

Key themes for the week ahead

A short week with Good Friday and Easter celebrations this week (and next). The focus will be on several Fed speeches, a speech by US President Biden, and key data reports.

US President Biden will give a speech on Wednesday outlining the “Build Back Better” expenditure program covering investment in infrastructure and technology, as well as potential tax code changes.

The US non-farm payrolls will be one of the key data highlights this week. Non-farm payroll data for Mar will still be released this Friday 2 April (Good Friday holiday). There are some market expectations are for a large increase in payrolls in Mar given the improvement/slow-down in initial claims over the last few weeks – led by progress on vaccinations.

US manufacturing data for Mar will also be a focus for the week with the ISM and final Markit PMI reports for Mar. The decline in manufacturing output in Feb was highlighted in the ‘hard data’ – industrial production and durable goods reports – apparently due to severe weather in the South and Midwest. The decline in output was not noted in the Feb ISM report – highlighting the difference in what each report measures. The Mar regional manufacturing surveys show some rebound in activity among firms – with a focus on continued lengthening of delivery lead times and widespread impact from higher input prices.

Other data of note this week:

Japan – BoJ summary of opinions report, retail sales for Feb and the prelim industrial production for Feb. The prelim PMIs show little change in the momentum of growth across manufacturing and services in Mar.

The prelim Eurozone CPI for Mar will be released.

A few Aussie data points including housing finance and retail sales data for Feb. This week, the Aus JobKeeper employment support program for businesses comes to an end and the rental eviction moratorium also comes to an end for some of the larger states (NSW, VIC, and WA).

The US Fed will purchase \$24.625bn in US Treasury securities (last week \$24.25bn). The Fed will also purchase at least \$23.35bn in MBS (\$26.16bn last week).

US Treasury issuance will be heavier this week. The US Treasury will settle approx. \$486bn in ST Bills, Notes, 10yr TIPS, and 20yr Bonds this week, raising approx. \$129bn in new money.

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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	
29 Mar - 2 Apr	25-Mar	30-Mar	4 week bill	40			Completed
	25-Mar	30-Mar	8 week bill	40			Completed
	24-Mar	30-Mar	119-Day CMB	35			Completed
				115	120	-5	
	29-Mar	01-Apr	13 week bill	57			Announced
	29-Mar	01-Apr	26 week bill	54			Announced
	30-Mar	01-Apr	42-Day CMB	40			Announced
				151	165	-14	
	18-Mar	31-Mar	10yr TIPS	13			Completed
	23-Mar	31-Mar	2yr Note	60			Completed
	24-Mar	31-Mar	5yr Note	61			Completed
	25-Mar	31-Mar	7yr Note	62			Completed
	16-Mar	31-Mar	20yr Bond	24			Completed
				220	71.6	148.4	
			Total - securities settling this week	486	356.6	129.4	
			Net New Cash Raised Qtr to Date	4637	4250	387	
			<i>Estimated Net Cash to be Raised Q1 (\$ Bn)</i>			274	
			Fed SOMA - Face Value of SOMA securities maturing	\$B			
		30-Mar	Bills	5.2			
		01-Apr	Bills	13.4			
		31-Mar	Notes & Bonds	39.5			
				58.1			

