

Tuesday, March 12, 2024

Front End Monitor

	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	5.361	-0.008	5.248	-0.002	5.310	0.000	5.380	0.000	5.410	0.000	5.325	0.005	5.339	0.000	-0.013	0.005
3 Mo	5.384	-0.008	5.246	0.016	5.330	0.000	5.390	0.000	5.420	0.000	5.325	0.010	5.344	0.008	-0.019	0.002
6 Mo	5.310	-0.005	5.100	0.000	5.230	0.000	5.350	0.020	5.380	0.020	5.233	0.024	5.256	0.016	-0.023	0.008
1 Yr	5.008	0.054	4.720	0.000			5.130	0.030	5.190	0.030	4.982	0.040	5.017	0.037	-0.035	0.003

US General Collateral and Specials - Forbes Hopper

Hard to believe but the CPI report for the special's traders took a back seat to the 10Yr note which was "en fuego" from the opening bell. The sub 1% average (was @ .99) overnight on 48% more volume than the 15-day MA took the players involved by surprise as the REG's were trading in the mid 2's yesterday afternoon. The 3/15 date traded as expensive as .45 but clears around 1.50 now after the results at the SOMA auction wasn't as impressive as I would have thought. Yes, it was oversubscribed but not nearly to the magnitude I would have thought. The available supply was @ 2.5bln today (650mm in fails) but only 3.4bln in bids were submitted and an average spread of 4.24 basis point (the equivalent of 1.12 reverse rate) but do know a lot of back bids weren't to cover shorts but make it appear that there were more buyers than there was. The issue will hold in the next 2 days but come Friday the new supply settling will re-price it close to o/n gc for the time being. The 20Yr bond joined the fray today averaging @ 4.45 o/n and the 4/1 date trading at 2% as short had a difficult time finding term liquidity. The issue backed up after the SOMA auction due to the fact there was untapped supply still available but should open up close to 4% tomorrow. The 5yr note traded at 5.10 to 4/1 but can't seem to make any traction overnight but wouldn't short them at this point. Finally, starting to see the longer term collateral markets trading tighter to SOFR as the flat MM curve is forcing buyers of paper to pay up these days. TRSY GCF traded at 5.22 to 12/31 or SOFR + 9.5 and MBS GCF to 11/15 was whacked at 5.31 or SOFR +12.5 to illustrate this spread tightening. More to come tomorrow. Have a great night.

Discos - Mark Steinacker

Good afternoon, not too much to report in here as both GSE issuance and Investor interest remain quiet across the curve. Despite the stronger economic data; CPI, what selloff ensued didn't materially impact new issue offering levels given the lack of funding; loan advance as the FHLB system is very liquid. Additionally, treasury bills remain exceedingly cheap and represent some of the best value on the curve. Therefore, new issue discount notes don't compare in pricing. The following FHLB SOFR FRN prints which continue to tighten on spread:

STRUCTURE DESCRIPTION	SPRD	ST	SETTL	MATURITY	MIN	TARGET	ALLOC
5 Mo ON SOFR (D/Q)	0.000	CL	03/15	08/29/24	100	1500.000	1500.000
7 Mo nc 6 Mo ON SOFR (D/Q)(E)	0.500	CL	03/18	10/18/24	250	250.000	250.000
1.5 Yr ON SOFR (D/Q)	7.500	CL	03/13	09/12/25	300	300.000	300.000
2 Yr ON SOFR (D/Q)	10.500	CL	03/13	03/13/26	100	100.000	100.000
2 Yr nc 1 Yr ON SOFR (D/Q)(B)	14.000	CL	03/14	03/12/26	250	500.000	500.000

Bills - Eric Diamond

In bills, we sold off slightly after the slightly firmer than expected CPI data sparked a selloff in treasuries out the curve. Bills outperformed vs SOFR, selling off 1bps in 6mths and unchanged in 3mths. We did see buyers throughout the session taking advantage of the cheaper valuations. Today's 4/25 CMB auction stopped on the bid-side at 5.285% a very fair level trading 2bps cheap vs the curve.

Funding: Weekly (week ending 3/8/24)

- Frequent "money market trend" indicators:
 - CP issuance decreased ~\$10.9B and is at ~\$1.215T (3/6)
 - FICC Sponsor Repo ~ Range of ~\$933B to ~\$995B for week ending 3/8
 - UST supply ~\$232B in proj additional collateral for the next 6-weeks (3/11)
 - T-Bill supply ~\$23B in proj payoffdown for the next 6-weeks (3/11)
 - Fed RRP participation last week ranged from \$0.436T to \$0.456T (3/8)
 - Fed Foreign Reverse Repo Facility decreased \$2.399B and is at ~\$336.547B (3/6)
 - Other Deposits at the Fed increased ~\$4.139B WTD and is @ \$156.880B (3/6)
 - TGA decreased ~\$7.122B and is @ \$760B (3/6)
 - Total Reserve balances increased \$79.707B WTD and is at \$3.620T (3/6)
 - MMF WTD inflows of ~\$18.5B vs inflows WTD of ~\$165B (3/8)

Supply	Ann.	Auction	Issue	\$BN	Mat. Amt	New Cash
1Mo	3/5	3/7	3/12	\$95		
2Mo	3/5	3/7	3/12	\$90		
17Week	3/5	3/7	3/12	\$60	368.0	26.0
3Mo	3/7	3/11	3/14	\$79		
6Mo	3/7	3/11	3/14	\$70		
52 Week						
CMBs	3/7	3/12	3/14	\$80		
CMBs	3/14	3/19	3/21	\$80		
2Yr	3/21	3/25	4/1	\$66		
5Yr	3/21	3/26	4/1	\$67	92.0	84.0
7Yr	3/21	3/27	4/1	\$43		
3Yr	3/7	3/11	3/15	\$56		
10Yr	3/7	3/12	3/15	\$39	56.0	61.0
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	-	
10 Yr TIPS	3/14	3/21	3/28	\$16	-	44.0

Santander US Capital Markets Front End Group

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Term GCF

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

Overnight 10AM GCF Avgs.

