U.S. Economic Comment

- The U.S. economy: withstanding the near-term surge in Covid…
  …a vaccine-fueled recovery after the winter months

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The U.S. Economic Outlook

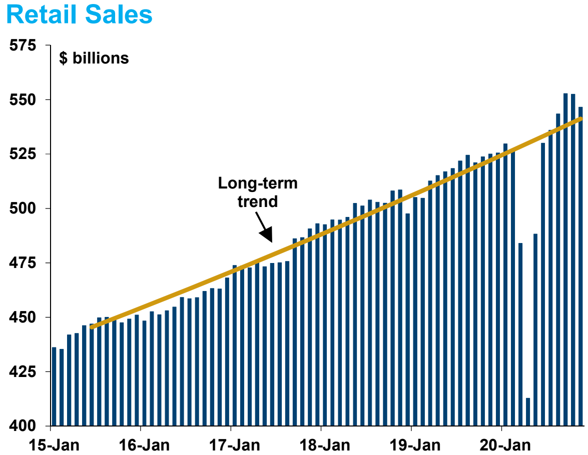
Forecasts for the U.S. economy in 2021 show a remarkable degree of unanimity: slow growth and possible decline over the next several months because of the recent acceleration in the number of Covid cases, and a firm expansion thereafter as vaccines establish something close to herd immunity. Various forecasts offer different magnitudes of change, but we have not seen any projection that deviates from the pattern of slow near term and firm in the second half of the year.

The key issue at this point is whether the economy can stay on track as the virus rages during the winter months. We lean on the optimistic side of this issue, partly because the economy seems to be holding up reasonably well despite the acceleration in the spread of the virus, and partly because Congress appears likely to provided additional support.

The latest week brought two pieces of evidence that might suggest marked slowing in the economy, but in our view, the statistics were not especially troubling. Retail sales fell for the second consecutive month in November, with the latest decline of 1.1 percent representing a sizeable shift (the October change was modest at -0.1 percent). However, this series was due for a correction, as surges in May and June, along with respectable advances in the next four months, had pushed activity well above pre-virus highs and above an extrapolation of the pre-virus trend. Even with the declines in the past two months, sales remained above trend (chart, left). In our view, the still-elevated level is a sign of resiliency; businesses and consumers are learning to cope with the virus.

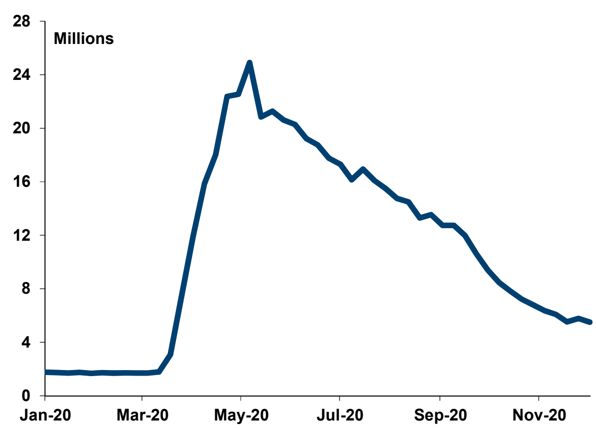
Initial claims for unemployment insurance under regular state programs rose for the second consecutive week and for the fourth time in the past five weeks. The changes clearly signal slippage in the labor market, but the shifts seem modest relative to the acceleration in the spread of the virus. The number of new Covid cases is approximately 2.5 times the peak during the second wave of the virus, but the pickup in unemployment claims is little more than a wiggle.

Retail Sales



Sources: U.S. Census Bureau via Haver Analytics

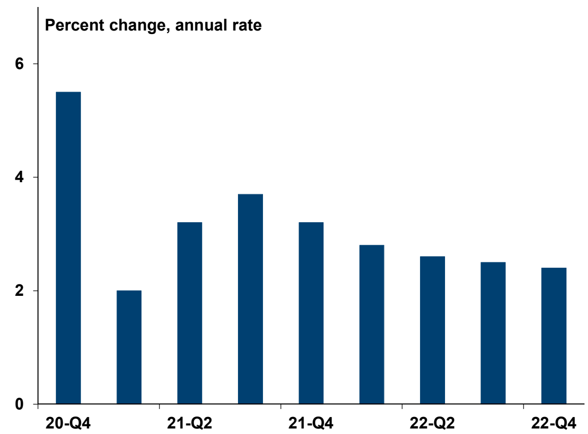
Continuing Claims for Unemployment Insurance



