U.S. Economic Comment

- 2024 U.S. economic outlook: sluggish performance with mild contraction possible
- Inflation: additional progress in 2024, but return to two-percent not yet assured
- Monetary policy: pivot contingent on additional easing in inflation

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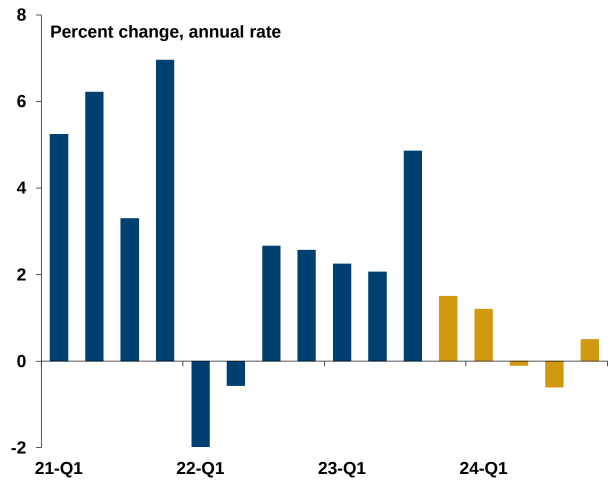
2024 Outlook

Overview

Despite the Federal Reserve's aggressive campaign of monetary policy tightening to curtail rapid underlying inflation, the U.S. economy likely ended 2023 on firm footing. If our expectation of 1.5 percent growth, annual rate, for 2023-Q4 is realized, the U.S. economy will have expanded at a brisk 2.7 percent rate for the year on a Q4/Q4 basis – exceeding our estimate of potential growth. For several reasons, however, we do not anticipate a repeat performance in 2024. Restrictive monetary policy has contributed importantly to the slowing brisk underlying inflation, but the cumulative effects of the rapid policy tightening also are likely to constrain growth more forcefully -- and possibly tip the U.S. economy into a mild recession (chart, below left). At the same time, we project inflation to continue easing, albeit with slower and nonlinear progress (chart, below right). Amid sluggish economic activity and receding inflation, we expect the Fed to begin unwinding its restrictive policy stance in 2024. However, as Fed officials have said they want to see additional evidence that inflation is moving sustainably back toward their two-percent objective, we do not anticipate a pivot before 2024-Q2.

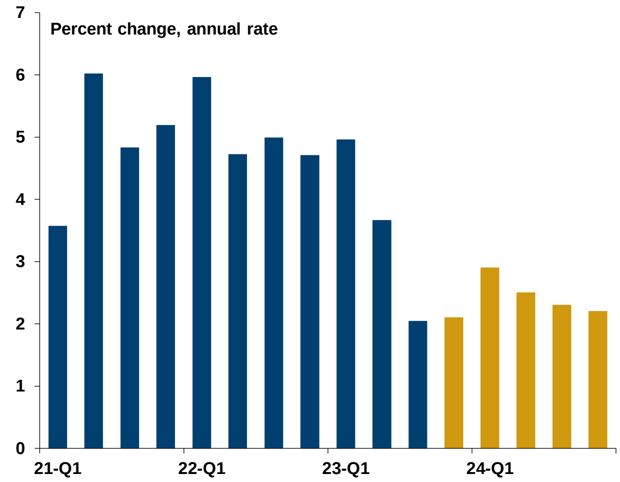
GDP Growth*



** The readings for 2023-Q4 to 2024-Q4 (gold bars) are forecasts.*

Sources: Bureau of Economic Analysis via Haver Analytics; Daiwa Capital Markets America

Core PCE Price Index*



** PCE = personal consumption expenditures. The readings for 2023-Q4 to 2024-Q4 are forecasts.*

Sources: Bureau of Economic Analysis via Haver Analytics; Daiwa Capital Markets America

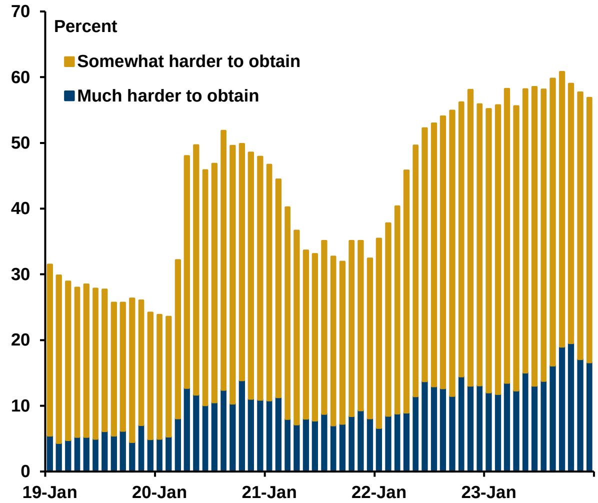
U.S. GDP Growth

Following the strong performance in 2023, we are less optimistic for the economy to achieve a similar outcome in 2024. We suspect that the cumulative effects of previous monetary policy tightening were lagged somewhat and are only now coming into full force, with the real economy responding accordingly. Thus, while underlying momentum could keep the economy on a growth trajectory in Q1, we anticipate activity fading into mid-year.

