

# US Rates Watch

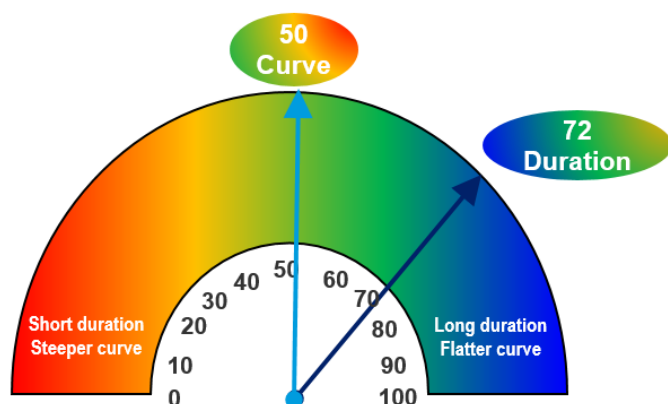
## Weekend homework: Inflows cool, long positioning signal moderates

### Longs less pronounced

While positioning still points directionally long, data suggests some moderation over the last week (Exhibit 1). Money-ness is more mixed across outstanding futures positions with some long and short positions out of the money. Non-commercial positioning ex-leveraged funds indicate a small covering. Inflows to US fixed income funds slowed across the board. Dealers saw a decline in back-end cash positions week ending May 24, likely due to previously strong inflows to longer duration UST ETFs.

#### Exhibit 1: Curve-o-meter

Positioning points to a modest 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 moneyness more mixed

The futures positioning proxy (for construction details see report: [Gauging positioning in Treasury Futures](#)) shows relatively mixed money-ness across the curve. Longs are largely OTM, but since last week some shorts have also moved OTM (Exhibit 12). This still suggests a bias for rates to sell off, but is less prominent than last week. Open interest was largely destroyed on the week with both shorts and longs closed. Shorts were predominantly destroyed in TY and WN while FV saw the most longs destroyed.

### CFTC data shows no large positioning shifts

Ten-year equivalent duration positioning across leveraged fund (LF) shorts and asset manager longs were little changed on the week and remain at historically stretched levels (Exhibit 7). The Non-commercial positioning ex-leveraged funds continues to point to some of the longest levels over the past 5 years, but continued to show a slight reduction (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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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 likely still long but positioning little changed WoW

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). However, both indicators were little changed on the week. Our CTA model is lagged due to its construction (for details see: [CTA impact on rates market](#)) and shows continued short covering that likely materialized weeks ago (Exhibit 15).

## Primary dealers sell long bonds

Primary dealers reduced their cash position at the back-end of the curve the week ending May 24th and added modestly at the front-end (Exhibit 36). Consistent with this repositioning, they reduced futures longs at the back-end and increased shorts at the front-end. Since the banking risk events, dealers still hold higher cash positions, particularly at the 3-6y sector (Exhibit 37).

## Foreign buying remains firm

Foreign buying evidenced in the MoF data and custodial holdings remains supportive. Japanese investors bought about \$7bn foreign bonds the week ending May 26th (Exhibit 24). Buying though may reflect an increase in European bond holdings, as EUR FX hedging cost is less prohibitive vs USD (Exhibit 23). Additionally, the increase in MoF holdings in March was not reflective of Japan UST purchases based on the most recent TIC data (Exhibit 27).

Foreign custodial holdings increased \$13bn the week ending Wednesday (Exhibit 25). The buying comes alongside mixed USD performance which suggests that the add could be more so related to curve positioning (adding to steepeners) rather than a net duration position.

## Inflows moderate

US fixed income inflows moderated on the week with outflows in short term Gov, municipal, and inflation funds. (Exhibit 28). Inflows though showed cooling across almost all fund categories we track. Total return fixed income funds modestly underperformed alongside the decline in rates, (Exhibit 30) suggesting that funds may have not covered the underweight UST position they started the quarter with.

**Exhibit 2: Week ahead calendar**

Schedule of upcoming events

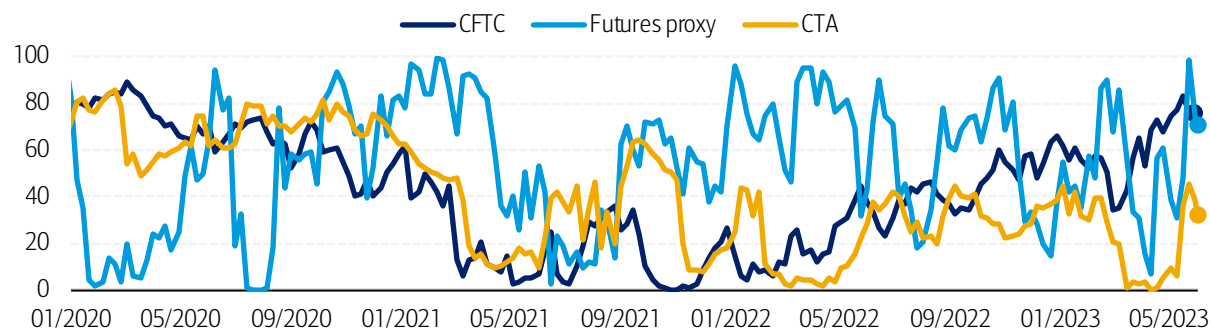
	US Data			Fed Speaker / Event	Treasury Auction			Treasury Settlements	
	Series	BofA	BB Consensus	Fed blackout period	Security	Amount (\$bn)	Prior Δ	Security	Amount
M, Jun 5	S&P Global US services PMI	-	55.2		13 week bill	65	2	Bills	40
	Durable Goods Orders	-	-		26 week bill	58	2		
	Factory Orders	-	0.80%		44-day bill	50			
	ISM Services	53	52.5						
Tu, Jun 6				Fed blackout period				Bills	28
W, Jun 7	MBA Mortgage Applications	-	-	Fed blackout period	17 week bill	N/A			
	Trade Balance	-\$77.0b	-\$75.4b						
	Consumer Credit	-	\$21.2b						
Th, Jun 8	Initial Jobless Claims	238k	-	Fed blackout period	4 week bill	N/A		Bills	21
	Wholesale Inventories	-	-0.20%		8 week bill	N/A			
F, Jun 2				Fed blackout period					

