



U.S. Commercial Paper Market Update

Week Ended April 19, 2024



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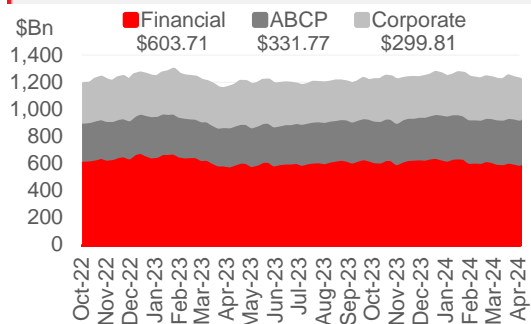
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Market Commentary and Sell-Side Activity

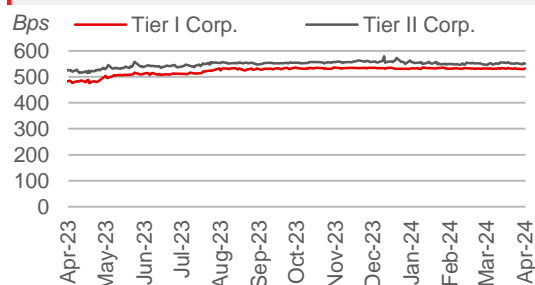
Outstanding CP



Change in Outstanding CP

USCP Market			
Type	Weekly Δ	W-o-W Δ	Y-o-Y Δ
Corporate	\$17.5B	6.20%	2.70%
Financial	\$1.66B	0.28%	-2.30%
ABCP	\$-1.93B	-0.58%	15.43%
Total CP	\$17.35B	1.42%	3.25%

1-Month Average CP Rates



Change in Rates

Indicative Offering Levels (bps)				
Type	1M	W-o-W Δ	3M	W-o-W Δ
Tier I Corp.	539-550	1.00	538-548	1.00
Tier II Corp.	555-570	0.00	567-582	2.00
Tier III Corp.	600-615	5.00	607-622	2.00
ABCP	542-552	2.00	544-554	3.00
Tier I Fin.	542-552	2.00	544-554	3.00

Benchmark Rates			
Type	4/17/2024	W-o-W Δ	Y-o-Y Δ
Fed Effective	533.00	0.00	50.00
O/N GC Repo	531.70	-3.40	51.10
SOFR	531.00	0.00	51.00
1 M Term SOFR	531.88	-0.01	37.29
3 M Term SOFR	532.66	2.76	27.11

Commercial Paper Market Overview

Equities fell and Treasuries ended higher after a volatile week driven by strong retail data, Fed commentary, and continued conflict in the Middle East. March Retail Sales data came in hotter than expected on Monday, growing 0.7% MoM (0.4% exp.), underscoring the resiliency of the US consumer and reinforcing the Federal Reserve's higher-for-longer narrative. On Tuesday, Fed Chair Jerome Powell acknowledged that recent data has shown a lack of further progress on inflation and indicated that the Fed is willing to keep rates steady for "as long as needed". In the Middle East, Israel launched a retaliatory strike on Iran, less than a week after Tehran's rocket and drone barrage. Brent crude briefly climbed above \$90 per barrel Friday morning before retracing its gains as the market remains sensitive to any escalation in the Middle East. Equities were flat to lower on the week with the Dow, S&P, and Nasdaq down 0.0%, 3.0% and 5.5%, respectively. The 2-year closed the week at 4.99% (+9bps) and the 10-year closed at 4.62% (+10bps).

CP outstanding increased \$17.35B WoW with a \$17.5B increase in Corporate Paper and a \$1.66B increase in Financial Paper outpacing a \$1.93B decline in ABCP. Monday's Corporate Tax Day drained liquidity from the market and constrained dealer balance sheets causing upward pressure on rates. Several issuers had to widen their pricing to reach a market clearing level. However, investors continue to have an appetite for term paper and MUFG observed sizable block trades maturing in 3-months and longer. Attractive yields has led some Tier III investors to reallocate their cash further out the curve, putting pressure on rates for even short-dated Tier III CP. The market was not quick to recover from Corporate Tax Day as participants digested the hotter than expected Retail Sales data and subsequent hawkish Fed speak. In addition to Powell's comments, New York Fed President John Williams said an additional rate hike is possible if warranted. His Atlanta counterpart, Raphael Bostic, said he doesn't think it would be appropriate to ease until toward the end of 2024. Meanwhile, Minneapolis Fed chief Neel Kashkari said the Fed may hold rates steady all year. There is currently a ~20% and ~50% market implied probability of a 25bps cut in June and July, respectively. The first rate cut is not fully priced-in until November 7th. Fed speakers are now in blackout ahead of the May 1st FOMC meeting. There remains an abundance of liquidity; paper that is priced to reflect the likelihood of rates staying "higher for longer" is expected to be met with ample demand. MUFG expects pricing pressures to remain while liquidity returns to the system. Usage of the Fed's RRP Facility continues to trend lower with 75 users taking \$433 billion in collateral on Thursday, as cash rich investors continue to redeploy cash into the Treasury markets.

