



U.S. Commercial Paper Market Update

Week Ended June 21, 2024



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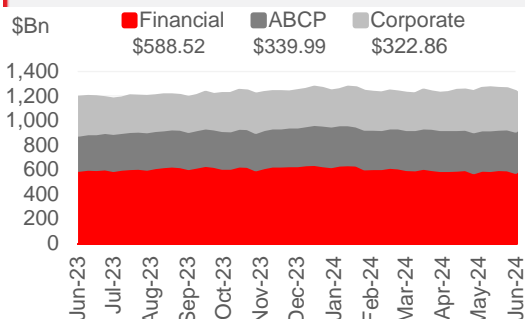
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Market Commentary and Sell-Side Activity

Outstanding CP

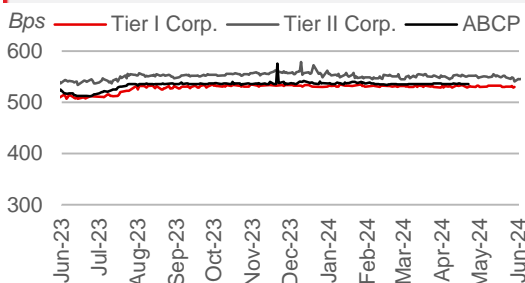


Change in Outstanding CP

USCP Market

Type	Weekly Δ	W-o-W Δ	Y-o-Y Δ
Corporate	\$11.84B	3.81%	14.23%
Financial	\$-3.29B	-0.56%	-3.56%
ABCP	\$3.79B	1.13%	16.96%
Total CP	\$12.36B	1.00%	5.83%

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.	537-548	0.00	539-549	1.00
Tier II Corp.	552-567	0.00	565-580	0.00
Tier III Corp.	600-615	0.00	608-623	0.00
ABCP	540-550	0.00	542-552	0.00
Tier I Fin.	540-550	0.00	542-552	0.00

Benchmark Rates

Type	6/20/2024	W-o-W Δ	Y-o-Y Δ
Fed Effective	533.00	0.00	26.00
O/N GC Repo	534.50	-2.60	26.60
SOFR	532.00	1.00	27.00
1 M Term SOFR	534.36	1.48	26.12
3 M Term SOFR	534.75	0.82	11.83

Commercial Paper Market Overview

US Treasuries and Equities fluctuated throughout the holiday-shortened week, while economic data and FedSpeak strengthened the case for rate cuts this year. Retail Sales Advance increased by 0.1% month-over-month (0.3% exp.), demonstrating cautionary consumer spending even in the face of cooling inflation. New Home Construction fell to the slowest pace in four years, with Housing Starts decreasing 5.5% last month (vs. a 5.7% increase the month prior). A slew of Fed Presidents expressed optimistic views of a sooner-than-expected rate cut, though many continue to emphasize the need for continuing evidence of slowing inflation. The market-implied probabilities of a rate cut by July and September are now 10% and 71%, respectively, with just under two cuts priced in for 2024. In central bank news, the Bank of England left its benchmark rate unchanged at a 16-year high of 5.25% with policymakers indicating that rate cuts may be in the near future. In global news, investors continue to focus on political risk in France as the 10-year bond spread between France and Germany reached a 13-year high. Equities were flat to higher on the week with the Dow, S&P, and Nasdaq up 1.5%, 0.6%, and 0.0%, respectively. The 2-year closed the week at 4.74% (+3bps) and the 10-year closed at 4.26% (+4bps).

CP outstanding increased \$12.36B WoW with an \$11.84B increase in Corporate paper and a \$3.79B increase in ABCP outpacing a \$3.29B decline in Financial paper. Liquidity velocity fluctuated last week given Monday's Corporate Tax Day and Wednesday's market closure. In several cases, MUFG observed that paper needed to widen 10bps in order to clear after 11am. Contrary to the typical "Summer Friday" slowdown, pent up demand from the mid-week holiday led to a very active trading session to close the week. With quarter-end this coming Friday, MUFG expects issuers to stay short, which may put upward pressure on overnight rates, should the market become crowded. In addition, the buy-side is also expected to stay short ahead of quarter-end redemptions, contributing to potential illiquidity. Already, total money market fund assets decreased by \$22.3B for the six-day period ended Tuesday, June 18 according to the ICI with prime funds making up \$177MM of the decline. MUFG therefore recommends getting your paper placed early in the trading session and to anticipate paying additional basis points if issuing paper >1-week to get done over the quarter. Ultimately, paper that is priced to reflect the likelihood of "higher for longer" is expected to be met with ample demand. Usage of the Fed's RRP Facility continues to trend lower with 74 users taking \$421 billion in collateral on Friday, as cash rich investors continue to redeploy cash into the Treasury markets.