Source: BofA Global Research, Bloomberg

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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

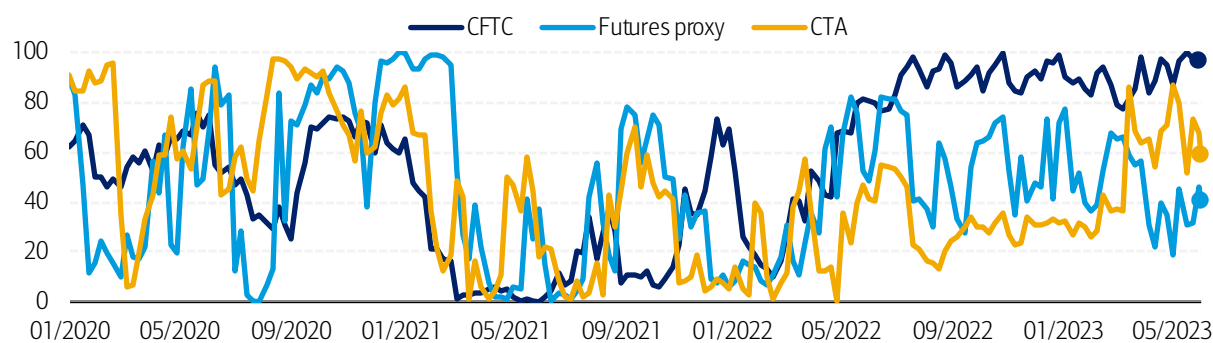


Source: BofA Global Research

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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

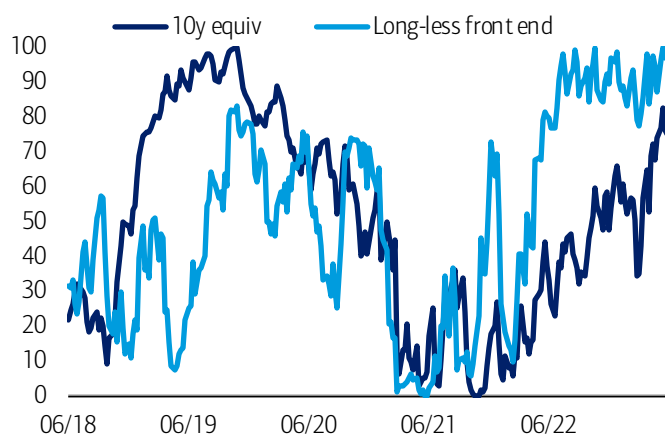


Source: BofA Global Research

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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

