

US Rates Watch

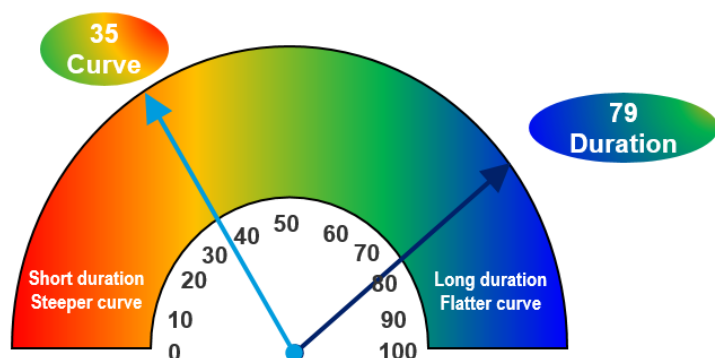
Longs and steepeners prone to covering, strong US Agg fund inflows

Longs and steepeners prone to covering

Longs and steepeners are prone to covering heading into this week's CPI print and Fed meeting, biasing the curve higher and flatter (Exhibit 1). Longs are largely out of the money, most notably at the front-end of the curve. Non-reportable CFTC data along with our momentum indicator suggest that CTAs covered longs on the week and are close to neutral duration. Inflows to US fixed income funds were strong on the week led by flows into mixed benchmark and long UST funds.

Exhibit 1: Curve-o-meter

Positioning points to a bias for rates to selloff given net OTM long position



Source: BofA Global Research, Note: dials show 5y percentiles for the average non-commercial ex leverage funds & proxy of futures positioning for duration and the average of CTA betas and our proxy for futures positioning for the curve.

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Positioning proxy shows points to long covering

The futures positioning proxy (for construction details see the report 'Gauging positioning in Treasury Futures', May 9 2019) shows that longs are OTM while shorts are largely in the money (Exhibit 11). This points to more of a bias for rate to sell off particularly in TU and FV and suggests the curve is prone to flatten (Exhibit 12). On the week through Thursday, open interest was little changed on net with similar amounts of positions created vs destroyed. There were more shorts vs longs created particularly in SF and TU. More shorts vs longs were also destroyed, most notably in TU and TY.

CFTC data shows speculator longs still intact

Ten-year equivalent duration positioning across leveraged fund (LF) shorts and asset manager longs remain at historically stretched levels (Exhibit 7). Asset manager longs and LF shorts were reduced in TY but increased in US. Non-commercial positioning ex-leveraged funds continues to point to some of the longest levels over the past 5 years and increased modestly in TU and TY (Exhibit 5). The long position in 10 year equivalents remains more concentrated at the back-end of the curve (Exhibit 6).

Trading ideas and investment strategies discussed herein may give rise to significant risk and are not suitable for all investors. Investors should have experience in relevant markets and the financial resources to absorb any losses arising from applying these ideas or strategies.

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Refer to important disclosures on page 14 to 15. Analyst Certification on page 13. 12569133

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TSY= Treasury

CTA= Commodity trading advisor

OTM= out of the money

ITM=in the money

ED= Eurodollars

TIC=Treasury International Capital

QT= quantitative tightening

MoF= ministry of finance

COB = close of business

TU = Treasury 2Y futures contract

FV = Treasury 5Y contract

TY = Treasury 10Y contract

UXY = Treasury ultra 10Y contract

US = Treasury 20Y contract

WN = Treasury 30Y contract

TGA= Treasury General Account

TR FI funds = Total return fixed income funds

PPTS = percentage points

CTAs cover long positions

Our cross-over momentum indicator shows some reversal in the long duration signal (Exhibit 13), consistent CFTC non-reportable positioning reflecting long covering (viewed as a proxy for CTAs, Exhibit 16). Our CTA model is lagged due to its construction (for details see the report 'CTA impact on rates market', Aug 18, 2020) but also shows an add to shorts on the week (Exhibit 15).

Primary dealers reduce cash holdings

Primary dealers reduced their cash position in 10y equivalents over the week ending May 31st, with the largest declines in the 3-6y tenor and the back end of the curve (Exhibit 36). Futures longs increased the most in the 3-6y bucket. Since the banking risk events, dealers still hold higher cash positions, particularly at the 3-6y sector (Exhibit 37).

Foreign buying cools

Foreign buying evidenced in the MoF data and custodial holdings reflect some cooling from the buying observed in prior weeks. Japanese investors bought about \$4bn foreign bonds the week ending June 4th (Exhibit 24). This may reflect more of an inflow in spread products, unhedged USTs, or other regions where FX hedging costs are less prohibitive than in USD (Exhibit 23).

Foreign custodial holdings declined \$4bn the week ending Wednesday (Exhibit 25). We would anticipate that any appreciation pressure on the USD from strong data or more hawkish Fed this week would likely result in further selling from the official sector.

Strong Agg US fixed income flows

US fixed income flows picked up led by mixed allocation or Agg benchmark funds. Long term and short term UST funds continued to see solid inflows and corporate IG funds were the only complex that saw meaningful outflows (Exhibit 28).

Total return fixed income funds outperformed alongside the increase in rates, (Exhibit 30) suggesting that funds may have not covered the underweight UST position they started the quarter with, though relative performance of course may represent other asset exposure. Our FXRS Survey by contrast reflects that the global fixed income benchmark community is most long USTs since at least 2004 (see: [FX and Rates Sentiment Survey](#)).

