

Key events for the week ahead – Geopolitical risks, central bank meetings – FOMC, BoE, and BoJ, RBA minutes, US retail sales

Recap from last week

The invasion of Ukraine continues to exact an enormous humanitarian toll. We hope for a swift end to this violence, but initial sanctions are yet to change the course of this tragedy. Markets have been focused on headline risks as sanctions led to further surges in commodity and energy prices.

The ECB meeting last week remained focused on the rising risk of inflation. The ECB announced a faster taper of its core QE program (APP). The end of the program will be determined around the end of Q2, dependent on 'strengthening inflation' through Q2. The potentially earlier ending of the APP provides the ECB with the optionality to act earlier on rates. The ECB increased its inflation forecast notably for 2022.

US CPI came in as expected at +7.9% for Feb, accelerating from +7.5% growth in Jan. The contributors to the acceleration remained broad. Inflation is likely to remain a risk considering higher ag/commodity and energy prices. Add also the possibility of further supply chain disruptions as China locks down an important industrial center amid a another covid outbreak.

The week ahead

Central bank communications will be an important theme. The geopolitical situation has added greater uncertainty for the tightening path and central banks will need to balance the risks to growth from the invasion and sanctions with rising/elevated inflation and price stability mandates.

The FOMC is expected to increase the FFR target by 25bps this week. On QT, Chair Powell recently testified that "the plan to shrink the balance sheet will not be finalized at this meeting". The new SEP will be of interest to understand changes to the path of rates since the Dec meeting. Chair Powell has already noted in testimony that the Fed will "proceed but will proceed carefully" given heightened uncertainty. Commentary on inflation will be important.

The BoE will meet this week. Another 25bps increase in the Bank Rate is expected as inflation remains elevated. The BoJ will also meet this week – and no change to policy is expected. The National CPI for Japan will be released this week and higher energy prices are expected to impact the headline number.

US retail sales growth for Feb is expected to ease to +0.4% for the month after increasing by +3.8% in Jan.

The RBA minutes of the Mar meeting will be released this week. Minutes are likely to reflect that the RBA can be patient on rate increases despite inflation risks moving to the upside. Key points: persistence of supply shocks, including from Ukraine invasion, and wages growth. The Aus labour market and employment survey for Feb will be released this week. Employment is expected to increase by +40k, the participation rate to increase to 66.3%, and the unemployment rate to fall to 4.1%.

US Treasury Issuance & QE

This week, the US Treasury will auction and settle approx. \$328bn in ST Bills, Notes, and Bonds, raising approx. \$75bn in new money.

Approx. \$34bn in ST Bills, Notes, and Bonds will mature on the Fed balance sheet this week and will be rolled over.

WEEK	Auction Date	Settlement Date	Marketable Securities	Auction Amount \$B (TBAC)	Amount Maturing \$B	New Money \$B		Prior Auction High Rate %
14-18 Mar	10-Mar	15-Mar	4 week bill	45			Actual 0.195%	0.165%
	10-Mar	15-Mar	8 week bill	35			Actual 0.285%	0.205%
	09-Mar	15-Mar	119-Day CMB	35			Actual 0.550%	0.535%
				115	130	-15		
	14-Mar	17-Mar	13 week bill	60			Announced	0.380%
	14-Mar	17-Mar	26 week bill	51			Announced	0.710%
				111	102	9		
	08-Mar	15-Mar	3yr Note	48			Actual 1.775%	1.592%
	09-Mar	15-Mar	10yr Note	34			Actual 1.920%	1.904%
	10-Mar	15-Mar	30yr Bond	20			Actual 2.375%	2.340%
				102	20.86	81.14		
			Total - securities settling this week	328	252.86	75.1		
			Net New Cash Raised Qtr to Date	3425	2836	589		
			<i>Estimated Net Cash to be Raised Q1 (\$ Bn)</i>			729		
			Fed SOMA - Face Value of SOMA securities maturing	\$B				
		15-Mar	Bills	6.8				
		15-Mar	Notes & Bonds	17.1				
		17-Mar	Bills	10.5				
				34.5				

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

Recommended US Treasury Financing Q1 - 2022

The latest quarterly refunding forecast for US Treasury financing in Q1; total estimated net cash to be raised in Q1 of \$729bn. This includes +\$220bn of net Bills issuance and +\$508bn of net Coupon issuance for the quarter.