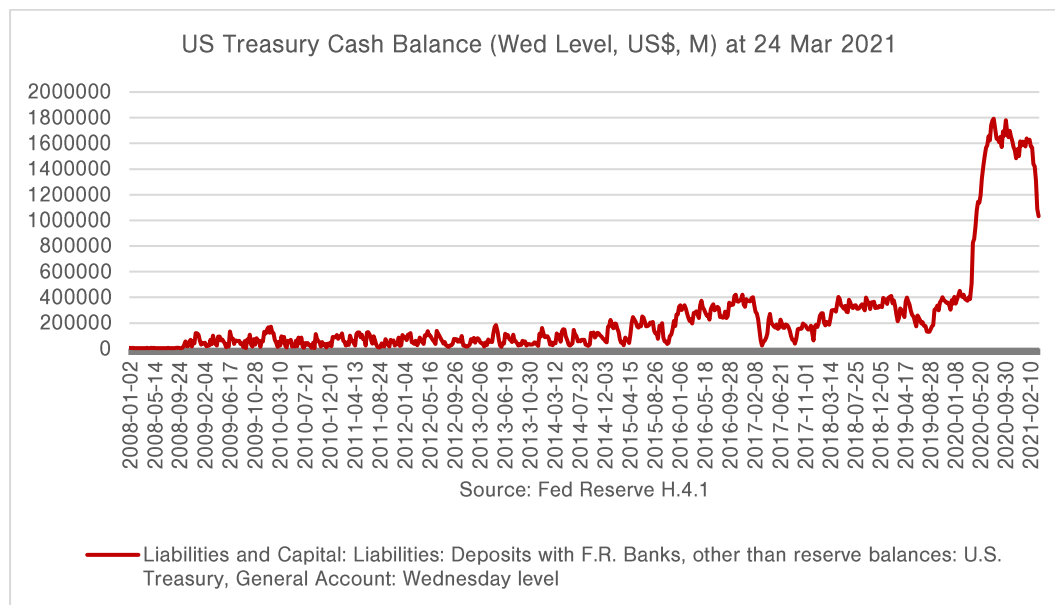
<https://www.treasurydirect.gov/instit/annceresult/press/press.htm>

From the quarterly refunding announcement in Feb 2021: The estimated net cash to be raised this quarter (Q1) will decrease to \$274bn (from the original \$1.127tr estimate). Net new money raised from the issuance of Notes, Bonds, TIPS, and FRN's is estimated to be \$695bn. Net Bills to be issued this quarter is estimated to be -\$421bn.

The substantial increases in nominal coupon and FRN issuance sizes over recent quarters will allow Treasury to gradually reduce bills as a percent of Treasury debt outstanding in a manner consistent with recommendations made by the Treasury Borrowing Advisory Committee at the November 2020 meeting.

<https://home.treasury.gov/policy-issues/financing-the-government/quarterly-refunding/most-recent-quarterly-refunding-documents>

The US Treasury cash balance (TGA) has been updated for the latest week (Wed 24 Mar 2021 level). The level of the TGA had decreased by a further \$57bn last week to \$1.03tr (Wed 24 Mar level). The estimated cash balance at the end of Q1 was forecast to be \$800bn.



<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

Date	Treasury Security Operations (\$ BN)	MBS Operations, Max Value (\$ BN)
Mon 29 Mar	8.825	5.259
Tue 30 Mar	1.225	8.066
Wed 31 Mar	1.750	5.259
Thur 1 Apr	12.825	4.770
Fri 2 Apr	Good Friday	Good Friday
Total Announced Purchases	\$24.625bn (last week \$24.25bn)	\$23.35bn (last week \$26.16bn)

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

REPO OPERATIONS

Current schedule

Date	Maturity Date	Term	Aggregate Operation Limit
Daily operations (pm)	Next day	O/N	\$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 29 MARCH 2021

MONDAY 29 MARCH (US Eastern Time)

US	Dallas Fed Manufacturing Survey (Mar) US Fed Governor Waller speech - Fed Independence
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Japan	Retail Trade (Feb) BoJ Summary of Opinions Report
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TUESDAY 30 MARCH

US	Case/Shiller House Price Index (Jan) US Fed Governor Quarles speech – Financial Stability Board
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Japan	Industrial Production Prelim (Feb)
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WEDNESDAY 31 MARCH

US	Mortgage Applications wk ending 26 Mar, ADP Employment Change (Mar), Chicago PMI (Mar) US President Biden speech
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Europe	Eurozone CPI Prelim (Mar)
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China	NBS Manufacturing and Non-Manufacturing PMI (Mar)
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Australia	Private Sector Credit (Feb)
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THURSDAY 1 APRIL

US	Initial Jobless Claims (wk ending 26 Mar), Continuing Unemployment Claims (wk ending 19 Mar), and PUA Claims, Challenger Job Cuts Report (Mar), Markit Manufacturing PMI Final (Mar), ISM Manufacturing PMI (Mar), Total Vehicle Sales (Mar)
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Europe	Markit Manufacturing PMI Final (Mar)
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Japan	Markit Manufacturing PMI Final (Mar)
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Australia	Markit Manufacturing PMI Final (Mar), Housing Finance (Feb), Retail Sales (Feb)
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FRIDAY 2 APRIL

US	Non-Farm Payrolls (Mar)
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