

## Short Term Market Outlook and Strategy

- Wednesday's FOMC meeting was largely a non-event. We maintain our call for a September liftoff
- As Treasury reduces its cash balance, bill supply may contract by more than \$50bn before the end of June. However, we expect balances to rebound before the end of FY15
- As we've previously discussed, MMF reform and large scale deposit shedding could push \$700-900bn of cash towards government funds during the next 12-18 months...
- ...given that we expect the supply of short-term government and agency securities to decline over the same time horizon, we think that the supply/demand imbalance in this space is set to worsen
- We discuss the options available to government money fund managers as inflows begin to occur
- In a best case scenario, the Fed would need to raise the cap on the RRP in order to help meet demand

### US Fixed Income Strategy

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### Money Market

	Rates					
	1d	1w	1m	3m	6m	12m
T-Bills	-	-	0.01	0.01	0.04	0.23
Agency Disco	-	-	0.07	0.09	0.16	0.30
LIBOR	-	-	0.18	0.28	0.41	0.72
ABCP	0.13	0.13	0.17	0.24	-	-
AA Fin CP	0.07	0.07	0.06	0.12	-	-
AA Non-Fin	0.07	0.07	0.08	0.09	-	-
Tier 2 CP	0.39	0.40	0.45	-	-	-
GC Repo	0.22	0.15	0.17	0.20	-	-
MBS Repo	0.25	0.17	0.19	0.25	-	-

	Spreads		
	1y	2y	3y
Agency swap spread	-	-21	-17
JULI (HG fixed) z-spread	35	41	50
FRNI (HG floating) DM	30	42	49
AAA prime auto ABS (fixed) swap spread	22	23	27
AAA CC ABS (fixed) swap spread	-	20	24

	Upcoming Bill Auctions			
	Announce	Auction	Settle	Size
1m	5/4	5/5	5/7	TBD
3m	4/30	5/4	5/7	\$24bn
6m	4/30	5/4	5/7	\$24bn

	2a-7 Funds (4/30/15)	
	AUM (\$bn)	Gross Yield
Prime Instt	918	0.22%
Prime Retail	463	0.19%
Gvt/Agcy Instt	347	0.11%
Gvt/Agcy Retail	113	0.10%
Treas Instt	401	0.08%
Treas Retail	68	0.08%
Total Taxable	2310	
Total Tax Exempt	243	
Total MMF	2553	

Fed	
Fed Funds Target Rate	0 - 0.25%
RRP Rate	0.05%
RRP Usage (5/1)	\$86.212bn
RRP 1w Usage Change	+\$12.70bn (+17%)
Next FOMC Meeting	Jun 16th-17th, 2015

Economic Calendar		
Data	Date	Time
Factory orders	5/4	10:00am EST
Trade balance	5/5	8:30am EST
Employment	5/8	8:30am EST

### See page 19 for analyst certification and important disclosures.

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## Market commentary

It was mostly business as usual in the money markets last week as April came to an end. During the course of the month, prime funds shed a total of \$31bn of assets, bringing their total YTD outflows to \$58bn or -4%. While this drop in AuM may seem large, it is not unusual by historical standards. For perspective, over the same time frame, prime MMF assets declined by \$45bn on average over the past 3 years. Historically, seasonal effects have caused MMF AuM to fall during the first half of the year, before rebounding over the second half of the year.

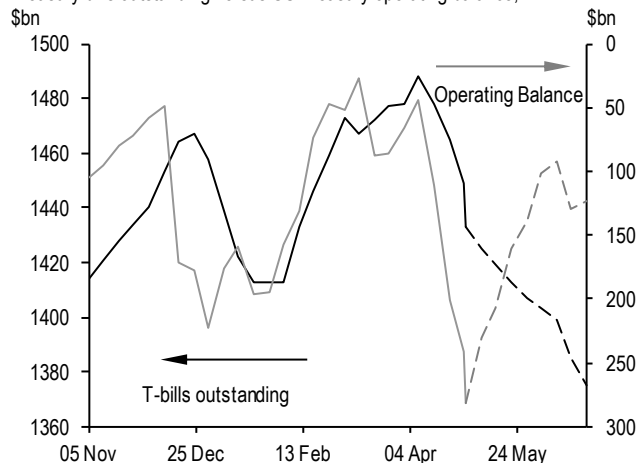
Away from the money markets, economic data was mixed last week. GDP was a disappointment, rising by only 0.2% during the first quarter. On the other hand, jobless claims fell to their lowest level of the past 15 years, and ECI modestly surpassed consensus expectations, printing at 0.7% for Q1. Taken together, the results for weekly claims and ECI look consistent with continued improvement in the labor market<sup>1</sup>. That said our US economists are calling for payrolls to grow by 260k this week, and for the unemployment rate to tick down to 5.4%.

Lastly and as expected, Wednesday’s FOMC meeting was a non-event for the markets. The Fed did not materially change its forward guidance, nor did it modify its outlook for moderate growth. As such, our call for a September liftoff remains unchanged. Looking forward, we expect the June meeting to be more telling of future policy as it will be accompanied by a press conference and updated interest rate forecasts (“dots”).

This week, Treasury will announce its quarterly financing estimates on Monday and the quarterly refunding auctions on Wednesday. In their May refunding preview (see Treasuries), our Treasury strategists believe that this week’s refunding will be important for the prospects of bill supply for two main reasons. First, in order to keep note auctions steady at current sizes and reduce its cash balance towards the \$150bn target it set during February’s refunding announcement, Treasury will need to temporarily cut the stock of outstanding T-bills. This reduction could reach more than \$50bn before the end of June (Exhibit 1). Secondly, while our strategists expect bill supply to rebound in the final quarter of FY15, they hold that in the longer-term Treasury will probably focus more on preserving liquidity in the front-end, where too much cash chases too little assets. We discuss this supply/demand imbalance in more detail below.

### Exhibit 1: The stock of bills outstanding has room to fall more than \$50bn over the next two months as Treasury reduces its cash balance into quarter end

Treasury bills outstanding versus US Treasury operating balance;



Source: US Treasury

<sup>1</sup> D. Silver, “US: Initial claims drop to lowest level in 15 years, ECI trend firming through 1Q”, April 30, 2015

## Government MMFs: Demand growth in a world of limited supply

In previous notes, we've discussed how money market reform and regulatory induced deposit shedding by large banks is likely to push a large amount of cash towards the government money fund space over the 12 to 18 months. We have argued that demand for government funds could rise by \$700-900bn before the end of 2016. Such a large shift of cash will most certainly complicate the market structure for short-term government and agency securities, where front-end demand has remained strong and supply constrained for quite some time. That said, we thought that it would be useful to outline how this dynamic may evolve, and highlight some potential pressure points facing market participants.

To start, we performed a high level analysis to see how demand might increase across asset type under different government MMF inflow scenarios, holding current portfolio allocation percentages constant (Exhibit 2). Not surprisingly, our results project stark implied increases in demand across Treasuries, agencies and repo. However, it is unlikely that these increases will be met by equal increases in supply. While it is unclear how outstandings will change across asset classes from now until the end of 2016, we expect that the supply in the short-term government and agency markets (ex Fed RRP) will decline (Exhibit 3).

Given that supply will not grow in tandem with demand, we think that government MMF complexes will have three options to weigh as they face large inflows. First, government funds may decide simply not to take in extra cash once marginal investible supply is no longer available. This situation occurred for several funds during 2011, when the Eurozone crisis prompted a large flight to quality of close to \$200bn into government MMFs (Exhibit 4). Obviously, government funds closing to new money would be bad news for investors, as few alternatives would be available for them to put their cash. Investors could look beyond the money markets in this case, but options that meet their specific liquidity needs may be scarce.

Secondly, to ensure that they get invested, government funds will have to bid more aggressively for the available float of product that is already outstanding, effectively becoming larger owners of the total market. Needless to say, this will exert an immense downward pressure on yields, especially in the shrinking product sectors, as government funds are already significant players across markets (Exhibit 5). During the 2011 episode, government funds turned first to bills and Treasury repo to meet their supply needs, before steadily increasing their participation within Treasury coupons and agency discos. On net, government funds increased their market share by an average of 5% across these products.

