

Aggregated Perspectives on Treasury Auction Sizes, April 24, 2017

The Treasury Department's Office of Debt Management (ODM) would like your perspectives on current Treasury auction sizes. This information would be used to help test ODM's debt-issuance modeling assumptions, and does not reflect potential policy decisions. We appreciate your participation in a similar survey conducted in November 2016, and the aggregate response can be found online at <http://www.treasury.gov/resource-center/data-chart-center/quarterly-refunding/Pages/dealer-agenda-survey.aspx>.

For each of the 14 securities that Treasury currently issues regularly, we would be interested in your views on the following matters:

- 1) All else equal, what is the minimum auction size, per auction, needed to maintain benchmark liquidity? Specifically, what is the smallest auction size (weekly for bills, monthly for coupons) necessary to support "on-the-run" issue liquidity in the secondary market?
- 2) All else equal, what is the maximum auction size, per auction, that could be issued without causing "significant yield deviations" from current fair value? This fair value could, for example, be as measured by your spline, or other analytical models.
- 3) All else equal, what is the maximum change in auction size (+/- X \$billions) that can be implemented between two consecutive new issuances without causing "significant yield deviations"?

The Treasury Department's Office of Debt Management (ODM) surveyed all 23 primary dealers on their firms' perspectives on current Treasury auction sizes. The results presented below are "trimmed mean" and "trimmed standard deviation". That is, the high and low values of all 23 responses for any maturity tranche are deleted before computing the average and standard deviation.

Tranche	Minimum Auction Size needed to maintain Benchmark Liquidity (\$bil)		Maximum Auction Size that could be issued without causing significant yield deviations from fair value (\$bil)		Maximum change (+/-) per quarter in auction size (\$bil)	
	MEAN	STD	MEAN	STD	MEAN	STD
Bills						
4-week	25	5.1	61	6.2	14	4.0
13-week	23	4.4	45	4.9	8	3.9
26-week	21	2.5	41	3.5	7	3.0
52-week	16	3.8	30	3.7	5	1.9
Coupons						
2-year	21	1.5	41	4.6	4	1.3
3-year	20	0.9	37	5.1	4	1.1
5-year	27	2.5	41	2.3	3	1.2
7-year	22	1.9	35	2.2	3	0.8
10-year	19	1.5	31	3.6	3	1.3
30-year	11	1.4	19	1.7	2	0.9
TIPS						
5-year	12	1.2	20	2.8	2	0.7
10-year	10	1.2	17	2.0	2	0.7
30-year	6	0.7	11	1.7	2	0.7
FRN						
2-year	11	1.1	19	1.8	3	1.1