Exhibit 2: Week ahead calendar

Calendar of upcoming events

	US Data			Fed Speaker / Event	Treasury Auction			Treasury Settlements	
	Series	BofA	BB Consensus	Fed blackout period	Security	Amount (\$bn)	Prior Δ	Security	Amount
M, Jun 12	Monthly Budget Statement	-\$236.0bn	-		13 week bill	65	0		
					26 week bill	58	0		
					3 year note	40	0		
					9-year 11-month note	32	-3		
Tu, Jun 13	NFIB Small Business Optimism	—	88.2	FOMC begins two-day meeting	52 week bill	38	2	Bills	35
	Consumer Price Index (yoy)	4.10%	4.10%		42-day bill	45	-5		
	CPI Ex Food & Energy (yoy)	5.30%	5.30%		29-year 11-month bond	18	-3		
	Consumer Price Index (mom)	0.10%	0.20%						
	CPI Ex Food & Energy (mom)	0.40%	0.40%						
W, Jun 14	MBA Mortgage Applications	—	—	FOMC rate decision Fed Chair Powell holds press conference following the FOMC meeting	17 week bill	N/A			
	Producer Price Index (mom)	-0.10%	-0.10%						
	PPI Ex Food & Energy (mom)	0.10%	0.20%						
	PPI Ex Food, Energy, Trade (mom)	0.10%	—						
	FOMC Rate Decision (mid-point)	5.13%	5.13%						
Th, Jun 15	Initial Jobless Claims	266k	—		4 week bill	N/A		Bills	35
	Import Price Index (mom)	-0.50%	-0.60%		8 week bill	N/A		Coupons	58
	Import Price Index ex Petroleum (mom)	0.00%	—						
	Empire Manufacturing	-10	-15.6						
	Philly Fed Business Outlook	-15	-12.3						
	Advance Retail Sales	0.00%	0.00%						
	Retail Sales Less Autos	0.40%	0.10%						
	Retail Sales Less Autos and Gas	0.80%	0.30%						
	Core Control	0.80%	0.30%						
	Industrial Production	0.40%	0.10%						
	Manufacturing Production	0.20%	-0.10%						
	Capacity Utilization	79.90%	79.70%						
	Business Inventories	—	0.20%						
	Net Long-term TIC Flows	—	—						
F, Jun 16	U. of Michigan Sentiment	60.5	60						

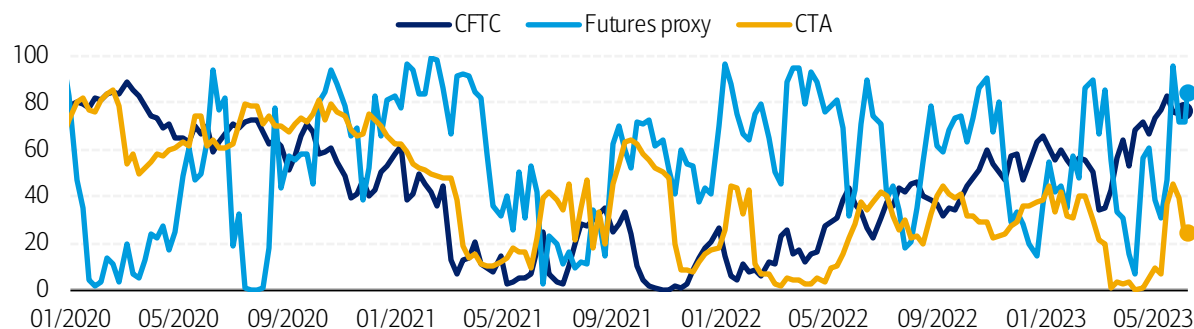
Source: BofA Global Research, Bloomberg, US Treasury

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Positioning indicators

Exhibit 3: 5y percentile of 10 equivalent duration positioning (percentile: higher = longer)

Futures positioning proxy does not show clear bias, CFTC data adjusted for LFs is long, top down CTA model is lagged and shows historic shorts that have likely already been covered

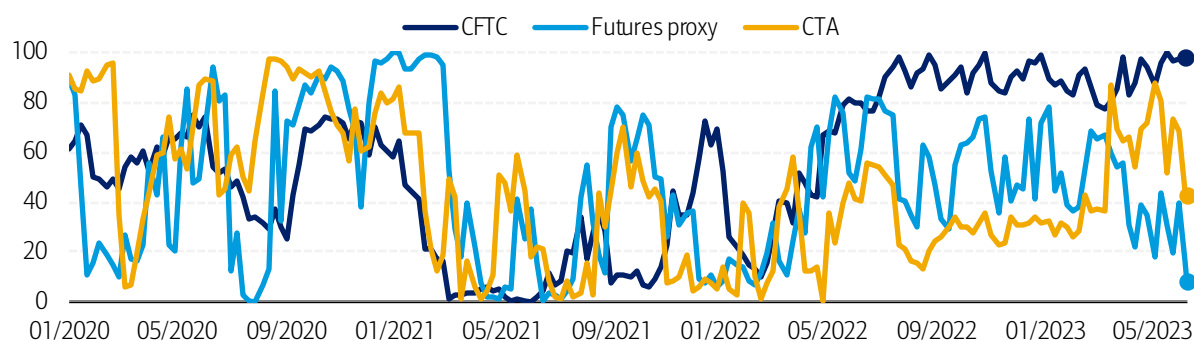


Source: BofA Global Research

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Exhibit 4: 5y percentile of curve positioning (percentile: higher = longer back-end relative to front end)

Indicators generally point mixed curve positioning, but futures positioning proxy shows bias for curve flattening

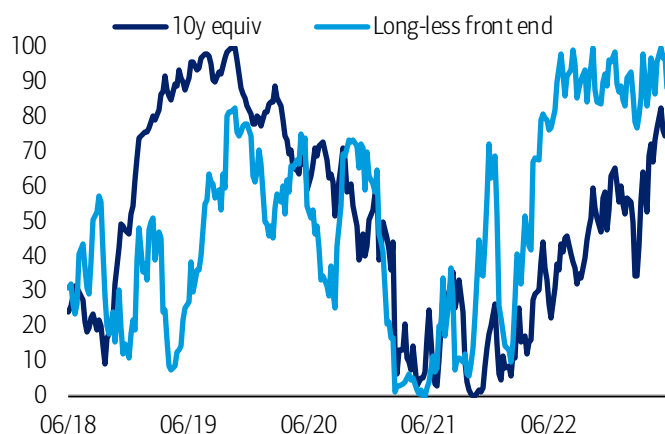


Source: BofA Global Research

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Exhibit 5: 5y percentile of non-commercial ex LF positioning

Positioning is historically long and largely concentrated at the back-end

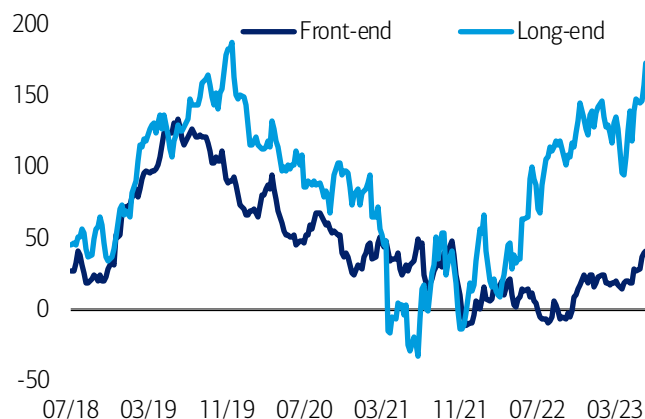


Source: BofA Global Research, Bloomberg

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Exhibit 6: Non-commercial ex leveraged fund positioning (\$bn, 10y equivalent)