Lastly and unlike 2011, many government funds will have the option of using the Fed's reverse repo program. Government funds that are RRP counterparties currently have about 27% of their assets invested at the facility (Exhibit 6). Furthermore, with the Fed likely to begin raising interest rates at the same time large inflows occur, it is likely that the rate on the RRP will be higher than other government asset types – making it a more attractive

### Exhibit 2: Large inflows into government money funds will sharply increase demand across short-term Treasuries, agencies and repo

Projected increase in demand for Treasury, agency, and repo securities, assuming fund allocation percentages remain constant

Potential increase in demand (\$bn) with inflows of...	Treasury			Agency		Repo			Other	Total
	Bill	Coupon	FRN	DN	Coupon	Treasury	Agency	RRP		
+500bn	94	73	16	93	48	55	51	69	1	500
+750bn	141	109	24	140	72	82	77	103	2	750
+1000bn	188	145	32	186	96	109	103	137	3	1000

**Exhibit 3: We think that the supply of money market instruments available for government funds will decline before the end of 2016**

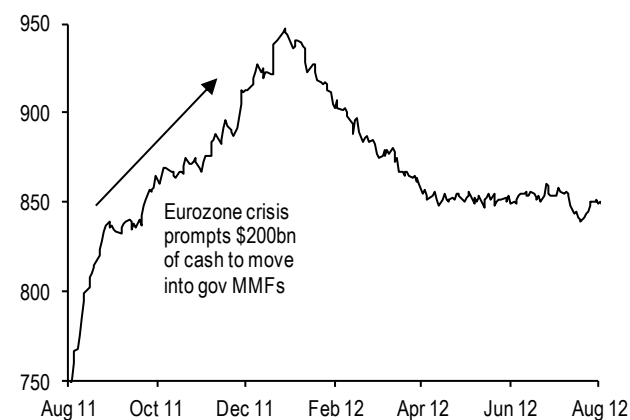
Eligible government MMF supply breakout (Ex Fed RRP)

Asset class	Product type	Outstanding balances (bn)*	Preliminary supply expectations through 2016
Treasuries	Bills	1478	Slightly Positive
	Coupons with <13m maturity	1661	Slightly Positive
	FRNs	205	Neutral
Agencies	Discos	583	Negative
	Coupons with <13m maturity	343	Negative
Repo	Treasury	552	Neutral
	Agency	604	Negative
<b>Total</b>		<b>5426</b>	<b>Negative</b>

\*Treasury and agency balances as of 3/31/15. Repo balances as of 3/12/15  
 Source: US Treasury, J.P. Morgan, Federal Reserve

**Exhibit 4: The Eurozone crisis of 2011 saw a large amount of cash flow into government MMFs**

Government MMF AuM (\$bn)



Source: iMoneyNet

choice for eligible counterparties. The remaining money funds and other front-end participants who are *not* RRP counterparties, are indirectly dependent on the size of the fed RRP – the more RRP that is available for the counterparties should result in more supply and higher yields for the non-counterparties as well, although likely yields below the RRP level.

All told, we do not believe that there will be an ample amount of supply of bills and similar instruments available to meet demand in the short-term government/agency space once sizable inflows into government MMFs begin. In a best case scenario, the Fed would raise the usage cap on the RRP so that it could further serve as a source of supply to MMFs who are counterparties and hopefully leave more government securities available for the non-counterparties.

## Coming Attractions

- The April employment report will be released on 5/8.
- Treasury will release its monthly federal budget statement on 5/12.
- Minutes from last week’s FOMC meeting will be published on by the Fed on 5/20.

## Trading Themes

We expect short-term rates to drift upwards in 2015 in response to the beginning of a Fed tightening cycle. However, the details of how monetary policy is implemented and impact of regulations will have different effects on the various short term interest rates.

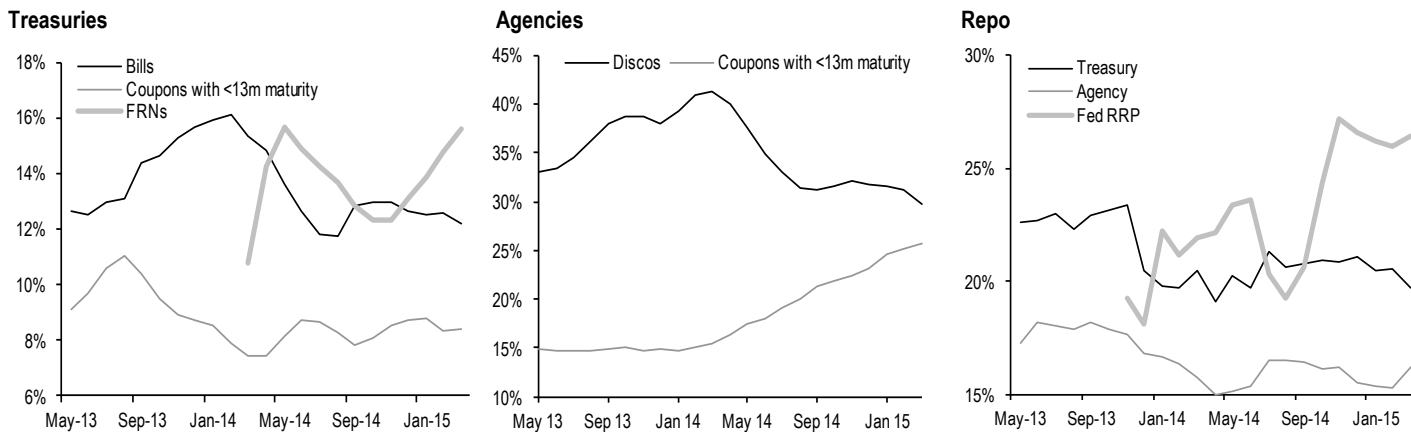
Additionally, given the immense demand for short-term product and the lack of investible supply, we do not foresee spreads on money market instruments widening significantly this year, and hence do not expect high returns to be found in the money market space in general. With the prospect of rising front-end rates, we believe that floating rate instruments will perhaps offer the best relative value as the year progresses.

- **Overweight Treasury coupons versus bills**

In spite of the immense demand for high-quality liquid assets, Treasury coupons continue to trade cheap to bills. Although the current spread is only 1-3bp, it’s possible that this spread could widen as a large amount of Treasury coupons are expected to roll

**Exhibit 5: Government MMFs are major holders of short-term government-related debt**

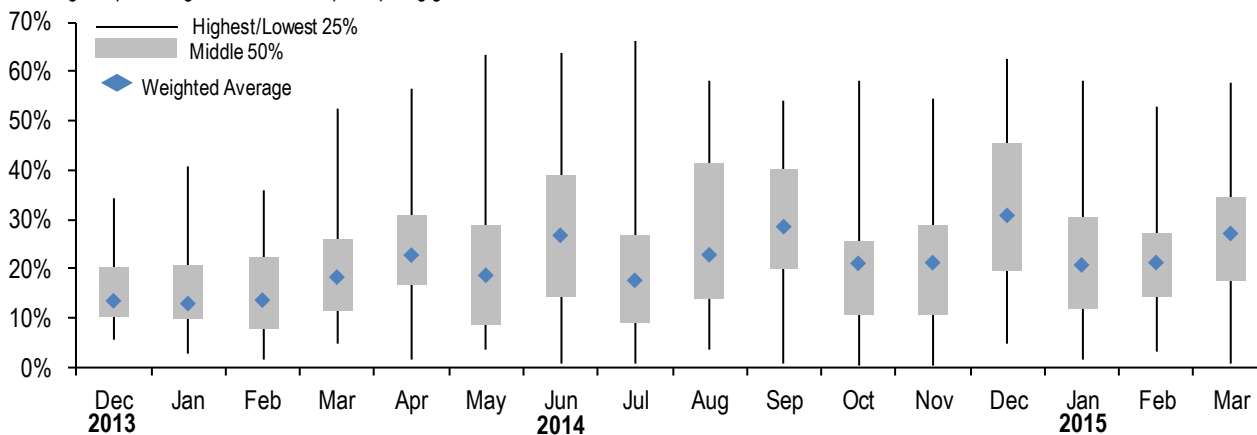
Government MMF ownership as % of total market



Source: Crane Data

**Exhibit 6: Currently, government funds that are RRP counterparties have 27% of their portfolios allocated to the Fed RRP**

Fed RRP usage as percentage of fund AuM for participating government MMFs



Source: Fund holdings reports

into the 2a-7 space. In the coming year, we expect 2a-7 Treasury coupon balances to increase by \$191bn while bills to increase a moderate \$17bn.