Active households were a key driver of the U.S. economy's resilience in 2023. Consumer spending, which likely increased around 2.5 percent (Q4/Q4) last year, was supported importantly by excess savings tied to pandemic-related government transfers, robust credit growth, and strong labor market conditions. These tailwinds could fade into mid-year, if not sooner. The support from excess savings, for instance, may have been exhausted already, with various Fed studies suggesting that funds have been depleted, or are on track to be early this year.

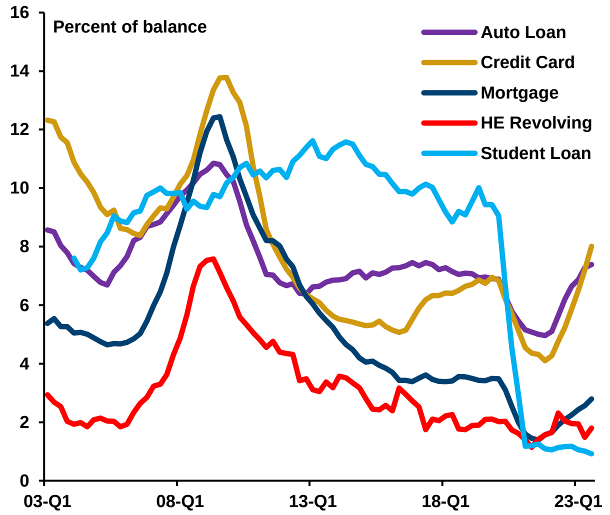
Additionally, consumer interest rates (which have jumped) and lending standards (which have tightened) are factors that could constrain further credit growth in the months ahead, while some lenders could pullback further amid recent increases in consumer loan delinquencies (charts, below). Moreover, despite solid job growth and limited layoffs in late 2023, many cyclically sensitive industries have postponed hiring plans or started reducing headcounts. Thus, consumers may exhibit increasing caution and a lower propensity to spend as conditions worsen.

Change in Credit Availability: 1-Year Ago



Source: Survey of Consumer Expectations, Federal Reserve Bank of New York via Haver Analytics

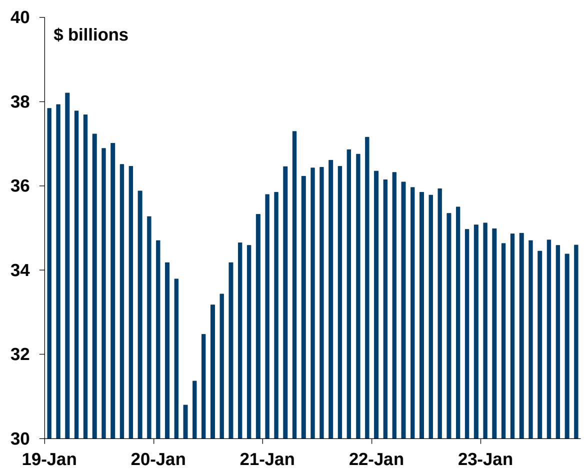
Transition to Delinquency (30+ Days)*



** Four-quarter moving sum. There is no data prior to 2004 for student loans due to uneven reporting.*
Source: Quarterly Report on Household Debt and Credit, Federal Reserve Bank of New York

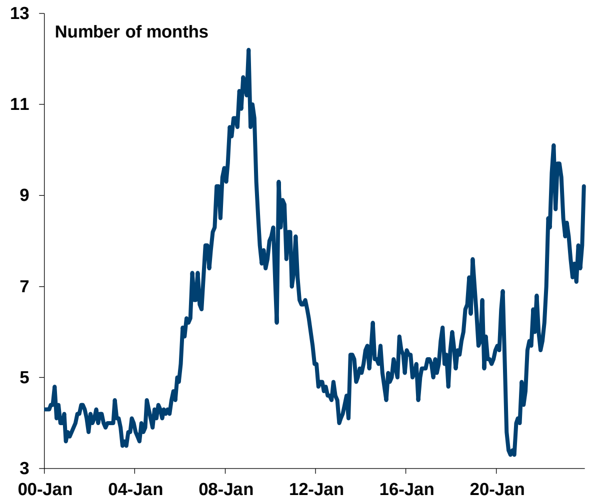
Other sectors of the economy are likely to soften or remain weak in 2024. Outlays by state and local governments, previously supported by unspent COVID funds, may fade as that resource is exhausted and tax revenues are curtailed amid slower economic activity. Additionally, business fixed investment could be tepid amid tight financial conditions and slack demand. Investment in structures appears poised to ease after a burst in 2023 that was tied to the CHIPS Act and Inflation Reduction Act led to a surge in the construction of new manufacturing facilities. Moreover, equipment spending has been choppy. Absent an easing in financial conditions and associated rebound in demand, odds favor another subdued performance in 2024, as implied by an unimpressive trend in real orders for nondefense capital goods excluding aircraft (chart). Given challenging conditions for businesses, executives are more likely to keep tight control of inventories to prevent excess accumulation and potential for write-downs. Beyond the business sector, the housing market remains mired in a slump; builders may proceed cautiously with new projects as inventories of unsold new properties have jumped (the inventory of new homes available for sale is at 9.3 months). Moreover, sentiment is consistent with other recessionary periods (charts, next page).