Source: U.S. Department of Labor, Employment and Training Administration via Haver Analytics

The situation is similar with continuing unemployment claims (individuals receiving benefits). The number of recipients has shown little net change in the past two weeks, ending a distinct downward trend (chart; prior page, right). The flattening in trend is disappointing, but we would have envisioned a more distinct change in response to lockdowns (voluntary and mandated) that have accompanied the surge in the spread of the virus. This series is being restrained to a degree by individuals exhausting their benefits, a view supported by a pickup in claims under the Pandemic Emergency Unemployment Compensation program (PEUC), but still, the change in the total number of individuals receiving benefits is moderate relative to the surge in Covid.

Daiwa's Outlook for GDP Growth*



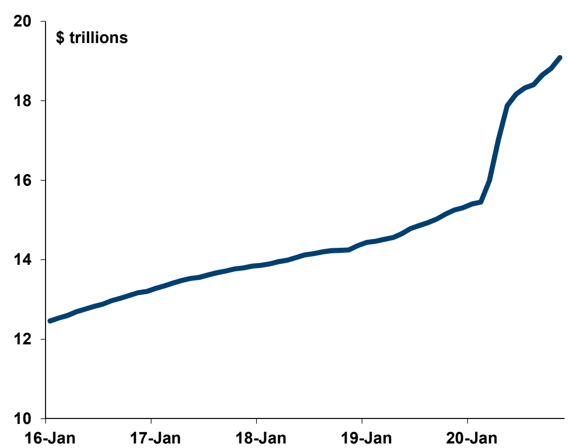
** The readings for 2020-Q4 to 2022-Q4 are forecasts.*
Source: Daiwa Capital Markets America

Economic growth in Q4 seems assured, as signs of softening began to appear only in late November; decent results for October and most of November should keep the economy on track. Recent signs of weakness will be more of an issue for the first quarter, but given the signs of resiliency, and given likely support from the federal government, we suspect the economy will stay on track.

Beyond Q1: Sources of Support

An effective vaccine, once widely distributed, is likely to trigger a surge in pent-up demand. Consumers will be anxious to travel and socialize, and they are likely to have the wherewithal to do so. The personal saving rate has surged this year as strong government support in the spring pushed personal income well above its underlying trend, and with spending limited by lockdowns, large shares of the income flows sat in deposit accounts or were used to pare debt. Deposit balances are still high, as shown by the elevated level of M2 (chart). Thus, consumers should be quite active once concern about the virus dissipates. (Chart above and projections on page 5.)

M2 Money Supply



Source: Federal Reserve Board via Haver Analytics

The housing market has been robust in the past several months, and we expect it to remain favorable next year. Longer-term interest rates are likely to increase with the recovery in the economy, but they should remain low by historical standards. The accommodative financial setting, along with recovery in the labor market, should keep home sales elevated, which will stir new home construction. The rate of growth in home building will probably slow from the expected pace of approximately 25 percent in Q4, but it will be contributing positively to economic growth.

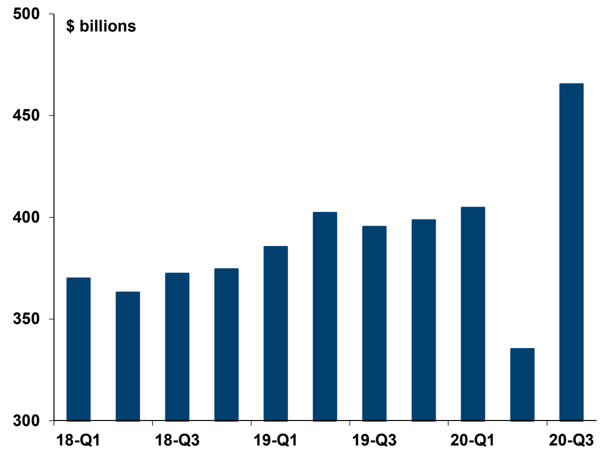
Businesses also are likely to provide considerable support. Firms already have started to rebuild inventories, and this process will probably continue for a time. In addition, orders for capital goods other than aircraft have jumped well above pre-virus levels, suggesting that equipment spending will be brisk. The drag from the aircraft sector should lessen in 2021. Orders for commercial aircraft have returned to positive territory in September after net cancellations in five of the prior six months. Businesses have limited construction projects this year, mostly likely because of uncertainty generated by the pandemic. As this uncertainty fades, business-related construction could pickup.