- **Overweight collateralized CP versus bank unsecured CP and ABCP**

Collateralized CP programs are structured such that CP notes issued are guaranteed by the sponsoring bank. This asset class is an attractive way to gain direct bank exposure than they would otherwise via CP/CDs and ABCP while picking up 2-7bp in yield.

- **For Moody’s matrix considerations, overweight partially supported ABCP programs with long-term sponsor ratings below Aa3. Conversely, overweight fully supported ABCP with long-term sponsor ratings above Aa3 versus partially supported programs.**

Under the Moody’s matrix MMF rating methodology, funds are rated on the basis of the tenor and credit rating assigned their portfolio’s underlying assets. In the case of ABCP, partially supported programs by default receive a Moody’s LT rating of Aa3, whereas fully supported programs receive the LT rating of the program’s sponsor.

- **Overweight front-end floating versus fixed rate instruments**

We believe that floating rate instruments offer better relative value over their fixed rate counterparts as Libor and other short-term rates begin to drift upwards in response to MMF reform-related flows and a Fed tightening in 2015.

- **Overweight Financial bonds vs. Non-Financials**

We expect bank spreads to outperform non-Bank in 2015 as rising rates is a positive for bank earnings. Also, banks are not at risk for M&A and higher leverage, they are actually de-leveraging to meet capital requirements. We believe these factors will more than offset the increased bank bond supply that will be issued in the next few years to meet Total Loss Absorbing Capital (TLAC rules). (See *High Grade Outlook*)

- **Overweight 1-3y AAA credit card ABS versus agencies**

Both asset classes are rated AAA, but ABS trade much wider than agencies do. Currently, AAA-rated 2y credit card ABS is offered at the equivalent of swaps +25bp versus 2y agency at swaps -15bp. Furthermore, our Agency strategists note that losses on credit card ABS master trusts are at record lows, while credit support levels are at record highs. The credit card ABS sector is fundamentally cheap and least vulnerable to technical volatility. Consequently, ABS should provide a safe haven to investors looking for relatively higher-yielding cash surrogates. (See *ABS Outlook*)

- **Consider senior tranches from off-the-run subprime auto ABS issuers for spread pick-up**

Senior tranches from off-the-run subprime auto ABS issuers offer spreads of up to 100bp for very short (<2y WAL) bonds that are highly rated (from AAA down to A). That is a significant concession versus comparable short high investment grade credits. Additionally, our Agency strategists believe these senior bonds are very well protected structurally and investors are being very well compensated for the illiquidity and credit risk. (See *ABS Outlook*)

- **Front-end steepeners are likely to perform well over a range of probabilities across spanning interest rate scenarios, as are intermediate belly-cheapening flies**

Our framework for identifying trades that are “convex” over a range of probability distributions on Fed rate hike scenarios suggest that front-end steepeners (2s/5s, 3s/5s, White/Blues, Reds/Greens, and Reds/Blues) and intermediate belly-cheapening flies (2s/5s/10s, 3s/7s/10s) are likely to do well early next year. (See *Interest Rate Derivatives Outlook*)

- **Look for wider swap spreads across the curve; front and intermediate spreads are likely to lead the widening**

Spreads across the curve appear tight; front-end spreads should widen as a result of lower front-end Treasury supply and regulatory demand. Intermediate spreads should widen on the back of increasing yields and a widening mortgage basis. Long-end spreads will likely widen given our forecasts for reduction in hedging needs from VA accounts and a flattening yield curve. (See *Interest Rate Derivatives Outlook*)

- **Buy Libor basis wideners and FF/Libor tighteners; be aware of the impact of new reserve draining initiatives and regulations**

A range of reforms like NSFR and MMF rules are likely to result in wider Libor bases over the course of next year. While many reforms and Fed initiatives point to tightening of the FF/Libor basis, the Fed is still tinkering with various reserve-draining mechanisms—the efforts bear watching as they could have a big impact on this basis. (See *Interest Rate Derivatives Outlook*)

- **Maintain 1Yx1Y FF/Libor basis narrowers**

Continue to pay Libor in \$1bn notional of a 1Yx1Y Fed Funds/Libor basis swap (*Interest Rate Derivatives*, 4/10/15). P/L since inception: profit of 0.9bp of yield.

- **Maintain EDM5/Z5 steepeners**

– Stay long 1000 EDM5 contracts versus staying short 1000 EDZ5 contracts (*Interest Rate Derivatives*, 12/19/14). P/L since inception: loss of 17.3bp of yield.

• **Maintain synthetic 2Yx1Y forward Treasury/OIS narrowers**

– Stay \$1bn notional of 1% Mar 2018s, sell \$1bn notional of 0.5% Mar 2017s and continue to pay fixed in \$982mn notional of a 3/31/2017x3/15/2018 OIS swap (*Interest Rate Derivatives*, 3/27/15). P/L since inception: loss of 2.4bp of yield.

• **Over the next quarter, overweight short-lockout, short-maturity callables versus duration-matched bullets to enhance yield**

Short-dated callables offer the highest call probability and largest rate and rate volatility breakevens. However, a sell-off in front-end yields ahead of the Fed hike and pickup in volatility in the front end of the curve could lead to underperformance beyond 1Q15. (*See Agencies Outlook*)

• **Remain neutral on European SSAs versus Agencies**

USD-denominated EIB/KfW issues have outperformed US Agencies on asset swap over the last month. However, this outperformance is unlikely to reverse given ECB QE and the eventual Fed rate hike. Given competing factors, we turn neutral on USD-denominated EIB/KfW debt versus US Agencies on asset swap.

## Forecasts Interest Rates

	Current 5/1/2015	1m ahead 6/1/2015	2Q15 6/30/2015	3Q15 9/30/2015	4Q15 12/31/2015
<b>Rates</b>					
Fed Funds Effective	0.12	0.12	0.12	0.35	0.60
3m Libor*	0.28	0.26	0.26	0.50	0.80
1m bills	0.01	0.04	0.04	0.03	0.10
3m bills	0.02	0.05	0.05	0.05	0.12
UST 2y	0.60	0.70	0.80	1.05	1.25
UST 3y	0.95	1.05	1.20	1.40	1.55
UST 5y	1.50	1.55	1.65	1.80	1.95
UST 7y	1.88	1.90	1.95	2.10	2.25
UST 10y	2.11	2.15	2.20	2.25	2.40
UST 30y	2.82	2.85	2.85	2.90	2.95
2y swap	0.85	0.95	1.04	1.28	-
5y swap	1.65	1.70	1.80	1.96	-
10y swap	2.19	2.25	2.32	2.38	-
30y swap	2.60	2.66	2.71	2.80	-
<b>Spreads</b>					
3m TED	26	21	21	45	68
2y Swap Spread	25	25	24	23	-
5y Swap Spread	15	15	15	16	-
10y Swap Spread	8	10	12	13	-
30y Swap Spread	-22	-19	-14	-10	-

\*Libor estimates are based on the current BBA Libor panel formulation and don't account for pending UK FSA reforms.

## Economics

%ch q/q, saar, unless otherwise noted

	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	2015*	2016*
<b>Gross Domestic Product</b>										
Real GDP	5.0	2.2	0.2	2.5	2.5	2.5	2.5	2.5	1.9	2.5
Final Sales	5.0	2.3	-0.5	3.2	2.6	2.5	2.6	2.5	2.0	2.5
Domestic Final Sales	4.1	3.3	0.7	3.4	3.0	2.9	2.9	2.6	2.5	2.7
Business Investment	8.9	4.7	-3.4	2.3	5.4	4.6	4.9	4.9	2.2	4.9
Net Trade (% contribution to GDP)	0.8	-1.0	-1.3	-0.2	-0.4	-0.4	-0.3	-0.2	-0.5	-0.2
Inventories (% contribution to GDP)	-0.1	-0.1	0.7	-0.7	-0.1	0.0	-0.1	0.0	0.0	0.0
<b>Prices and Labor Cost</b>										
Consumer Price Index	1.2	-0.9	-3.1	2.1	2.0	2.0	2.0	2.0	7.0	2.0
Core	1.4	1.5	1.7	1.7	2.0	2.0	2.0	2.0	1.9	2.0
Producer Price Index	1.2	-0.5	-4.9	2.2	2.0	2.0	2.0	2.0	0.3	2.0
Core	1.3	1.7	-0.6	1.3	1.5	1.7	1.7	1.7	1.0	1.7
Unemployment Rate (% , sa)	6.1	5.7	5.6	5.3	5.2	5.1	4.9	4.8	-	-