The Richmond Fed Manufacturing Index will be released on Tuesday; New Home Sales will be released on Wednesday; GDP data and Durable Goods Orders will be released on Thursday; Personal Income and Spending and the PCE Deflator will be released on Friday. Friday is quarter-end.

Buy-Side Activity

Money Market Flows

Money Market Funds (\$Bn)			
Type	6/20/2024	W-o-W Δ (%)	YTD Δ (%)
Prime Retail	774.19	0.18	38.82
Prime Institutional	412.85	-34.17	-35.98
Government Retail	1,264.28	0.20	15.01
Government Institutional	2,185.69	8.52	12.61
Treasury Retail	343.58	0.14	26.03
Treasury Institutional	1,374.77	-0.68	13.68

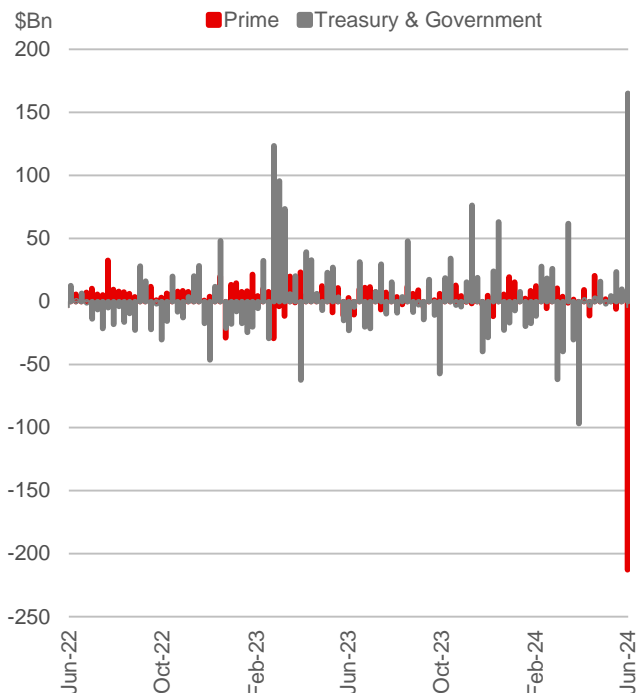
Prime Money Fund Statistics

Prime Money Market Funds			
Type	6/20/2024	Weekly Δ	YTD Δ
PrmRt WAM (days)	32.89	-0.19	-4.50
PrmRt WAL (days)	53.28	-0.60	11.82
PrmRt 7-Day Yield (bps)	502.23	-0.13	97.71
Prmlns WAM (days)	34.49	-0.11	1.69
Prmlns WAL (days)	24.88	-1.77	-19.36
Prmlns 7-Day Yield (bps)	517.98	-0.45	96.31

Overview

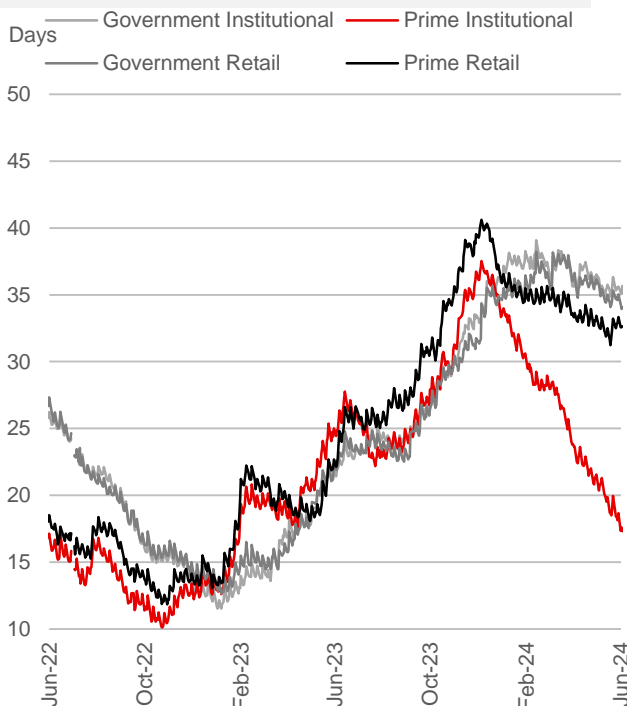
- Prime Institutional money fund WAMs decreased by 0.11 days WoW to 34.49 days
- Prime Institutional 7-Day Yields decreased 0.45 bps WoW to 517.98 bps, while Prime Retail 7-Day Yields decreased 0.13 bps WoW to 502.23 bps
- Since SVB entered receivership, Prime Money Funds AUM have increased by \$16B, while Government and Treasury Funds have increased by \$748B and \$422B respectively
- SEC Rule 2a-7 Amendments became effective on last October 2nd
 - > In April, Prime Money Market funds increased their daily liquid asset bucket from 10% to 25%; and their weekly liquid asset bucket from 25% to 50%
 - > In October, Prime Funds will need to implement mandatory fees should net redemptions exceed 5% in one day. To date, Vanguard, Capital Group, Goldman Sachs Asset Management, and Dreyfus have announced plans to shutter 2a-7 Prime funds; ~\$220B in AUM

