

## Key themes for the week ahead

The focus this week will be on the momentum of private sector growth for Jan, including US non-farm payroll growth, global PMI's, and several central bank monetary policy decisions.

This week the BoE and RBA will meet on monetary policy.

The final global PMI's for Jan will be released – providing a firmer view of the growth momentum coming into the start of 2021.

The main US data releases this week will be non-farm payrolls and employment for Jan and the ISM reports for the manufacturing and services sectors. We continue to follow the initial jobless claims as one of the higher frequency indicators of employment improvement. Last week, initial claims for Federal programs were slightly lower but total initial claims remained elevated at +1.3m claims by people.

In Australia, housing lending and retail sales (both for Dec) will be in focus. The Dec lending data indicated that the value of housing lending commitments reached a new record high value and increased by +8.6% versus Nov.

The US Fed purchases of Treasuries will be higher this week. The Fed plans to purchase \$23.6bn in US Treasury securities this week (last week \$10.7bn). The Fed will continue to purchase MBS at an elevated pace, this week buying \$32.4bn in MBS (\$36bn last week). The target for the monthly increase in Fed holdings of MBS is at least \$40bn/mth.

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## US Treasury Issuance & QE

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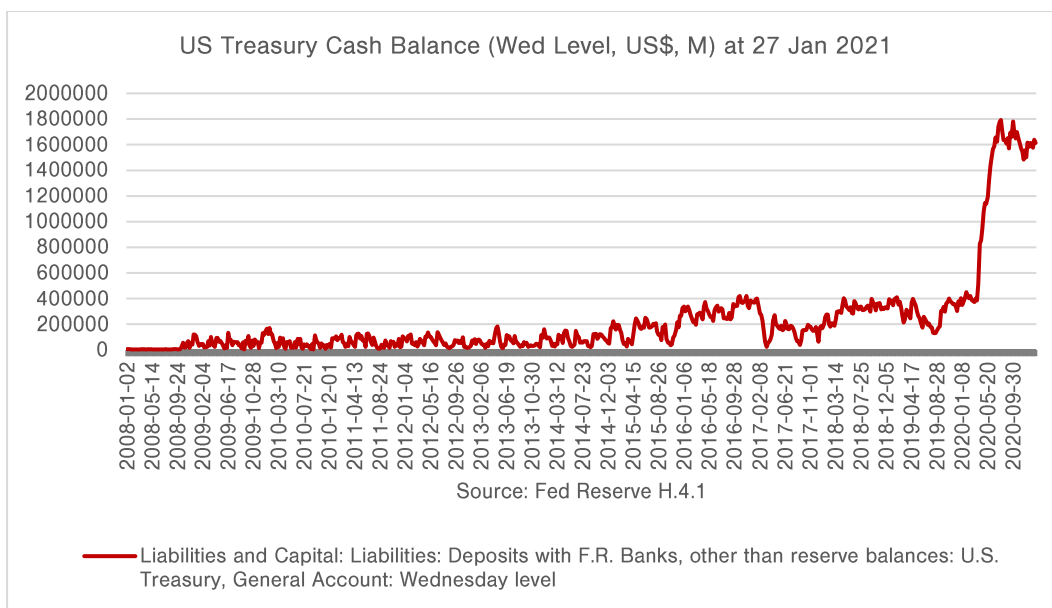
WEEK	Auction Date	Settlement Date	Marketable Securities	Auction Amount \$B (TBAC)	Amount Maturing \$B	New Money \$B	
1-5 Feb 2021	28-Jan	02-Feb	4 week bill	30			Completed
	28-Jan	02-Feb	8 week bill	35			Completed
				65	120	-55	
	27-Jan	02-Feb	154-Day CMB	30			Completed
	27-Jan	02-Feb	105-day CMB	25			Completed
	02-Feb	04-Feb	119-Day CMB	30			Announced
	02-Feb	04-Feb	42-Day CMB	30			Announced
				115	0	115	
	01-Feb	04-Feb	13 week bill	54			Announced
	01-Feb	04-Feb	26 week bill	51			Announced
				105	165	-60	
	25-Jan	01-Feb	2yr Note	60			Announced
	27-Jan	01-Feb	2yr FRN	28			Announced
	26-Jan	01-Feb	5yr Note	61			Announced
	28-Jan	01-Feb	7yr Note	62			Announced
	20-Jan	01-Feb	20yr Bond	24			Announced
				235	128.9	106.1	
			<b>Total - securities settling this week</b>	<b>520</b>	<b>413.9</b>	<b>106.1</b>	
			<b>Net New Cash Raised Qtr to Date</b>	<b>1829</b>	<b>1654</b>	<b>176</b>	
			<i>Estimated Net Cash to be Raised Q1 (\$ Bn)</i>			<b>1,127</b>	
			<b>Fed SOMA - Face Value of SOMA securities maturing</b>	<b>\$B</b>			
		02-Feb	Bills	5.20			
		04-Feb	Bills	14.10			
				19.30			

<https://www.treasurydirect.gov/instit/annceresult/press/press.htm>

The US Treasury cash balance (TGA) has been updated for the latest week (Wed 27 Jan 2021 level). The level of the TGA had decreased by \$24bn last week to \$1.613tr (Wed 27 Jan level).