New Orders for Durable Goods*



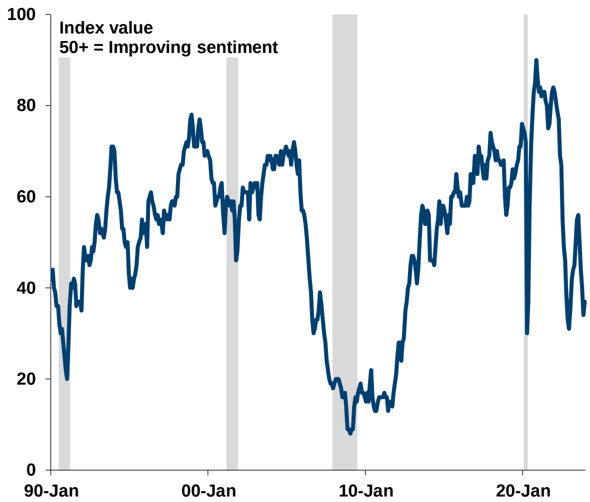
** Nominal orders of nondefense capital goods excluding aircraft adjusted by the private capital equipment component of the producer price index.*
Sources: Bureau of Labor Statistics, U.S. Census Bureau via Haver Analytics; Daiwa Capital Markets America

Months' Supply of Unsold Homes



Source: U.S. Census Bureau via Haver Analytics

NAHB Housing Market Index*



** The shaded areas indicate periods of recession in the United States.*

Sources: National Association of Home Builders, National Bureau of Economic Research via Haver Analytics

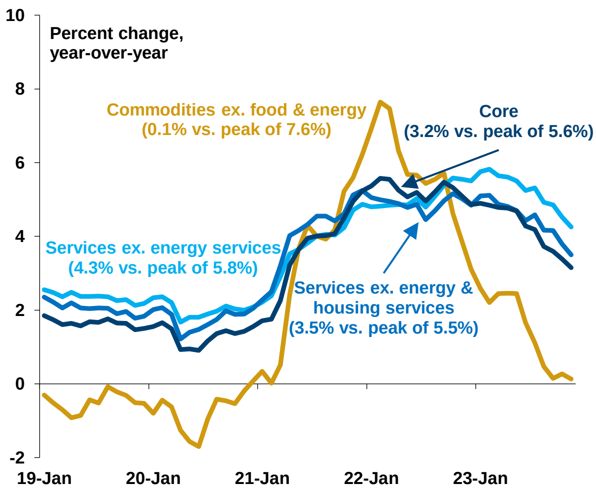
With the likely slowing in activity generated by restrictive monetary policy, our baseline scenario calls for the economy to tip into recession by Q2. However, barring an unforeseen shock (such as an expansion of regional conflicts abroad or intensifying loan losses associated with domestic commercial real estate), we suspect that the downturn will be relatively mild. While households may have exhausted excess savings, their balance sheets are still solid. Debt relative to income is still manageable, particularly as many have locked in mortgages at previously low rates. Moreover, while the labor market should soften, conditions seem less likely to deteriorate dramatically. After difficulty with rehiring qualified staff post-COVID, many firms now appear more eager to retain staff even amid challenging economic conditions. In the business sector, significant resources have been allocated to research and development and supply-chain improvement, raising the possibility of a rapid turn in activity as financing costs improve and demand picks up. While both federal and state governments may be hampered by ballooning debt, limiting their future ability to invest, the private sector appears likely to recover in 2025 after a brief recalibration.

Inflation

The worst of the 2021-2022 inflation surge appears to be receding. Supply chains have returned to normal in the post-pandemic period, and commodity prices have cooled after jumping in response to Russia's initial invasion of Ukraine, which has led to a settling in food and energy inflation. Moreover, a robust monetary policy response and resultant tightening in financial conditions have constrained aggregate demand and allowed broad supply-demand dynamics in the U.S. economy to become better aligned.

