

Key themes for the week ahead

This will be a big week with more central bank meetings (FOMC and BoJ) and key data releases.

The US FOMC will meet this week with the policy decision due on Wed. No change is expected to the current policy settings. There is some anticipation around how the messaging might start to evolve over the next few meetings – especially concerning a possible timetable for tapering QE purchases. US data – especially upside or downside surprises, will be important to track over the next few months. For the moment, US data is coming in stronger on the back of significant stimulus in Q1 and likely positive impact from the vaccine rollout supporting reopening.

US data of note this week is the prelim release of Q1 GDP – expected to be +6.5% annualized (up from +4.3% in Q4). The Personal Income, Consumption, and PCE Price Index data for Mar will be released on Fri. This is expected to reflect the rollout of the Mar stimulus payments on income growth, higher expenditure, and higher core PCE price growth (expecting +1.8% in Mar versus +1.4% in Feb). Other data of note will be the University of Michigan Consumer Sentiment data for the end of Apr and several regional manufacturing surveys.

The BoJ will also meet this week. No change to policy is expected. The BoJ will release updated economic forecasts.

The prelim Eurozone Q1 GDP data will be released this week. The ECB kept policy unchanged last week – citing near-term downside risks for the economy, especially as many countries are still dealing with outbreaks. The prelim Eurozone CPI for Apr will also be released (expecting +1.6% versus +1.3% in Mar).

In Australia, CPI for Q1 will be released and annual CPI is expected to be +1.4% in Q1 versus +0.9% in Q4 – there may be some base effect.

QE purchases this week: The US Federal Reserve will purchase approx. \$18bn in US Treasury securities this week (last week approx. \$21bn). The new schedule of MBS purchases will be released on Wed this week.

US Treasury issuance will be heavier this week. The US Treasury will settle approx. \$519bn in ST Bills, Notes (2yr, 5yr, and 7yr), Bonds, TIPS, and FRN's this week, raising approx. \$97bn in new money.

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WEEK	Auction Date	Settlement Date	Marketable Securities	Auction Amount \$B (TBAC)	Amount Maturing \$B	New Money \$B		Prior Auction High Rate %
26-30 Apr	22-Apr	27-Apr	4 week bill	40			Actual 0.005%	0.010%
	22-Apr	27-Apr	8 week bill	40			Actual 0.015%	0.015%
	21-Apr	27-Apr	119-Day CMB	35			Actual 0.025%	0.025%
				115	130	-15		
	26-Apr	29-Apr	13 week bill	57			Announced	0.025%
	26-Apr	29-Apr	26 week bill	54			Announced	0.040%
	27-Apr	29-Apr	42-Day CMB	40			Announced	0.010%
				151	170	-19		
	22-Apr	30-Apr	5yr TIPS	18			Actual -1.631%	-
	26-Apr	30-Apr	2yr Note	60			Announced	0.152%
	27-Apr	30-Apr	2yr FRN	28			Announced	0.035%
	26-Apr	30-Apr	5yr Note	61			Announced	0.850%
	27-Apr	30-Apr	7yr Note	62			Announced	1.300%
	21-Apr	30-Apr	20yr Bond	24			Actual 2.144%	2.290%
				253	122.37	130.63		
			Total - securities settling this week	519	422.37	96.63		
			Net New Cash Raised Qtr to Date	1471	1397	74		
			<i>Estimated Net Cash to be Raised Q2 (\$ Bn)</i>			95		
			Fed SOMA - Face Value of SOMA securities maturing	\$B				
		27-Apr	Bills	5.40				
		29-Apr	Bills	11.97				
		30-Apr	Notes & Bonds	45.80				
		03-Apr	FRN's	2.50				
				65.67				