Longs are more concentrated in the back-end

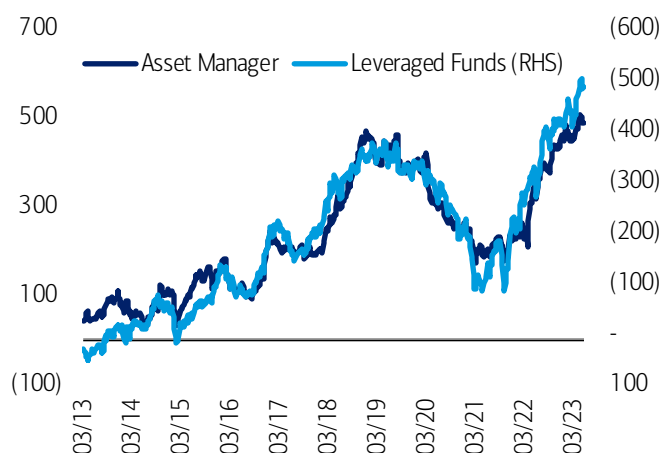


Source: BofA Global Research, Bloomberg

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Exhibit 7: Asset manager and leveraged fund positioning (10y equivalent, \$bn)

Asset manager longs correspond with leveraged fund shorts

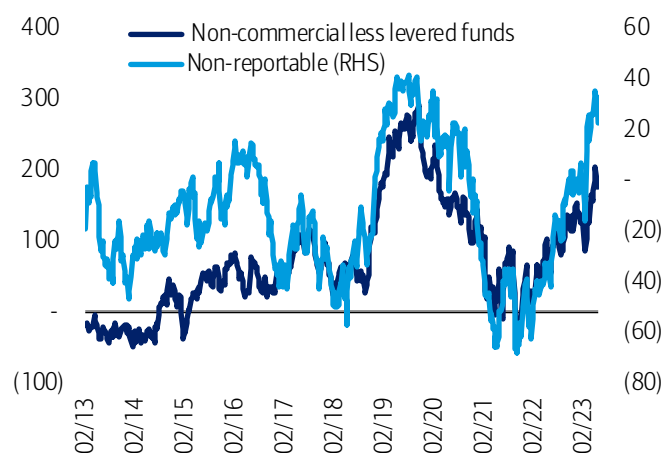


Source: BofA Global Research, Bloomberg

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Exhibit 8: Non-commercial ex LFs and non-reportable positioning (10y equivalent, \$bn)

Directional positions trend together



Source: BofA Global Research, Bloomberg

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Exhibit 9: 10y rate change for given percentile of non-commercial ex-Leveraged fund positioning (higher percentile = longer)

Positioning is a momentum signal: longer positioning is usually followed by stronger 10y performance

	1w	4w	8w	12w	16w
0 to 10	1	-1	0	1	2
10 to 20	0	3	3	3	3
20 to 30	2	1	1	1	1
30 to 40	5	3	3	3	4
40 to 50	3	4	3	3	4
50 to 60	0	0	0	0	0
60 to 70	0	0	0	0	0
70 to 80	-4	-4	-5	-5	-5
80 to 90	-3	-2	-3	-3	-5
90 to 100	-2	-2	-2	-2	-2

Source: BofA Global Research, Bloomberg, average performance calculated over last 5y

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Exhibit 10: 10y rate change for given percentile of leveraged fund positioning (higher percentile = longer)

Positioning is contrarian signal: shorter positioning is usually followed by stronger 10y performance

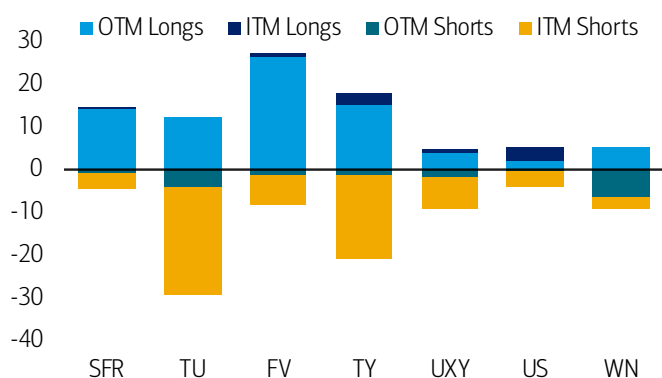
	1w	4w	8w	12w	16w
0 to 10	-1	-1	-1	-2	-1
10 to 20	1	-3	-2	-2	-3
20 to 30	-6	-3	-4	-4	-5
30 to 40	-3	-2	-3	-2	-3
40 to 50	4	3	2	1	1
50 to 60	1	1	1	0	0
60 to 70	2	1	2	3	4
70 to 80	4	4	3	3	4
80 to 90	2	4	4	4	5
90 to 100	-1	-2	-1	0	0

Source: BofA Global Research, Bloomberg, average performance calculated over last 5y

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Exhibit 11: Proxies for futures positioning

Longs OTM while shorts are mostly ITM except in WN

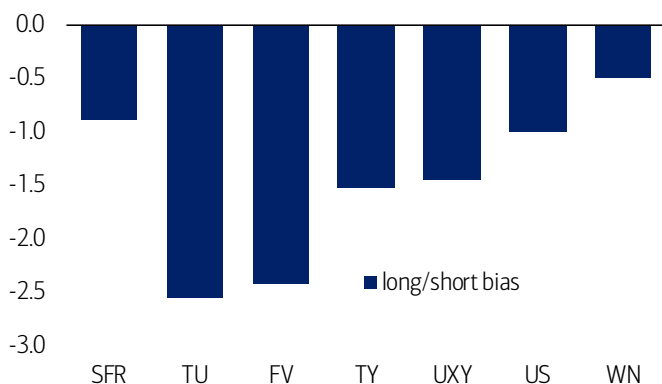


Source: BofA Global Research, Bloomberg

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Exhibit 12: Analysis of proxies for futures positioning

