

US Rates Watch

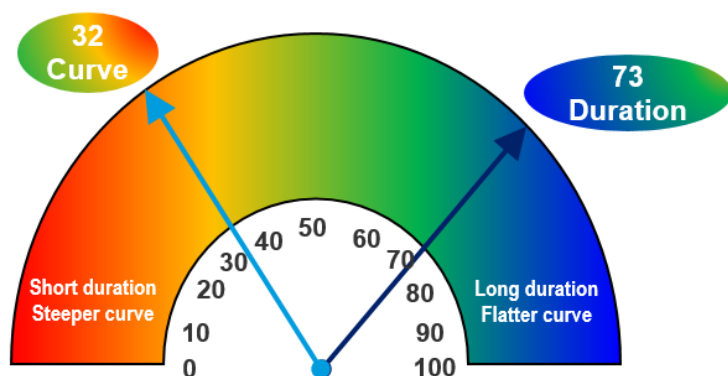
Limited long covering, foreign buying returns while fund flows cool

Directionally long, but limited covering

Our positioning indicators continue to suggest a net out of the money long position biasing the curve higher and flatter (Exhibit 1). However, this long position may be in strong, convicted hands as we see limited covering in recent weeks from the broader speculative community. CTAs have likely reduced their long position but perhaps not to the extent that momentum would suggest. Foreign investors are returning to the market, but inflows to UST funds moderated. July seasonals and summer de-risking may be more supportive of future inflows.

Exhibit 1: Curve-o-meter

Positioning points to a bias for rates to selloff and curve to flatten



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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Longs remain out of the money while shorts build

The futures positioning proxy (for construction details see: [Gauging positioning in Treasury Futures](#)) shows a bias for rates to sell off, most notably at the front-end (Exhibit 12). While shorts have become a more prominent portion of new positions, longs outstanding remain OTM (Exhibit 11). Changes in open interest on the week reflect relatively limited long covering except for SFR which saw a large number of longs closed.

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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Rates Research
United States

Meghan Swiber, CFA
Rates Strategist
BofAS
+1 646 855 9877
meghan.swiber@bofa.com

Anna (Caiyi) Zhang
Rates Strategist
BofAS
+1 917 826 5142
cai.yi.zhang@bofa.com

US Rates Research
BofAS
+1 646 855 8846

[See Team Page for List of Analysts](#)

UST= Treasury security

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

SF = SOFR futures contract

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

CFTC shows only some moderation in longs

Non-commercial ex-leveraged fund positioning is still relatively long at the 70th percentile over the last 5 years but does reflect a moderation since mid-May (Exhibit 5). On the week, the largest changes in positioning were a build in longs in WN & TU while positions were cut in FV & SFR. The long position in 10-year equivalents remains more concentrated at the back end of the curve (Exhibit 6). Ten-year equivalent duration positioning across leveraged fund (LF) shorts and asset manager longs remain at historically stretched levels (Exhibit 7).

Momentum suggests CTAs should be long covering

Non-reportable positioning suggests CTAs have reduced their long positioning only slightly, consistent with other speculative investors (Exhibit 8). However, our cross over momentum indicator indicates that CTAs should be short (Exhibit 13). While CTAs may not have fully re-positioned given that non-reportable positioning is still modestly long, our top-own CTA model (for details see: [CTA impact on rates market](#)) also reflects an add to shorts on the week (Exhibit 15).

Primary dealer cash positions rebound

Primary dealers increased their cash position in 10y equivalents notably over the week ending June 14th, largely concentrated in 3-6y and 7-11y tenors (Exhibit 35). Futures positions declined in the 6-7y bucket. Since the banking risk events, dealer cash positions are higher at the front-end and belly of the curve, while futures positions are lower at the back (Exhibit 36).

Foreign buying returns

Foreign buying increased across both weekly indicators we track. MoF data showed that Japanese investors bought about \$7bn of foreign bonds the week ending June 16th (Exhibit 24). Custodial holdings reflected about \$11bn of buying from central banks the week ending June 21st (Exhibit 25). While high FX hedging costs are a headwind to demand (Exhibit 17), investors may be taking advantage of attractive UST yields on an unhedged basis.

UST fund inflows cool

Inflows to UST fixed income funds cooled the week of June 21st, with outflows from short term funds and only modest inflows into intermediate and long-term funds (Exhibit 28). This reflects a step down from the pace of inflows observed in recent months, particularly at the long end.

However, strong July risk-off seasonals suggest that we could see inflows pickup. As discussed in [Bond market seasonality](#), investors tend to de-risk over the quieter summer months and re-risk in the fall. The de-risking behavior corresponds to fixed income flow activity; EPFR monthly flow data shows fixed income inflows 70% of the time in July & consistent outflows in the fall since 2007.

