



U.S. Commercial Paper Market Update

Week Ended April 26, 2024



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MUFG Short Term Credit Products Team

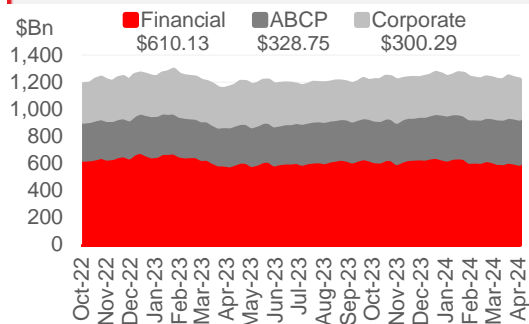
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Market Commentary and Sell-Side Activity

Outstanding CP

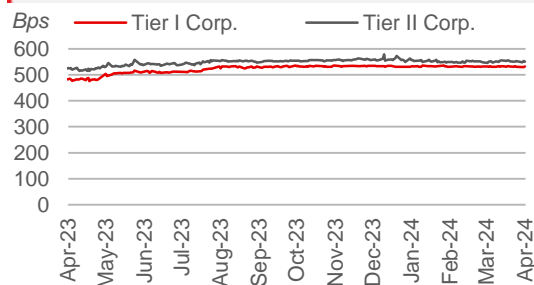


Change in Outstanding CP

USCP Market

Type	Weekly Δ	W-o-W Δ	Y-o-Y Δ
Corporate	\$0.48B	0.16%	2.69%
Financial	\$6.42B	1.06%	-0.94%
ABCP	\$-3.01B	-0.91%	14.31%
Total CP	\$3.86B	0.31%	3.65%

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	0.00	538-548	0.00
Tier II Corp.	555-570	0.00	567-582	0.00
Tier III Corp.	600-615	0.00	607-622	0.00
ABCP	542-552	0.00	544-554	0.00
Tier I Fin.	542-552	0.00	544-554	0.00

Benchmark Rates

Type	4/24/2024	W-o-W Δ	Y-o-Y Δ
Fed Effective	533.00	0.00	50.00
O/N GC Repo	532.90	1.20	49.80
SOFR	531.00	0.00	51.00
1 M Term SOFR	531.82	-0.07	33.60
3 M Term SOFR	532.45	-0.21	27.90

Commercial Paper Market Overview

Bond yields and equity indices fluctuated last week following economic data and corporate earnings releases. Thursday's GDP report showed that the US economy expanded at a 1.6% annualized rate last quarter (2.5% exp). Personal Spending, the primary driver of economic growth, similarly fell shy of estimates at 2.5% (3.0% exp). Friday's Core PCE data, the Fed's preferred gauge of underlying inflation, remained unchanged at 2.8% YoY, demonstrating stubborn inflation. Treasury yields hit new 2024 highs with the 10-Year closing at 4.74% on Thursday as the data brought more uncertainty to the path of Federal Reserve policy. Overall, the data indicates a slowdown in economic growth and weakening consumer demand. On the earnings front, almost 80% of S&P 500 firms that have reported so far have beat analysts' earnings estimates. Equities were higher on the week with the Dow, S&P, and Nasdaq up 0.9%, 2.8% and 4.3%, respectively. The 2-year closed the week at 5.00% (+1bps) and the 10-year closed at 4.67% (+5bps).

CP outstanding increased \$3.86B WoW with a \$.048B increase in Corporate Paper and a \$6.42B increase in Financial Paper outpacing a \$3.01B decline in ABCP. CP Daily Traded Volume has been \$133 billion for the month of April, up +10% from the March average. MUFG observed robust trading activity to start the week as liquidity recovered from Corporate Tax Day however, the momentum waned throughout the week. For weeks, traders have been scaling back how many rate cuts they expect amid a string of strong economic data illustrating a resilient US economy. Traders originally priced in 6 cuts for 2024, but after sticky inflation readings, cuts have diminished to just 1.5. There is currently a ~12% and ~30% market implied probability of a 25bps cut in June and July, respectively. The first rate cut not fully priced-in until December 18th. Fed speakers remain in blackout ahead of the May 1st FOMC meeting where rates are expected to remain unchanged. Ultimately, paper that is priced to reflect the likelihood of "higher for longer" is expected to be met with ample demand. MUFG expects issuance to be short dated ahead of Month-End on Tuesday and Wednesday's FOMC meeting and ensuing press conference. Usage of the Fed's RRP Facility continues to trend lower with 74 users taking \$444 billion in collateral on Thursday, as cash rich investors continue to redeploy cash into the Treasury markets.

