

## Key themes for the week ahead

The inflation debate is likely to continue this week with the release of important US data and Fed speeches. The impact of the data flow on key Treasury auctions will be closely monitored.

US CPI for Mar will be reported this week. Data are likely to remain noisy as year-on-year comparisons start to cycle over the onset of the pandemic in 2020. The expectation is for annual growth in the headline CPI to increase from +1.7% in Feb to +2.5% in Mar. Annual growth in core CPI is expected to increase from +1.3% in Feb to +1.5% in Mar.

US retail sales for Mar will be released this week and are likely to reflect the impact of the third round of stimulus. Expecting substantial month-on-month growth of +5.5% in Mar.

US industrial production for Mar will also be released this week. Manufacturing output in Feb was impacted by severe weather shutting down some regional activity for several days. The Mar regional surveys reflect some rebound from that. We will also get the first view of Apr manufacturing momentum with several regional surveys out this week.

The University of Michigan will report the prelim consumer sentiment survey for Apr. So far, despite significant stimulus and the rollout of vaccines, US consumer sentiment has yet to retrace to pre-pandemic levels.

US Treasury auctions will be in focus – especially the 30yr Bond auction on Tuesday after the CPI print. The 3yr and 10yr Notes will be auctioned on Monday.

On top of the data flow, there will be several Fed speeches. Headline speeches include US Fed Chair Powell and Vice-Chair Clarida. Both speeches are scheduled for Wednesday after the CPI print – expect the Fed to maintain its position of tolerating higher inflation prints (“average 2% for some time”).

The Reserve Bank of NZ will meet on rates this week.

The remaining Mar data for China will be out this week – trade, retail sales, and industrial production. GDP for Q1 will also be released.

Finally, the Australian employment and labour market survey for Mar will be released this week. This is not yet likely to reflect the impact from the end of the Government JobKeeper support program at the end of Mar.

The new schedule of Fed purchases of US Treasuries and MBS will be released on Tuesday.

US Treasury issuance will be heavier this week. The US Treasury will settle approx. \$386bn in ST Bills, Notes, and Bonds this week, raising approx. \$40bn in new money for the week.

This week, approx. \$36bn in ST Bills, Notes and Bonds, and TIPS will mature on the Fed balance sheet and will be rolled over.

## US Treasury Issuance & QE

US Treasury issuance will be heavier this week. The US Treasury will settle approx. \$386bn in ST Bills, Notes, and Bonds this week, raising approx. \$40bn in new money for the week.

This week, approx. \$36bn in ST Bills, Notes and Bonds, and TIPS will mature on the Fed balance sheet and will be rolled over.

WEEK	Auction Date	Settlement Date	Marketable Securities	Auction Amount \$B (TBAC)	Amount Maturing \$B	New Money \$B	
12-16 Apr	08-Apr	13-Apr	4 week bill	40			Completed
	08-Apr	13-Apr	8 week bill	40			Completed
	07-Apr	13-Apr	119-Day CMB	35			Completed
				115	120	-5	
	12-Apr	15-Apr	13 week bill	57			Announced
	12-Apr	15-Apr	26 week bill	54			Announced
	13-Apr	15-Apr	42-Day CMB	40			Announced
				151	165	-14	
	12-Apr	15-Apr	3yr Note	58			Announced
	12-Apr	15-Apr	10yr Note	38			Announced
	13-Apr	15-Apr	30yr Bond	24			Announced
				120	61.4	58.6	
			<b>Total - securities settling this week</b>	<b>386</b>	<b>346.4</b>	<b>39.6</b>	
			<b>Net New Cash Raised Qtr to Date</b>	<b>652</b>	<b>631</b>	<b>21</b>	
			<i>Estimated Net Cash to be Raised Q2 (\$ Bn)</i>			95	
			<b>Fed SOMA - Face Value of SOMA securities maturing</b>	<b>\$B</b>			
		13-Apr	Bills	6.1			
		15-Apr	Bills	12.2			
		15-Apr	Notes & Bonds	9.4			
		15-Apr	TIPS	8.1			
				35.9			

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

The latest Q2 refunding statement (issued 3 Feb 2021) estimates that net cash to be raised this quarter by the US Treasury will be \$95bn. This will be the result of a net paydown in ST Bills of -\$615.56bn and +\$710bn in new money raised across Notes, Bonds, TIPS, and FRN's.

The next refunding announcement will be made on 5 May 2021 which will provide an updated estimate for Q2.

<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 7 Apr 2021 level).

The TGA balance continues to fall and is now back below \$1tr. The level of the TGA decreased by \$166bn last week to \$955bn (Wed 7 Apr 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**

The new QE schedule is due to be released on Tues 13 Apr 2021 – total operations for this week are incomplete.

Date	Treasury Security Operations (\$ BN)	MBS Operations, Max Value (\$ BN)
Mon 12 Apr	1.750	4.770
Tue 13 Apr	Tbc	6.721
Wed 14 Apr	Tbc	Tbc
Thur 15 Apr	Tbc	Tbc
Fri 16 Apr	tbc	Tbc
Total Announced Purchases	(last week \$26.65bn)	\$bn (last week \$28.61bn)

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

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 12 APRIL 2021

---

### MONDAY 12 APRIL (US Eastern Time)

---

US	FOMC Rosengren - speech
Europe	Eurozone Retail Sales (Feb)
Australia	NAB Business Conditions and Confidence Survey (Mar)

---

---

### TUESDAY 13 APRIL

---

US	CPI (Mar)
China	Balance of Trade, Exports, and Imports (Mar)
NZ	RBNZ Rates Decision

---

---

### WEDNESDAY 14 APRIL

---

US	Mortgage Applications wk ending 9 Apr US Fed Chair Powell Interview - Economic Club of Washington US Fed Vice Chair Clarida speech - The Federal Reserve's New Framework and Outcome-Based Forward Guidance
Europe	Eurozone Industrial Production (Feb)

---

---

### THURSDAY 15 APRIL

---

US	Initial Jobless Claims (wk ending 9 Apr), Continuing Unemployment Claims (wk ending 2 Apr), and PUA Claims, Retail Sales (Mar), Industrial Production (Mar), NY Empire State Manufacturing Index (Apr), Philadelphia Fed Manufacturing Survey (Apr)
China	GDP Q1, Industrial Production (Mar)
Australia	Employment and Labour Market Survey (Mar)

---

---

### FRIDAY 16 APRIL

---

US	Building Permits (Mar), University of Michigan Consumer Sentiment Survey Prelim (Apr)
Europe	CPI – Final (Mar)

---