

Thursday, April 25, 2024

Front End Monitor

	Bills		Agcy Discos		Discount CP	
	Yield	Δ on Day	Yield	Δ on Day	Yield	Δ on Day
1 Mo	5.367	-0.006	5.270	0.000	5.330	0.000
3 Mo	5.409	-0.001	5.260	0.005	5.380	0.010
6 Mo	5.382	0.018	5.185	0.015	5.320	-0.010
1 Yr	5.197	0.040	4.940	0.010		

US General Collateral and Specials - Forbes Hopper

Inflationary news came out of the Core PCE Price Index today but the softness in the GDP report for the 1st quarter wasn't enough to offset it. This drove short end yields higher as 2's now hover @ 5% and the Fed is slowly getting priced out of any potential easing's for 2024. The money market yield curve is now a "flatliner" with all dates inside of 2024 trading on top of each other (not good). The one large seller of term mortgage collateral came to the market to sell 10/15 and 10/31 MBS and eventually had to hit a 544 bid to dump the position. The same was true for the monthly GNMA roll from 4/30 start to 5/28 trading at 542 which was a beep or two higher than the seller thought he would have to pay but nice to see the street making these accounts pay up for balance sheet especially over month end. Unfortunately, the Specials market has reverted back to its old self with nothing trading with any value to speak of. All the monthly issues that appeared to have some specialness at the beginning of the week are well offered heading into the weekend. 20's will open the tightest @ 510 and 2's and 5's @ 520 so would cover there and move on to the next trade. The rest of the hot runs will get hit early and often with firmer o/n funding levels tomorrow before the bid sides dry up. Tomorrow, we do get the PCE deflator reports so could be another volatile session. Have a great night.

Discos - Mark Steinacker

Good afternoon, Day 2 of the supply train coming out of some of the FHLB regional members. They were priced to move as FHLB sold over \$2b on 6/10-18 @ 5.28. Otherwise, the majority of cash invested continues to stay 2months and shorter given both the expensive offerings 3months through 1yr along with strong economic data.

STRUCTURE	SPRD	ST	SETTL	MATURITY	MIN	TARGET	ALLOC
3 Mo ON SOFR (D/B)	0.0	CL	4/26	7/25/24	200	1000	200
4 Mo nc 3 Mo ON SOFR (D/Q)(E)	1.0	CL	4/29	8/29/24	150	250	
6 Mo ON SOFR (D/Q)	1.5	CL	4/26	11/1/24	200	500	290
7 Mo ON SOFR (D/Q)	2.0	CL	4/26	11/26/24	1000	1000	1000
7 Mo nc 6 Mo ON SOFR (D/Q)(E)	2.0	OP	4/29	11/29/24	250	250	

Bills - Eric Diamond

In bills, we sold off once again after a mixed GDP report with a higher than expected core PCE sparked a sell-off in treasuries. We have now fully priced out any Fed easing through 6mths, now trading at 5.31mmy, 4mths are even cheaper at 5.335mmy. Today's 1 and 2mth auctions saw very strong demand, both stopping through the WI market at 5.275%. Indirect bidders were 71% in 1s and 67% in 2s, well above recent averages. We did see some buying of the dip today, but the volumes were light. Issuance is unchanged for next week's auctions as expected.

Funding: Weekly (week ending 4/19/24)

- Frequent "money market trend" indicators:
 - CP issuance increased ~\$17.4B and is at ~\$1.237T (4/17)
 - FICC Sponsor Repo ~ Range of ~\$0.912T to ~\$0.977T for week ending 4/18
 - UST supply ~\$59B in proj paydowns for the next 6-weeks (4/22)
 - T-Bill supply ~\$187B in proj paydowns for the next 5-weeks (4/22)
 - Fed RRP participation last week ranged from \$0.327T to \$0.440T (4/19)
 - Fed Foreign Reverse Repo Facility increased \$1.751B and is at ~\$355B (4/17)
 - Other Deposits at the Fed decreased ~\$1.778B WTD and is @ \$146.084B (4/17)
 - TGA increased ~\$257.395B and is @ \$929.932B (4/17)
 - Total Reserve balances decreased \$286.159B WTD and is at \$3.329T (4/17)
 - MMF WTD outflows of ~\$32.159B vs inflows YTD of ~\$62.33B (4/18)