\* Q4/Q4 change



## Forecasts (continued)

### Money Market Supply

	YE 2013	YE 2014	Latest	YE 2015*	2015 Y/Y Exp.
(\$bn)	12/31/2013	12/31/2014	3/31/2015	12/31/2015	\$ Change
T-Bills	1,591	1,458	1,478	1,475	17
Treasury Coupon	1,567	1,608	1,661	1,825	218
Treasury FRNs	N/A	164	205	328	164
Dealer Repo*	2,550	2,297	2,215	2,300	3
Fed Repo	198	397	378	300	(97)
Discos	509	609	583	529	(80)
Agency Coupons	427	363	343	429	66
Dom Fin. CP	90	97	93	86	(11)
For Fin. CP	402	374	388	376	2
Non Fin CP	196	227	237	290	63
ABCP	263	231	231	191	(40)
Yankee CDs	805	819	836	811	(8)
Bonds <1y	305	355	334	358	3
<b>Total</b>	<b>8,905</b>	<b>8,999</b>	<b>8,982</b>	<b>9,298</b>	<b>300</b>
<b>Total (ex Fed)</b>	<b>8,707</b>	<b>8,602</b>	<b>8,604</b>	<b>8,998</b>	<b>397</b>
<b>Total (ex Fed, ex Treas.)</b>	<b>5,548</b>	<b>5,372</b>	<b>5,260</b>	<b>5,370</b>	<b>(2)</b>

\*\*The repo balance for YE 2012 is adjusted to reflect the new reporting changes to NY Fed's dealer financing report. We applied an average percentage of the overall repo market that consists of repo transactions only and applied that to what was reported for year-end.

\*\*\*The repo balance for YE 2013 and YE 2014 represents the average of December repo outstandings in order to seasonally adjust data for technical factors.

### Long-term (>1Y) net issuance

	YE 2013	YE 2014	YE 2015*	2014 Y/Y	2015 Y/Y Exp.
(\$bn)	12/31/2013	12/31/2014	12/31/2015	\$ Change	\$ Change
IG corporates	393	433	415	40	(18)
HY corporates	154	145	150	(9)	5
EM Corporates	254	232	202	(22)	(30)
EM Sovereign	48	40	10	(8)	(30)
Municipals	(38)	(49)	(53)	(11)	(4)
Non-Agency MBS	(154)	(94)	(67)	60	27
Agency MBS	281	85	100	(196)	15
CMBS	(11)	(1)	(14)	10	(13)
ABS	12	55	25	43	(30)
CLOs	16	66	40	50	(26)
Agency Debt	(117)	(154)	(50)	(37)	104
Treasuries	849	783	624	(66)	(159)
<b>Total</b>	<b>1,686</b>	<b>1,542</b>	<b>1,382</b>	<b>(144)</b>	<b>(160)</b>
<b>Total ex-Tsy</b>	<b>838</b>	<b>759</b>	<b>758</b>	<b>(79)</b>	<b>(1)</b>

\*Note: YE 2015 J.P. Morgan forecasts

Source: J.P. Morgan, Trepp, Bloomberg, S&P, Thomson Reuters

## New Issues

### Corporates

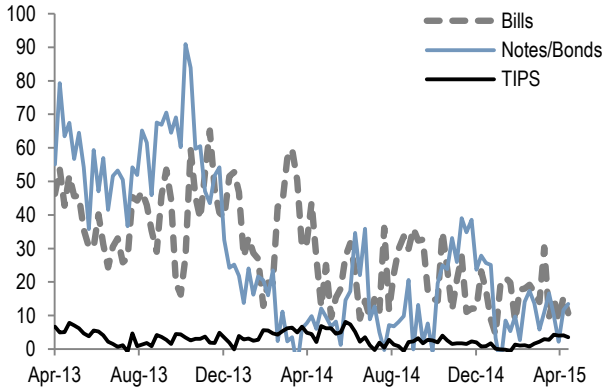
Issue Date	Issuer	Ticker	Moody's	S&P	Amount	Coupon	Maturity	Term	12m	24m	36m	60m
27-Apr	TEXAS INSTRUMENTS INC	TXN	A1	A+	500	1.750 %	5/1/2020	5				+50
27-Apr	RELIANCE STANDARD LIFE II	TOMARI	A2	A+	400	2.375 %	5/4/2020	5				+110
27-Apr	PEPSICO INC	PEP	A1	A-	250	FRN	4/30/2018	3			3ML+17	
27-Apr	PEPSICO INC	PEP	A1	A-	500	1.250 %	4/30/2018	3			+40	
27-Apr	PEPSICO INC	PEP	A1	A-	750	1.850 %	4/30/2020	5				+52
28-Apr	AMGEN INC	AMGN	Baa1	A	750	2.125 %	5/1/2020	5				+75
29-Apr	UNITED TECHNOLOGIES CORP	UTX	A3	A-	1,100	1.778 %	5/4/2018	3			+75	
30-Apr	AMERICAN HONDA FINANCE	HNDA	A1	A+	550	0.950 %	5/5/2017	2		+43		

### ABS

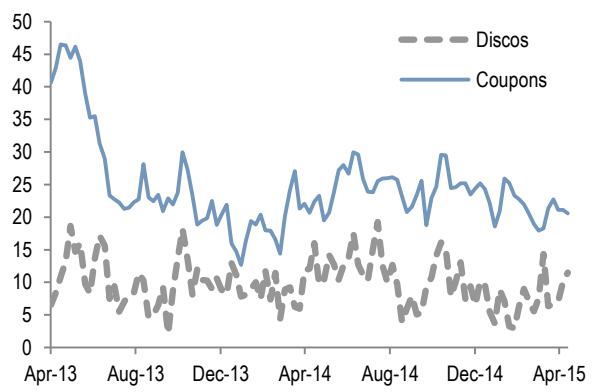
Issue Date	Issuer	Ticker	Moody's	S & P	Amount	Life	Spread	Benchmark	Series	Class	Market	Deal Type
23-Apr	Leaf II Receivables Funding	LRF	NR		86	0.44			2015-1	A-1	US Private	Equip - ST
23-Apr	Leaf II Receivables Funding	LRF	Aaa		70	1.21	60	EDSF	2015-1	A-2	US Private	Equip - ST
23-Apr	Leaf II Receivables Funding	LRF	Aaa		70	2.01	70	Swap	2015-1	A-3	US Private	Equip - ST
23-Apr	Leaf II Receivables Funding	LRF	Aaa		45	2.81	100	Swap	2015-1	A-4	US Private	Equip - ST
23-Apr	Leaf II Receivables Funding	LRF	Aa2		20	3.35	125	Swap	2015-1	B	US Private	Equip - ST
23-Apr	Leaf II Receivables Funding	LRF	A2		14	3.65	150	Swap	2015-1	C	US Private	Equip - ST
23-Apr	Leaf II Receivables Funding	LRF	Baa2		11	3.71	250	Swap	2015-1	D	US Private	Equip - ST
23-Apr	Leaf II Receivables Funding	LRF	Ba1		10	3.71	400	Swap	2015-1	E-1	US Private	Equip - ST
23-Apr	Leaf II Receivables Funding	LRF	Ba3		9	3.71	550	Swap	2015-1	E-2	US Private	Equip - ST
27-Apr	Chase Issuance Trust	CHAIT		AAA	775	4.96	37	Swap	2015-A4	A	US Public	CrCrds - Bank
30-Apr	Chase Issuance Trust	CHAIT		AAA	1,100	2.94	25	Swap	2015-A5	A	US Public	CrCrds - Bank
1-May	Educational Services of America Inc	EDUSA	Aaa		497	6.00	80	1 Mo. LIBOR	2015-1	A	US Private	Student Loan
1-May	Educational Services of America Inc	EDUSA	NR		10	14.38	275	1 Mo. LIBOR	2015-1	B	US Private	Student Loan