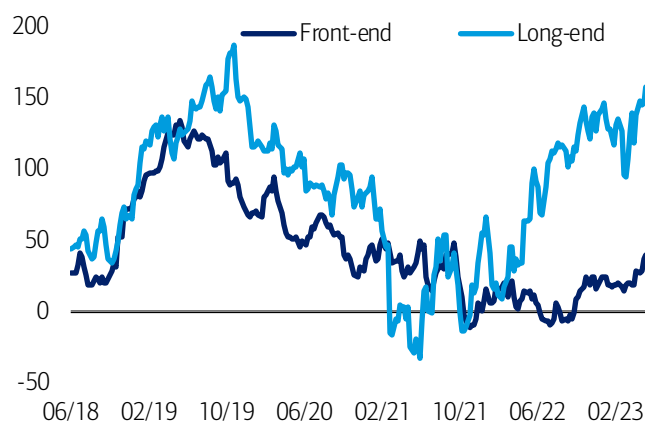


Source: BofA Global Research, Bloomberg

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

Longs are more concentrated in the back-end

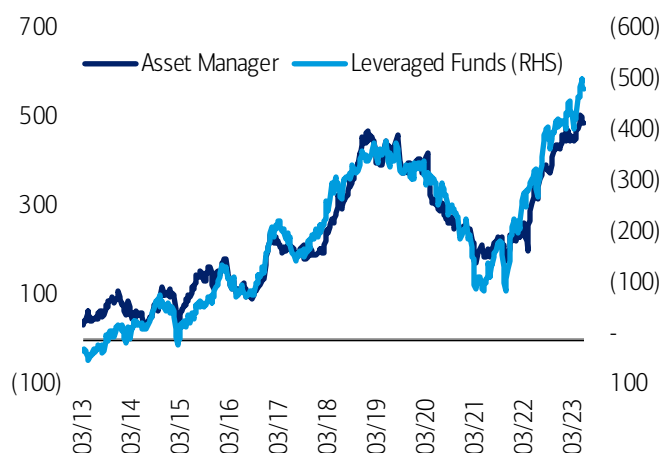


Source: BofA Global Research, Bloomberg

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

Asset manager longs correspond with leveraged fund shorts

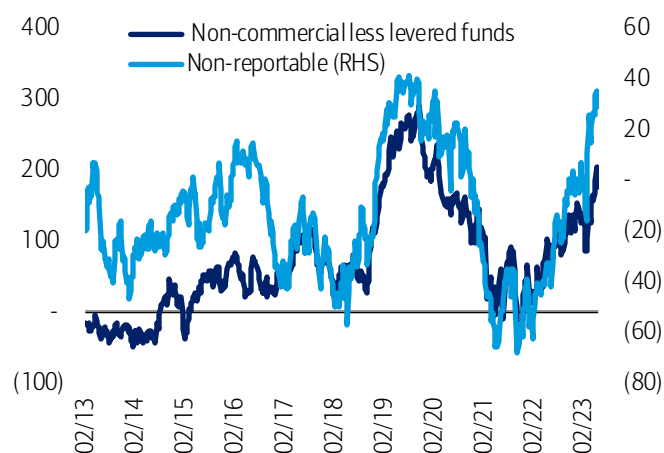


Source: BofA Global Research, Bloomberg

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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	7	3	3	2	4
40 to 50	2	4	3	4	4
50 to 60	1	0	0	0	0
60 to 70	0	0	0	0	1
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

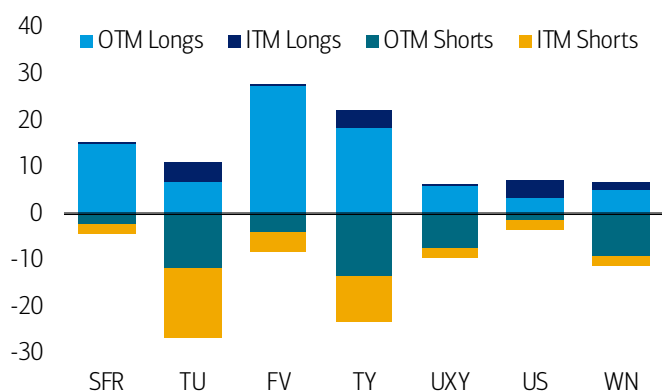
	1w	4w	8w	12w	16w
0 to 10	-2	-2	-2	-2	-1
10 to 20	2	-3	-2	-2	-3
20 to 30	-6	-3	-4	-4	-5
30 to 40	-2	-1	-2	-2	-3
40 to 50	3	2	2	1	1
50 to 60	1	1	1	1	0
60 to 70	2	2	2	3	4
70 to 80	4	4	4	3	4
80 to 90	2	4	4	4	5
90 to 100	-1	-2	-1	0	0

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

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### Exhibit 11: Proxies for futures positioning

Longs OTM, shorts look mixed

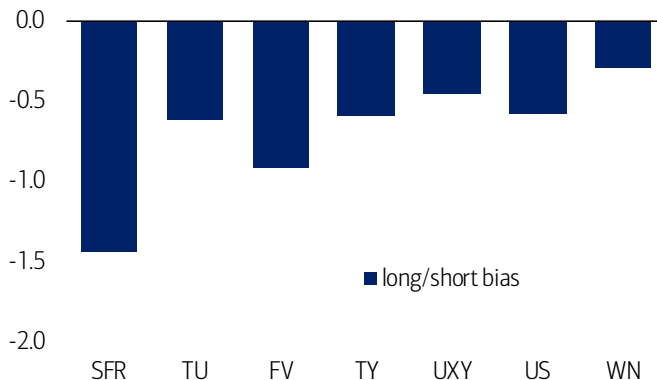


Source: BofA Global Research, Bloomberg

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### Exhibit 12: Analysis of proxies for futures positioning

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

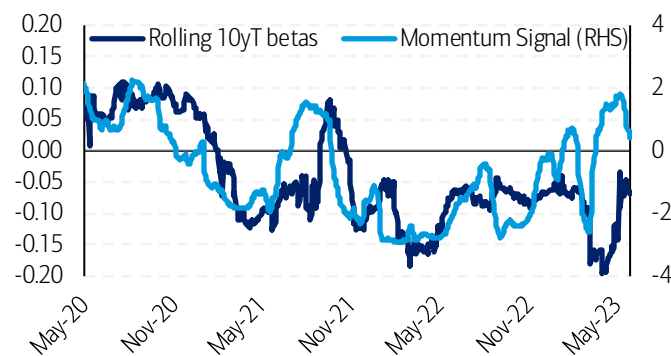


Source: BofA Global Research, Bloomberg, Note: reflects average positioning of futures stack over last 5 days

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**Exhibit 13: CTA positioning in 10yT**