	UST	MBS
11-Mar	5.356	5.375
Mar 2024	5.348	5.364
Feb 2024	5.346	5.360
Jan 2024	5.372	5.394
DEC 2023	5.399	5.453
2024 YTD	5.356	5.373

Overnight GCF Volumes (BN)

	UST	MBS	Tot.
11-Mar	18	45	63
Mar 2024	20	36	56
Feb 2024	23	40	63
Jan 2024	22	39	61

Fed Funds Averages & Volumes

	Rate	Vol (BN)
11-Mar	5.33	85
Mar 2024	5.33	92
Feb 2024	5.33	99
2024 YTD	5.33	94

BNY Tri-party Repo Index avgs.

	UST	MBS
11-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

BNY Tri-party Repo Index Vol

	UST	MBS	Tot.
11-Mar	1153	429	1582
Mar 2024	1121	435	1557
Feb 2024	1193	448	1641
Jan 2024	1537	438	1974

OBFR Averages & Volumes

	Rate	Vol (BN)
11-Mar	5.32	263
Mar 2024	5.31	275
Feb 2024	5.32	272
2024 YTD	5.31	267

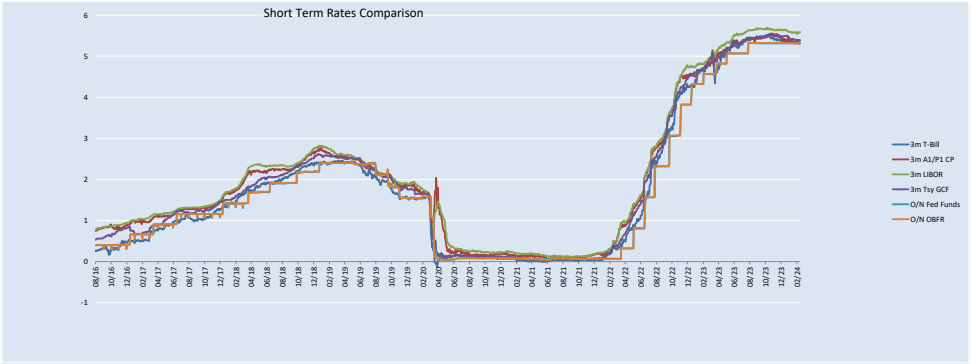
Specials

	O/N	1 week	03/15	03/28	04/15	04/30
GC	5.37/5.34	5.38/5.33	5.38/5.33	5.40/5.35	5.42/5.37	5.42/5.37
O2s	5.20/5.15	5.25/5.20	5.22/5.17	5.27/5.22	5.30/5.25	5.35/5.25
2s	5.33/5.30	5.20/5.15	5.25/5.20	5.08/5.03	5.20/5.15	5.25/5.20
W12s						
O3s	5.37/5.34	5.37/5.32	5.37/5.32	5.38/5.33	5.40/5.35	5.40/5.35
3s	5.20/5.15	5.23/5.18	5.17/5.12	5.30/5.25	5.35/5.30	5.38/5.33
W13s						
O5s	5.30/5.25	5.33/5.28	5.33/5.28	5.37/5.32	5.40/5.35	5.40/5.35
5s	5.30/5.25	5.20/5.15	5.25/5.20	5.10/5.05	5.25/5.20	5.30/5.25
W15s						
O7s	5.33/5.30	5.33/5.28	5.35/5.30	5.40/5.35	5.40/5.35	5.40/5.35
7s	5.36/5.33	5.35/5.30	5.35/5.30	5.32/5.27	5.37/5.32	5.37/5.32
W17s						
O10s	5.35/5.32	5.35/5.30	5.35/5.30	5.37/5.32	5.40/5.35	5.40/5.35
10s	2.25/2.00	4.25/4.00	2.00/1.75	5.10/4.90	5.20/5.10	5.25/5.15
W100s						
O20s						
W120s	4.25/4.00	3.75/3.50	4.00/3.75	2.25/2.00	3.50/3.25	4.00/3.75
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	5.30/5.25	5.30/5.25	5.25/5.20	5.32/5.27	5.35/5.30	5.35/5.30
W130s						

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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.	2,056,204	39 (-1)	5.05	5,649	5,649	10,795	44,188
Prime Instit.	273,638	29 (-1)	5.22	(1,529)	(1,529)	(11,127)	15,542
Treasury Instit.	656,441	45 (-2)	5.02	144	144	9,710	18,844
Treasury & Repo Instit.	709,875	40 (-1)	5.02	199	199	3,060	6,237
Tax Free Instit.	7,535	14 (0)	3.25	97	97	303	(1,239)
Gov't & Agencies Retail	1,185,454	32 (-1)	4.84	(445)	(445)	6,212	136,125
Prime Retail	742,900	34 (-1)	4.99	1,127	1,127	8,644	52,850
Treasury Retail	148,581	46 (-2)	4.96	584	584	2,414	14,327
Treasury & Repo Retail	131,587	35 (-1)	4.72	534	534	173	(112,326)
Tax Free Retail	112,673	0 (0)	3.03	344	344	885	(1,901)
Net Totals	6,024,888	-		6,705	6,705	31,069	172,647

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/repositors/>