# Dealer Net Positions

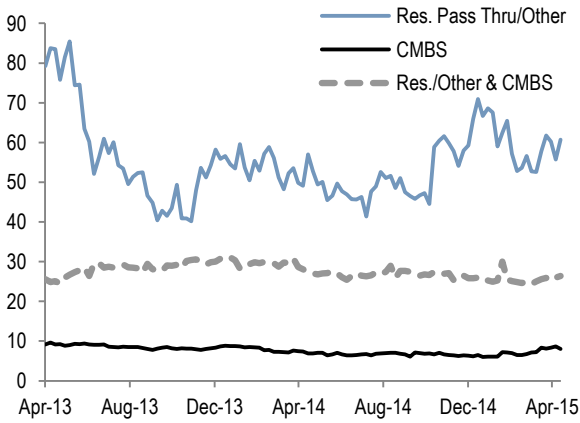
Government (\$bn)



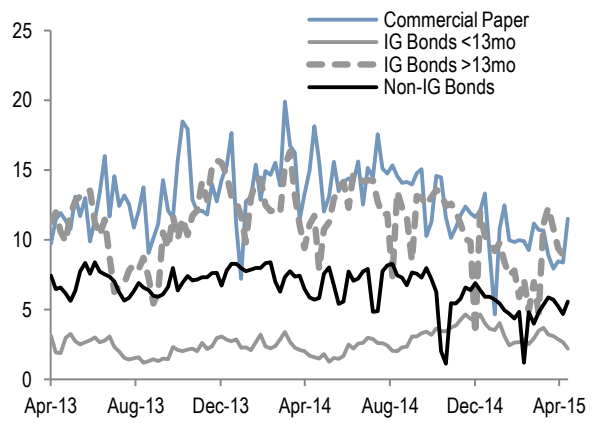
Agency (\$bn)



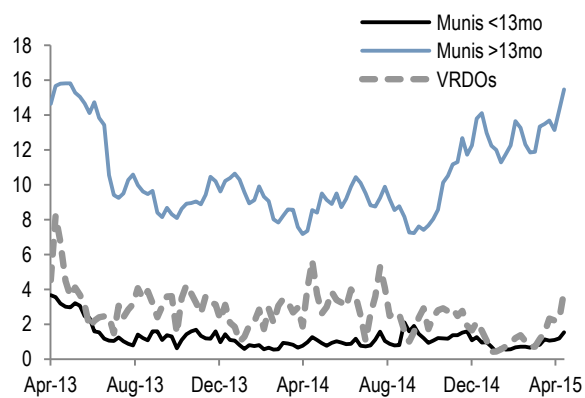
MBS (\$bn)



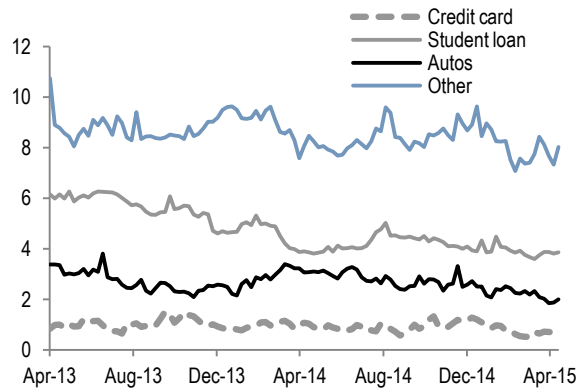
Corporates (\$bn)



Munis (\$bn)



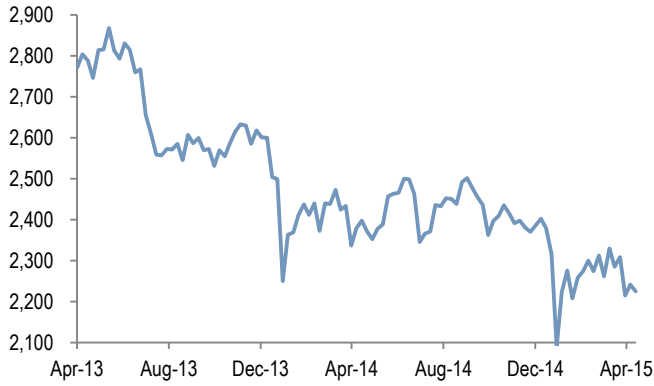
ABS (\$bn)



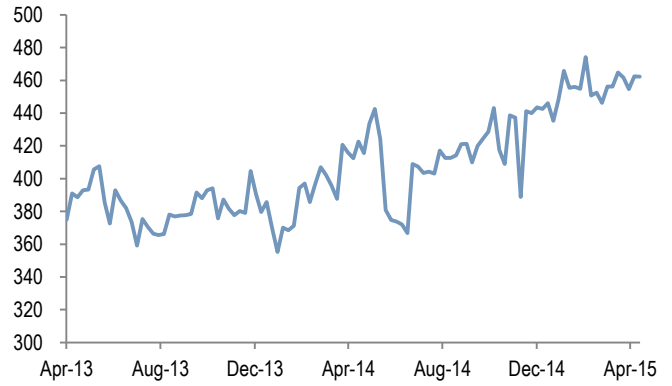
Source: Federal Reserve

# Repo

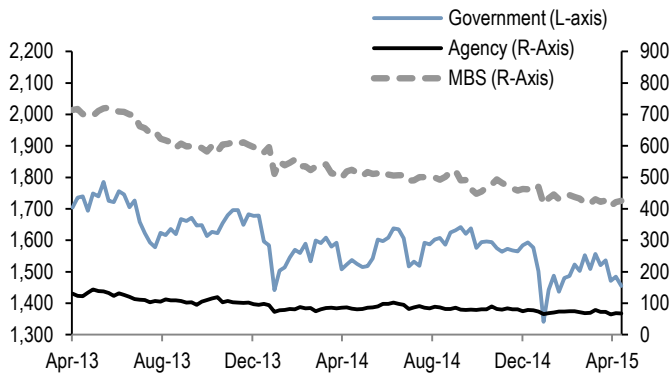
Total Repo Outstanding (\$bn)



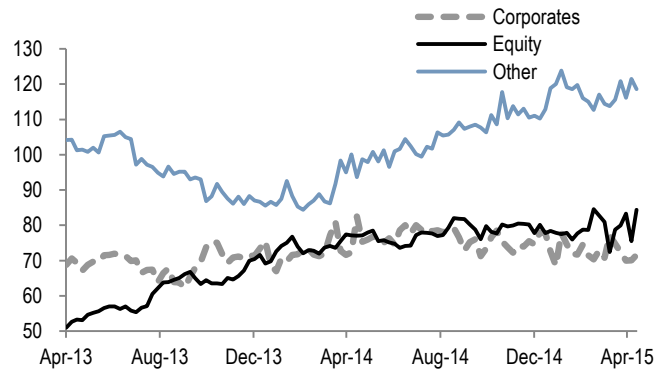
Total Securities Lending Outstanding (\$bn)



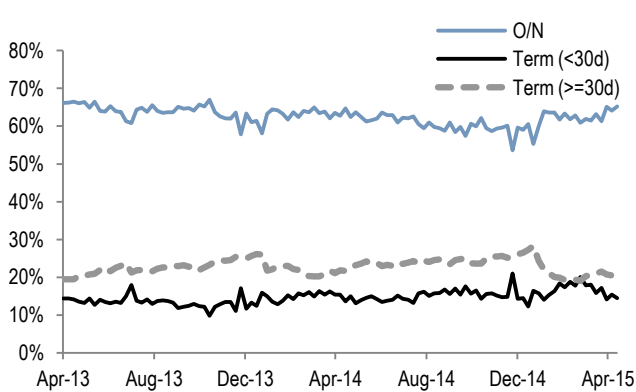
Traditional Collateral Repo (\$bn)



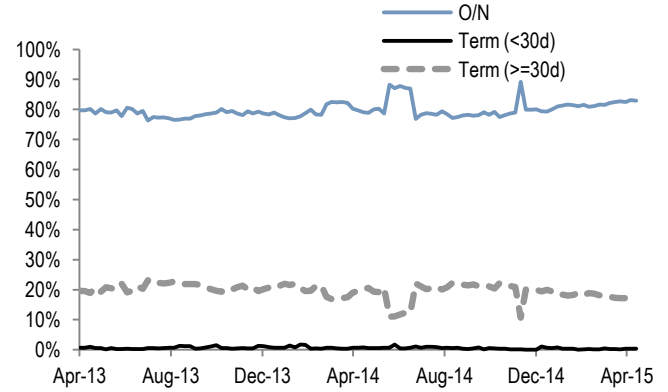
Non-Traditional Collateral Repo (\$bn)



Repo Terms (%)