CTA top down model implies short covering, momentum signal reversing

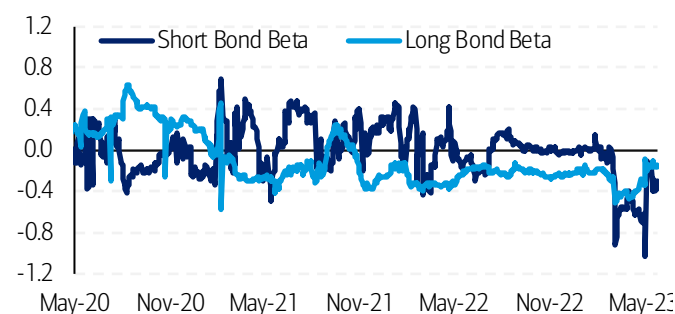


Source: BofA Global Research

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

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

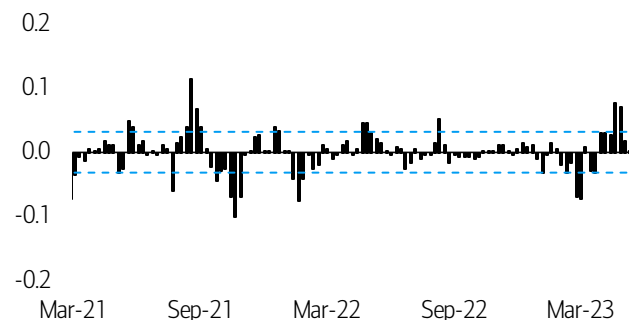


Source: BofA Global Research

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**Exhibit 15: Changes in CTA 10yT beta**

Change in 10yT beta continued to increase on the week

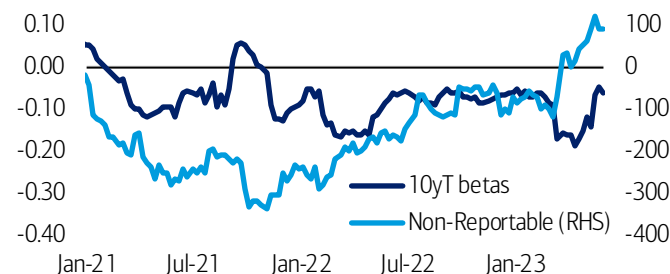


Source: BofA Global Research

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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



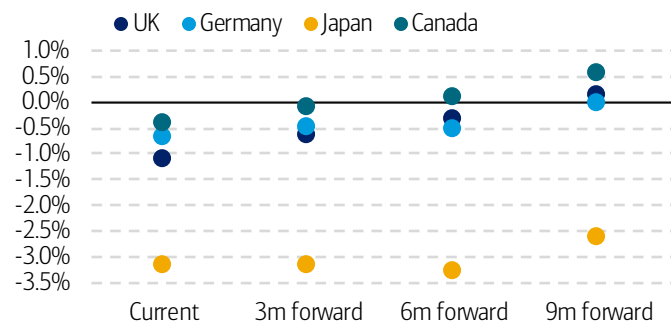
Source: BofA Global Research, Bloomberg

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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

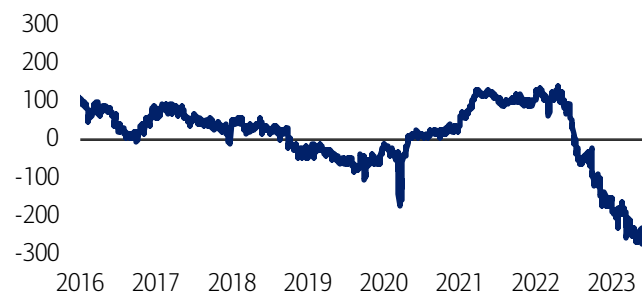


Source: BofA Global Research, Bloomberg

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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

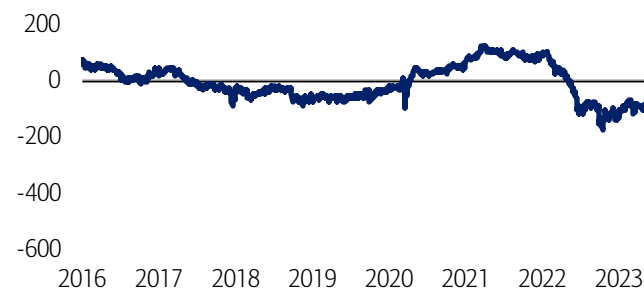


Source: BofA Global Research, Bloomberg

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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

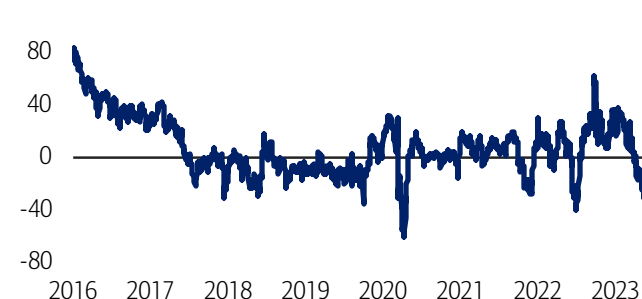


Source: BofA Global Research, Bloomberg

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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