Gov't Spending

Most of the fiscal support likely to be approved by Congress will not feed directly into GDP. Most of the government outlays will be in the form of so-called transfer payments (a government outlay with no goods or services received in return). Such support will fuel GDP when the transfers are spent by the recipient, whether a consumer, business, or state or local government, but it will not boost federal spending in the GDP accounts.

While much of the fiscal package now under discussion will not feed directly into GDP, we suspect that later next year Congress will approve some elements of the Biden spending plan that will influence the economy directly. President-Elect Biden campaigned on a platform that involved $5.4 trillion of new spending over 10 years (approximately two percent of trend GDP over this period). Most of the plan focuses on education, infrastructure, and health care.

State Tax Revenue*



** Seasonally adjusted.*
Source: U.S. Census Bureau

The enormous budget deficits and the surge in federal debt that have emerged in the past two years might seem to preclude meaningful new spending programs. However, new views on sustainable fiscal positions are being advanced by economists that have advised Democratic administrations in the past. Most notable are Jason Furman and Lawrence Summers, both currently at Harvard University. The crux of their argument is simple: low interest rates effectively offer fiscal space to the federal government. Wide budget deficits and elevated debt are not a burden if the carrying cost of the debt is low.

Traditionally, elevated levels of debt (say, ratios of debt to GDP in excess of 100 percent) were seen as representing strains that could slow underlying growth. However, Furman and Summers argue that the ratio of debt-to-GDP is a flawed measure; it is a comparison of a stock variable (debt, which represents a cumulative total over many years) with a flow variable (GDP, the amount of production in a single year). Given the different time dimensions of the variables, the ratio is effectively a comparison of apples and oranges. If a stock/stock ratio is examined (say, debt to the present value of future GDP), or similarly a flow/flow ratio (say, interest expense to GDP), then the fiscal position of the U.S. is not alarming. Democrats most likely will embrace this view, and numerous Republicans are likely to be sympathetic as well, which could open a door to more federal spending.

Press reports and statements from members of Congress suggest that state and local governments are in desperate financial conditions, which suggests that spending could decline substantially. However, we wonder about the accuracy of this view. While receipts tumbled in Q2, they rebounded strongly in Q3. For the first three quarters of the year, collections are up $22 billion or 1.9 percent from the same period last year (chart, above). The chart is based on seasonally adjusted data, and perhaps the seasonal factors are askew, but not seasonally adjusted figures show only modest slippage in the first three quarters of the year (off $7.6 billion or 0.6 percent). Undoubtedly, some states are experiencing difficulty (we have seen estimates showing a revenue decline in excess of 30 percent in Alaska because of a drop in oil-related receipts), but in total, the volume of aid now under discussion in Congress seems like overkill.

Revenue concerns among state and local governments, although likely overstated, have in fact triggered layoffs and spending cuts, and we suspect that officials will remain cautious in the near term. However, as virus-related risks diminish, and as federal aid rolls in, state and local governments will most likely begin to resume normal activities.

Inflation

The inflation rate next year is likely to pick up, reflecting a reversal of pandemic-related restraint seen this year. Sharp reductions in demand because of Covid has led to heavy discounting in air fares, hotel fees, and apparel prices. In addition, upward pressure on rental rates has eased noticeably. As concern about the spread of the virus fades next year, travel will increase and individuals will be purchasing more clothes as social interaction and working from offices increase. Heavy discounts seen in recent months are likely to be reversed, which will most likely boost inflation measures.

Beyond next year, the inflation path will depend on how fundamentals unfold, but we would not look for a notable easing. Janet Yellen, while Chair of the Fed, outlined a convenient model of inflation dynamics. Ms. Yellen (and presumably many other Fed officials) saw three key variables as driving inflation: slack, inflation expectations, and idiosyncratic factors, which often involve shifts in energy prices and import prices.

