

Friday, October 4, 2024

Santander US Capital Markets Front End Group
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Front End Monitor

	Bills		Agcy Discos		Discount CP	
	Yield	Δ on Day	Yield	Δ on Day	Yield	Δ on Day
1 Mo	4.771	0.000	4.750	0.000	4.800	0.000
3 Mo	4.623	0.000	4.560	0.020	4.610	0.000
6 Mo	4.449	0.000	4.300	0.050	4.390	0.000
1 Yr	4.187	0.000	4.000	0.200		

US General Collateral and Specials - Forbes Hopper

Talk about a bunch of blow-out economic numbers this morning and that's precisely what we got. Just about every data point showed strength which sent the front-end yields much higher and has re-priced the Fed odds of easing dramatically. The market now has ONLY 25 beepers priced for the meeting on 11/7 and just 54 for the remainder of the year. Even for 2025 the market re-priced by 20 basis points going from 175 beepers priced in to only 150 bps total of easing's by the end of that year. Unfortunately, this paralyzed the term GC markets with only markets inside of 11/15 trading. Once the dust settles, you'll see longer term markets trading next week but no one seemed to care today. At least the overnight market is back to "normal" with all liquid asset classes clearing between 488 and 490 today. Should be a similar story come the new week. Their specials market saw both 2's and 5's trading to the 10/31 date at 469 and 471, respectively as shorts covered with the large sell-off in the cash market. Even buyers of the bellwether 10yr note ripped in the 10/15 date at 470 and 11/15 at 480. Once again plenty of solid trading opportunities in the world of repo. It'll be out the next 2 weeks but Ross or Eggy will provide the daily commentary. Have a great weekend!!

Discos - Jean Bart

Quiet flows in front end agencies after the blowout employment number and the market repricing to 25bps per meeting fed eases. The FHLB discount market was not priced in line with the move in SOFR and very little traded throughout the morning. There were no SOFR floaters issued today. For next week depending on pricing, we are likely to see more client activity with the market decided on the November meeting. Have a great weekend.

STRUCTURE DESCRIPTION SPRD ST SETT L MATURITY MIN TARGET ALLOC

Bills - Eric Diamond

In bills a blockbuster payroll report surprised the markets sparking a sell-off across the curve. Bill yields backed up 2bps in 3mths, 7bps in 6mths and were 15bps higher in year bills. The market is now assuming 25bp eases in November and December. There was little buying of the dip, but did see some interest in 6mths and year bills later in the day.

Frequent 'money market trend' indicators:

- o FICC Sponsor Repo - Range of \$1.470T to \$1.570T during week ending 9/27
- o CP Issuance increased +\$39B (!!!) on week, and is @ \$1.263T (9/25)
- o Supply \$486B (!!!) in proj additional collateral for the next 6weeks (9/30)
- o Fed RRP participation last week ranged from \$380B up to \$437B (9/27)... qtr-end spike
- o Fed Foreign Reverse Repo Facility unch. WTD @ \$417B (9/25)
- o Other Deposits at the Fed increased +\$2.6B WTD, and is @ \$160.5B (9/25)
- o TGA decreased -\$60B WTD, and is @ \$780B (9/25)... follows a week of considerable (+\$114B) inflows
- o Total Reserve balances down -\$75B WTD @ \$3.142T (9/25)
- o MMF WTD inflows of +\$54B vs inflows YTD of +\$536B (9/27)... right at ATH

Supply	Ann.	Auction	Issue	\$BN	Mat. Amt	New Cash
1Mo	10/1	10/3	10/8	\$95		
2Mo	10/1	10/3	10/8	\$90		
17 Week	10/1	10/2	10/8	\$64	531.0	31.0
3Mo	10/3	10/7	10/10	\$81		
6Mo	10/3	10/7	10/10	\$72		
52 Week	-	-	-	\$0		
CMBS	10/3	10/8	10/10	\$80		
CMBS	10/10	10/15	10/17	\$80		
2Yr	10/24	10/28	10/31	\$69		
5Yr	10/24	10/28	10/31	\$70	94.0	89.0
7Yr	10/24	10/29	10/31	\$44		
3Yr	10/3	10/8	10/15	\$58		
10Yr	10/3	10/9	10/15	\$39	97.0	22.0
30Yr	10/3	10/10	10/15	\$22		
20yr	10/17	10/23	10/31	\$13		
2-Yr FRN	10/24	10/29	10/31	\$30	68.0	(1.0)
5 Yr TIPS	10/17	10/24	10/31	\$24		