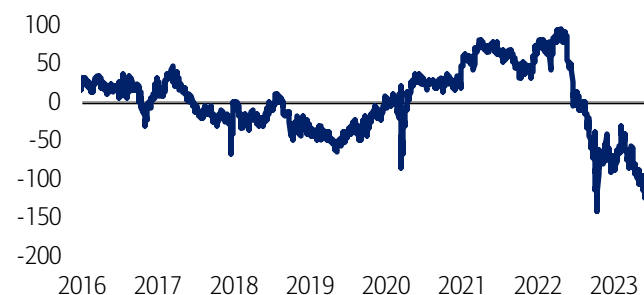


Source: BofA Global Research, Bloomberg

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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

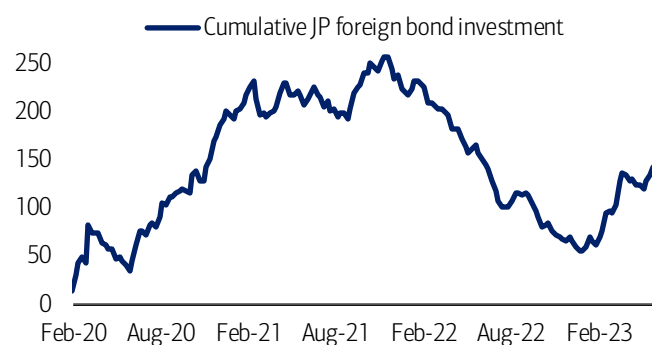
	6/1/2023		As of 1 wk ago		As of 1 mo ago		As of 1 yr ago	
	Pickup to 10y JGB	Pickup to 20Y JGB	Pickup to 10y JGB	Pickup to 20Y JGB	Pickup to 10y JGB	Pickup to 20Y JGB	Pickup to 10y JGB	Pickup to 20Y JGB
10y UST	-2.57%	-3.17%	-2.46%	-3.05%	-2.61%	-3.22%	0.80%	0.27%
10y GER	-1.87%	-2.47%	-1.59%	-2.19%	-1.71%	-2.32%	1.21%	0.68%
10y FRA	-1.32%	-1.92%	-1.02%	-1.62%	-1.13%	-1.74%	1.73%	1.20%
10y BEL	-1.19%	-1.79%	-0.90%	-1.50%	-1.01%	-1.62%	1.81%	1.28%
10y ITA	-0.05%	-0.65%	0.25%	-0.35%	0.18%	-0.44%	3.23%	2.70%
10y SPA	-0.85%	-1.45%	-0.53%	-1.13%	-0.63%	-1.25%	2.33%	1.80%
10y UK	-1.46%	-2.06%	-1.29%	-1.89%	-1.57%	-2.18%	0.36%	-0.17%
10y CAN	-2.19%	-2.79%	-2.03%	-2.63%	-2.38%	-2.99%	0.68%	0.16%

Source: BofA Global Research, Bloomberg

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

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

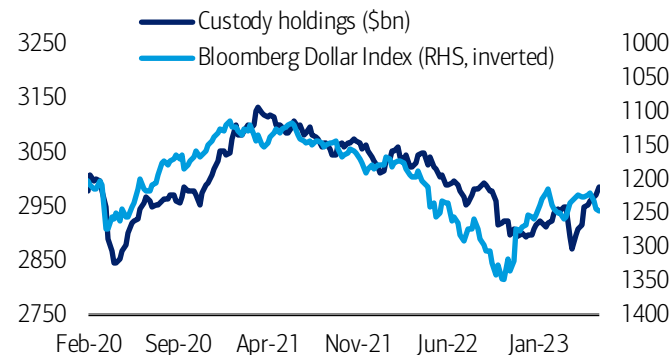


Source: BofA Global Research, Bloomberg

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

Custody holdings have recovered drop around banking risk events in March

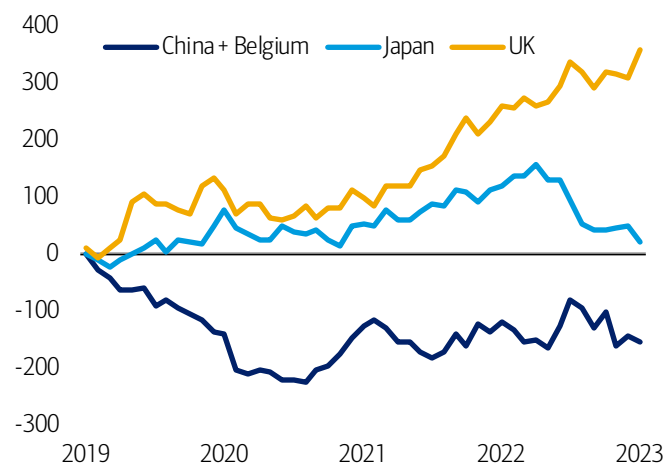


Source: BofA Global Research, NY Fed

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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

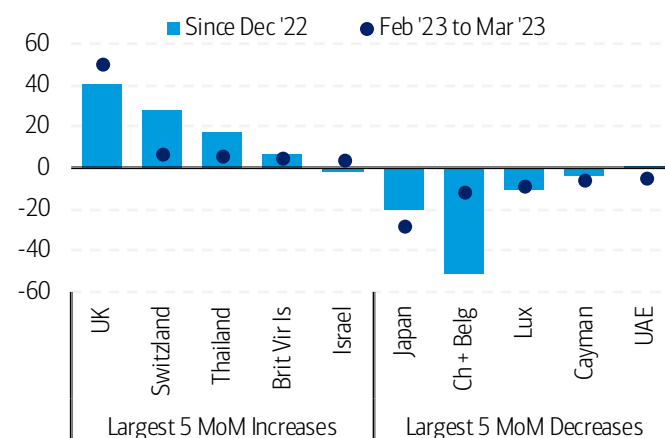


Source: BofA Global Research, TIC, Note: adjusted for level of rates

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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 continue to see inflows, this week was led by mixed allocation & US gov long-term funds, outflows primarily in inflation, muni, & govt short funds

