Tuesday, March 19, 2024

Front End Monitor

Santander US Capital Markets Front End Group
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	Bills		Agcy Discos		Discount CP		UST GCF		MBS GCF		SOFR		OIS		Libor/OIS	
	Yield	Δ on Day	Yield	Δ on Day	Yield	Δ on Day	Yield	Δ on Day	Yield	Δ on Day	Yield	Δ on Day	Yield	Δ on Day	Spread	Δ on Day
1 Mo	5.384	-0.008	5.250	0.000	5.320	0.000	5.380	0.000	5.410	0.000	5.329	0.000	5.340	-0.001	-0.011	0.001
3 Mo	5.358	-0.032	5.230	0.000	5.340	0.000	5.400	0.000	5.430	0.000	5.333	0.000	5.339	-0.003	-0.006	0.003
6 Mo	5.337	0.004	5.100	0.000	5.270	0.000	5.360	-0.010	5.400	0.000	5.280	0.004	5.270	-0.013	0.009	0.017
1 Yr	5.081	0.002	4.750	0.000			5.200	0.000	5.260	0.000	5.097	0.018	5.069	-0.016	0.028	0.034

(1)

US General Collateral and Specials - Forbes Hopper

Today felt like clean-up day in front of tomorrow's FOMC decision on interest rates with most market makers looking short term. The one outlier was 11/15 which traded at 5.35 for MBS GCF(SOFR +13.5) and 5.31 for NB's (SOFR +9) at different times of the day. The large GNMA owner came to the market today to fund his position to 4/18 REG start and had no problem getting done at 5.40 for over 10bln in capacity which is surprising the great fill he got considering its over Japanese year end/Qtr End (need to make this account pay-up for balance sheet). The overnight market was firm all morning long @ 535 for all liquid products but a large pocket of cash emerged in the early afternoon and pushed down levels to 5.15 for NB's. We should open a beep lower tomorrow and do expect the proverbial grind to lower levels throughout the session. The Specials market has 3 issues trading with some value these days and do expect them to hold their value right through quarter end. Both 2's and 5's are trading to the 4/1 date @ 470 and 480, respectively while 20's saw a lot of term activity to 4/1 @ 155 and to 6/3 @ 450 last(700mm traded). Traders are covering positions in front of the long holiday weekend knowing that liquidity becomes poor and hot runs leave the street due to balance sheet constraints. Rest up for tomorrow. Have a great night.

Discos - Jean Bart

Good afternoon, another relatively quiet day in the new issue windows in front of the FED tomorrow. The FNMA and FREDDIE window did see interest in April maturities rich to the FHLB curve for dates not posted in the FHLB window. FHLB saw interest April and early May maturity dates at levels on top of T-Bills. Other posts were rich to T-bills and little traded. The small 2Bn FHLB auction stopped at levels rich to t-bills: 1mo 5.247, 2mo 5.245, 3mo 5.235, and 4mo 5.206. In SOFR floaters, FHLB issued a 6nc5mo @ flat and and an 8mo @ +1, 250mm of each. Issuance overall will likely to be light again tomorrow morning in front of the Fed announcement. Have a good evening.

STRUCTURE DESCRIPTION	SPRD	ST	SETTL	MATURITY	MIN	TARGET	ALLOC
6Mo nc 5Mo ON SOFR (D/Q)(E)	0.000	CL	3/25	10/1/24	250	250.000	250.000
8Mo ON SOFR (D/Q)	1.000	OP	3/25	11/25/24	100	250.000	250.000

Bills - Eric Diamond

In bills, we had another day with mixed auction results, the shorter dated 6wk CMB stopped on the offer-side at 5.28% with decent demand into the auction. The year bill tailed 1.5bps to 4.81%, indirects were low at 51%, the average is closer to 65%, there was selling at the stop and for losses post auction even with the market higher after a stronger than expected 20yr auction. Auction issuance was reduced for Thursday's auctions, 1mths by $10bn, 2mths by $5bn, both to $85bn, 4mths are unchanged at $60bn for tomorrow.