Supply	Ann.	Auction	Issue	\$BN	Mat. Amt	New Cash
1Mo	4/17	4/19	4/23	\$70		
2Mo	4/17	4/19	4/23	\$75		
17 Week	4/17	4/19	4/23	\$60		
3Mo	4/17	4/23	4/25	\$70	516.0	(46.0)
6Mo	4/17	4/23	4/25	\$70		
52 Week						
CMBs	4/18	4/23	4/25	\$65		
CMBs	4/25	4/30	5/2	\$60		
2Yr	4/18	4/23	4/30	\$69		
5Yr	4/18	4/24	4/30	\$70	108.0	75.0
7Yr	4/18	4/25	4/30	\$44		
3Yr	5/1	5/7	5/15	\$58		
10Yr	5/1	5/8	5/15	\$45	108.0	17.0
30Yr	5/1	5/9	5/15	\$22		
20yr	4/11	4/17	4/30	\$13	-	13.0
2-Yr FRN	4/18	4/24	4/30	\$30	68.0	(38.0)
10 Yr TIPS						

Santander US Capital Markets Front End Group

Team F Hopper, X Negroni, M Steinacker, E Diamond, R Felicetti, M Egleston, M Kursman

UST GCF		MBS GCF		SOFR		OIS		Libor/OIS	
Yield	Δ on Day	Yield	Δ on Day	Yield	Δ on Day	Yield	Δ on Day	Spread	Δ on Day
5.390	0.000	5.420	0.010	5.318	0.000	5.334	-0.002	-0.016	0.002
5.390	0.000	5.420	0.010	5.325	0.000	5.347	0.008	-0.022	-0.008
5.390	0.010	5.420	0.010	5.294	0.004	5.326	0.027	-0.032	-0.023
5.340	0.040	5.400	0.040	5.197	0.009	5.240	0.053	-0.043	-0.044

	Term GCF	
	UST	MBS
1wk	5.40/5.35	5.42/5.37
2wk	5.40/5.35	5.42/5.37
3wk	5.40/5.35	5.42/5.37
4wk	5.40/5.35	5.42/5.37

	Overnight 10AM GCF Avgs.	
	UST	MBS
24-Apr	5.355	5.360
Apr 2024	5.365	5.374
Mar 2024	5.360	5.369
Feb 2024	5.346	5.360
Jan 2024	5.372	5.394
2024 YTD	5.361	5.374

	Overnight GCF Volumes (BN)		
	UST	MBS	Tot.
24-Apr	19	34	53
Apr 2024	23	39	63
Mar 2024	22	40	62
Feb 2024	23	40	63

	Fed Funds Averages & Volumes		
	Rate	Vol (BN)	
24-Apr	5.33	71	
Apr 2024	5.33	85	
Mar 2024	5.33	88	
2024 YTD	5.33	90	

	BNY Tri-party Repo Index avgs.	
	UST	MBS
24-Apr	5.300	5.310
Apr 2024	5.303	5.317
Mar 2024	5.300	5.314
Feb 2024	5.300	5.311
Jan 2024	5.300	5.300
2024 YTD	5.301	5.314

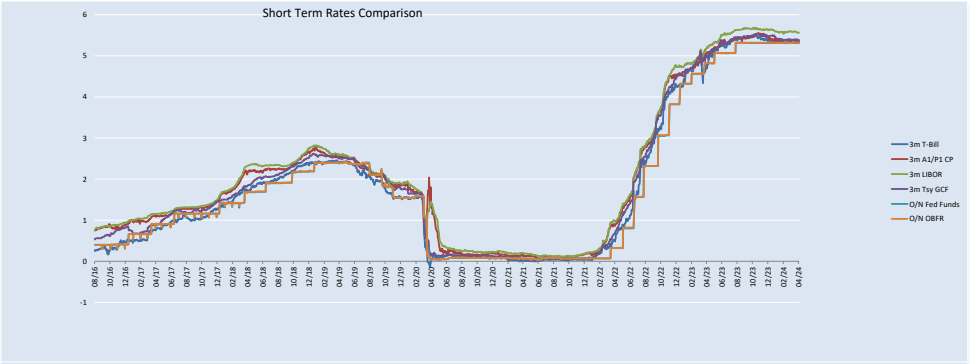
	BNY Tri-party Repo Index Vol		
	UST	MBS	Tot.
24-Apr	1105	425	1530
Apr 2024	1114	425	1539
Mar 2024	1134	429	1563
Feb 2024	1397	437	1833