	5/31/2023	Rolling 4w average	Rolling 8w average	Rolling 12w average	Rolling 52w average
<b>Gov: short</b>	(843)	121	167	1,070	1,231
<b>Gov: intermediate</b>	670	663	390	786	529
<b>Gov: long</b>	1,880	2,153	1,515	1,719	1,221
<b>Corp: IG</b>	263	813	214	162	319
<b>Corp:HY</b>	(340)	(785)	(127)	(98)	(409)
<b>Corp: all quality</b>	15	34	30	17	(1)
<b>MBS</b>	80	198	183	222	(37)
<b>Inflation</b>	(831)	(513)	(423)	(514)	(492)
<b>Muni</b>	(878)	(255)	(263)	(246)	(619)
<b>Mixed allocation</b>	1,091	2,797	2,673	1,915	102
<b>All US FI</b>	645	4,362	3,681	4,190	1,298

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 underperformed benchmark

	AUM (\$Bn)	6/1/2023	Vs. Agg	Last 4w	Vs. Agg
Vanguard Total Bond Market II Index Fund	247	1.44%	0.03%	-1.12%	-0.02%
Vanguard Total Bond Market Index Fund	205	1.43%	0.01%	-1.11%	-0.01%
PIMCO Income fund	121	1.09%	-0.32%	-0.38%	0.72%
The Bond Fund of America	77	1.48%	0.07%	-1.53%	-0.43%
MetWest Total Return Bond Fund	64	1.51%	0.10%	-1.40%	-0.30%
PIMCO Total Return Fund	56	1.48%	0.07%	-1.10%	0.00%
Dodge & Cox Income Fund	57	1.30%	-0.11%	-0.48%	0.62%
PGIM Total Return Bond Fund	41	1.27%	-0.14%	-0.99%	0.11%
BlackRock Strategic Income Opportunities Fund	36	0.74%	-0.67%	-0.30%	0.80%
Baird Aggregate Bond Fund	38	1.46%	0.04%	-1.04%	0.07%
JPMorgan Core Bond Fund	39	1.25%	-0.16%	-1.27%	-0.17%
DoubleLine Total Return Bond Fund	34	1.46%	0.05%	-1.23%	-0.12%
Fidelity Series Investment Grade Bond Fund	34	1.39%	-0.02%	-0.98%	0.12%
Fidelity Total Bond Fund	31	1.26%	-0.16%	-0.84%	0.27%
Western Asset Core Plus Bond Portfolio	25	2.02%	0.61%	-1.25%	-0.14%
Baird Core Plus Bond Fund	24	1.31%	-0.10%	-0.89%	0.21%
John Hancock Bond Fund	22	1.43%	0.02%	-0.88%	0.23%
TIAA-CREF Bond Index Fund	21	1.43%	0.02%	-1.12%	-0.02%
BlackRock Total Return Fund	18	1.39%	-0.02%	-1.05%	0.05%
JPMorgan Core Plus Bond Fund	17	1.29%	-0.12%	-1.19%	-0.09%
Bridge Builder Core Bond Fund	16	1.43%	0.02%	-1.05%	0.05%
T Rowe Price New Income Fund	16	1.45%	0.03%	-1.64%	-0.53%
Western Asset Core Bond Fund	15	1.78%	0.36%	-1.10%	0.00%
CREF Bond Market Account	11	1.36%	-0.06%	-0.99%	0.11%
Fidelity Investment Grade Bond Fund	9	1.34%	-0.08%	-0.97%	0.13%
DoubleLine Core Fixed Income Fund	7	1.26%	-0.15%	-1.09%	0.01%
TCW Total Return Bond Fund	3	1.59%	0.18%	-1.54%	-0.44%
Janus Henderson Flexible Bond Fund	3	1.47%	0.06%	-1.38%	-0.27%
Weighted avg	1284	1.38%	-0.03%	-1.02%	0.08%
Agg		1.41%		-1.10%	
10y return		2.22%		-2.16%	

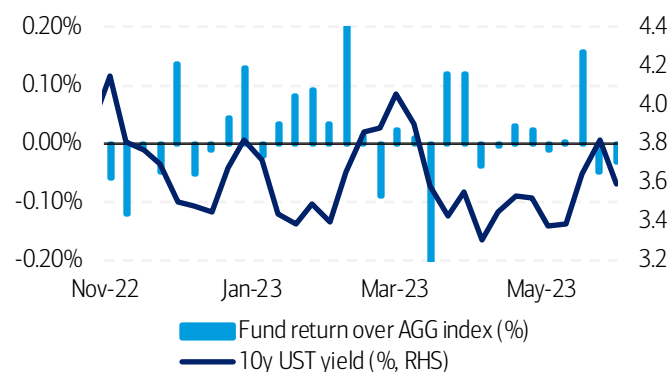
Source: BofA Global Research, Bloomberg. Note: Excess returns are fund total returns over Bloomberg Barclays Agg Index

