

Key themes for the week ahead

A quiet week on the data front with the prelim PMI's for Apr and US housing data for Mar the key highlights for the week.

There will be less activity on the central bank front this week too. The main events are the ECB rates and policy meeting on Thur and the release of the RBA minutes of the Apr meeting.

The US FOMC meets next week (27-28 Apr), so there will be no Fed speakers ahead of that meeting. The FOMC is not expected to change policy settings at this stage. But there is some anticipation around how the messaging might start to evolve over the next few meetings – especially given how the data is progressing. While spending data came in stronger last week, this was still on the back of significant stimulus. But, so far, the labour market has started to record more notable improvements, especially the non-farm payrolls result for Mar. The initial claims across both state and federal programs are now down to 744k (last week, NSA), and continuing claims are also trending lower (still elevated at over 16m people though).

The important data releases for the week;

The initial read on Apr private sector growth momentum with the prelim PMI's for major economies.

The US existing home and new home sales data for Mar. Existing home sales for Mar are expected to come in a little lower at 6.18m (SAAR) compared to 6.22m for Feb. New home sales are expected to jump to 885k (SAAR) in Mar compared to 775k in Feb.

Australia prelim retail sales for Mar.

Finally, the National CPI for Japan (Mar) will also be released this week.

QE purchases this week: The US Federal Reserve will purchase approx. \$21bn in US Treasury securities this week (last week approx. \$18bn) and approx. \$31bn in MBS (last week approx. \$27bn).

US Treasury issuance will be lighter this week. The US Treasury will settle approx. \$300bn in ST Bills this week, with a net paydown of -\$43bn for the week.

The US Treasury will also auction the 5yr TIPS and 20year Bond this week and both will settle next week.

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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 | |
|-----------|--------------|-----------------|--|---------------------------------|---------------------------|------------------|-----------|
| 19-23 Apr | 15-Apr | 20-Apr | 4 week bill | 40 | | | Completed |
| | 15-Apr | 20-Apr | 8 week bill | 40 | | | Completed |
| | 14-Apr | 20-Apr | 119-Day CMB | 35 | | | Completed |
| | | | | 115 | 130 | -15 | |
| | 19-Apr | 22-Apr | 13 week bill | 57 | | | Announced |
| | 19-Apr | 22-Apr | 26 week bill | 54 | | | Announced |
| | 20-Apr | 22-Apr | 52 week bill | 34 | | | Announced |
| | 20-Apr | 22-Apr | 42-Day CMB | 40 | | | Announced |
| | | | | 185 | 213 | -28 | |
| | | | Total - securities settling this week | 300 | 343 | -43 | |
| | | | Net New Cash Raised Qtr to Date | 952 | 974 | -22 | |
| | | | <i>Estimated Net Cash to be Raised Q2 (\$ Bn)</i> | | | 95 | |
| | | | Fed SOMA - Face Value of SOMA securities maturing | \$B | | | |
| | | 20-Apr-21 | Bills | 6.60 | | | |
| | | 22-Apr | Bills | 17.10 | | | |
| | | | | 23.70 | | | |

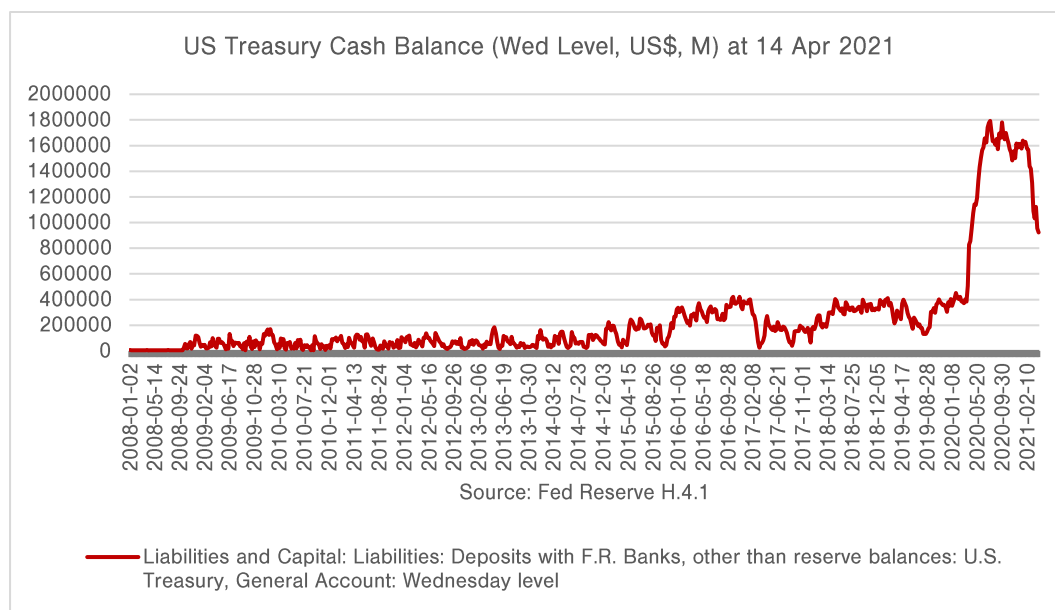
<https://www.treasurydirect.gov/instit/annceresult/press/press.htm>

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 14 Apr 2021 level).



The TGA balance continues to fall and is below \$1tr. The level of the TGA decreased by \$33bn last week to \$922bn (Wed 14 Apr level).

<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 19 Apr | 8.825 | 4.634 |
| Tue 20 Apr | 1.750 | 6.618 |
| Wed 21 Apr | 6.025 | 7.980 |
| Thur 22 Apr | 1.750 | 6.618 |
| Fri 23 Apr | 2.450 | 5.330 |

Total Announced Purchases

\$20.8bn (last week \$17.6bn)

\$31.2bn (last week \$26.8bn)

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 19 APRIL 2021

MONDAY 19 APRIL (US Eastern Time)

| | |
|-----------|--|
| Japan | Trade Balance (Mar), Industrial Production Final (Feb) |
| Australia | RBA Meeting Minutes |

TUESDAY 20 APRIL

| | |
|-----------|---------------------------|
| Europe | Germany PPI (Mar) |
| Australia | Retail Sales Prelim (Mar) |

WEDNESDAY 21 APRIL

| | |
|----|--|
| US | Mortgage Applications wk ending 16 Apr |
|----|--|

THURSDAY 22 APRIL

| | |
|-----------|---|
| US | Initial Jobless Claims (wk ending 16 Apr), Continuing Unemployment Claims (wk ending 9 Apr), and PUA Claims, Existing Home Sales (Mar), Chicago Fed National Activity Index (Mar), Kansas City Fed Manufacturing Activity (Apr) |
| Europe | ECB Meeting and Rates/Policy Decision |
| Japan | National CPI (Mar), Markit Composite PMI Prelim (Apr) |
| Australia | Markit Composite PMI Prelim (Apr) |

FRIDAY 23 APRIL

| | |
|--------|---|
| Europe | Eurozone Markit Composite PMI Prelim (Apr) |
| US | Markit Composite PMI Prelim (Apr), New Home Sales (Mar) |