Exhibit 2: On deck next week

Calendar of upcoming events

	US Data			Fed Speaker / Event	Treasury Auction			Treasury Settlements	
	Series	BofA	BB Consensus		Security	Amount (\$bn)	Prior Δ	Security	Amount
M, Jun 26					13 week bills	65	0		
					26 week bills	58	0		
					2 year notes	42	0		
	Durable Goods Orders	0.50%	-1.00%		42-day bills	50	5	Bills	60
	Durables Ex Transportation	-0.10%	0.00%		5 year notes	43	0		
Tu, Jun 27	Core Capital Goods Orders	0.20%	0.20%						
	Core Capital Goods Shipments	0.20%	-						
	Case-Shiller HPI (yoy)	0.10%	-						
	Consumer Confidence	104	103.5						
	New Home Sales	670k	659k						
	MBA Mortgage Applications	-	-		17 week bills	NA			
	Wholesale Inventories	-	-		7 year notes	35	0		
		-	-	Fed's Powell, ECB's Lagarde, BoE's Bailey and BoJ's Ugeda at ECB Forum on Central Banking 2023	1-year 10-month FRNs	22	0		
W, Jun 28	Advance Goods Trade Balance	\$92.0bn	-\$92.3bn						
	Initial Jobless Claims	266k	-		4 week bills	NA		Bills	71
	GDP (qoq saar)	1.80%	1.40%	Fed's Bostic speaks on the US economic outlook	8 week bills	NA			
Th, Jun 29	Personal consumption (qoq saar)	3.70%	-						
	GDP Price Index (qoq saar)	4.20%	4.20%						
	Core PCE (qoq saar)	4.90%	-						
	Pending Home Sales	0.50%	-0.30%						
	Personal Income	0.30%	0.40%					Coupons	67
	Personal Spending	0.10%	0.20%						
	PCE Headline Prices (mom)	0.10%	0.10%						
	PCE Headline Prices (yoy)	3.80%	3.80%						
	PCE Core Prices (mom)	0.30%	0.40%						
	PCE Core Prices (yoy)	4.60%	4.70%						
	Personal saving rate	4.20%	-						
F, Jun 30	Chicago Purchasing Managers	43	44.2						
	U. of Michigan Sentiment	64	63.9						

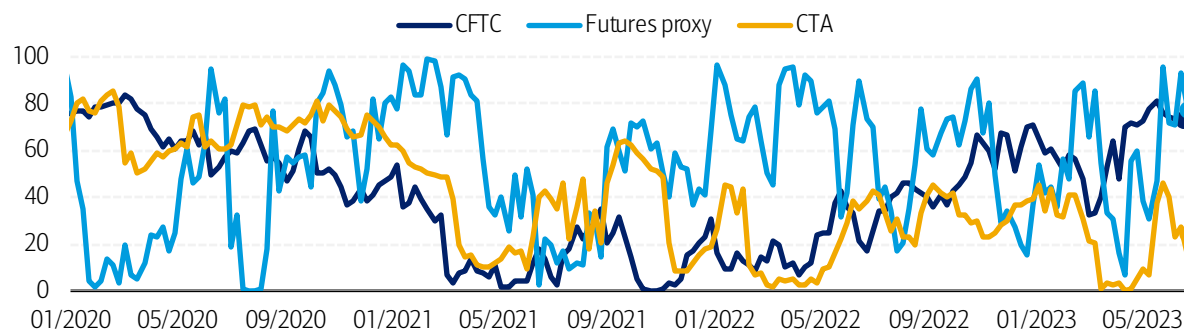
Source: BofA Global Research, Bloomberg, US Treasury

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Positioning indicators

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

Futures positioning proxy shows bias for rates to sell off, CFTC data adjusted for LFs is long, top down CTA model is lagged and shows historic shorts that have likely already been covered



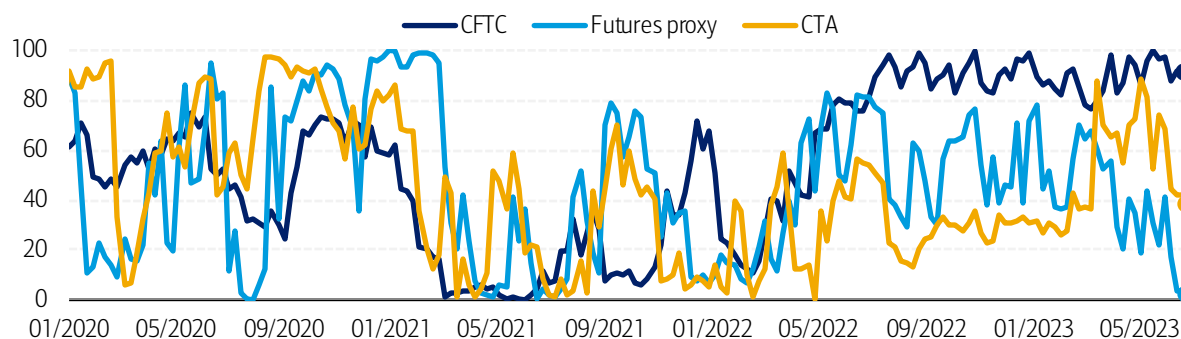
Source: BofA Global Research

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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