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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 slightly underperformed benchmark on the week

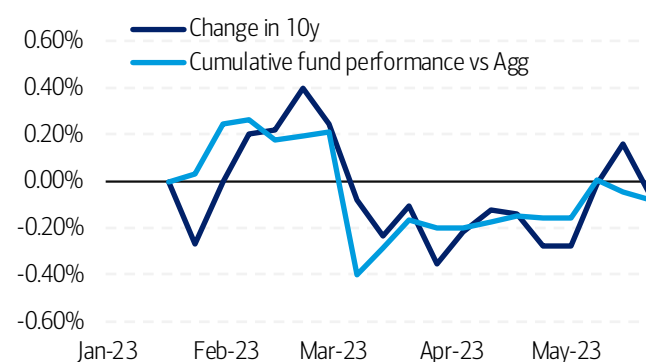


Source: BofA Global Research, Bloomberg. Note: Excess returns are fund total returns over Bloomberg Barclays Agg index

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

Cumulative return of funds has underperformed benchmark so far this 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

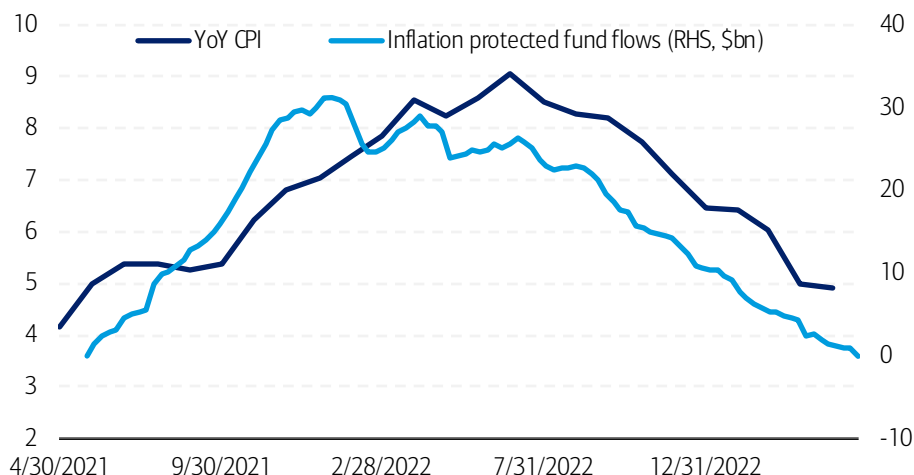
		AUM (\$bn)	Q4 '22 (%)	Q1 '23 (%)	Change (PPTS)
VTBIX	Vanguard Total Bond Market II Index Fund	247.4	1.6	2.4	0.8
VBMFX	Vanguard Total Bond Market Index Fund	205.3	1.2	1.7	0.5
PIMIX	PIMCO Income fund	120.8	-37.7	-43.4	-5.7
ABNDX	The Bond Fund of America	76.8	-9.7	-11.3	-1.6
MWTIX	MetWest Total Return Bond Fund	63.6	-17.4	-16.5	0.9
DODIX	Dodge & Cox Income Fund	56.6	-31.2	-28.1	3.1
PTTRX	PIMCO Total Return Fund	55.7	-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	38.5	-17.7	-16.9	0.8
BSIIX	BlackRock Strategic Income Opportunities Fund	36.1	-14.6	-17.3	-2.7
DBLTX	DoubleLine Total Return Bond Fund	33.8	-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	17.7	21.3	-13.7	-35.0
ONIAI	JPMorgan Core Plus Bond Fund	17.2	-7.6	-5.1	2.5
BBTBX	Bridge Builder Core Bond Fund	16.5	-22.6	-22.1	0.5
PRCIX	T Rowe Price New Income Fund	15.8	-11.2	-16.2	-4.9
WATFX	Western Asset Core Bond Fund	15.3	-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	2.9	-40.6	-38.5	2.1
<b>AUM weighted</b>		<b>1284.0</b>	<b>-12.7</b>	<b>-13.2</b>	<b>-0.5</b>

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**Data as of May 26<sup>th</sup> release**Exhibit 34: Changes to bank balance sheet assets (\$bn)**