Weekly Money Market Flows: Prime vs. Treasury/Government



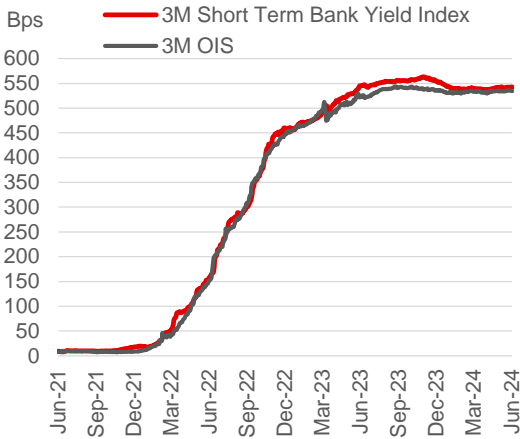
Source: Federal Reserve Bank, Bloomberg, Crane Data

Money Fund WAMS

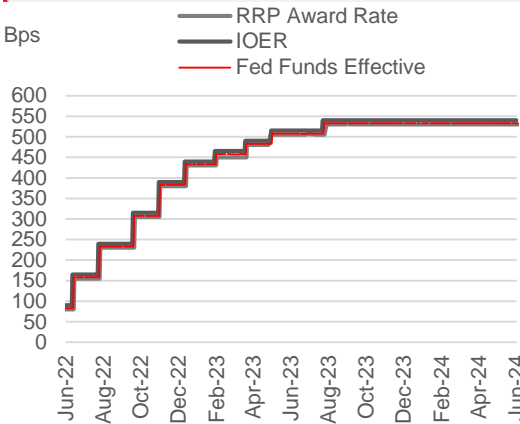


Federal Reserve and Calendars

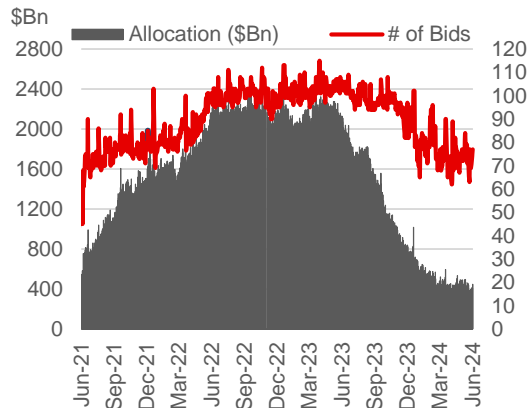
3-Month BSBY & 3-Month OIS



Fed Funds Effective Rate



Reverse Repo Facility Usage



Sources: Federal Reserve Bank, Bloomberg

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

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						

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				

OCTOBER

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	

NOVEMBER

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
25-Jun	10:00	Richmond Fed Manufact. Index	Jun	-3.0	0.0
26-Jun	7:00	MBA Mortgage Applications	21-Jun	--	0.9%
26-Jun	10:00	New Home Sales	May	645k	634k
27-Jun	8:30	GDP Annualized QoQ	1Q T	1.4%	1.3%
27-Jun	8:30	Durable Goods Orders	May P	-0.1%	0.6%
28-Jun	8:30	Personal Income	May	0.4%	0.3%
28-Jun	8:30	Personal Spending	May	0.3%	0.20%
28-Jun	8:30	PCE Deflator MoM	May	0.0%	0.3%
28-Jun	8:30	PCE Core Deflator MoM	May	0.1%	0.2%
28-Jun	10:00	U. of Mich. Sentiment	Jun F	66.0	65.6

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