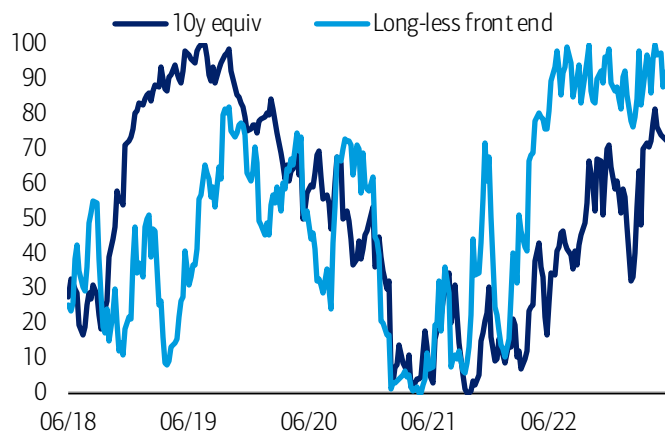


Source: BofA Global Research

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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

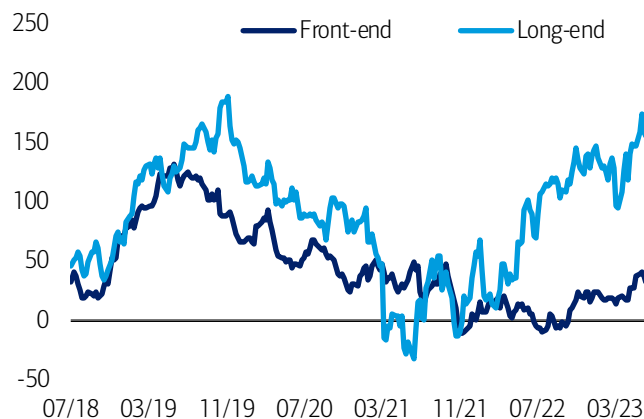


Source: BofA Global Research, Bloomberg

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

Longs are more concentrated in the back-end

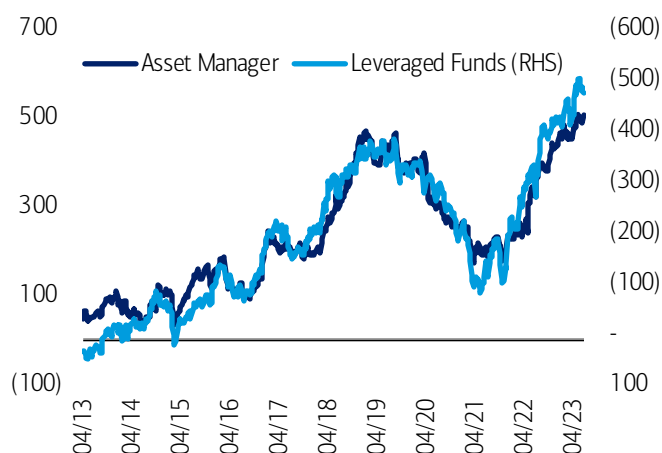


Source: BofA Global Research, Bloomberg

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

Asset manager longs correspond with leveraged fund shorts

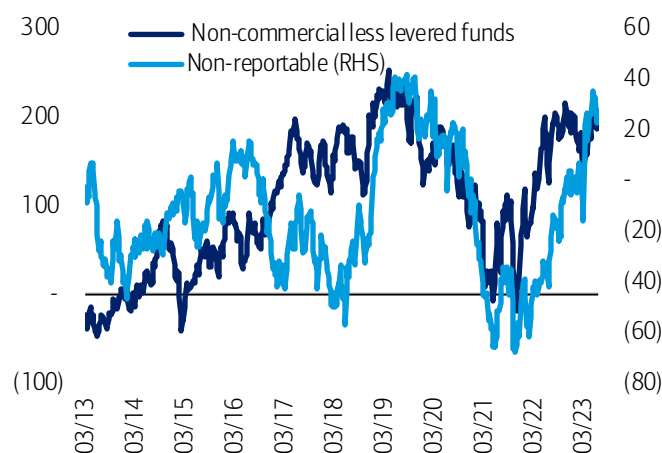


Source: BofA Global Research, Bloomberg

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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

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

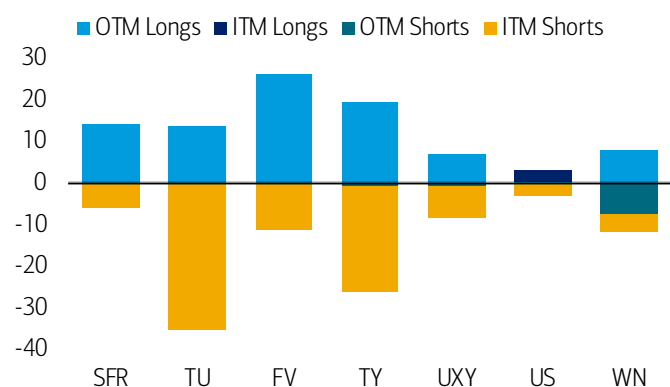
	0	1w	4w	8w	12w	16w
0 to 10	10	0	0	-1	-1	-1
10 to 20	20	1	-3	-2	-2	-3
20 to 30	30	-7	-3	-4	-4	-5
30 to 40	40	-2	-2	-3	-2	-3
40 to 50	50	3	3	2	1	1
50 to 60	60	2	1	0	0	0
60 to 70	70	1	1	2	3	4
70 to 80	80	4	4	4	3	4
80 to 90	90	2	4	4	4	5
90 to 100	100	-1	-2	-1	0	0