(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) DTG GCF Repo Index
(6) Money Net™

UST GCF		MBS GCF		SOFR		OIS		BSBY	
Yield	Δ on Day	Yield	Δ on Day	Yield	Δ on Day	Yield	Δ on Day	Yield	Δ on Day
4.960	0.000	4.000	-1.000	4.846	-0.005	4.831	-0.001	4.872	-0.018
4.800	0.040	4.870	0.040	4.584	-0.006	4.621	0.059	4.670	-0.006
4.560	0.090	4.640	0.090	4.281	0.007	4.386	0.122	4.460	0.002
4.220	0.150	4.300	0.150	3.866	0.032	4.056	0.202	4.173	0.031

Term GCF		
	UST	MBS
1wk	4.93/4.88	4.97/4.92
2wk	4.95/4.90	5.00/4.95
3wk	4.95/4.90	5.00/4.95
4wk	4.97/4.92	5.00/4.95

Overnight 10AM GCF Avgs.		
	UST	MBS
3-Oct	4.898	4.937
Oct 2024	4.973	5.059
Sep 2024	5.203	5.272
Aug 2024	5.398	5.424
Jul 2024	5.418	5.433
2024 YTD	5.318	5.350

Overnight GCF Volumes (BN)		
	UST	MBS
3-Oct	68	45
Oct 2024	68	61
Sep 2024	69	62
Aug 2024	44	50

Fed Funds Averages & Volumes		
	Rate	Vol (BN)
3-Oct	4.83	81
Oct 2024	4.83	82
Sep 2024	5.13	98
2024 YTD	5.26	89

BNY Tri-party Repo Index avgs.		
	UST	MBS
3-Oct	4.820	4.830
Oct 2024	4.853	4.887
Sep 2024	5.119	5.134
Aug 2024	5.319	5.332
Jul 2024	5.311	5.326
2024 YTD	5.243	5.259

BNY Tri-party Repo Index Vol		
	UST	MBS
3-Oct	1021	432
Oct 2024	1045	430
Sep 2024	1045	439
Aug 2024	1158	449

OBFR Averages & Volumes		
	Rate	Vol (BN)
3-Oct	4.83	226
Oct 2024	4.83	212
Sep 2024	5.13	256
2024 YTD	5.25	251

FF Target Rate Implied Prob.		
	%Hike/Cut	Implied Rate
11/07	-99.8%	4.574
12/18	-116.6%	4.283
01/29	-88.1%	4.063
03/19	-82.3%	3.857
05/07	-56.5%	3.715

SOFR Averages & Volumes		
	Rate	Vol (blns)
3-Oct	4.850	2182
Oct 2024	4.940	2334
Sep 2024	5.146	2215
Aug 2024	5.333	2106
Jul 2024	5.325	1968
2024 YTD	5.266	1963

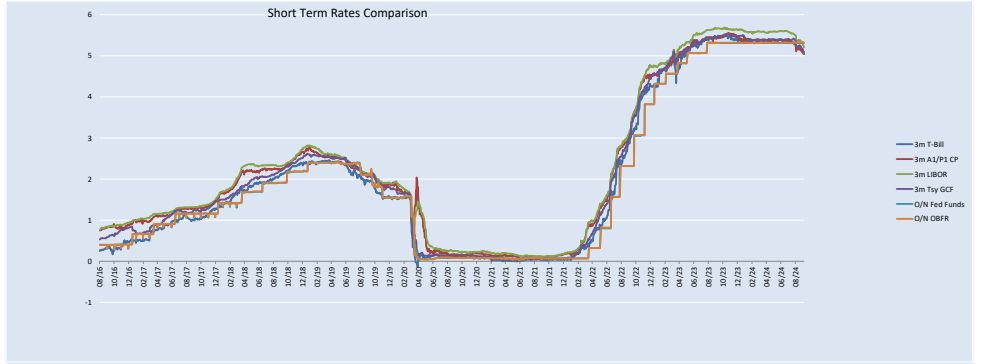
RRP		
	Type/rate	\$330 bln
	# Bidders	57
	SOMA Borrow	\$30.1 bln
	Largest Borrow	\$2.0 bln
	Issue	B 11/29/24