JOLTS Job Openings, ISM Manufacturing data and the FOMC meeting is on Wednesday. Nonfarm Payrolls and Unemployment Rate data will be released on Friday. Month-End is Tuesday.

Buy-Side Activity

Money Market Flows

Money Market Funds (\$Bn)			
Type	4/24/2024	W-o-W Δ (%)	YTD Δ (%)
Prime Retail	747.17	0.16	44.71
Prime Institutional	628.00	1.08	-4.75
Government Retail	1,251.11	-0.19	19.69
Government Institutional	1,945.99	0.62	3.21
Treasury Retail	338.22	0.20	36.21
Treasury Institutional	1,329.36	-0.50	9.10

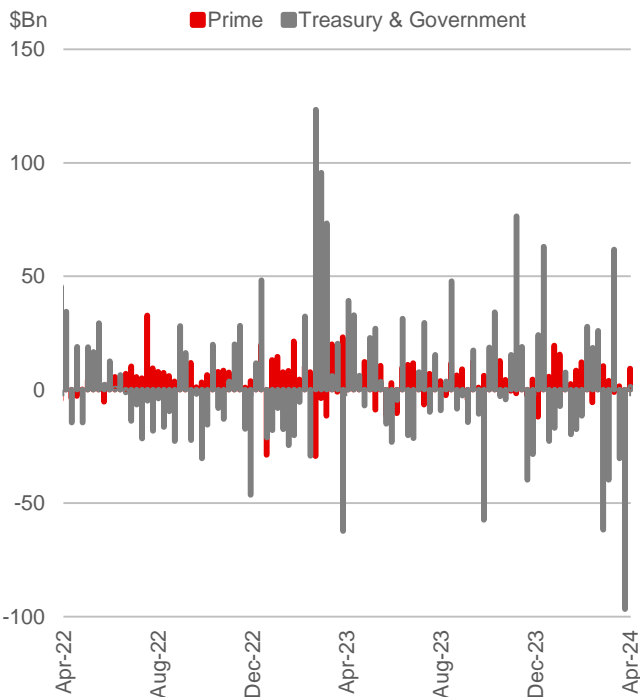
Prime Money Fund Statistics

Prime Money Market Funds			
Type	4/24/2024	Weekly Δ	YTD Δ
PrmRt WAM (days)	33.03	-0.39	-4.36
PrmRt WAL (days)	53.94	-0.42	12.49
PrmRt 7-Day Yield (bps)	503.89	0.53	99.37
Prmlns WAM (days)	35.73	-0.36	2.94
Prmlns WAL (days)	33.77	-0.69	-10.47
Prmlns 7-Day Yield (bps)	521.78	-0.35	100.11

