Friday, July 26, 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	5.358	-0.022	5.260	0.000	5.310	0.000	5.470	0.000	5.490	-0.010	5.347	0.000	5.329	0.006	0.018	-0.006
3 Mo	5.293	-0.013	5.155	-0.010	5.300	0.000	5.410	-0.010	5.440	-0.010	5.255	-0.008	5.232	0.001	0.024	-0.009
6 Mo	5.140	-0.015	4.900	-0.020	5.140	0.010	5.220	-0.010	5.240	-0.010	5.091	-0.016	5.059	-0.004	0.033	-0.012
1 Yr	4.803	-0.034	4.500	-0.100			4.880	0.000	4.950	0.000	4.753	-0.016	4.713	-0.018	0.040	0.002

(1)

US General Collateral and Specials - Forbes Hopper

The front end of the market was in rally mode post 8.30am economic numbers but the repo market didn't seem to have any axes past quarter end. Most of the term GC activity was all very short dated with more balance sheet clean up into early August and a bunch of forward starting markets(8/1 to 8/30) that were tight but no one willing to step up. The overnight market opened firm with all asset classes clearing @ 545, but treasuries went student body right quickly and was trading at 530 by 9am. The 10am averages were high due(@ 5.425 NBs and 5.455 mortgages) to the large volumes that went through the first 15 minutes of the day and looks to open a tad lower on Monday. The month end turn(7/31-8/1) is repricing a few beeps lower due to this recent price action but will still be 5 beeps higher than a normal day. The Specials market was uneventful but did see some last-minute life in the 20yr bond which averaged 5.30 today and trading REG at 5.25 but don't see any illiquidity or dislocation concerns heading into month end. Have a great weekend.

Discos - Mark Steinacker

Good afternoon; we close out the week on the quiet side as per normal summer doldrums. Despite today's economic data releases in line with expectations to a touch stronger which didn't really impact the front end either way. Over the course of the week , the market did rally which was fanned by the Dudley article suggesting the FED to ease at next week's meeting. The SOFR curve continues to richen which is impacting fixed rate issuance as GSEs price in tandem. Thus , they continue to tap the SOFR FRN market for liquidity and cheaper funding.

STRUCTURE DESCRIPTION	SPRD	ST	SETTL	MATURITY	MIN	TARGET	ALLOC
6 Mo ON SOFR (D/Q)	0.0	CL	7/29	1/29/25	750	750	750
6 Mo ON SOFR (D/Q)	0.0	CL	7/29	1/30/25	250	250	250
6 Mo ON SOFR (D/Q)	0.0	CL	7/29	1/29/25	1000	1000	1000
7 Mo ON SOFR (D/Q)	0.5	CL	7/29	2/25/25	1000	1300	1300
7 Mo ON SOFR (D/Q)	0.5	CL	7/29	3/3/25	1000	1000	1000
8 Mo ON SOFR (D/Q)	1.0	CL	7/29	4/3/25	1000	1000	1000
9 Mo ON SOFR (D/Q)	1.5	CL	8/7	5/7/25	100	250	
9 Mo ON SOFR (D/Q)	1.5	CL	7/29	4/29/25	1000	1025	1025
2 Yr nc 1 Yr ON SOFR (D/Q)(B)	14.0	CL	7/29	7/29/26	250	500	

Bills - Eric Diamond

In bills, we saw a slight relief rally after today's PCE data can in on-line with estimates. Post data, treasuries and equities rallied as the market gains more confidence the Fed will ease in September. For the week, 3mth bills rallied 3bps with 6s rallying 5bps from Monday's auction stops. Next week we have the FOMC meeting on Wednesday, it may be more interesting than many anticipated.

Term GCF

	UST	MBS
1wk	5.50/5.45	5.53/5.48
2wk	5.50/5.45	5.52/5.47
3wk	5.48/5.43	5.51/5.46
4wk	5.48/5.43	5.51/5.46

(4)

FF Target Rate Implied Prob.