TGCR Averages & Volumes		
	Rate	Vol (BM)
3-Oct	4.82	787
Oct 2024	4.87	778
Sep 2024	5.12	771
2024 YTD	5.25	723

	O/N	1 week	10/15	10/31	11/15	11/29
GC	4.90/4.87	4.93/4.88	4.95/4.90	4.95/4.90	4.95/4.90	4.92/4.87
O2s	4.87/4.84	4.90/4.85	4.93/4.88	4.93/4.88	4.93/4.88	4.90/4.85
2s	4.85/4.80	4.83/4.78	4.82/4.77	4.72/4.67	4.83/4.78	4.83/4.78
W12s						
O3s	4.88/4.85	4.92/4.87	4.93/4.88	4.93/4.88	4.95/4.90	4.92/4.87
3s	4.78/4.75	4.75/4.70	4.75/4.70	4.85/4.80	4.90/4.85	4.87/4.82
W13s						
O5s	4.88/4.85	4.90/4.85	4.93/4.88	4.93/4.88	4.95/4.90	4.92/4.87
5s	4.85/4.80	4.83/4.78	4.83/4.78	4.77/4.72	4.88/4.83	4.85/4.80
W15s						
O7s	4.88/4.85	4.92/4.87	4.95/4.90	4.95/4.90	4.95/4.90	4.92/4.87
7s	4.87/4.84	4.87/4.82	4.87/4.82	4.82/4.77	4.90/4.85	4.88/4.83
W17s						
O10s	4.88/4.85	4.90/4.85	4.93/4.88	4.95/4.90	4.95/4.90	4.92/4.87
10s	4.78/4.73	4.77/4.72	4.77/4.72	4.85/4.80	4.82/4.77	4.85/4.80
W110s						
O20s						
20s	4.75/4.70	4.65/4.55	4.65/4.55	4.45/4.35	4.65/4.55	4.65/4.55
W120s						
O30s	4.85/4.82	4.85/4.80	4.85/4.80	4.87/4.82	4.90/4.85	4.85/4.80
30s	4.83/4.80	4.82/4.77	4.82/4.77	4.75/4.70	4.90/4.85	4.83/4.78
W130s						

Money Fund Monitor - Current Year Comparison (MM)									
Oct 03	Assets	WAM (days)	Yld%	Δ on Day	Δ on Week	Δ on Month	Δ on Year		
Gov't & Agencies Instit.	2,156,430	30 (0)	4.65	11,031	2,640	16,342	144,413		
Prime Instit.	224,321	28 (+1)	4.81	2,801	(391)	1,632	(33,775)		
Treasury Instit.	752,450	47 (+1)	4.66	44	5,228	4,593	114,853		
Treasury & Repo Instit.	755,629	32 (0)	4.61	(179)	6,774	20,294	51,991		
Tax Free Instit.	8,110	7 (+1)	2.49	(170)	398	386	(664)		
Gov't & Agencies Retail	1,281,222	25 (0)	4.42	4,640	19,014	13,144	231,892		
Prime Retail	826,526	28 (+1)	4.54	1,300	5,175	4,548	136,476		
Treasury Retail	174,216	45 (0)	4.61	791	3,040	2,639	39,962		
Treasury & Repo Retail	130,620	28 (0)	4.29	237	1,563	770	(113,294)		
Tax Free Retail	123,212	0 (0)	2.41	548	1,496	1,386	8,638		
Net Totals	6,432,735	-	-	21,041	44,939	65,733	580,493		

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



(7) BNY <https://openx.bnymellon.com/openx/>