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

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Exhibit 11: Proxies for futures positioning

Longs OTM except in US, shorts are largely ITM but mixed in WN

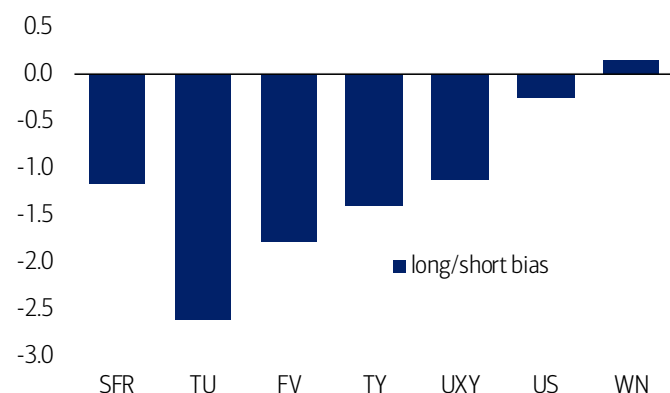


Source: BofA Global Research, Bloomberg

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Exhibit 12: Analysis of proxies for futures positioning

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

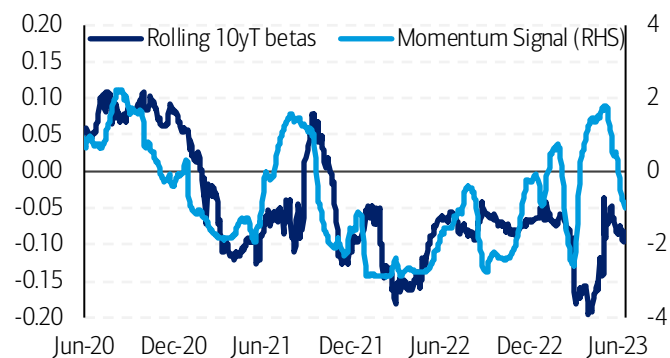


Source: BofA Global Research, Bloomberg. Note: reflects average positioning of futures stack over last 5 days

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Exhibit 13: CTA positioning in 10yT

CTA added shorts as momentum signal dropped further

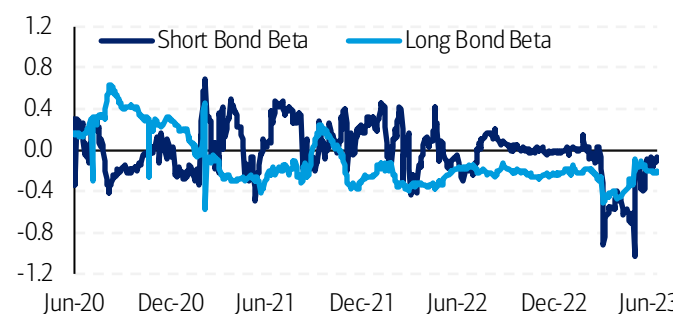


Source: BofA Global Research

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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

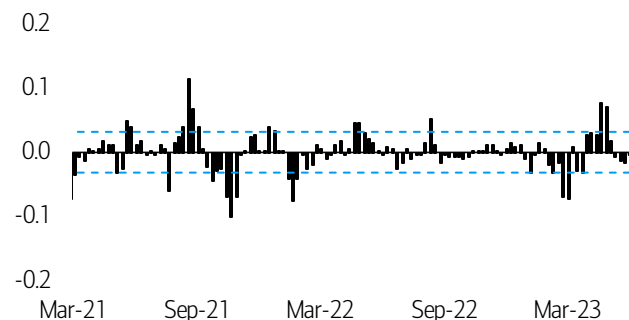


Source: BofA Global Research

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Exhibit 15: Changes in CTA 10yT beta

Change in 10yT beta has declined for several weeks consistently

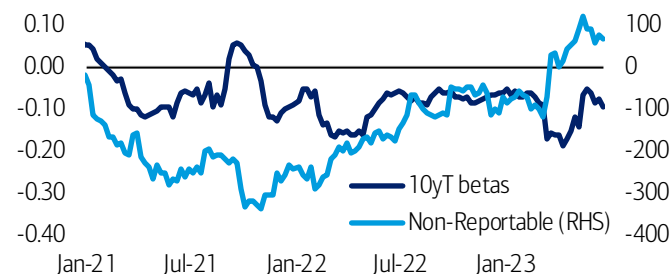


Source: BofA Global Research

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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



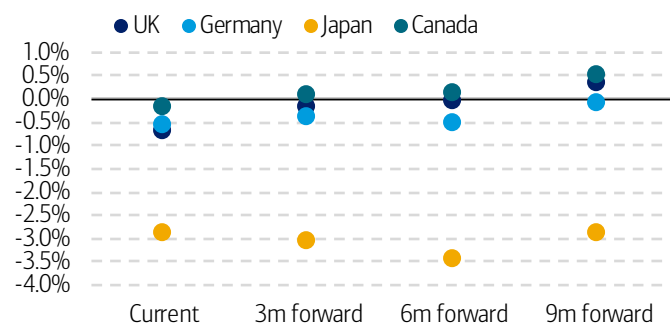
Source: BofA Global Research, Bloomberg

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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