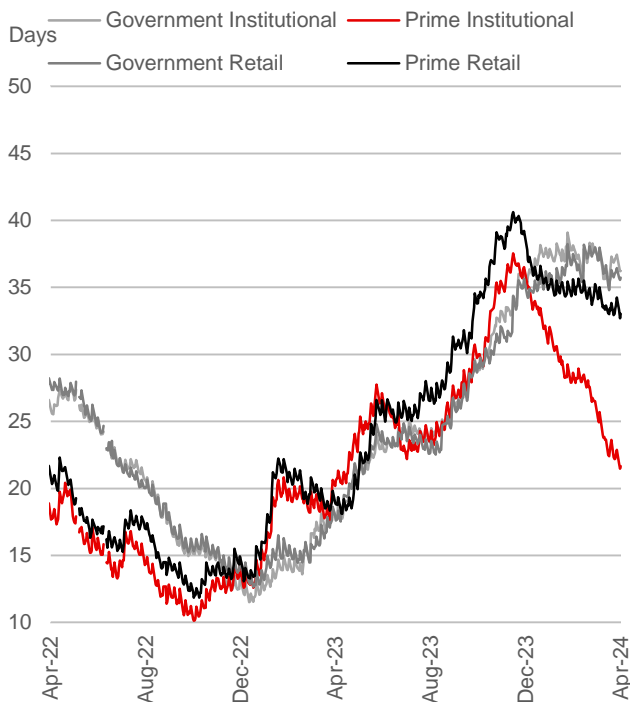
Overview

- Prime Institutional money fund WAMs decreased by 0.36 days WoW to 35.73 days
- Prime Institutional 7-Day Yields decreased 0.33 bps WoW to 521.78 bps, while Prime Retail 7-Day Yields increased 0.20 bps WoW to 503.89 bps
- Since SVB entered receivership, Prime Money Funds AUM have increased by \$204B, while Government and Treasury Funds have increased by \$495B and \$371B 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



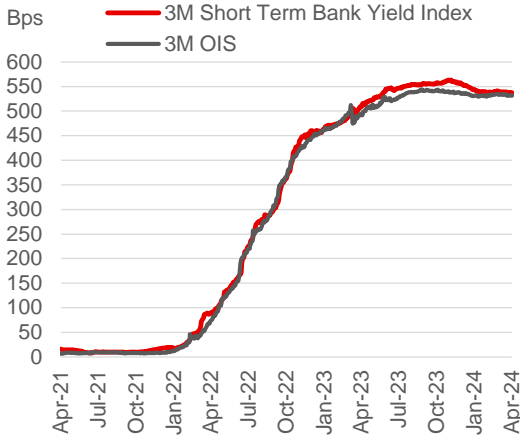
Money Fund WAMS



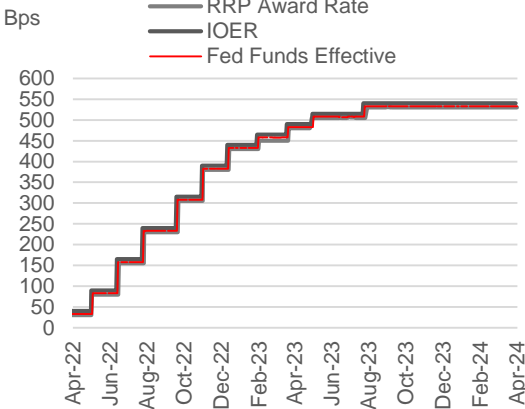
Source: Federal Reserve Bank, Bloomberg, Crane Data

Federal Reserve and Calendars

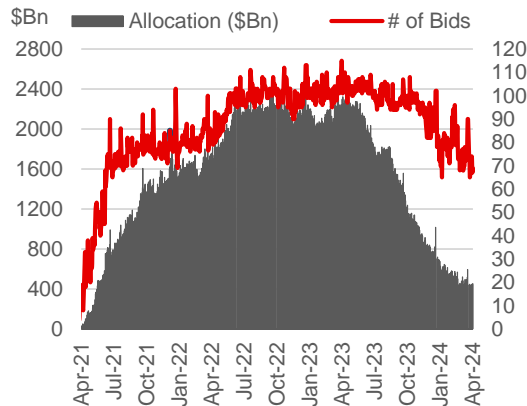
3-Month BSBY & 3-Month OIS



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
1-May	10:00	JOLTS Job Openings	Mar	8725k	8756k
1-May	10:00	ISM Manufacturing	Apr	50.10	50.30
1-May	14:00	FOMC Rate Decision (Upper Bound)	1-May	5.50%	5.50%
1-May	14:00	FOMC Rate Decision (Lower Bound)	1-May	5.25%	5.25%
2-May	10:00	Factory Orders	Mar	1.60%	1.40%
3-May	8:30	Change in Nonfarm Payrolls	Apr	250k	303k
3-May	8:30	Change in Private Payrolls	Apr	200k	232k
3-May	8:30	Unemployment Rate	Apr	3.80%	3.80%
3-May	8:30	Average Hourly Earnings MoM	Apr	0.30%	0.30%
3-May	8:30	Average Hourly Earnings YoY	Apr	4.00%	4.10%

Sources: Federal Reserve Bank, Bloomberg

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