We suspect that inflation expectations could wiggle higher. The faster rate of inflation that is likely to emerge in 2021 as discounts unwind, combined with supportive fiscal policy and accommodative monetary policy, could lead to thoughts of a longer-term step up in inflation. In addition, an idiosyncratic factor could come into play. The foreign exchange value of the dollar has softened since the spring (the Fed’s trade-weighted dollar index is off more than nine percent from the April average), which will push import prices higher.

Monetary Policy and Interest Rates

The Federal Open Market Committee did not make significant changes at its latest meeting, but the policy statement and Chair Powell’s press conference left the distinct impression that officials intend to remain highly accommodative. The dot plot showed near-zero short-term interest rates through 2023, and officials at this time have no thoughts of ending their quantitative easing program.

The accommodative tone of Fed communications has lessened our confidence in the call for rate hikes to begin in 2022. However, we would not abandon the view just yet. The economic surprises in the past several months have largely been on the plus side; that is, the recovery from the pandemic-led downturn has been sharper than expected. As just one example, back in June, Fed officials expected the Q4 unemployment rate to be 9.3 percent, and in September they saw the jobless rate at 7.6 percent. That rate currently is 6.7 percent. An effective vaccine could continue to generate upside surprises that might change views at the Fed.

Views among market participants will most likely shift as the recovery progresses. Already the rate on 10-year Treasury securities has moved from a low of 55 basis points in the summer to more than 90 basis points currently. We suspect that further recovery in the economy will continue to push rates higher, with the 10-year yield reaching 1.5 percent by the end of the year.

Next Comment:

We will provide reviews of economic statistics over the next two weeks, but we will take a break from our Friday commentary. Our next newsletter will be on January 8.

U.S. Economic Outlook*

(Percent change annual rate, unless otherwise noted)

		2020	2021				2022			
Item		**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
1	Gross Domestic Product	5.6	2.2	3.9	3.7	3.2	2.9	2.8	2.7	2.6
2	Personal Consumption Expenditures	5.0	1.5	4.0	3.5	3.0	2.6	2.5	2.4	2.2
3	Business Fixed Investment	5.2	3.0	4.3	5.7	5.2	5.2	4.7	4.4	4.4
4	Residential Construction	25.0	12.0	9.0	7.0	5.0	4.0	3.0	2.5	2.3
5	Change in Business Inventories	1.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0
	(Contribution to growth)									
6	Government Spending	-2.0	1.3	2.5	2.4	2.3	2.3	2.8	3.1	2.9
7	Net Exports	-0.3	-0.1	-0.3	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1
	(Contribution to growth)									
	End of Period Figures:									
	Inflation and Unemployment									
8	Core PCE Price Index	1.7	1.8	2.0	2.2	2.1	2.1	2.2	2.3	2.3
	(Annual rate)									
9	Unemployment Rate	6.7	6.3	6.0	5.6	5.2	4.9	4.7	4.5	4.4
	Interest Rates									
10	Federal Funds Target (midpoint)	0.13	0.13	0.13	0.13	0.13	0.13	0.38	0.38	0.63
11	2-year Treasury	0.20	0.20	0.20	0.30	0.50	0.55	0.85	1.00	1.25
12	10-year Treasury	0.95	1.00	1.10	1.25	1.50	1.65	1.95	2.15	2.40
13	30-year Fixed-Rate Mortgages	2.90	2.95	3.10	3.25	3.50	3.75	4.05	4.25	4.50