Nominal coupon changes – details can be [found here](#).

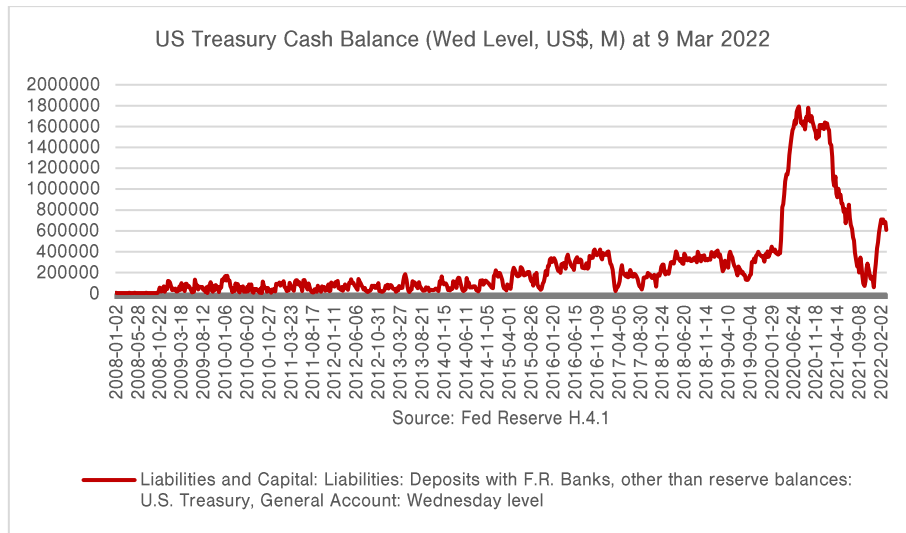
The next quarterly refunding announcement will be made on 4 May 2022.

Debt Limit and Government Funding

The US House of Reps and the Senate passed the full year funding bill last week totalling US\$1.5 trillion. This included aid for Ukraine in response to the invasion by Russia.

Treasury Cash Levels

The level of the TGA decreased by \$76bn as of Wed 9 Mar (after increasing by \$11bn in the prior week). The TGA balance was \$609bn (level, as of Wed 9 Mar).



<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

There are no further Treasury purchase operations at this stage.

Date	Treasury Security Operations (\$ BN)	MBS Operations, Max Value (\$ BN)
Mon 14 Mar	0	2.018
Tue 15 Mar	0	2.096
Wed 16 Mar	0	2.018
Thur 17 Mar	0	0.702
Fri 18 Mar	0	1.394
Total Announced Purchases	\$0bn (last week \$6bn)	\$8.2bn (last week \$15.7bn)

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

WEEK COMMENCING 14 MARCH 2022

MONDAY 14 MARCH (US Eastern Time, unless stated otherwise)

Australia	House Price Index Q4 RBA Meeting Minutes
China	Industrial Production (Feb), Retail Sales (Feb)

TUESDAY 15 MARCH

Europe	Eurozone Industrial Production (Jan), ECB President Lagarde speech
US	New York Empire State Index (Mar), PPI (Feb)
Japan	Merchandise Trade, Exports, and Imports (Feb), Industrial Production Final (Jan)

WEDNESDAY 16 MARCH

US	Mortgage Apps wk ending 11 Mar, Retail Sales (Feb), NAHB Housing Market Index (Mar) FOMC Monetary Policy Decision
Canada	CPI (Feb)
NZ	GDP Q4
Australia	Employment and Labour Market Survey (Feb)

THURSDAY 17 MARCH

US	Initial Claims wk ending 11 Mar, Building Permits and Housing Starts (Feb), Philadelphia Fed Manufacturing Index (Mar), Industrial Production (Feb)
Europe	Eurozone CPI (HICP) Feb, ECB President Lagarde speech
UK	BoE Monetary Policy Decision
Japan	National CPI (Feb) BoJ Monetary Policy Decision

FRIDAY 18 MARCH

US	Existing Home Sales (Feb) US Fed speeches: Evans, Bowman, Barkin
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