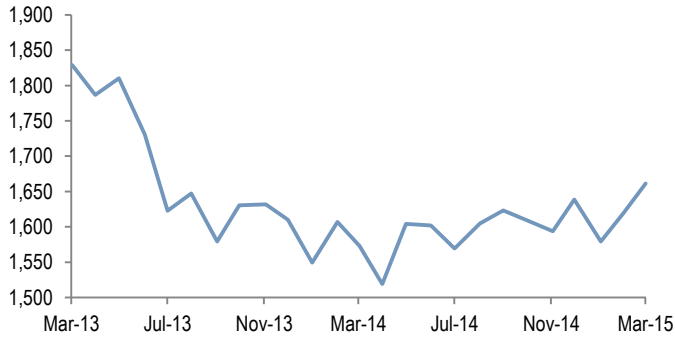
Securities Lending Terms (%)



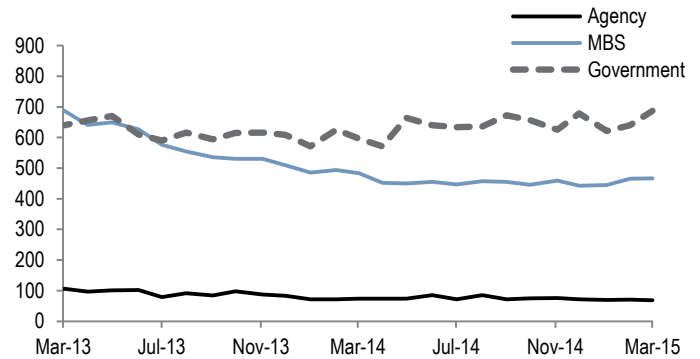
Source: Federal Reserve

## Repo (continued)

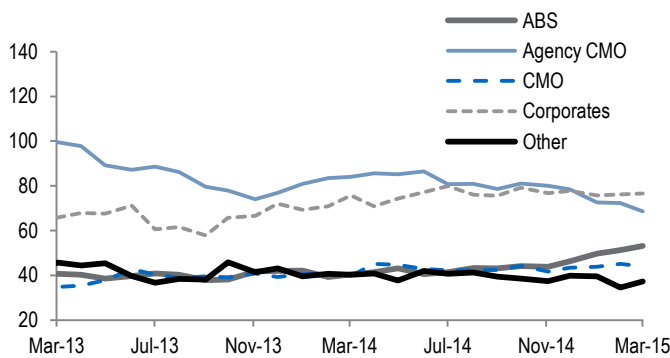
### Total Tri-Party Outstanding (\$bn)



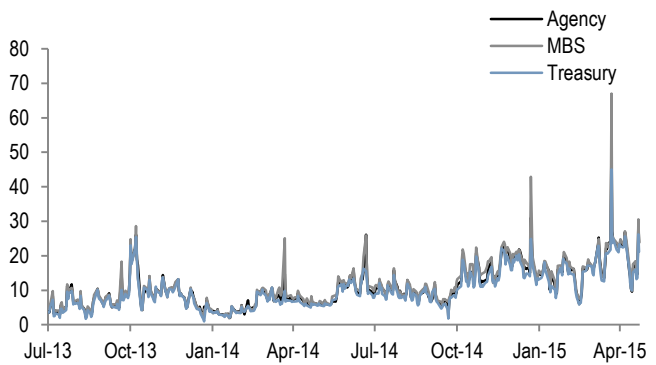
### Tri-Party Traditional Collateral (\$bn)



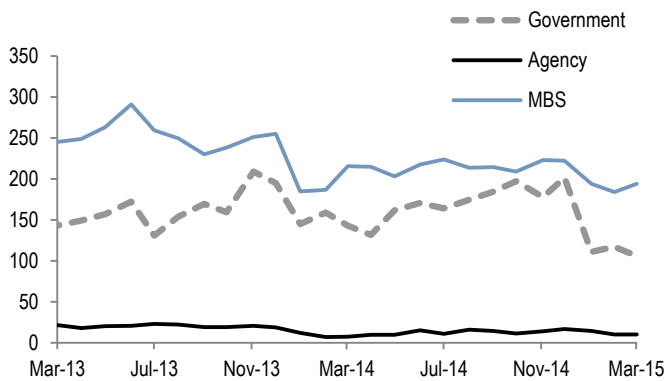
### Tri-Party Non-Traditional Collateral (\$bn)



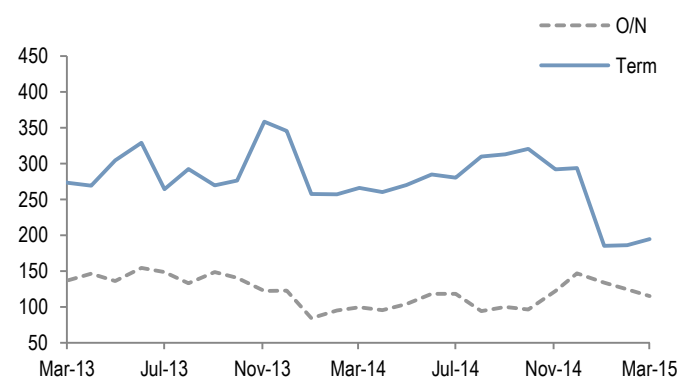
### GCF rates (bp)



### GCF Collateral (\$bn)



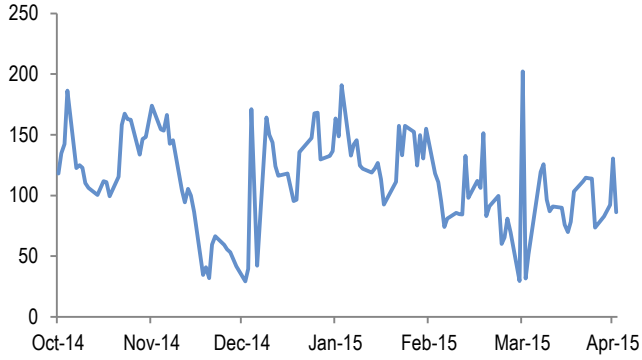
### GCF Term Composition (\$bn)



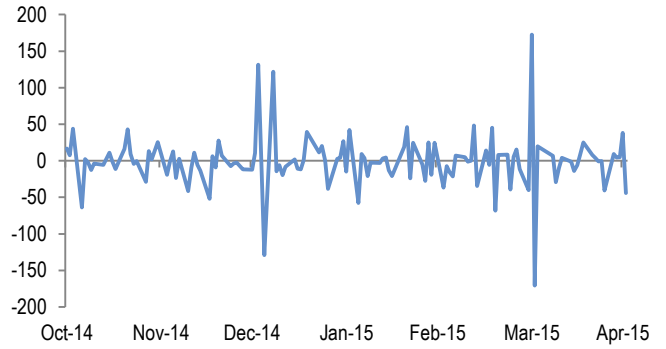
Source: Federal Reserve, DTCC

# Fed Overnight Reverse Repo

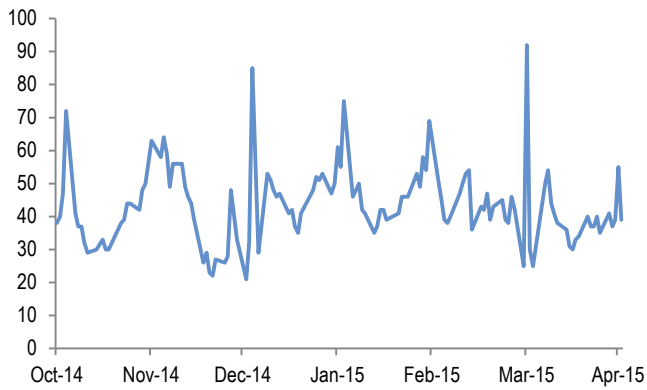
Accepted Amount (\$bn)



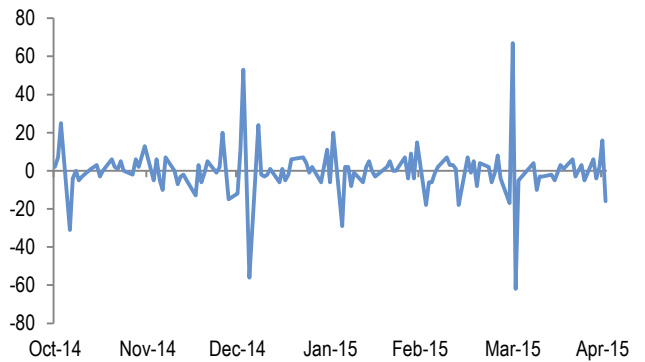
Accepted Amount: Daily Change (\$bn)