Bias for rates to sell off particularly at the front-end

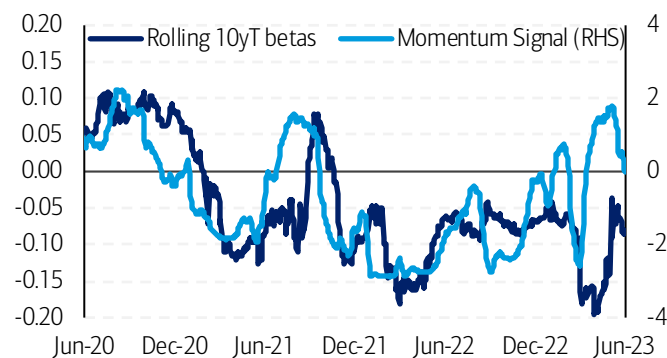


Source: BofA Global Research, Bloomberg, Note: reflects average positioning of futures stack over last 5 days

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Exhibit 13: CTA positioning in 10yT

CTA added shorts as momentum signal dropped further

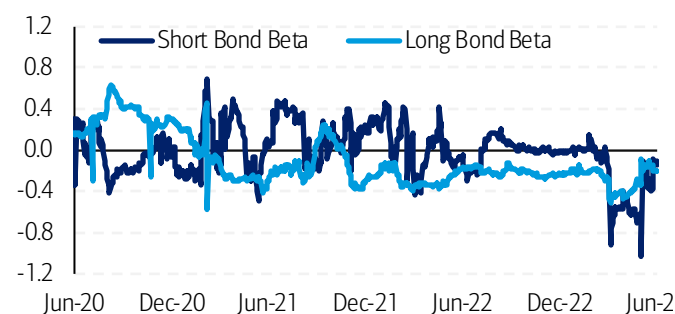


Source: BofA Global Research

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Exhibit 14: CTA positioning in longer duration and shorter duration bonds

Top-down model suggests CTAs added shorts in long duration bonds

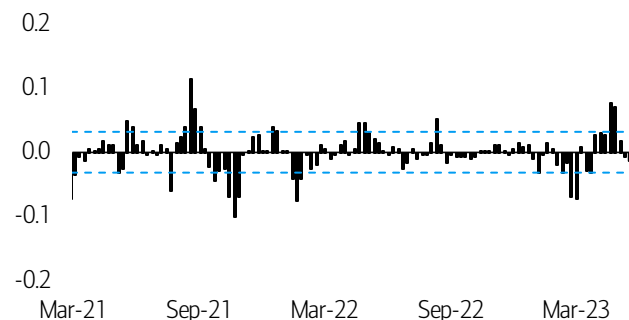


Source: BofA Global Research

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Exhibit 15: Changes in CTA 10yT beta

Change in 10yT beta turned negative on the week

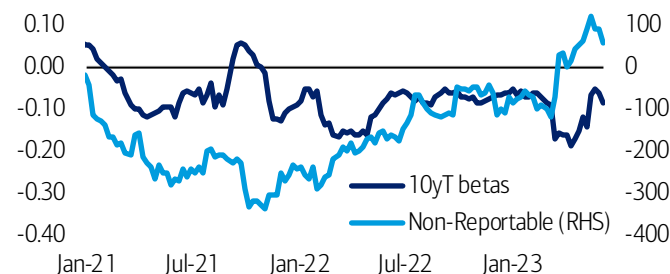


Source: BofA Global Research

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Exhibit 16: CTA 10y TSY beta and non-reportable positions

Strong divergence between non-reportable position and top-down model, which tends to be lagged



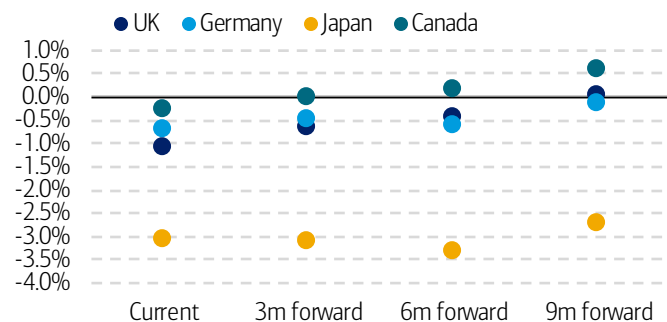
Source: BofA Global Research, Bloomberg

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FX hedged pickup and foreign flows

Exhibit 17: FX hedged pickup of TSYs vs local alternatives implied by forwards

Market pricing does not reflect attractive environment for FX hedged carry trades in TSYs currently but forwards suggest improvement



Source: BofA Global Research, Bloomberg. Note: pickup vs 10y local alternative except Japan which is relative to 20y JGB using 3m forward FX hedge

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Exhibit 18: 10Y UST pickup to 20Y JGB, with 3m fx hedge (bps)

10y TSY now offer very negative hedged pickup vs 20yJGBs

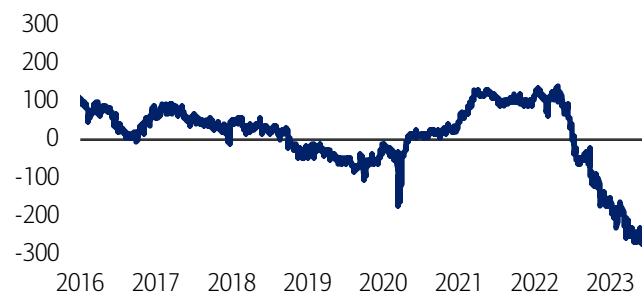


Source: BofA Global Research, Bloomberg

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Exhibit 19: 10Y UST pickup to 10Y JGB, with 3m fx hedge (bps)

10y TSY now offer very negative hedged pickup vs 10yJGBs

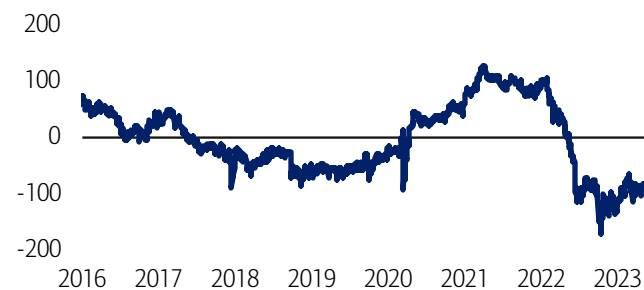


Source: BofA Global Research, Bloomberg

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Exhibit 20: 10Y UST pickup to 10Y Bund, with 3m fx hedge (bps)