** The readings for 2020-Q4 to 2022-Q4 are forecasts.*
Source: Daiwa Capital Markets America

Review

Week of Dec. 14, 2020	Actual	Consensus	Comments
Industrial Production (November)	**0.4%**	**0.3%**	Industrial production increased for the sixth time in the past seven months, with the cumulative changes retracing 71% of the ground lost during the virus-related drop in the spring. Much of the gain in November reflected an increase of 0.8% in the manufacturing component, which marked the seventh consecutive advance. The manufacturing component has now recouped more than 81% of the ground lost during the spring. Mining activity advanced 2.3%, reestablishing an upward drift after little net change in the prior three months. Utility output dropped 4.3%, but the weak result was most likely driven by shifts in temperatures rather than economic fundamentals.
Retail Sales (November)	**-1.1% Total, -0.9% Ex-Autos**	**-0.3% Total, 0.1% Ex-Autos**	The decline in retail sales in November was notably wider than expected and broadly based. Many observers will argue that the results show the constraining effects of the acceleration in the number of new Covid cases. Alternatively, one could argue that the drop was payback for unusually brisk results in prior months. Because of surges in May and June, and additional growth in the following four months, sales had moved well above pre-virus levels. A correction or a regression-to-trend was likely at some point. Both forces most likely were in play, although we view the second (payback) as more significant.
Housing Starts (November)	**1.547 Million (1.2%)**	**1.535 Million (0.3%)**	The increase in housing starts in November added to an already firm performance in recent months. The multi-family family sector led the advance, but the increase of 4.0% occurred from a mediocre level and left the number of starts a bit below the average in the prior two years. Single-family starts rose only 0.4%, but shift occurred from an elevated reading in October and left the number of starts in a firm position -- above all readings in the previous expansion and comfortably within the range during the 1990s expansion.
Current Account (2020-Q3)	**-$178.5 Billion ($17.1 Billion Wider Deficit)**	**-$187.0 Billion ($16.5 Billion Wider Deficit)**	The current account balance widened by $17.2 billion in the third quarter of 2020 from a downwardly revised deficit in Q2 ($161.4 billion versus $170.5 billion). The result contrasted noticeably with a quarterly average deficit of $120 billion last year. The deficit in trade flows, the primary driver of the imbalance, widened by $29.7 billion in Q3, while an improvement of $12.6 billion in income flows provided a partial offset. The current account deficit as a share of GDP widened to 3.4% from 3.3% in Q2 and an average of 2.2% last year.
Leading Indicators (November)	**0.6%**	**0.5%**	Positive contributions from the ISM new orders index, building permits, initial claims for unemployment insurance, and stock prices offset small negative contributions elsewhere to push the index of leading economic indicators higher for the seventh consecutive month. The recent string of advances has recouped 81% of the ground lost in the spring.

Sources: Federal Reserve Board (Industrial Production); U.S. Census Bureau (Retail Sales, Housing Starts); Bureau of Economic Analysis (Current Account); The Conference Board (Leading Indicators); Consensus forecasts are from Bloomberg

Preview

Week of Dec. 21, 2020	Projected	Comments
Revised GDP (2020-Q3) (Tuesday)	**33.1% (Unrevised)**	The usual array of major economic statistics would suggest a slight upward revision to Q3 GDP growth (firmer business construction and inventory investment). However, in a quarter involving wild swings in the economy, the numerous esoteric items that feed into the final estimate of GDP have the potential to generate surprises in either direction. Thus, it is perhaps best to look for no revision.
Consumer Confidence (December) (Tuesday)	**99.0 (+2.9 Index Pts.)**	Record readings on major stock indexes are likely to brighten moods and lead to an increase in the Conference Board index. The expected increase, while welcome, represents only a partial offset to a drop in November, and the level of the index would remain well shy of the pre-virus peak of 132.6 in February.
Existing Home Sales (November) (Tuesday)	**6.70 Million (-2.2%)**	Declines in pending home sales in September and October suggest that sales of existing homes, which are based on closed transactions, will lose some of their edge in November. Although activity is expected to ease, the projected level of sales is still quite strong -- above all readings in the prior expansion and in the low portion of the range seen during the housing bubble.
Durable Goods Orders (November) (Wednesday)	**0.5%**	Results on employment and production suggest that the manufacturing sector is still in recovery mode. Activity is not as brisk as it was in the early stages of the recovery, but it is still strong enough to fuel order flows.
Personal Income, Consumption, Core Price Index (November) (Wednesday)	**-0.3%, 0.0%, 0.2%**	Job growth, although easing, is still firm enough to generate a respectable advance in wages, but another reduction in government transfer payments is likely to provide an offset. Farm income also is likely to decline after a subsidy-led surge in October. On the spending side, a drop in vehicle sales and slow retail activity suggest little change. Results from the CPI point to moderate increases in the price indexes.
New Home Sales (November) (Wednesday)	**1.000 Million (+0.1%)**	Sales of new homes have performed quite well in recent months, but they have not surged to the same degree that sales of existing homes have. As a result, the market does not seem stretched in the current low-interest-rate environment, and thus should be able to sustain the favorable readings seen in the past three months.