	%Hike/Cut	Implied Rate
07/31	-4.5%	5.318
09/18	-109.0%	5.045
11/07	-66.8%	4.878
12/18	-92.4%	4.647
01/29	-69.8%	4.472

Overnight 10AM GCF Avgs.

	UST	MBS
25-Jul	5.445	5.439
Jul 2024	5.419	5.431
Jun 2024	5.383	5.422
May 2024	5.359	5.383
Apr 2024	5.367	5.382
2024 YTD	5.372	5.392

(4)

BNY Tri-party Repo Index avgs.

	UST	MBS
25-Jul	5.340	5.350
Jul 2024	5.322	5.336
Jun 2024	5.311	5.326
May 2024	5.303	5.316
Apr 2024	5.300	5.314
2024 YTD	5.305	5.319

(7)

SOFR Averages & Volumes

	Rate	Vol (blns)
25-Jul	5.350	2129
Jul 2024	5.342	2033
Jun 2024	5.325	1968
May 2024	5.315	1894
Apr 2024	5.313	1799
2024 YTD	5.320	1853

Overnight GCF Volumes (BN)

	UST	MBS	Tot.
25-Jul	39	35	74
Jul 2024	35	50	85
Jun 2024	32	50	82
May 2024	27	47	74

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BNY Tri-party Repo Index Vol

	UST	MBS	Tot.
25-Jul	1105	440	1545
Jul 2024	1128	443	1571
Jun 2024	1158	449	1607
May 2024	1134	429	1563

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RRP	$0.381 T
Type/rate	5.30
# Bidders	70
SOMA Borrow	$37.9bn
Largest Borrow	$5.0bn
Issue	T 1.75 3/15/25

(3)

Fed Funds Averages & Volumes

	Rate	Vol (BN)
25-Jul	5.33	88
Jul 2024	5.33	85
Jun 2024	5.33	89
2024 YTD	5.33	88

OBFR Averages & Volumes

	Rate	Vol (BN)
25-Jul	5.32	226
Jul 2024	5.32	243
Jun 2024	5.32	261
2024 YTD	5.32	256

TGCR Averages & Volumes

	Rate	Vol (BM)
25-Jul	5.34	791
Jul 2024	5.32	761
Jun 2024	5.32	742
2024 YTD	5.31	700

Specials

	O/N	1 week	07/31	08/15	08/30	09/16
GC	5.44/5.41	5.50/5.45	5.47/5.42	5.48/5.43	5.48/5.43	5.48/5.43
O2s	5.43/5.40	5.48/5.43	5.45/5.40	5.47/5.42	5.47/5.42	5.47/5.42
2s	5.33/5.28	5.35/5.30	5.35/5.30	5.40/5.35	5.40/5.35	5.42/5.37
WI2s					5.40/5.35	
O3s	5.43/5.40	5.48/5.43	5.45/5.40	5.47/5.42	5.47/5.42	5.47/5.42
3s	5.43/5.40	5.47/5.42	5.45/5.40	5.43/5.38	5.45/5.40	5.45/5.40
WI3s						
O5s	5.42/5.39	5.48/5.43	5.45/5.40	5.47/5.42	5.47/5.42	5.47/5.42
5s	5.37/5.32	5.40/5.35	5.37/5.32	5.42/5.27	5.45/5.40	5.45/5.40
WI5s					5.40/5.35	--
O7s	5.43/5.40	5.48/5.43	5.45/5.40	5.47/5.42	5.47/5.42	5.47/5.42
7s	5.42/5.39	5.45/5.40	5.45/5.40	5.45/5.40	5.45/5.40	5.45/5.40
WI7s					5.43/5.40	--
O10s	5.41/5.38	5.48/5.43	5.45/5.40	5.45/5.40	5.45/5.40	5.45/5.40
10s	5.42/5.39	5.48/5.43	5.455.40	5.45/5.40	5.45/5.40	5.45/5.40
WI10s						
020s						
20s	5.25/5.20	5.40/5.35	5.28/5.23	5.42/5.37	5.42/5.37	5.43/5.38
WI20s						
O30s	5.40/5.37	5.40/5.35	5.40/5.35	5.40/5.35	5.40/5.35	5.40/5.35
30s	5.43/5.40	5.45/5.40	5.45/5.40	5.43/5.38	5.45/5.40	5.45/5.40
WI30s						