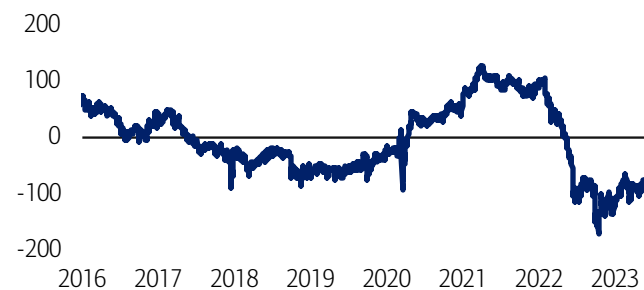


Source: BofA Global Research, Bloomberg

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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

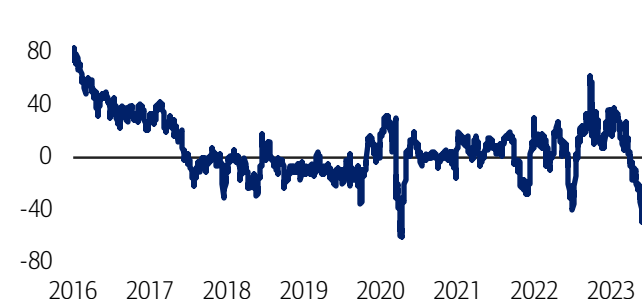


Source: BofA Global Research, Bloomberg

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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

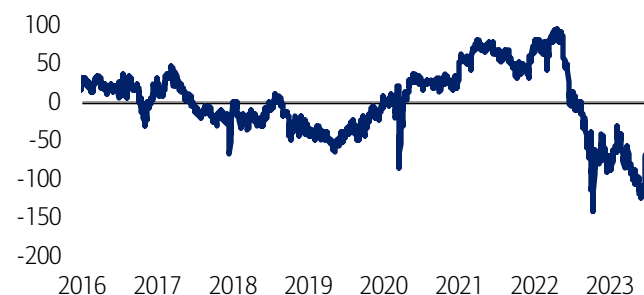


Source: BofA Global Research, Bloomberg

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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 but shows improvement recently



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

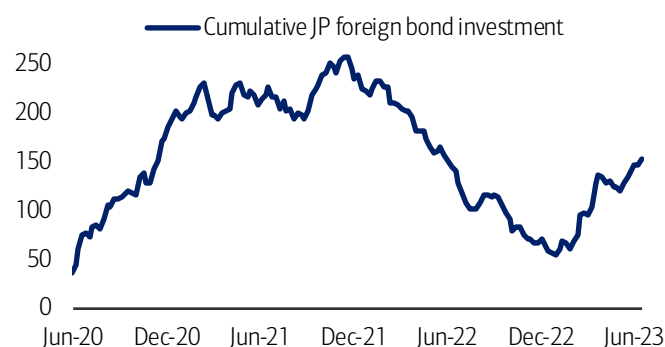
	6/22/2023		As of 1 wk ago		As of 1 mo ago		As of 1 yr ago	
	Pickup to 10y JGB	Pickup to 20Y JGB	Pickup to 10y JGB	Pickup to 20Y JGB	Pickup to 10y JGB	Pickup to 20Y JGB	Pickup to 10y JGB	Pickup to 20Y JGB
10y UST	-2.31%	-2.91%	-2.33%	-2.92%	-2.46%	-3.05%	0.32%	-0.36%
10y GER	-1.75%	-2.35%	-1.74%	-2.33%	-1.59%	-2.19%	1.48%	0.79%
10y FRA	-1.22%	-1.83%	-1.24%	-1.83%	-1.02%	-1.62%	2.02%	1.33%
10y BEL	-1.09%	-1.70%	-1.11%	-1.70%	-0.90%	-1.50%	2.11%	1.42%
10y ITA	-0.13%	-0.73%	-0.19%	-0.78%	0.25%	-0.35%	3.39%	2.70%
10y SPA	-0.80%	-1.41%	-0.84%	-1.42%	-0.53%	-1.13%	2.56%	1.87%
10y UK	-1.62%	-2.23%	-1.28%	-1.86%	-1.29%	-1.89%	0.35%	-0.34%
10y CAN	-2.13%	-2.74%	-2.20%	-2.79%	-2.03%	-2.63%	0.64%	-0.05%

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

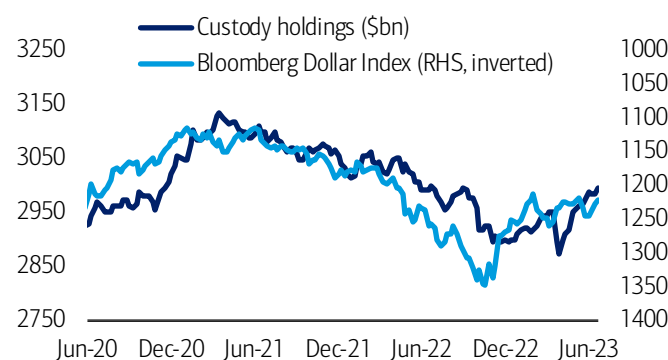


Source: BofA Global Research, Bloomberg

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

Custody holdings have recovered drop around banking risk events in March and picked up on the week