10y TSY offers negative pickup vs 10y Bund

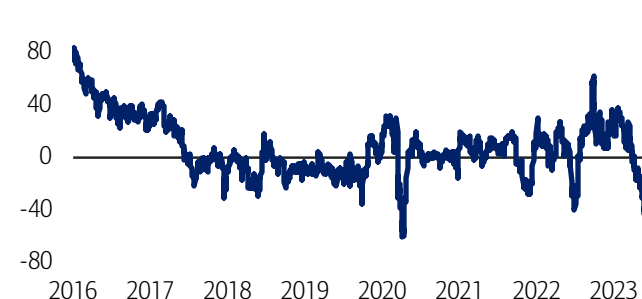


Source: BofA Global Research, Bloomberg

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Exhibit 21: 10Y UST pickup to 10Y CAD govie, with 3m fx hedge (bps)

10y TSY erased previous modest hedged pickup to 10y CAD gov bond

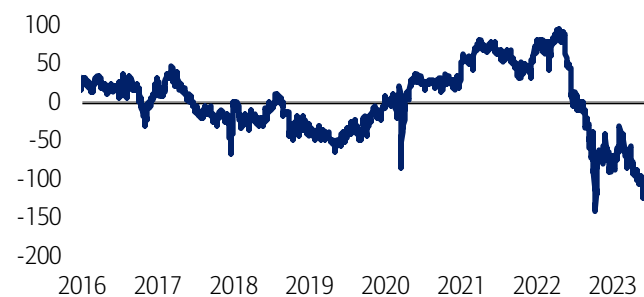


Source: BofA Global Research, Bloomberg

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Exhibit 22: 10Y UST pickup to 10Y Gilt, with 3m fx hedge (bps)

10y TSY offers negative pickup vs 10y Gilt



Source: BofA Global Research, Bloomberg

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Exhibit 23: 3m rolling JPY currency hedge

From the perspective of Japanese investor, pickup has been unattractive except vs the EU periphery

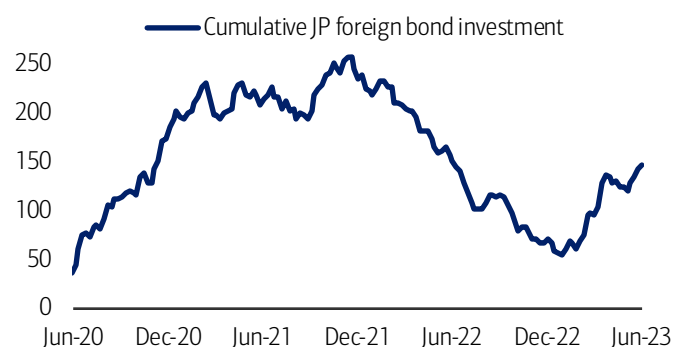
	6/8/2023		As of 1 wk ago		As of 1 mo ago		As of 1 yr ago	
	Pickup to 10y JGB	Pickup to 20Y JGB	Pickup to 10y JGB	Pickup to 20Y JGB	Pickup to 10y JGB	Pickup to 20Y JGB	Pickup to 10y JGB	Pickup to 20Y JGB
10y UST	-2.48%	-3.08%	-2.49%	-3.10%	-2.54%	-3.16%	0.83%	0.31%
10y GER	-1.78%	-2.38%	-1.80%	-2.42%	-1.72%	-2.34%	1.31%	0.79%
10y FRA	-1.24%	-1.83%	-1.26%	-1.87%	-1.14%	-1.76%	1.84%	1.32%
10y BEL	-1.11%	-1.70%	-1.13%	-1.74%	-1.02%	-1.64%	1.92%	1.40%
10y ITA	-0.01%	-0.61%	-0.06%	-0.67%	0.17%	-0.45%	3.34%	2.82%
10y SPA	-0.79%	-1.38%	-0.81%	-1.42%	-0.65%	-1.27%	2.44%	1.92%
10y UK	-1.39%	-1.98%	-1.42%	-2.03%	-1.57%	-2.19%	0.35%	-0.17%
10y CAN	-2.22%	-2.81%	-2.12%	-2.74%	-2.34%	-2.96%	0.89%	0.37%

Source: BofA Global Research, Bloomberg

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Exhibit 24: Japan investment in foreign bonds, cumulative weekly (\$bn)

Long & medium term bonds (\$bn) holdings picked up on the week

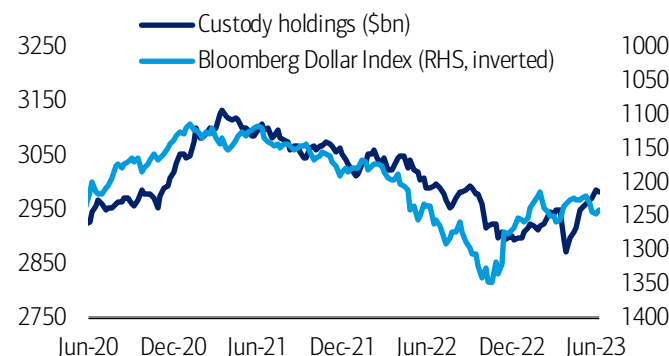


Source: BofA Global Research, Bloomberg

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Exhibit 25: Weekly UST custody holdings, foreign official (\$bn)

Custody holdings have recovered drop around banking risk events in March

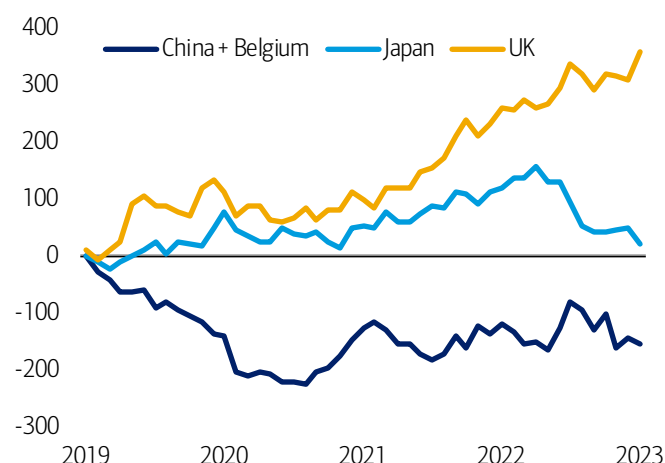


Source: BofA Global Research, NY Fed

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Exhibit 26: Cumulative change in UST holdings by region since 2019