Source: Forecasts provided by Daiwa Capital Markets America

Economic Indicators

December 2020/January 2021

Monday	Tuesday	Wednesday	Thursday	Friday
14	15	16	17	18
	EMPIRE MFG Oct 10.5 Nov 6.3 Dec 4.9 **IMPORT/EXPORT PRICES** Non-petrol Imports / Nonagri. Exports Sept 0.6% 0.3% Oct -0.1% -0.1% Nov 0.0% 0.3% **IP & CAP-U** IP / Cap.Util. Sept -0.1% 72.3% Oct 0.9% 73.0% Nov 0.4% 73.3% **TIC DATA** Total / Net L-T Aug $79.2B $27.8B Sept -$80.5B $108.9B Oct -$10.4B $51.9B **FOMC MEETING**	**RETAIL SALES** Total / Ex.Autos Sept 1.7% 1.4% Oct -0.1% -0.1% Nov -1.1% -0.9% **BUSINESS INVENTORIES** Inventories / Sales Aug 0.3% 0.9% Sept 0.8% 0.9% Oct 0.7% 0.9% **NAHB HOUSING INDEX** Oct 85 Nov 90 Dec 86 **FOMC DECISION**	**UNEMPLOYMENT CLAIMS** Initial / Continuing (Millions) Nov 21 0.787 5.527 Nov 28 0.716 5.781 Dec 05 0.862 5.508 Dec 12 0.885 N/A **HOUSING STARTS** Sept 1.437 million Oct 1.528 million Nov 1.547 million **PHILLY FED INDEX** Oct 32.3 Nov 26.3 Dec 11.1	**CURRENT ACCOUNT** 20-Q1 -$111.5 bill. 20-Q2 -$161.4 bill. 20-Q3 -$178.5 bill. **LEADING INDICATORS** Sept 0.7% Oct 0.8% Nov 0.6%
21	22	23	24	25
CHICAGO FED NATIONAL ACTIVITY INDEX (8:30) Monthly / 3-Mo. Avg. Sept 0.32 1.37 Oct 0.83 0.75 Nov -- --	**REVISED GDP (8:30)** GDP / Chained Price 20-Q2 -31.4% -1.8% 20-Q3(p) 33.1% 3.6% **20-Q3(r) 33.1% 3.6%** **CONFERENCE BOARD CONSUMER CONFIDENCE (10:00)** Oct 101.4 Nov 96.1 **Dec 99.0** **EXISTING HOME SALES (10:00)** Sept 6.57 million Oct 6.85 million **Nov 6.70 million**	**INITIAL CLAIMS (8:30)** **DURABLE GOODS ORDERS (8:30)** Sept 2.1% Oct 1.3% **Nov 0.5%** **PERSONAL INCOME, CONSUMPTION, AND CORE PRICE INDEX (8:30)** Inc. / Cons. / Core Sept 0.7% 1.2% 0.2% Oct -0.7% 0.5% 0.0% **Nov -0.3% 0.0% 0.2%** **FHFA HOME PRICE INDEX (9:00)** Aug 1.5% Sept 1.7% Oct -- **REVISED CONSUMER SENTIMENT (10:00)** Oct 81.8 Nov 76.9 Dec(p) 81.4 **NEW HOME SALES (10:00)** Sept 1.002 million Oct 0.999 million **Nov 1.000 million**		***CHRISTMAS DAY***
28	29	30	31	1
	S&P CORELOGIC CASE-SHILLER 20-CITY HOME PRICE INDEX	**U.S. INTERNATIONAL TRADE IN GOODS** **ADVANCE INVENTORIES** **MNI CHICAGO REPORT** **PENDING HOME SALES**	**INITIAL CLAIMS**	***NEW YEAR'S DAY***
4	5	6	7	8
CONSTRUCTION SPEND.	**ISM MANUFACTURING INDEX** **VEHICLE SALES**	**ADP EMPLOYMENT REPORT** **FACTORY ORDERS** **FOMC MINUTES**	**INITIAL CLAIMS** **TRADE BALANCE** **ISM SERVICES INDEX**	**EMPLOYMENT REPORT** **WHOLESALE TRADE** **CONSUMER CREDIT**

Forecasts in Bold. *(p) = preliminary (2nd estimate of GDP); (r) = revised (3rd estimate of GDP)*