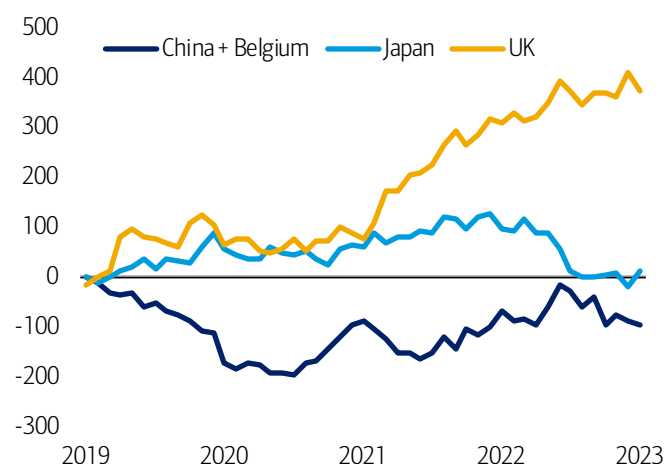


Source: BofA Global Research, NY Fed

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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

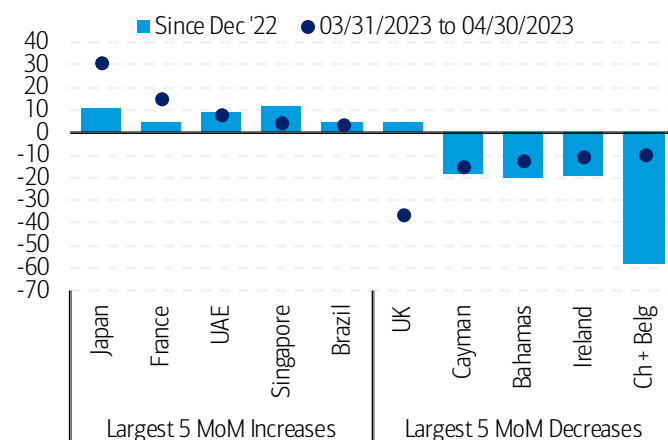


Source: BofA Global Research, TIC, Note: adjusted for level of rates

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

Japan was largest buyer, UK largest seller in April



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)

UST inflows cool, US FI inflows driven by IG and mixed allocation funds

	6/21/2023	Rolling 4w average	Rolling 8w average	Rolling 12w average	Rolling 52w average
Gov: short	(265)	107	339	334	1,138
Gov:					
intermediate	397	391	449	326	521
Gov: long	85	1,353	1,610	1,384	1,227
Corp: IG	2,404	582	424	656	453
Corp:HY	(95)	584	(15)	516	(175)
Corp: all quality	47	37	40	36	6
MBS	349	506	340	307	23
Inflation	(604)	(530)	(445)	(546)	(523)
Muni	1,081	217	(5)	(50)	(444)
Mixed allocation	1,382	2,296	3,018	2,637	418
All US FI	4,371	5,005	5,108	4,953	2,097

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 outperformed benchmark

	AUM (\$Bn)	6/22/2023	Vs. Agg	Last 4w	Vs. Agg
Vanguard Total Bond Market II Index Fund	248	-0.36%	0.12%	0.77%	0.01%
Vanguard Total Bond Market Index Fund	203	-0.46%	0.02%	0.76%	0.00%
PIMCO Income fund	122	-0.08%	0.41%	1.64%	0.88%
The Bond Fund of America	78	-0.45%	0.03%	0.55%	-0.20%
MetWest Total Return Bond Fund	62	-0.57%	-0.08%	0.76%	0.01%
PIMCO Total Return Fund	55	-0.51%	-0.02%	0.88%	0.13%
Dodge & Cox Income Fund	56	-0.24%	0.25%	1.14%	0.38%
PGIM Total Return Bond Fund	41	-0.33%	0.15%	0.93%	0.18%
BlackRock Strategic Income Opportunities Fund	36	-0.13%	0.36%	0.91%	0.15%
Baird Aggregate Bond Fund	39	-0.41%	0.08%	0.83%	0.08%
JPMorgan Core Bond Fund	39	-0.29%	0.19%	0.56%	-0.19%
DoubleLine Total Return Bond Fund	34	-0.34%	0.15%	0.67%	-0.09%
Fidelity Series Investment Grade Bond Fund	34	-0.33%	0.15%	1.01%	0.25%
Fidelity Total Bond Fund	31	-0.25%	0.24%	1.17%	0.41%
Western Asset Core Plus Bond Portfolio	25	-0.45%	0.03%	1.83%	1.07%
Baird Core Plus Bond Fund	24	-0.40%	0.09%	0.81%	0.05%
John Hancock Bond Fund	22	-0.44%	0.05%	1.00%	0.25%
TIAA-CREF Bond Index Fund	21	-0.47%	0.02%	0.75%	0.00%
BlackRock Total Return Fund	18	-0.41%	0.07%	0.83%	0.08%
JPMorgan Core Plus Bond Fund	17	-0.42%	0.07%	0.59%	-0.17%
Bridge Builder Core Bond Fund	16	-0.38%	0.11%	0.86%	0.11%
T Rowe Price New Income Fund	16	-0.54%	-0.06%	0.43%	-0.33%
Western Asset Core Bond Fund	15	-0.49%	0.00%	1.04%	0.29%
CREF Bond Market Account	11	-0.32%	0.17%	0.81%	0.06%
Fidelity Investment Grade Bond Fund	9	-0.36%	0.13%	0.83%	0.07%
DoubleLine Core Fixed Income Fund	7	-0.32%	0.17%	0.83%	0.07%
TCW Total Return Bond Fund	3	-0.61%	-0.12%	0.61%	-0.15%
Janus Henderson Flexible Bond Fund	3	-0.56%	-0.07%	0.54%	-0.22%
Weighted avg	1283	-0.37%	0.12%	0.90%	0.14%
Agg		-0.49%		0.76%	
10y return		-0.78%		0.23%	