Japan holdings have declined since 2022 while UK holdings grown

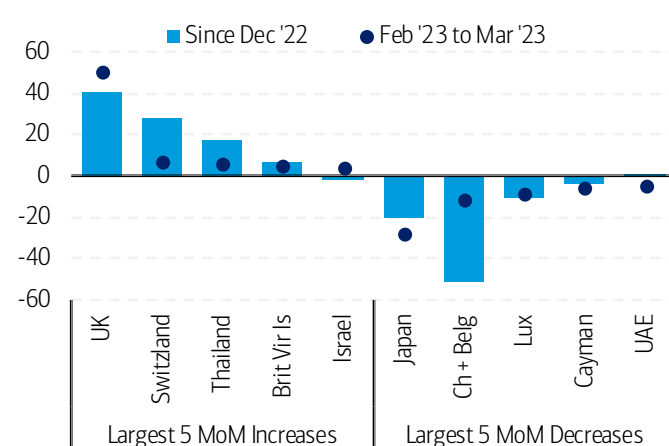


Source: BofA Global Research, TIC, Note: adjusted for level of rates

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Exhibit 27: Largest MoM changes in foreign TSY holdings (\$bn)

UK was largest buyer, Japan largest seller in March



Source: BofA Global Research, TIC, Note: adjusted for level of rates

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Fund flows and returns

Exhibit 28: US fixed income fund flows (\$million)

US fixed income funds saw significant inflows, this week was led by mixed allocation, US gov short & long-term funds, outflows primarily in corp IG funds

	6/7/2023	Rolling 4w average	Rolling 8w average	Rolling 12w average	Rolling 52w average
Gov: short	1,515	253	332	831	1,283
Gov: intermediate	261	521	367	642	521
Gov: long	2,191	2,132	1,662	1,698	1,253
Corp: IG	(1,219)	640	36	186	307
Corp:HY	2,669	251	279	286	(367)
Corp: all quality	54	41	41	29	2
MBS	881	309	253	266	(12)
Inflation	(242)	(535)	(458)	(496)	(501)
Muni	627	(136)	(158)	(163)	(575)
Mixed allocation	4,098	2,995	2,986	2,400	216
All US FI	10,267	5,729	4,663	4,935	1,558

Source: BofA Global Research, EPFR

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Exhibit 29: Total return FI fund performance vs benchmark

Over the last week, AUM weighted fund performance slightly outperformed benchmark

	AUM (\$Bn)	6/8/2023	Vs. Agg	Last 4w	Vs. Agg
Vanguard Total Bond Market II Index Fund	248	-0.47%	-0.05%	-1.54%	-0.04%
Vanguard Total Bond Market Index Fund	203	-0.46%	-0.05%	-1.52%	-0.03%
PIMCO Income fund	122	0.31%	0.72%	-0.29%	1.20%
The Bond Fund of America	77	-0.54%	-0.12%	-1.87%	-0.38%
MetWest Total Return Bond Fund	63	-0.36%	0.06%	-1.73%	-0.24%
PIMCO Total Return Fund	55	-0.27%	0.14%	-1.32%	0.17%
Dodge & Cox Income Fund	56	-0.24%	0.18%	-0.80%	0.70%
PGIM Total Return Bond Fund	41	-0.34%	0.08%	-1.25%	0.25%
BlackRock Strategic Income Opportunities Fund	36	0.09%	0.51%	-0.30%	1.20%
Baird Aggregate Bond Fund	38	-0.41%	0.01%	-1.44%	0.05%
JPMorgan Core Bond Fund	38	-0.49%	-0.07%	-1.66%	-0.16%
DoubleLine Total Return Bond Fund	34	-0.56%	-0.15%	-1.78%	-0.29%
Fidelity Series Investment Grade Bond Fund	34	-0.32%	0.09%	-1.28%	0.22%
Fidelity Total Bond Fund	31	-0.13%	0.28%	-0.94%	0.55%
Western Asset Core Plus Bond Portfolio	24	-0.23%	0.18%	-1.55%	-0.06%
Baird Core Plus Bond Fund	24	-0.30%	0.12%	-1.19%	0.30%
John Hancock Bond Fund	22	-0.29%	0.13%	-1.09%	0.40%
TIAA-CREF Bond Index Fund	21	-0.36%	0.06%	-1.43%	0.07%
BlackRock Total Return Fund	18	-0.32%	0.10%	-1.35%	0.15%
JPMorgan Core Plus Bond Fund	17	-0.41%	0.00%	-1.60%	-0.11%
Bridge Builder Core Bond Fund	16	-0.47%	-0.05%	-1.48%	0.02%
T Rowe Price New Income Fund	16	-0.54%	-0.12%	-2.00%	-0.51%
Western Asset Core Bond Fund	15	-0.49%	-0.07%	-1.65%	-0.15%
CREF Bond Market Account	11	-0.40%	0.02%	-1.32%	0.17%
Fidelity Investment Grade Bond Fund	9	-0.35%	0.06%	-1.25%	0.24%
DoubleLine Core Fixed Income Fund	7	-0.32%	0.09%	-1.41%	0.08%
TCW Total Return Bond Fund	3	-0.48%	-0.07%	-2.02%	-0.52%
Janus Henderson Flexible Bond Fund	3	-0.45%	-0.04%	-1.68%	-0.19%
Weighted avg	1281	-0.33%	0.09%	-1.33%	0.16%
Agg		-0.42%		-1.49%	
10y return		-1.23%		-3.34%	

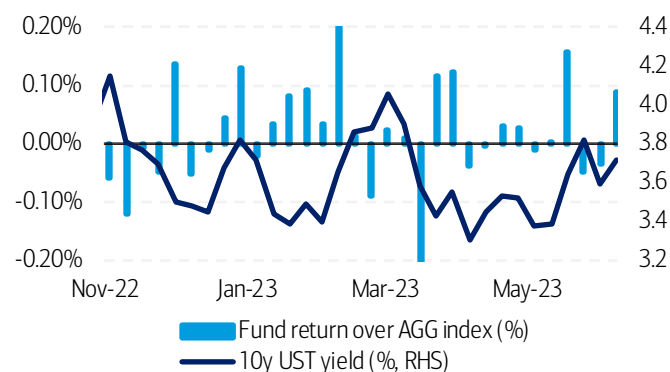
Source: BofA Global Research, Bloomberg. Note: Excess returns are fund total returns over Bloomberg Barclays Agg Index