(4)

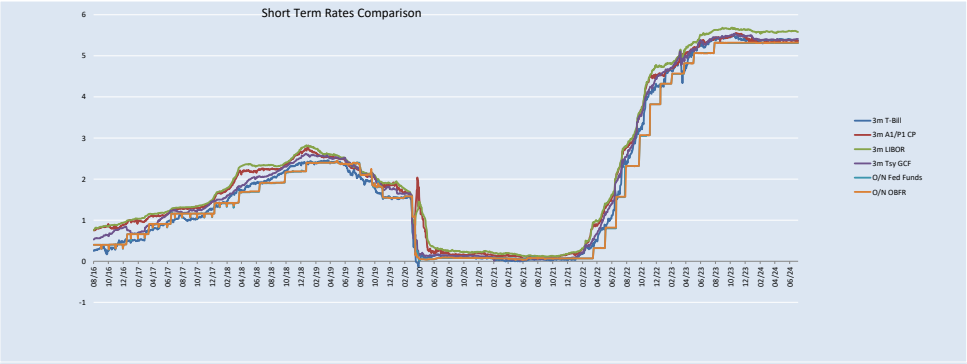
Money Fund Monitor - Current Year Comparison (MM)

Jul 25	Assets	WAM (days)	Yld%	Δ on Day	Δ on Week	Δ on Month	Δ on Year
Gov't & Agencies Instit.	1,999,134	37 (+1)	5.06	(3,294)	10,659	(2,863)	(12,882)
Prime Instit.	268,895	16 (0)	5.17	(983)	(3,531)	683	10,799
Treasury Instit.	692,122	48 (+2)	5.02	1,405	(2,058)	20,084	54,525
Treasury & Repo Instit.	704,562	37 (0)	5.03	1,731	2,672	11,336	924
Tax Free Instit.	8,662	7 (0)	3.47	(125)	(21)	544	(111)
Gov't & Agencies Retail	1,220,229	30 (0)	4.87	1,346	(1,966)	13,951	170,899
Prime Retail	789,090	32 (0)	4.97	(97)	1,261	14,873	99,041
Treasury Retail	165,960	48 (+1)	4.97	125	229	4,322	31,706
Treasury & Repo Retail	127,413	33 (+1)	4.72	222	753	1,153	(116,501)
Tax Free Retail	118,374	0 (0)	3.23	(216)	(1,184)	(2,620)	3,799
Net Totals	6,094,441	-	115	6,815	61,463		242,199

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

(6)

Supply	Ann.	Auction	Issue	$BN	Mat. Amt	New Cash
1Mo	7/23	7/25	7/30	$90		
2Mo	7/23	7/25	7/30	$85		
17 Week	7/23	7/24	7/30	$60	480.0	41.0
3Mo	7/25	7/29	8/1	$76		
6Mo	7/25	7/29	8/1	$70		
52 Week	-	-	-			
CMBs	7/25	7/30	8/1	$70		
CMBs	8/1	8/6	8/8	$70		
2Yr	7/18	7/23	7/31	$69		
5Yr	7/18	7/24	7/31	$70	101.0	82.0
7Yr	7/18	7/25	7/31	$44		
3Yr	7/31	8/6	8/15	$58		
10Yr	7/31	8/7	8/15	$42	111.0	14.0
30Yr	7/31	8/8	8/15	$25		
20yr	7/11	7/17	7/31	$13	-	13.0
2-Yr FRN	7/18	7/24	7/31	$30	68.0	(19.0)
10 Yr TIPs	7/11	7/18	7/31	$19		



(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/