PMI and New Home Sales data and will be released on Tuesday; GDP will be released on Thursday; Personal Spending and the all-important PCE data is set to be released on Friday.

Buy-Side Activity

Money Market Flows

Money Market Funds (\$Bn)			
Type	4/17/2024	W-o-W Δ (%)	YTD Δ (%)
Prime Retail	745.95	-0.83	45.62
Prime Institutional	621.27	-4.84	-4.70
Government Retail	1,253.53	-0.53	20.03
Government Institutional	1,934.08	-3.43	5.18
Treasury Retail	337.55	-1.13	38.11
Treasury Institutional	1,336.06	-1.59	10.11

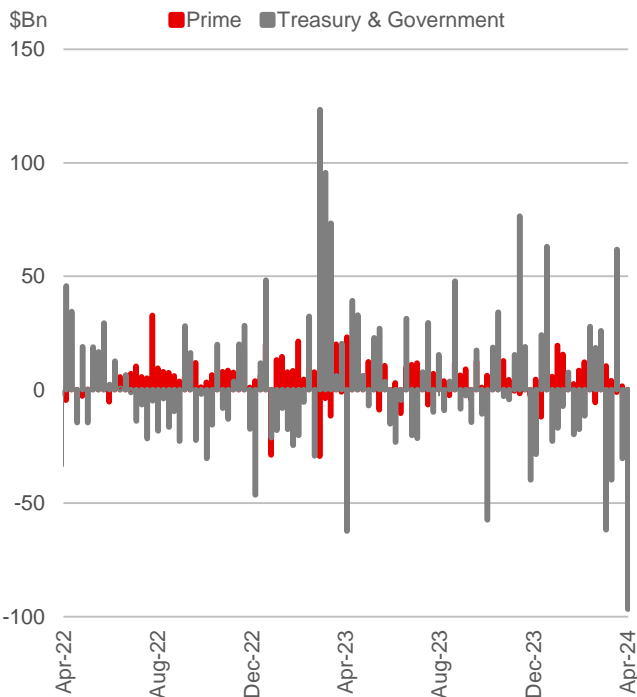
Prime Money Fund Statistics

Prime Money Market Funds			
Type	4/17/2024	Weekly Δ	YTD Δ
PrmRt WAM (days)	33.42	-0.01	-3.97
PrmRt WAL (days)	54.36	-0.03	12.90
PrmRt 7-Day Yield (bps)	503.36	-0.20	98.84
Prmlns WAM (days)	36.10	0.64	3.30
Prmlns WAL (days)	34.46	-0.69	-9.78
Prmlns 7-Day Yield (bps)	522.13	0.34	100.46