Large bank assets increased, primarily driven by cash

		Current	1w change	Rolling 4w avg wkly chg	Rolling 8w avg wkly chg	Rolling 12w avg wkly chg	Rolling 52w avg wkly chg
<b>All (\$bn, NSA)</b>	<b>Total Assets</b>	22896	9	11	-29	-5	6
	Cash	3313	47	29	-10	19	1
	UST & Agency	1517	-27	-7	-8	-10	-4
	MBS	2602	-9	-4	-13	-13	-6
	Loans and Leases	12098	1	7	4	5	17
	Other	3367	-3	-15	-3	-6	-1
<b>Large Domestic (\$bn, NSA)</b>	<b>Total Assets</b>	13225	28	-8	-11	12	0
	Cash	1523	73	8	-4	20	2
	UST & Agency	1121	-18	-7	-7	-7	-4
	MBS	1948	-5	-3	-1	-2	-2
	Loans and Leases	6682	-4	-1	3	4	7
	Other	1951	-18	-5	-2	-2	-2
<b>Small Domestic (\$bn, NSA)</b>	<b>Total Assets</b>	6641	5	12	-15	-7	3
	Cash	475	-14	6	-7	5	-2
	UST & Agency	291	1	0	0	-2	0
	MBS	634	1	1	-11	-11	-3
	Loans and leases	4399	12	12	5	3	9
	Other	841	4	-7	-2	-1	0
<b>All Domestic (\$bn, NSA)</b>	<b>Total Assets</b>	19844	11	-1	-29	4	3
	Cash	2000	61	15	-10	25	-1
	UST & Agency	1407	-22	-8	-8	-10	-4
	MBS	2577	-9	-4	-13	-13	-6
	Loans and leases	11080	7	11	8	7	15
	Other	2780	-26	-15	-6	-5	-2
<b>Foreign (\$bn, NSA)</b>	<b>Total Assets</b>	3053	-2	12	0	-9	4
	Cash	1313	-13	14	1	-6	1
	UST & Agency	110	-5	1	0	0	0
	MBS	25	0	0	0	0	0
	Loans and leases	1018	-6	-4	-3	-2	2
	Other	587	22	0	3	-1	1

Source: BofA Global Research, Federal Reserve, Bloomberg

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

Deposits increased, concentrated in large 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
<b>Deposits (\$bn, NSA)</b>	All	17101	2	-28	-26	-41	-17
	Domestic	15862	-3	-24	-23	-31	-16
	Large Domestic	10659	21	-13	-17	-10	-11
	Small Domestic	5228	0	-4	-2	-19	-4
	Foreign	1240	5	-4	-3	-10	-1
<b>Other borrowing (\$bn, NSA)</b>	All	2492	28	22	-5	41	16
	Domestic	1478	-12	5	-16	34	15
	Large Domestic	912	-4	1	-1	21	9
	Small Domestic	565	-9	3	-15	13	6
	Foreign	1014	40	18	11	7	1

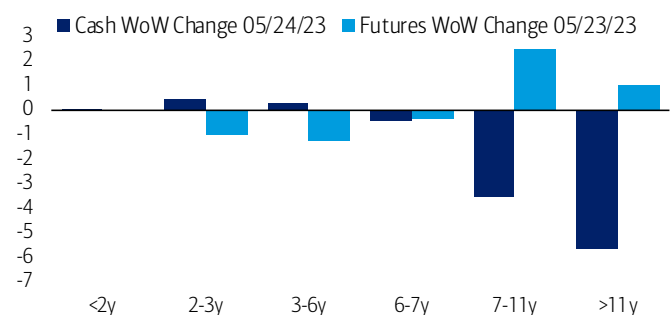
Source: BofA Global Research, Federal Reserve, Bloomberg

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## Primary dealer balance sheet

**Exhibit 36: Dealers WoW change in positions**

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

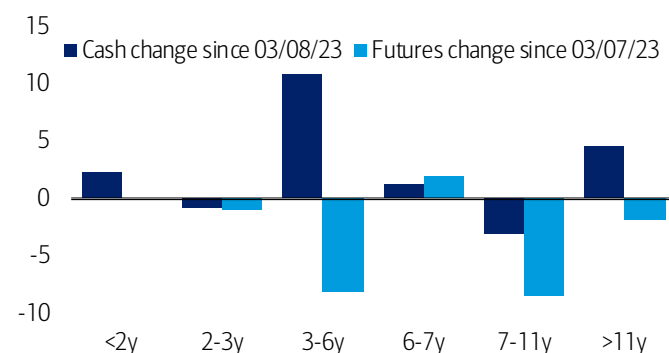


Source: BofA Global Research, NY Fed, CFTC

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**Exhibit 37: Dealers change in positions since bank risk events**

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

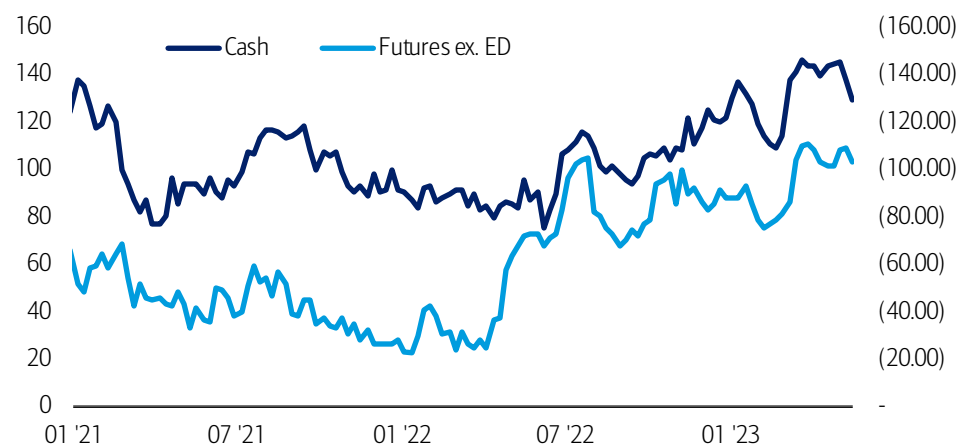


Source: BofA Global Research, NY Fed, CFTC

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**Exhibit 38: Dealers total sector positions**

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



Source: BofA Global Research, NY Fed, CFTC

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