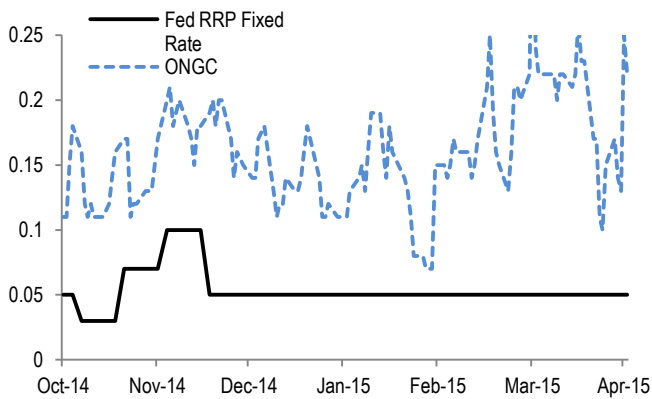
Number of Bidders



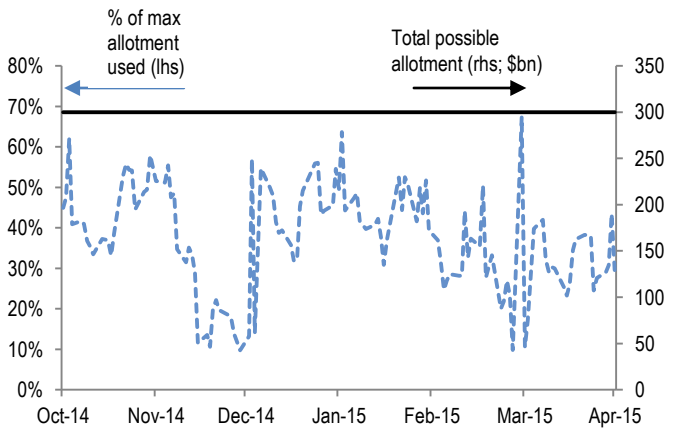
Number of Bidders: Daily Change



ONGC vs RRP fixed rate (%)



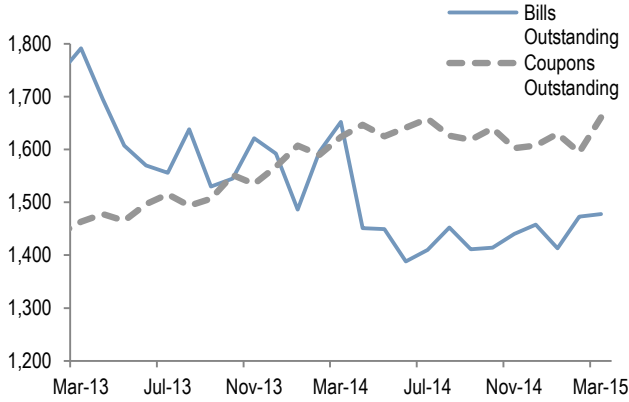
Max Allotment Used (%)



Source: Federal Reserve

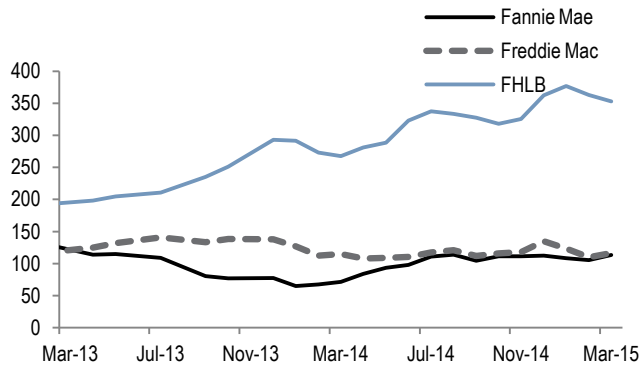
## T-Bills

Bills and Coupons Outstanding (\$bn)

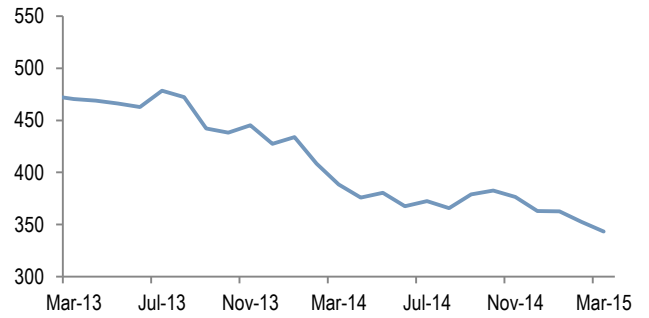


## Agency Debt

Discount Notes Outstanding (\$bn)

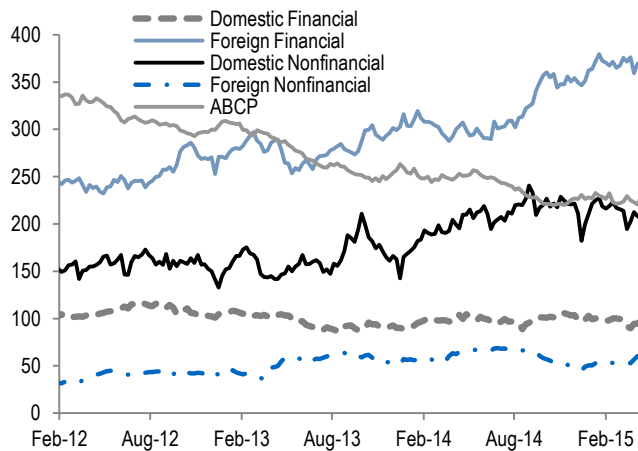


Coupons Outstanding (\$bn)

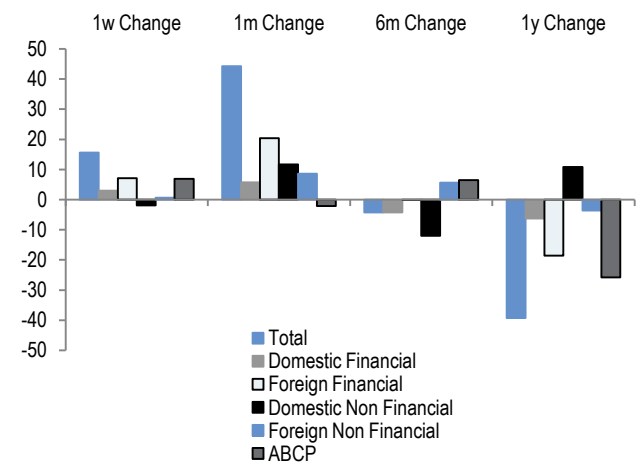


## Commercial Paper

Outstanding (\$bn)



Change (\$bn)



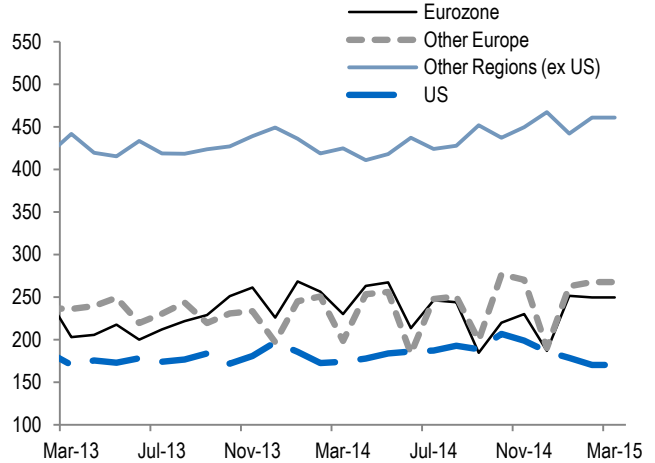
Source: Federal Reserve, US Treasury, J.P. Morgan estimates