Another relief payment and stimulus spending bill will likely be introduced early in the Biden term. This will have further implications for US Treasury issuance and the TGA balance.

The next refunding announcement is expected this week.



<https://www.federalreserve.gov/datadownload/Download.aspx?rel=H41&series=53198152b62add5ad59ae42b6d3d720d&filetype=sheetml&label=include&layout=seriescolumn&from=01/01/2002&to=01/27/2021>

## QE PROGRAMS

The next schedule of purchases will be released on 29 Jan.

Date	Treasury Security Operations (\$ BN)	MBS Operations, Max Value (\$ BN)
Mon 1 Feb	1.750	5.210
Tue 2 Feb	1.225	5.582
Wed 3 Feb	6.025	9.272
Thur 4 Feb	1.750	7.175
Fri 5 Feb	12.825	5.206
<b>Total Announced Purchases</b>	<b>\$23.575bn (last week \$10.75bn)</b>	<b>\$32.445bn (last week \$36.02bn)</b>

Links to Operation Schedules -

<https://www.newyorkfed.org/markets/domestic-market-operations/monetary-policy-implementation/treasury-securities/treasury-securities-operational-details>

[https://www.newyorkfed.org/markets/ombs\\_operation\\_schedule](https://www.newyorkfed.org/markets/ombs_operation_schedule)

## **REPO OPERATIONS**

Current schedule

<b>Date</b>	<b>Maturity Date</b>	<b>Term</b>	<b>Aggregate Operation Limit</b>
Daily operations (pm)	Next day	O/N	\$500bn
2 Feb	3 Mar 2021	28 days	\$500bn

<https://www.newyorkfed.org/markets/domestic-market-operations/monetary-policy-implementation/repo-reverse-repo-agreements/repurchase-agreement-operational-details#monthly-summary>

## **SWAP LINES**

Announcements; <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200315b.htm>

<https://www.newyorkfed.org/markets/international-market-operations/central-bank-swap-arrangements>

# WEEK COMMENCING 1 FEBRUARY 2021

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## MONDAY 1 FEBRUARY (US Eastern Time)

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US	Markit Manufacturing PMI Final (Jan), ISM Manufacturing PMI (Jan)
Europe	Markit Eurozone Manufacturing PMI Final (Jan)
China	NBS Manufacturing and Non-Manufacturing PMI (Jan)
Japan	Markit Manufacturing PMI Final (Jan)
Australia	Markit Manufacturing PMI Final (Jan), Housing Finance (Dec)

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## TUESDAY 2 FEBRUARY

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US	ISM NY Business Conditions Index (Jan), Vehicle Sales (Jan)
Europe	Eurozone GDP Prelim Q4 202
Australia	Markit Services PMI Final (Jan) RBA Monetary Policy Decision

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## WEDNESDAY 3 FEBRUARY

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US	Mortgage Applications wk ending 29 Jan, ADP Employment Report (Jan), Markit Services PMI Final (Jan), ISM Services PMI (Jan)
Europe	Markit Services PMI (Jan), Euro area CPI Prelim (Jan)
Japan	Markit Services PMI Final (Jan)

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## THURSDAY 4 FEBRUARY

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US	Initial Jobless Claims (wk ending 29 Jan), Continuing Unemployment Claims (wk ending 22 Jan), and PUA Claims, Challenger Job Cuts (Jan), Factory Orders (Dec)
UK	BoE Monetary Policy Decision
Europe	Eurozone Retail Sales (Dec)

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## FRIDAY 5 FEBRUARY

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US	Non-Farm Payrolls and Employment Report (Jan), Consumer Credit (Dec)
Germany	Manufacturing Factory Orders (Dec)
Australia	Retail Sales (Dec)

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## Trade & Brexit

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### BREXIT

An agreement on a trade deal was reached on Christmas Eve and the UK has now officially left the EU single market and customs union. The UK parliament approved the new trade deal on 30 Dec 2020.

The EU (Future Relationship) Bill, bringing the trade deal into UK law, was backed in the House of Commons by 521 to 73 votes on Wednesday, after Parliament was recalled from its Christmas break.

<https://www.bbc.com/news/uk-politics-55493437>

While EU ambassadors approved the trade deal, the EU parliament will vote on the deal later in February.

European Commission President Ursula von der Leyen and European Council President Charles Michel signed the deal earlier on Wednesday in Brussels.

It will come into force at 23:00 on Thursday, but although the European Parliament has begun its scrutiny of the 1,246-page document, it will not get a chance to ratify it formally until early in the new year.

<https://www.bbc.com/news/uk-politics-55493437>