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Exhibit 30: Total return funds, excess return vs. 10y rate

Weekly asset-weighted total returns for total return funds. Funds slightly outperformed benchmark on the week

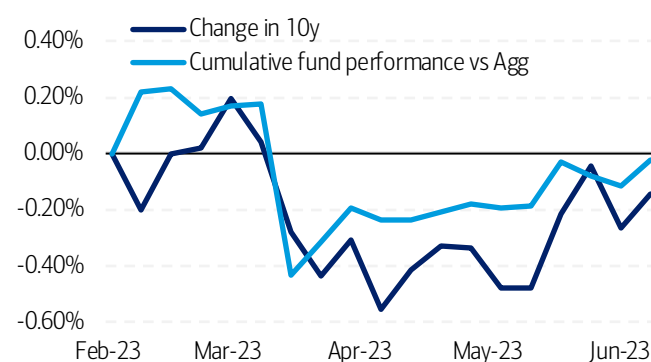


Source: BofA Global Research, Bloomberg. Note: Excess returns are fund total returns over Bloomberg Barclays Agg index

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Exhibit 31: Cumulative return of TR FI funds over benchmark vs 10yT

Funds performance was in line with benchmark since start of the year



Source: BofA Global Research, Bloomberg. Note: Excess returns are fund total returns over Bloomberg Barclays AGG index

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Exhibit 32: Total return funds' published UST allocations vs benchmark from Q3 and Q4 '22

Funds remained underweight USTs in Q1 and overall increased underweight vs end of '22

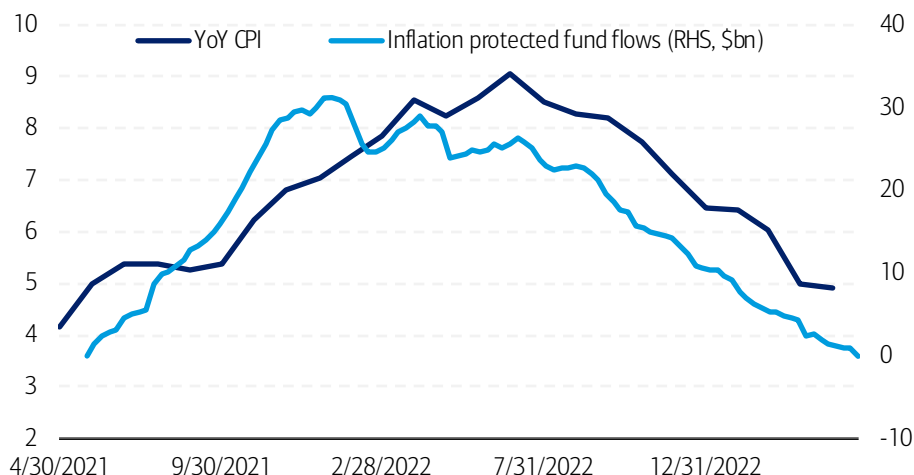
		AUM (\$bn)	Q4 '22 (%)	Q1 '23 (%)	Change (PPTS)
VTBIX	Vanguard Total Bond Market II Index Fund	248.0	1.6	2.4	0.8
VBMFX	Vanguard Total Bond Market Index Fund	202.7	1.2	1.7	0.5
PIMIX	PIMCO Income fund	121.9	-37.7	-43.4	-5.7
ABNDX	The Bond Fund of America	76.6	-9.7	-11.3	-1.6
MWTIX	MetWest Total Return Bond Fund	63.2	-17.4	-16.5	0.9
DODIX	Dodge & Cox Income Fund	56.4	-31.2	-28.1	3.1
PTTRX	PIMCO Total Return Fund	55.0	-15.2	-15.4	-0.2
PDBAX	PGIM Total Return Bond Fund	40.8	-33.8	-33.7	0.1
PGBOX	JPMorgan Core Bond Fund	38.5	-7.3	-5.0	2.3
BAGIX	Baird Aggregate Bond Fund	38.4	-17.7	-16.9	0.8
BSIIX	BlackRock Strategic Income Opportunities Fund	35.9	-14.6	-17.3	-2.7
DBLTX	DoubleLine Total Return Bond Fund	33.7	-32.4	-32.7	-0.3
FSIGX	Fidelity Series Investment Grade Bond Fund	33.6	-10.4	-7.5	3.0
FTBFX	Fidelity Total Bond Fund	30.7	-18.3	-12.0	6.3
WACPX	Western Asset Core Plus Bond Portfolio	24.4	-29.1	-33.7	-4.6
BCOIX	Baird Core Plus Bond Fund	24.3	-20.0	-18.5	1.4
JHBIX	John Hancock Bond Fund	21.6	-26.1	-22.8	3.3
TBIIX	TIAA-CREF Bond Index Fund	20.6	0.9	0.8	-0.1
MAHQX	BlackRock Total Return Fund	17.7	21.3	-13.7	-35.0
ONIAI	JPMorgan Core Plus Bond Fund	17.1	-7.6	-5.1	2.5
BBTBX	Bridge Builder Core Bond Fund	16.4	-22.6	-22.1	0.5
PRCIX	T Rowe Price New Income Fund	15.7	-11.2	-16.2	-4.9
WATFX	Western Asset Core Bond Fund	15.2	-23.6	-30.7	-7.1
QCBMIX	CREF Bond Market Account	10.8	-22.3	-21.1	1.2
FBNDX	Fidelity Investment Grade Bond Fund	8.7	-8.6	-5.7	2.9
DBLFX	DoubleLine Core Fixed Income Fund	7.1	-20.3	-16.9	3.4
JFLEX	Janus Henderson Flexible Bond Fund	2.9	-9.5	-11.3	-1.8
TGLMX	TCW Total Return Bond Fund	2.8	-40.6	-38.5	2.1
AUM weighted		1280.7	-12.7	-13.2	-0.5

Source: BofA Global Research, funds' publicly available reports

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Exhibit 33: Cumulative inflation fund inflows and realized inflation

Fund outflows have occurred since inflection point in inflation



Source: BofA Global Research, Bloomberg

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Bank balance sheets**Exhibit 34: Changes to bank balance sheet assets (\$bn)**