Funding: Weekly (week ending 3/15/24)

- Frequent 'money market trend' indicators:
  - CP issuance decreased ~$6.1B and is at ~$1.209T (3/13)
  - FICC Sponsor Repo – Range of ~$940B to ~$985B for week ending 3/14
  - UST supply ~$63B in proj additional collateral for the next 6-weeks (3/18)
  - T-Bill supply ~$130B in proj paydown for the next 6-weeks (3/18)
  - Fed RRP participation last week ranged from $0.414T to $0.521T (3/15)
  - Fed Foreign Reverse Repo Facility decreased $3.607B and is at ~$332.94B (3/13)
  - Other Deposits at the Fed increased ~$3.585B WTD and is @ $160.454B (3/13)
  - TGA decreased ~$12.162B and is @ $748B (3/13)
  - Total Reserve balances decreased $47.536B WTD and is at $3.573T (3/13)
  - MMF WTD inflows of ~$29.35B vs inflows YTD of ~$195B (3/14)

Supply	Ann.	Auction	Issue	$BN	Mat. Amt	New Cash
1Mo	3/12	3/14	3/19	$95	560.0	25.0
2Mo	3/12	3/14	3/19	$90		
17 Week	3/12	3/14	3/19	$60		
3Mo	3/13	3/18	3/21	$79		
6Mo	3/13	3/18	3/21	$70		
52 Week	3/13	3/18	3/21	$46		
CMBs	3/14	3/19	3/21	$75		
CMBs	3/21	3/26	3/28	$70		
2Yr	3/21	3/25	4/1	$66	92.0	84.0
5Yr	3/21	3/26	4/1	$67		
7Yr	3/21	3/27	4/1	$43		
3Yr	3/7	3/11	3/15	$56	56.0	61.0
10Yr	3/7	3/12	3/15	$39		
30Yr	3/7	3/13	3/15	$22		
20yr	3/14	3/19	4/1	$13	-	13.0
2-Yr FRN	3/21	3/27	4/1	$28	-	44.0
10 Yr TIPs	3/14	3/21	3/28	$16		

Term GCF

	UST	MBS
1wk	5.38/5.33	5.40/5.35
2wk	5.40/5.35	5.42/5.37
3wk	5.40/5.35	5.42/5.37
4wk	5.42/5.37	5.44/5.39

(4)

FF Target Rate Implied Prob.

	%Hike/Cut	Implied Rate
03/20	-0.8%	5.328
05/01	-8.3%	5.307
06/12	-56.0%	5.167
07/31	-39.8%	5.068
09/18	-70.0%	4.892

Overnight 10AM GCF Avgs.

	UST	MBS
18-Mar	5.344	5.338
Mar 2024	5.349	5.360
Feb 2024	5.346	5.360
Jan 2024	5.372	5.394
DEC 2023	5.399	5.453
2024 YTD	5.356	5.372

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BNY Tri-party Repo Index avgs.

	UST	MBS
18-Mar	5.300	5.310
Mar 2024	5.300	5.310
Feb 2024	5.300	5.311
Jan 2024	5.300	5.313
DEC 2023	5.300	5.300
2024 YTD	5.300	5.311

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SOFR Averages & Volumes

	Rate	Vol (blns)
18-Mar	5.310	1788
Mar 2024	5.310	1783
Feb 2024	5.309	1717
Jan 2024	5.321	1722
DEC 2023	5.319	1580
2024 YTD	5.313	1740

Overnight GCF Volumes (BN)

	UST	MBS	Tot.
18-Mar	31	36	67
Mar 2024	20	38	57
Feb 2024	23	40	63
Jan 2024	22	39	61

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BNY Tri-party Repo Index Vol

	UST	MBS	Tot.
18-Mar	1114	423	1537
Mar 2024	1126	431	1557
Feb 2024	1193	448	1641
Jan 2024	1537	438	1974

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RRP	$0.447 T
Type/rate	5.30
# Bidders	70
SOMA Borrow	$34.96
Largest Borrow	$1.590 Bn
Issue	B 7/18/24

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Fed Funds Averages & Volumes

	Rate	Vol (BN)
18-Mar	5.33	91
Mar 2024	5.33	91
Feb 2024	5.33	99
2024 YTD	5.33	93

OBFR Averages & Volumes

	Rate	Vol (BN)
18-Mar	5.32	260
Mar 2024	5.32	268
Feb 2024	5.32	272
2024 YTD	5.32	265

TGCR Averages & Volumes

	Rate	Vol (BM)
18-Mar	5.30	683
Mar 2024	5.30	679
Feb 2024	5.30	667
2024 YTD	5.30	670

