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# U.S. to borrow record \$188 billion

## Economy on 'firm footing,' Treasury official says

By [Rex Nutting](#), MarketWatch

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**WASHINGTON (MarketWatch) --** The U.S. government expects to borrow a record \$188 billion in the second quarter, the Treasury Department announced Monday.

Three months ago, the government said that it expected net borrowing of \$171 billion for the January through March period. The increase in expected borrowing is largely due to higher than expected outlays and lower issuance of state and local government securities.

Details of next week's quarterly refunding auction, including the reintroduction of the 30-year bond, will be announced on Wednesday. [Read more about the refunding.](#)

In the third quarter, the government expects to pay down \$30 billion in federal debt.

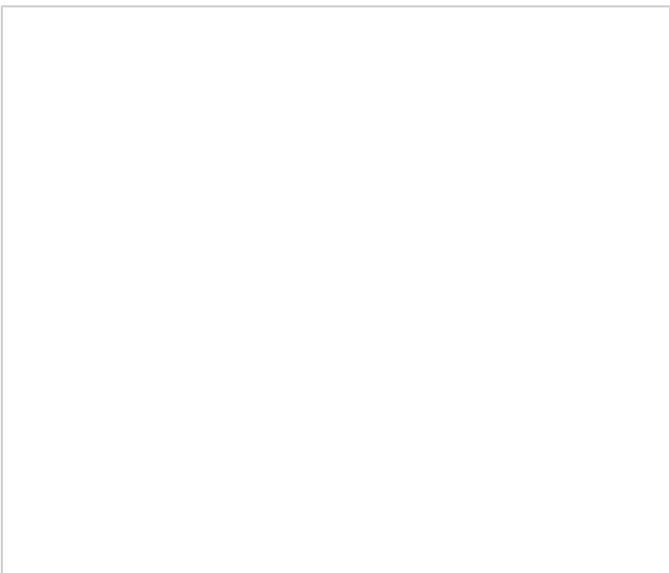
In the first quarter, the government borrowed \$93 billion, less than forecast because of lower than expected outlays and a surprise repayment of debt to the International Monetary Fund.

The Bush administration still expects to hit the statutory debt ceiling in mid-February. Congress would need to act or the administration would be forced to engage in the usual accounting gimmicks to maintain its authority to borrow money for public services.

In remarks to a bond-market industry group, Assistant Treasury Secretary Mark Warshawsky said that the economy is "right on track" and expects healthy consumption growth this year despite negative personal savings.

After the deadly hurricanes in August and September, the economy "recovered quickly and is on firm footing," the Treasury's top economic official said. [Read his statement.](#)

"The factors that held down fourth-quarter growth are temporary," Warshawsky added, forecasting benign inflation.



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Rex Nutting is Washington bureau chief of MarketWatch.

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