Large US bank assets increased, primarily driven by cash and loans and leases

		Current	1w change	Rolling 4w avg wkly chg	Rolling 8w avg wkly chg	Rolling 12w avg wkly chg	Rolling 52w avg wkly chg
All (\$bn, NSA)	Total Assets	22979	86	38	-2	9	5
	Cash	3303	-6	26	-10	20	-1
	UST & Agency	1525	8	-6	-4	-8	-4
	MBS	2601	-1	-6	-3	-11	-6
	Loans and Leases	12143	45	7	10	9	16
	Other	3406	39	16	4	-1	0
Large Domestic (\$bn, NSA)	Total Assets	13433	138	30	-4	25	0
	Cash	1635	92	39	-4	29	1
	UST & Agency	1120	4	-7	-5	-7	-4
	MBS	1948	3	-5	-2	-1	-2
	Loans and Leases	6759	26	3	3	6	6
	Other	1971	14	1	4	-2	-1
Small Domestic (\$bn, NSA)	Total Assets	6588	42	10	8	-2	3
	Cash	483	29	4	3	7	-2
	UST & Agency	290	0	0	0	-2	0
	MBS	628	-3	-1	0	-10	-3
	Loans and leases	4364	16	7	9	3	8
	Other	823	0	0	-4	-1	0
All Domestic (\$bn, NSA)	Total Assets	20021	181	41	4	22	2
	Cash	2117	121	43	-1	36	0
	UST & Agency	1410	3	-7	-5	-9	-4
	MBS	2577	0	-5	-3	-11	-6
	Loans and leases	11123	43	10	13	10	14
	Other	2794	14	1	0	-3	-1
Foreign (\$bn, NSA)	Total Assets	2957	-95	-3	-7	-13	3
	Cash	1185	-127	-17	-9	-16	-1
	UST & Agency	115	5	2	1	0	0
	MBS	25	0	0	0	0	0
	Loans and leases	1020	2	-2	-2	-1	2
	Other	612	25	15	5	2	2

Source: BofA Global Research, Federal Reserve, Bloomberg

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Exhibit 35: Select bank balance sheet liabilities (\$bn, NSA)

Deposits increased materially across domestic banks

		Current	1w change	Rolling 4w avg wkly chg	Rolling 8w avg wkly chg	Rolling 12w avg wkly chg	Rolling 52w avg wkly chg
Deposits (\$bn, NSA)	All	17290	192	33	-17	-27	-15
	Domestic	16045	186	31	-16	-17	-15
	Large Domestic	10839	141	21	-13	-1	-11
	Small Domestic	5207	45	9	-4	-16	-4
	Foreign	1245	5	3	0	-10	-1
Other borrowing (\$bn, NSA)	All	2406	-85	-12	6	35	15
	Domestic	1464	-13	-7	3	34	15
	Large Domestic	915	-9	-5	0	20	9
	Small Domestic	549	-4	-2	3	13	6
	Foreign	942	-72	-4	3	2	0

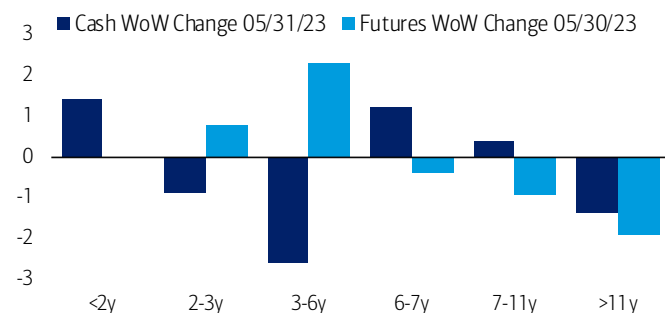
Source: BofA Global Research, Federal Reserve, Bloomberg

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Primary dealer balance sheet

Exhibit 36: Dealers WoW change in positions

10y equivalent, \$bn, cash positions dedined in 3-6y and back-end

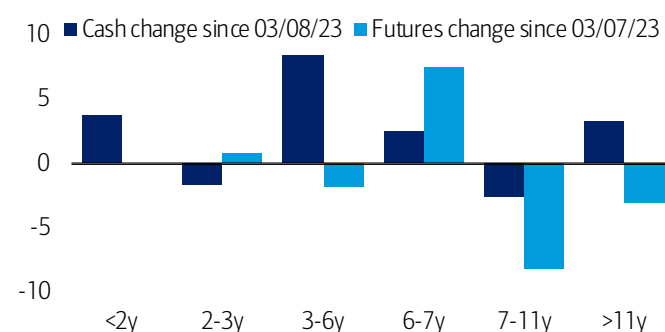


Source: BofA Global Research, NY Fed, CFTC

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Exhibit 37: Dealers change in positions since bank risk events

10y equivalent, \$bn, cash positions still higher at 3-6y

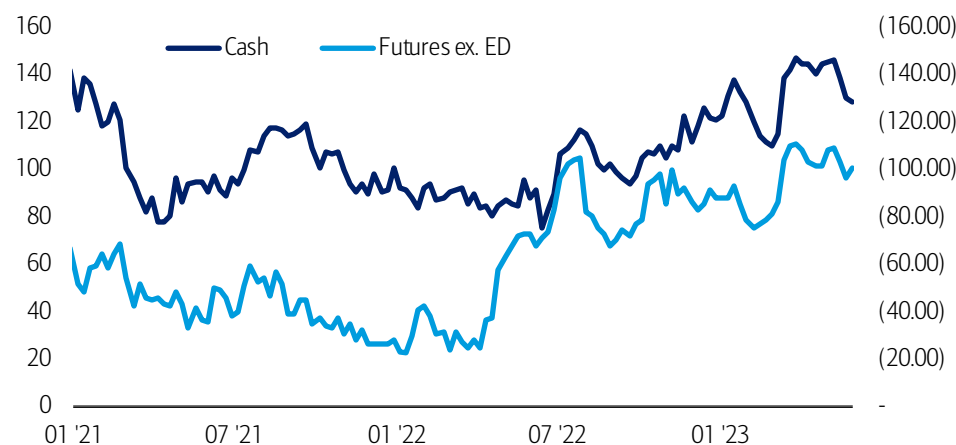


Source: BofA Global Research, NY Fed, CFTC

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Exhibit 38: Dealers total sector positions

10y equivalent, \$bn, both cash longs & futures shorts positioning since mid '22



Source: BofA Global Research, NY Fed, CFTC

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