Specials

	O/N	1 week	03/28	04/15	04/30	05/15
GC	5.36/5.33	5.38/5.33	5.38/5.33	5.40/5.35	5.42/5.37	5.42/5.37
O2s	5.28/5.23	5.30/5.25	5.30/5.25	5.33/5.28	5.35/5.30	5.37/5.32
2s	4.85/4.75	4.75/4.65	4.75/4.65	5.05/4.95	5.15/5.05	5.20/5.10
WI2s						
O3s	5.30/5.25	5.32/5.27	5.33/5.28	5.35/5.30	5.40/5.35	5.40/5.35
3s	5.34/5.31	5.33/5.28	5.32/5.27	5.30/5.25	5.35/5.30	5.38/5.33
WI3s						
O5s	5.27/5.22	5.27/5.22	5.30/5.25	5.33/5.28	5.38/5.33	5.40/5.35
5s	5.15/5.10	5.05/5.00	4.98/4.93	5.15/5.10	5.25/5.20	5.30/5.25
WI5s						--
O7s	5.34/5.31	5.35/5.30	5.35/5.30	5.38/5.33	5.40/5.35	5.40/5.35
7s	5.34/5.31	5.33/5.28	5.32/5.27	5.35/5.30	5.37/5.32	5.37/5.32
WI7s						--
O10s	5.33/5.30	5.35/5.30	5.35/5.30	5.37/5.32	5.40/5.35	5.40/5.35
10s	5.34/5.31	5.30/5.25	5.30/5.25	5.27/5.22	5.30/5.25	5.30/5.25
WI10s						
O20s						
20s	2.00/1.75	1.85/1.60	1.75/1.50	3.30/3.00	3.75/3.25	4.00/3.50
WI20s						
O30s	5.35/5.30	5.35/5.30	5.35/5.30	5.35/5.30	5.35/5.30	5.37/5.32
30s	5.37/5.32	5.35/5.30	5.35/5.30	5.32/5.27	5.35/5.30	5.35/5.30
WI30s						

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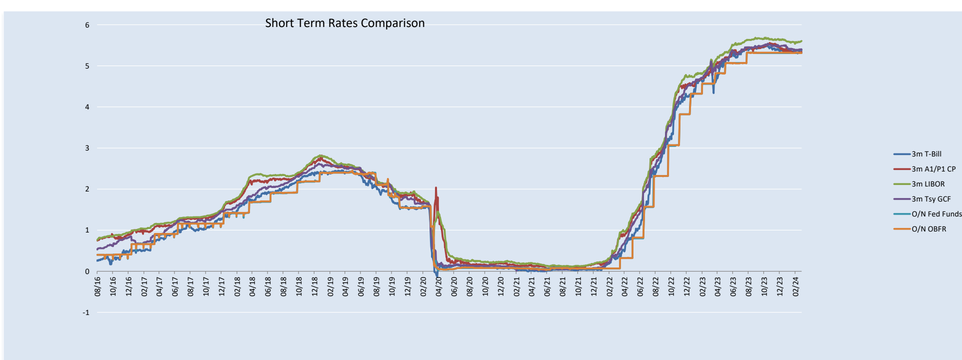
Mar 18 ***Money Fund Monitor - Current Year Comparison (MM)***

	Assets	WAM (days)	Yld%	Δ on Day	Δ on Week	Δ on Month	Δ on Year
Gov't & Agencies Instit.	2,006,680	40 (-1)	5.05	(31,585)	(31,585)	(38,730)	(5,336)
Prime Instit.	271,324	28 (-2)	5.22	2,818	2,818	(13,442)	13,228
Treasury Instit.	658,589	46 (-1)	5.02	(28)	(28)	11,859	20,992
Treasury & Repo Instit.	708,095	40 (-1)	5.02	(6,331)	(6,331)	1,280	4,457
Tax Free Instit.	7,760	13 (-1)	3.06	60	60	528	(1,013)
Gov't & Agencies Retail	1,189,011	33 (-1)	4.83	840	840	9,769	139,682
Prime Retail	746,595	33 (-2)	4.99	1,828	1,828	12,340	56,546
Treasury Retail	149,610	47 (-2)	4.96	446	446	3,444	15,357
Treasury & Repo Retail	131,596	37 (-1)	4.73	(42)	(42)	182	(112,318)
Tax Free Retail	113,373	0 (0)	2.94	243	243	1,585	(1,201)
Net Totals	5,982,634	-		(31,749)	(31,749)	(11,185)	130,393

Change on week is calculated using Friday's (or last business days') values, month/year unsing beginning of month/year (6)



(1) Bloomberg SanCapIB traders as of 3PM on the date of this commentary
(2) Bloomberg
(3) Federal Reserve
(4) SanCapIB Traders as of 3PM
(5) DTC GCF Repo Index
(6) iMoney Net TM
(7) BONY https://repoindex.bnymellon.com/repoindex/