar to the 5-year TIPS offering, the security will mature mid-month, but will settle at the end of the month. The first 30-year TIPS auction will be on Monday, February 22, 2010, for settlement on Friday, February 26, 2010.

Additionally, market participants have communicated to Treasury that more frequent auctions would help improve liquidity in the TIPS market. Given Treasury's commitment to this program, and our plan to gradually increase TIPS issuance, we are considering making further changes to the TIPS auction calendar. Any changes will be made in close consultation with market participants and will be done in a transparent manner, consistent with our operating framework of being regular and predictable.

## **Regular Bill Auctions**

Over the past year, Treasury has frequently rescheduled the timing of regular bill auctions from 1:00 p.m. to 11:30 a.m. to accommodate additional auctions of coupon securities.

In light of this experience and after consulting with market participants, Treasury has decided to move all regularly scheduled Treasury bill auctions to 11:30 a.m., beginning with the 13-week and 26-week bill auctions scheduled for Monday, November 9, 2009. Treasury expects this change to increase transparency and make bill auctions more regular and predictable.

The standardization of bill auction closing times applies to regular Treasury auctions of 4-week, 13-week, 26-week, and 52-week bills only. The closing times of cash management bill (CMB) auctions will be included in the details of each CMB auction announcement.

## **Debt Subject to the Limit**

Based on current projections, Treasury expects to reach the debt ceiling in mid- to late-December. However, the government's cash flows are volatile, and forecasting a precise date is difficult.

Treasury is working closely with Congress to pass legislation to increase the debt ceiling. We will keep financial market participants apprised of developments as the debt outstanding approaches the statutory limit.

## **Supplementary Financing Program**

Treasury announced on September 16, 2009, that the balance in the Treasury Supplemental Financing Program (SFP) Account would decrease from \$200 billion to \$15 billion. The action was taken to preserve flexibility in the conduct of debt management policy. Despite the recent decision to reduce the size of the program, Treasury retains the flexibility to increase the SFP in the future. Such a decision will be made in coordination with the Federal Reserve.

Please send comments and suggestions on these subjects or others related to Treasury debt management to [debt.management@do.treas.gov](mailto:debt.management@do.treas.gov).

The next quarterly refunding announcement will take place on Wednesday, February 3, 2010.

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