Treasury Financing

December 2020/January 2021

Monday	Tuesday	Wednesday	Thursday	Friday
14	15	16	17	18
AUCTION RESULTS: Rate Cover 13-week bills 0.075% 2.90 26-week bills 0.085% 3.16	**AUCTION RESULTS:** Rate Cover 42-day CMB 0.075% 3.21 119-day CMB 0.085% 3.47 **ANNOUNCE:** $30 billion 4-week bills for auction on December 17 $35 billion 8-week bills for auction on December 17 $25 billion 105-day CMBs for auction on December 16 $30 billion 154-day CMBs for auction on December 16 **SETTLE:** $30 billion 4-week bills $35 billion 8-week bills $56 billion 3-year notes $38 billion 10-year notes $24 billion 30-year bonds $25 billion 105-day CMBs $30 billion 154-day CMBs	**AUCTION RESULTS:** Rate Cover 105-day CMB 0.085% 3.82 154-day CMB 0.090% 3.28	**AUCTION RESULTS:** Rate Cover 4-week bills 0.075% 3.54 8-week bills 0.080% 3.38 **ANNOUNCE:** $105 billion 13-,26-week bills for auction on December 21 $24 billion 2-year FRNs for auction on December 23 $24 billion 20-year bonds for auction on December 21 $15 billion 5-year TIPS for auction on December 22 $30 billion 42-day CMBS for auction on December 22 $30 billion 119-day CMBs for auction on December 22 **SETTLE:** $105 billion 13-,26-week bills $30 billion 42-day CMBs $30 billion 119-day CMBs	
21	22	23	24	25
AUCTION: $105 billion 13-,26-week bills $24 billion 20-year bonds	**AUCTION:** $15 billion 5-year TIPS $30 billion 42-day CMBs $30 billion 119-day CMBs **ANNOUNCE:** $30 billion* 4-week bills for auction on December 24 $35 billion* 8-week bills for auction on December 24 **SETTLE:** $30 billion 4-week bills $35 billion 8-week bills $25 billion 105-day CMBs $30 billion 154-day CMBs	**AUCTION:** $24 billion 2-year FRNs	**AUCTION:** $30 billion* 4-week bills $35 billion* 8-week bills **ANNOUNCE:** $105 billion* 13-,26-week bills for auction December 28 $34 billion* 52-week bills for auction on December 29 $58 billion* 2-year notes for auction on December 28 $59 billion* 5-year notes for auction on December 28 $59 billion* 7-year notes for auction on December 29 **SETTLE:** $105 billion 13-,26-week bills $30 billion 42-day CMBs $30 billion 119-day CMBs	***CHRISTMAS DAY***
28	29	30	31	1
AUCTION: $105 billion* 13-,26-week bills $58 billion* 2-year notes $59 billion* 5-year notes **SETTLE:** $24 billion 2-year FRNs	**AUCTION:** $34 billion* 52-week bills $59 billion* 7-year notes **ANNOUNCE:** $30 billion* 4-week bills for auction on December 31 $35 billion* 8-week bills for auction on December 31 **SETTLE:** $30 billion* 4-week bills $35 billion* 8-week bills		**AUCTION:** $30 billion* 4-week bills $35 billion* 8-week bills **ANNOUNCE:** $105 billion* 13-,26-week bills for auction January 4 **SETTLE:** $105 billion* 13-,26-week bills $34 billion* 52-week bills $24 billion 20-year bonds $15 billion 5-year TIPS $58 billion* 2-year notes $59 billion* 5-year notes $59 billion* 7-year notes	***NEW YEAR'S DAY***
4	5	6	7	8
AUCTION: $105 billion* 13-,26-week bills	**ANNOUNCE:** $30 billion* 4-week bills for auction on January 7 $35 billion* 8-week bills for auction on January 7 **SETTLE:** $30 billion* 4-week bills $35 billion* 8-week bills		**AUCTION:** $30 billion* 4-week bills $35 billion* 8-week bills **ANNOUNCE:** $105 billion* 13-,26-week bills for auction January 11 $58 billion* 3-year notes for auction on January 11 $38 billion* 10-year notes for auction on January 12 $24 billion* 30-year bonds for auction on January 13 **SETTLE:** $105 billion* 13-,26-week bills	

**Estimate*