# Money Market Funds

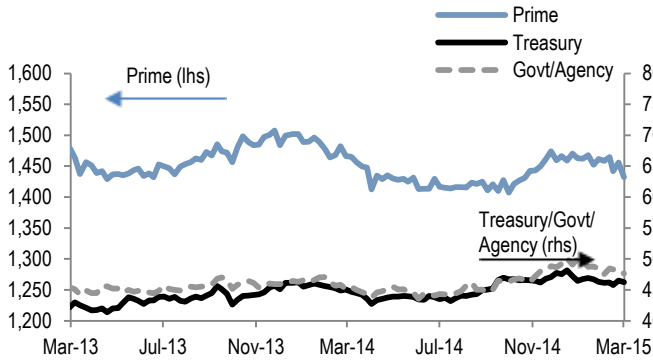
## Prime MMF Asset Allocation

Issuer Type	Mar-15	% of total	chg		% chg	
			m/m chg	since Dec-14	m/m % chg	since Dec-14
Banks (US)	158	11%	6	(10)	4%	-6%
Banks (Eurozone)	173	12%	(61)	5	-26%	3%
Banks (Other Yankee)	609	42%	(91)	(17)	-13%	-3%
ABCP/CCP (Banks)	68	5%	4	(0)	6%	0%
ABCP (Non-banks)	18	1%	1	3	9%	18%
ABS issuers	2	0%	0	1	34%	60%
Corporates (Financial)	12	1%	(2)	(2)	-13%	-13%
Corporates (Non-financial)	41	3%	(4)	5	-10%	14%
US Treasuries	86	6%	17	8	25%	10%
US Agencies	60	4%	(13)	(37)	-18%	-38%
US S&L Govt/Munis	11	1%	1	(1)	11%	-12%
Foreign SSA	41	3%	(1)	6	-1%	19%
Central Banks (Fed RRP)	172	12%	114	(7)	198%	-4%
Other	2	0%	0	(2)	10%	-43%
<b>Total</b>	<b>1,452</b>	<b>100%</b>	<b>(26)</b>	<b>(49)</b>	<b>-2%</b>	<b>-3%</b>

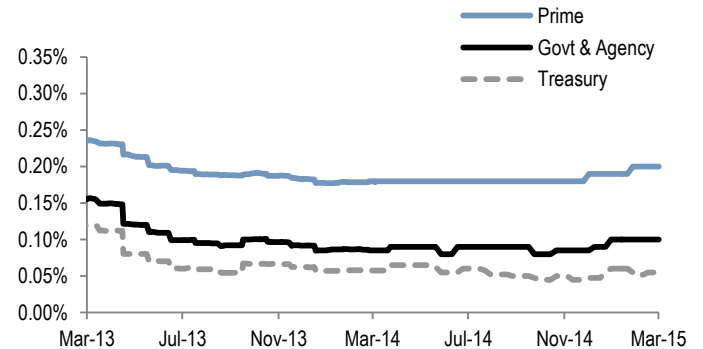
## Geographical Composition (banks) (\$bn)



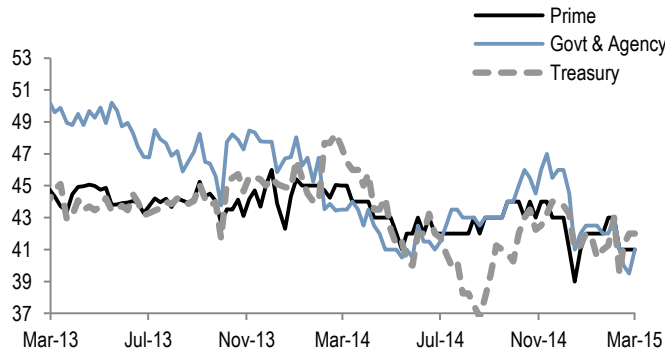
## Assets Under Management (\$bn)



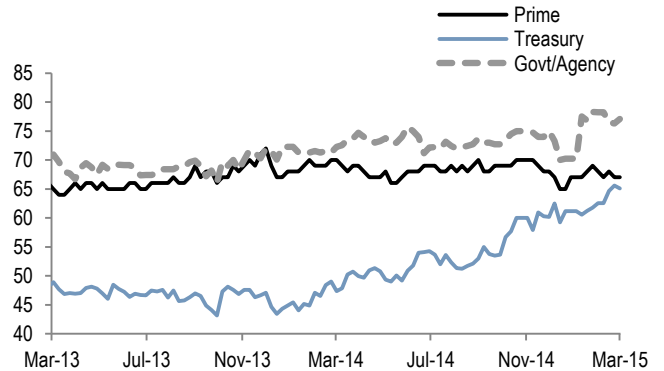
## Gross Yield (%)



## Weighted Average Maturity (days)



## Weighted Average Life (days)



Source: iMoneyNet, fund holdings reports



## Liquidity Calendar

	Treasury	Fed	ECB	US	Europe	Other
M 4-May	Announce: 1m Bill Auction: 3m Bill (\$24bn) 6m Bill (\$24bn)	Fed Governor Tarullo speaks in Boston (9:00am) Chicago Fed President Evans speaks in Indiana (12:25pm) San Francisco Fed President Williams speaks in California (3:10pm)				
T 5-May		Minneapolis Fed President Kocherlakota speaks in Minnesota (8:00pm)				
W 6-May	Announce: 3y Note 10y Note 30y Bond	Fed Chair Yellen speaks on panel in Washington, DC (9:15am) Kansas City Fed President George speaks in Washington, DC (1:15pm) Atlanta Fed President Lockhart speaks in Louisiana (1:30pm)				
R 7-May	Announce: 3m Bill 6m Bill Settle: 3m Bill (\$24bn) 6m Bill (\$24bn) <b>Net cash flow: -\$8bn*</b>					
F 8-May				Employment (April)		
M 11-May	Announce: 1m Bill				BOE rate decision	
T 12-May	Auction: 3y Note (\$24bn)	San Francisco Fed President Williams speaks in New York (12:45pm)		Federal Budget (April)		
W 13-May	Auction: 10y Note (\$24bn)					
R 14-May	Announce: 3m Bill 6m Bill 10y TIPS Auction: 30y Bond (\$16bn) <b>Net cash flow: -\$6bn*</b>					
F 15-May	Settle: 3y Note (\$24bn) 10y Note (\$24bn) <b>Net cash flow: -\$22bn*</b>					Corporate tax day
M 18-May	Announce: 1m Bill	Chicago Fed President Evans speaks in Stockholm (2:00am)				
T 19-May						
W 20-May		Chicago Fed President Evans speaks in Munich (3:00am)  FOMC minutes				
R 21-May	Announce: 3m Bill 6m Bill 1y Bill 2y Note Auction: 10y TIPS (\$13bn) <b>Net cash flow: -\$6bn*</b>					
F 22-May				CPI		BOJ rate decision

\*Net cash flows equal projected and/or announced gross issuance of T-bills, Treasury notes/bonds and TIPs minus principal maturities and coupon payments. Projected gross issuances are J.P. Morgan forecasts.

\*\*Federal Reserve purchases and sales of Treasury coupons are based on the tentative outright Treasury operation schedule published on [http://www.newyorkfed.org/markets/tot\\_operation\\_schedule.html](http://www.newyorkfed.org/markets/tot_operation_schedule.html). Sizes are estimated.

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- Basel III-LCR: [9/8/2014](#), [4/14/2014](#), [11/4/2013](#), [8/26/2013](#), [7/15/2013](#), [4/8/2013](#), [1/14/2013](#), [1/14/2013](#), [1/7/2013](#)
- Dodd-Frank/Volcker Rule: [11/3/2014](#), [12/16/2013](#), [9/23/2013](#)
- EU Financial transaction tax: [4/29/2013](#)
- LIBOR reform: [7/15/2013](#), [2/11/2013](#)
- Shadow Banking: [9/16/2013](#), [4/22/2013](#)
- Foreign Capital Rules: [2/24/2014](#)
- Other: [11/3/2014](#), [6/23/2014](#), [3/3/2014](#) (SIFI excise tax)

### Money Fund Reform

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- Europe: [9/9/2013](#), [5/6/2013](#), [3/17/2014](#)

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- Deposit shedding: [3/2/2015](#)
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- Securities Lending: [4/20/2015](#)
- Short-term corporates: [2/23/2015](#), [3/24/2014](#)
- Repo market primer: [3/31/2014](#)
- Rate trends/forecasts: [5/5/2014](#), [4/28/2014](#)
- Tier 2 CP: [3/23/2015](#)

### Analytics Packages

- Weekly analytics package: [4/27/2015](#)
- FRNI weekly package: [4/27/2015](#)

### 2015 Outlook: [Outlook](#)

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