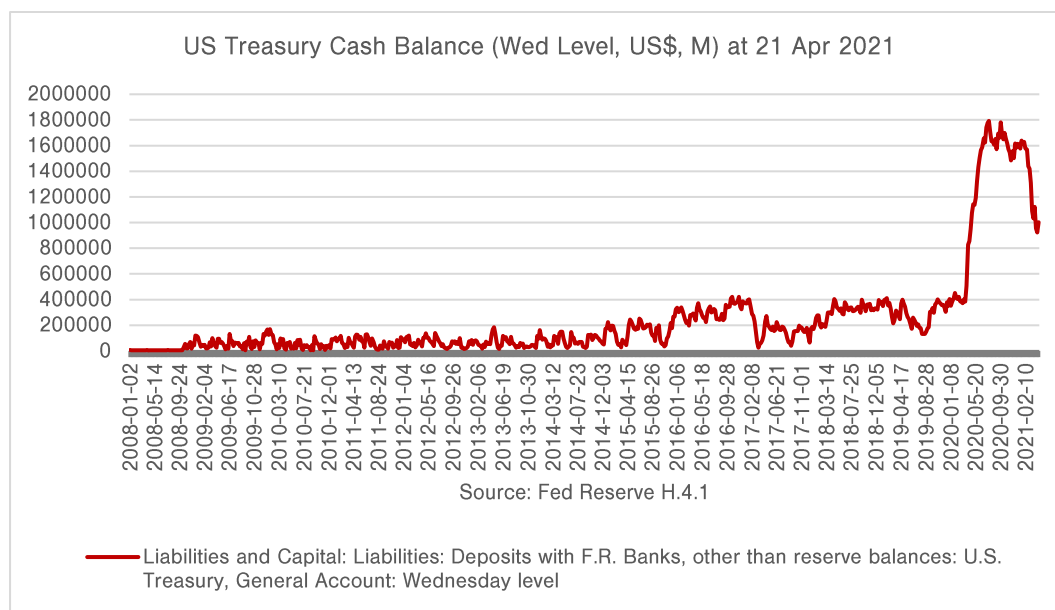
<https://www.treasurydirect.gov/instit/annceresult/press/press.htm>

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 21 Apr 2021 level).



The TGA balance is back to \$1tr this week. The level of the TGA increased by \$81bn last week to \$1.00tr (Wed 21 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

The new MBS schedule will be released on 28 Apr this week – operations are incomplete for MBS.

Date	Treasury Security Operations (\$ BN)	MBS Operations, Max Value (\$ BN)
Mon 26 Apr	3.625	7.975
Tue 27 Apr	-	5.338
Wed 28 Apr	-	Tbc
Thur 29 Apr	1.750	Tbc
Fri 30 Apr	12.825	Tbc

Total Announced Purchases

\$18.2bn (last week \$20.8bn)

\$13.3bn (last week \$31.2bn)

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/ambis_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 26 APRIL 2021

MONDAY 26 APRIL (US Eastern Time)

US	Core Durable Goods Orders (Mar), Dallas Fed Manufacturing Index (Apr)
Japan	BoJ Interest Rate Decision

TUESDAY 27 APRIL

US	Case Shiller House Price Index (Feb), Richmond Fed Manufacturing Survey (Apr)
Japan	Retail Sales (Mar)
Australia	CPI Q1 2021

WEDNESDAY 28 APRIL

US	Mortgage Applications wk ending 23 Apr FOMC Rates Decision
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THURSDAY 29 APRIL

US	Initial Jobless Claims (wk ending 23 Apr), Continuing Unemployment Claims (wk ending 16 Apr), and PUA Claims, GDP Q1 – Prelim Est
Japan	Industrial Production – Prelim (Mar)
China	NBS Manufacturing and Non-Manufacturing PMI (Apr)
Australia	PPI Q1 2021, Private Sector Credit (Mar)

FRIDAY 30 APRIL

Europe	Eurozone CPI – Prelim (Apr), Eurozone GDP Prelim Q1
US	Personal Income, Consumption and PCE Price Index (Mar), Chicago PMI (Apr), University of Michigan Consumer Sentiment – Final (Apr)