	OBFR Averages & Volumes		
	Rate	Vol (BN)	
24-Apr	5.32	248	
Apr 2024	5.32	246	
Mar 2024	5.32	249	
2024 YTD	5.32	255	

	O/N	1 week	04/30	05/15	05/31	06/17
GC	5.39/5.36	5.40/5.35	5.40/5.35	5.40/5.35	5.40/5.35	5.40/5.35
O2s	5.30/5.25	5.32/5.27	5.32/5.27	5.37/5.32	5.37/5.32	5.38/5.33
2s	5.15/5.10	5.20/5.15	5.15/5.10	5.25/5.20	5.30/5.25	5.33/5.28
W12s						
O3s	5.38/5.35	5.38/5.33	5.38/5.33	5.38/5.33	5.37/5.32	5.38/5.33
3s	5.38/5.35	5.37/5.32	5.37/5.32	5.30/5.25	5.35/5.30	5.37/5.32
W13s						
O5s	5.38/5.35	5.38/5.33	5.38/5.33	5.38/5.33	5.38/5.33	5.40/5.35
5s	5.25/5.20	5.25/5.20	5.23/5.18	5.28/5.23	5.30/5.25	5.33/5.28
W15s						
O7s	5.37/5.34	5.37/5.32	5.37/5.32	5.38/5.33	5.38/5.33	5.40/5.35
7s	5.38/5.35	5.38/5.33	5.35/5.30	5.38/5.33	5.38/5.33	5.38/5.33
W17s						
O10s	5.36/5.33	5.37/5.32	5.37/5.32	5.38/5.33	5.40/5.35	5.40/5.35
10s	5.36/5.33	5.35/5.30	5.35/5.30	5.35/5.30	5.35/5.30	5.35/5.30
W110s						
O20s						
20s	5.15/5.10	5.20/5.15	5.15/5.10	5.25/5.20	5.30/5.25	5.32/5.27
W120s						
O30s	5.36/5.33	5.37/5.32	5.37/5.32	5.37/5.32	5.37/5.32	5.38/5.33
30s	5.37/5.34	5.37/5.32	5.37/5.32	5.33/5.28	5.35/5.30	5.38/5.33
W130s						

Money Fund Monitor - Current Year Comparison (MM)									
Apr 24	Assets	WAM (days)	Yld%	Δ on Day	Δ on Week	Δ on Month	Δ on Year		
Gov't & Agencies Instit.	1,977,666	37 (0)	5.04	2,455	24,018	17,265	(34,351)		
Prime Instit.	270,192	23 (+1)	5.20	(26)	477	(937)	12,097		
Treasury Instit.	649,964	45 (-1)	5.02	(774)	(1,359)	(8,723)	12,367		
Treasury & Repo Instit.	683,511	36 (0)	5.02	(2,399)	4,340	(2,336)	(20,127)		
Tax Free Instit.	9	11 (0)	3.59	237	290	1,349	(59)		
Gov't & Agencies Retail	1,186,873	31 (0)	4.84	(2,266)	(2,158)	(6,398)	137,543		
Prime Retail	746,499	33 (0)	4.98	62	346	(3,486)	56,450		
Treasury Retail	152,722	44 (0)	4.97	32	428	1,559	18,468		
Treasury & Repo Retail	128,312	36 (-1)	4.71	(321)	(101)	(3,078)	(115,601)		
Tax Free Retail	116,058	0 (0)	3.48	443	912	2,197	1,484		
Net Totals	5,920,513	-		(2,558)	27,191	(2,589)	68,271		

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



(1) Bloomberg SanCapb traders as of 3PM on the date of this commentary

(2) Bloomberg

(3) Federal Reserve

(4) SanCapb Traders as of 3PM

(5) DTIC GCF Repo Index

(6) Money Rate TM

(7) BONY <https://appendix.bnymellon.com/appendix/>