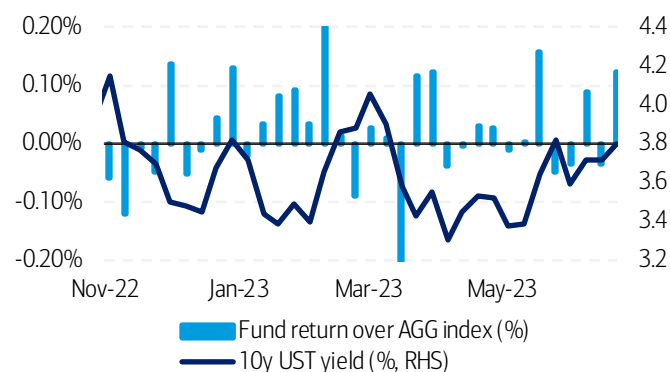
Source: BofA Global Research, Bloomberg. Note: Excess returns are fund total returns over Bloomberg Barclays Agg Index

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

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

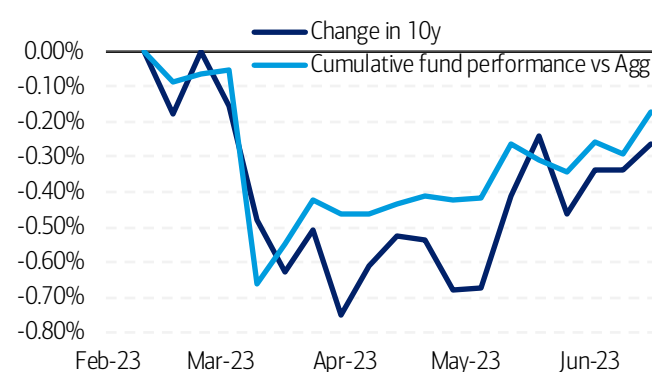


Source: BofA Global Research, Bloomberg. Note: Excess returns are fund total returns over Bloomberg Barclays Agg index

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

Funds have modestly outperformed 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	77.5	-9.7	-11.3	-1.6
MWTIX	MetWest Total Return Bond Fund	62.1	-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	41.0	-33.8	-33.7	0.1
BAGIX	Baird Aggregate Bond Fund	39.2	-17.7	-16.9	0.8
PGBOX	JPMorgan Core Bond Fund	38.9	-7.3	-5.0	2.3
BSIIX	BlackRock Strategic Income Opportunities Fund	35.8	-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	24.6	-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	18.0	21.3	-13.7	-35.0
ONIAI	JPMorgan Core Plus Bond Fund	17.4	-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	7.0	-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		1282.6	-12.7	-13.2	-0.5

Source: BofA Global Research, funds' publicly available reports

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Bank balance sheets

Exhibit 33: Changes to bank balance sheet assets (\$bn)

Domestic bank assets increase in part driven by ash

		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	22937	44	7	11	-16	6
	Cash	3340	3	5	18	-4	2
	UST & Agency	1528	1	1	-2	-4	-4
	MBS	2584	-3	-6	-4	-10	-6
	Loans and Leases	12106	13	2	5	3	14
	Other	3381	29	4	-6	-1	-1
Large Domestic (\$bn, NSA)	Total Assets	13323	57	1	-3	-7	-1
	Cash	1574	26	8	8	0	1
	UST & Agency	1120	-3	0	-4	-5	-4
	MBS	1932	-2	-5	-4	-2	-2
	Loans and Leases	6723	4	-3	-2	1	5
	Other	1974	32	1	-2	-1	-2
Small Domestic (\$bn, NSA)	Total Assets	6574	7	7	9	-8	2
	Cash	467	1	0	4	-4	-2
	UST & Agency	293	4	1	0	0	0
	MBS	625	-2	-1	0	-8	-4
	Loans and leases	4369	5	7	9	5	8
	Other	819	-1	0	-4	-2	0
All Domestic (\$bn, NSA)	Total Assets	19896	64	8	6	-15	1
	Cash	2041	27	8	13	-4	0
	UST & Agency	1413	1	0	-3	-5	-4
	MBS	2558	-4	-6	-4	-10	-5
	Loans and leases	11092	9	4	7	6	13
	Other	2793	31	1	-6	-3	-2
Foreign (\$bn, NSA)	Total Assets	3041	-21	-1	4	-1	5
	Cash	1299	-24	-3	5	-1	3
	UST & Agency	115	0	1	1	0	0
	MBS	26	1	0	0	0	0
	Loans and leases	1013	4	-2	-2	-3	1
	Other	588	-1	3	0	2	1