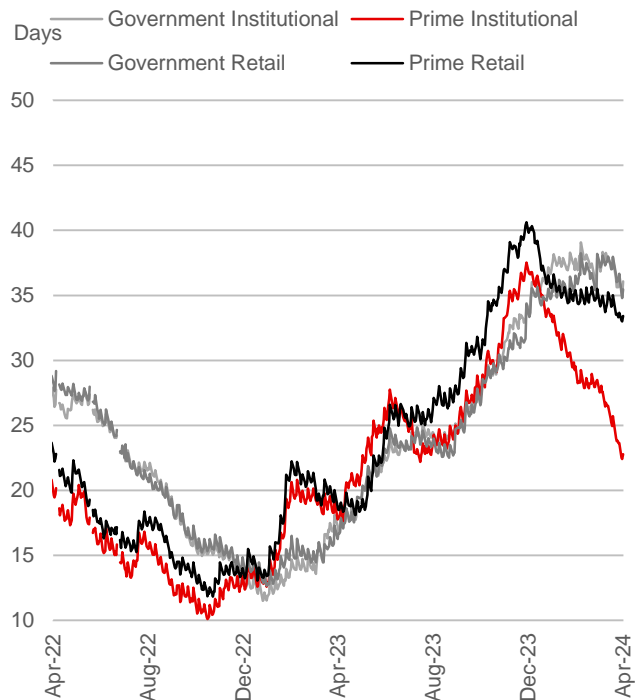
Overview

- Prime Institutional money fund WAMs increased by 0.64 days WoW to 36.19 days
- Prime Institutional 7-Day Yields increased 0.34 bps WoW to 522.13 bps, while Prime Retail 7-Day Yields decreased 0.20 bps WoW to 503.36 bps
- Since SVB entered receivership, Prime Money Funds AUM have increased by \$197B, while Government and Treasury Funds have increased by \$406B and \$377B respectively
- The first set of SEC Rule 2a-7 Amendments of last October were effective April 2nd
 - > Prime Money Market funds increased their daily liquid asset bucket from 10% to 25%; and their weekly liquid asset bucket from 25% to 50%
 - > The remainder of reforms, related to mandatory redemption fees in the event >5% of AUM redeems are due to be implemented this fall

Weekly Money Market Flows: Prime vs. Treasury/Government



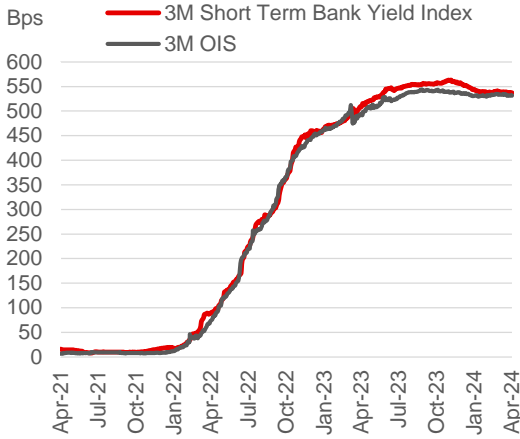
Money Fund WAMS



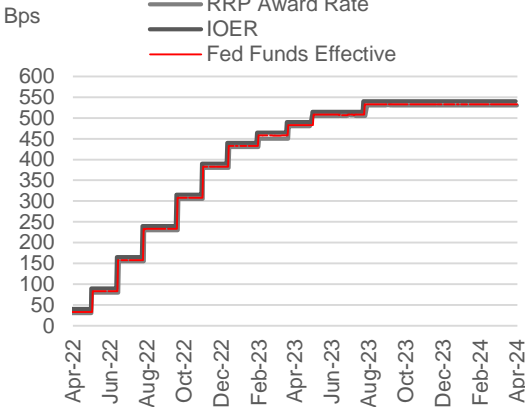
Source: Federal Reserve Bank, Bloomberg, Crane Data

Federal Reserve and Calendars

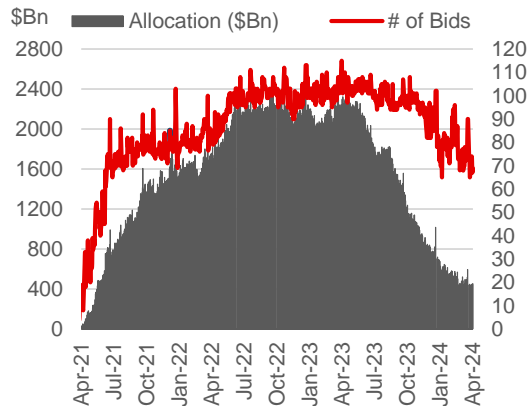
3-Month BSBY & 3-Month OIS



Fed Funds Effective Rate



Reverse Repo Facility Usage



Issuance Calendar

■ Favorable – see Economic Release table below
 ■ SIFMA Holiday
 ■ Month-, Quarter-, Year-End, Corp. Tax Day
 ■ BOE, BOJ, and/or ECB meeting
 ■ FOMC Meetings

APRIL

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

JULY

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

MAY

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

AUGUST

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

JUNE

M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

SEPTEMBER

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Upcoming Economic Calendar

Date	Time (ET)	Release	Period	Survey	Prior
23-Apr	8:30	S&P Global US Manufacturing PMI	Apr P	52	51.9
25-Apr	8:30	GDP Annualized QoQ	1Q A	2.50%	3.40%
25-Apr	8:30	Personal Consumption	1Q A	2.60%	3.30%
26-Apr	9:15	Personal Income	Mar	0.50%	0.30%
26-Apr	7:00	Personal Spending	Mar	0.60%	0.80%
26-Apr	8:30	PCE Deflator MoM	Mar	0.30%	0.30%
26-Apr	8:30	PCE Deflator YoY	Mar	2.60%	2.50%
26-Apr	8:30	PCE Core Deflator MoM	Mar	0.30%	0.30%
26-Apr	10:00	PCE Core Deflator YoY	Mar	2.70%	2.80%
26-Apr	10:00	U. of Mich. Sentiment	Apr F	77.9	77.9

Sources: Federal Reserve Bank, Bloomberg

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