Source: BofA Global Research, Federal Reserve, Bloomberg

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Exhibit 34: Select bank balance sheet liabilities (\$bn, NSA)

Domestic bank balance sheets see increase in liabilities driven by deposits

		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	17249	45	29	4	-5	-15
	Domestic	15993	34	26	5	-4	-14
	Large Domestic	10771	24	12	-1	-8	-11
	Small Domestic	5222	10	14	5	3	-4
	Foreign	1256	11	3	0	0	0
Other borrowing (\$bn, NSA)	All	2399	-34	-23	0	-11	15
	Domestic	1379	-30	-25	-10	-19	13
	Large Domestic	861	-23	-16	-7	-6	7
	Small Domestic	518	-7	-10	-3	-13	5
	Foreign	1020	-4	3	10	8	2

Source: BofA Global Research, Federal Reserve, Bloomberg

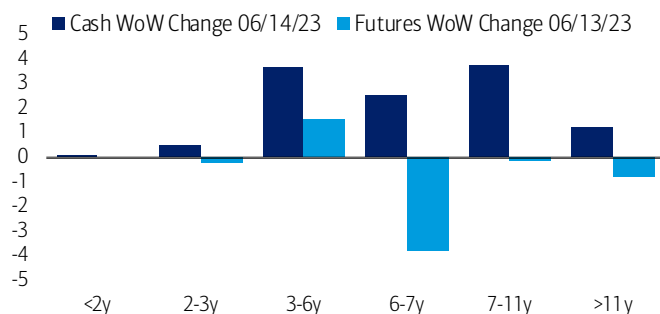
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Primary dealer balance sheet

Exhibit 35: Dealers WoW change in positions

10y equivalent, \$bn, cash & futures positions increased in front-end and belly

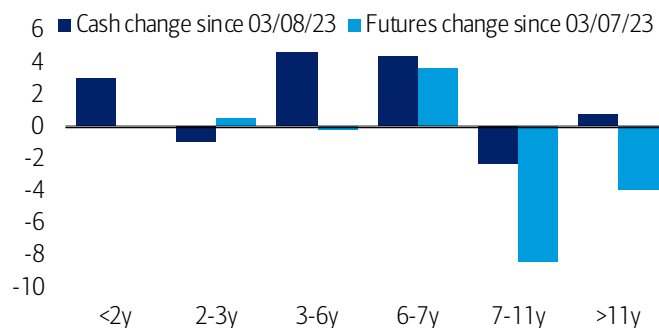


Source: BofA Global Research, NY Fed, CFTC

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Exhibit 36: Dealers change in positions since bank risk events

10y equivalent, \$bn, cash positions increased in front-end/ belly

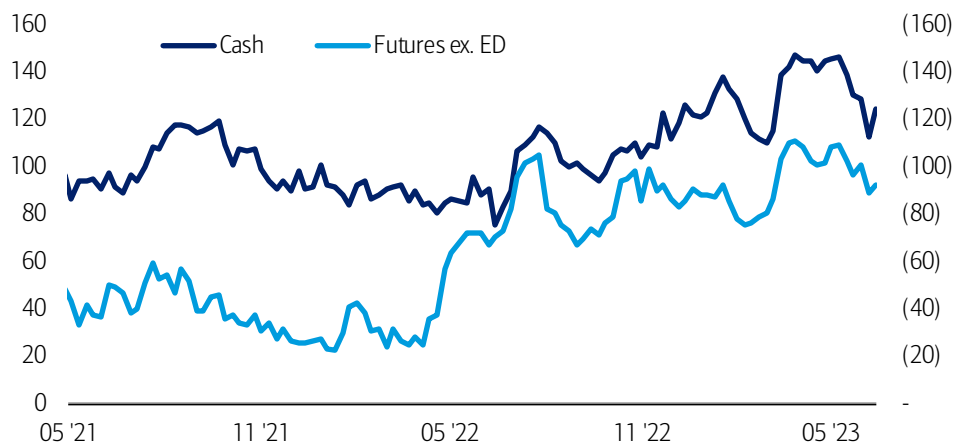


Source: BofA Global Research, NY Fed, CFTC

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Exhibit 37: Dealers total sector positions

10y equivalent, \$bn, both cash longs & futures shorts picked up on the week



Source: BofA Global Research, NY Fed, CFTC

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Research Analysts

US Rates Research

Ralph Axel
Rates Strategist
BofAS
ralph.axel@bofa.com

Bruno Braizinha, CFA
Rates Strategist
BofAS
bruno.braizinha@bofa.com

Mark Cabana, CFA
Rates Strategist
BofAS
mark.cabana@bofa.com

Katie Craig
Rates Strategist
BofAS
katie.craig@bofa.com

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