Regarding core inflation (which excludes the volatile food and energy components), the most notable improvement is in goods prices, which have returned to the subdued pre-pandemic trend as the economy reopened and conditions returned to normal (chart on core PCE; the latest observations are for November). Pandemic-era semiconductor shortages, which had precipitated spikes in the prices of both new and used automobiles, have now eased, along with the demand for household goods and electronics (which jumped when individuals were locked down).

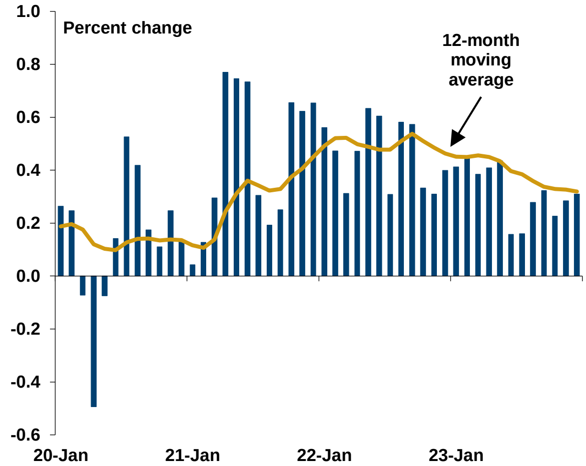
PCE Inflation



Source: Bureau of Economic Analysis via Haver Analytics

With that in mind, 2024 inflation risks are concentrated in the service area (chart, previous page). Housing-related services have remained under pressure, with rents of tenant-occupied nonfarm housing increasing 6.9 percent year-over-year as of November 2023, down from a recent peak of 8.8 percent in March 2023 but well above the pre-pandemic trend. Imputed rents of owner-occupied nonfarm housing remained under similar pressure, up 6.7 percent year-over-year, also as of November (CPI data for December showed similar results: housing inflation remained on a firm trajectory). While Fed officials appear optimistic that housing costs will ease further, they have watched carefully core service prices excluding housing, which are influenced heavily by wage rates. Additional progress in this area will only be realized amid continued easing in still-tight labor market conditions.

Core CPI



Source: Bureau of Labor Statistics via Haver Analytics

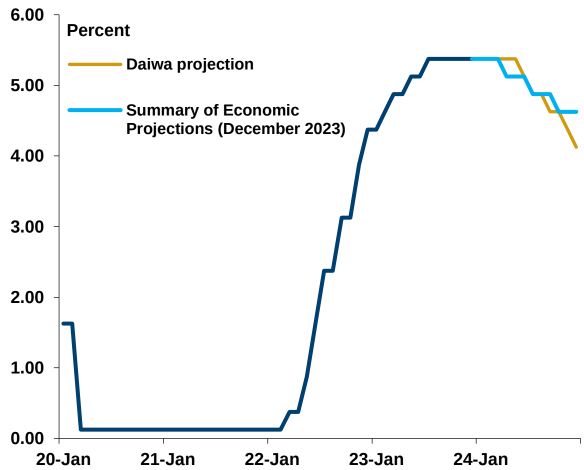
The core CPI in December was brisk, increasing 0.3 percent (chart, released Thursday). However, we do not view the results on the CPI as altering significantly our view on the PCE price index, which is the preferred inflation metric of the Fed. Translating the data to the PCE data, which will be released later this month, suggests an advance in the core PCE index of approximately 0.2 percent – with key elements of the core remaining on their current trajectories.

Monetary Policy

A robust response from the Federal Open Market Committee to rapid underlying inflation pushed the federal funds rate well into restrictive territory with a cumulative increase of 525 basis points between March 2022 and July 2023, including a series of four 75-basis-point hikes between June and November 2022. Although the latest hike in the target range for the federal funds rate occurred last summer, and comments by Fed officials strongly imply that their next move will be a cut in the federal funds rate, the FOMC “remains highly attentive to inflation risks” and acknowledges that additional policy firming “may be appropriate.”

Along those lines, the Summary of Economic Projections released alongside the December 2023 FOMC statement showed the median projection for the federal funds rate moving this year to 4.625 percent from 5.375 percent, a modest reduction, which suggests that a restrictive monetary policy setting will still be required for some time as inflation is anticipated to remain above 2.0 percent in 2024 (2024 median of 2.4 percent) and only approach 2.0 percent (median of 2.2 percent) in 2025 before returning to target in 2026. In recent comments, Fed officials have noted the more rapid easing in inflation in late 2023, but they are unwilling (as of yet) to declare victory on the inflation front or show a willingness to consider sharper cuts in the federal funds rate.

Target Federal Funds Rate*



** The light blue line shows the projected path of the federal funds target rate based on the FOMC's Summary of Economic Projections from the December 2023 meeting.*

Sources: Federal Reserve Board via Haver Analytics; Federal Open Market Committee, Summary of Economic Projections, December 2023; Bloomberg

We anticipate the Fed to pivot at some point in Q2 (chart). In our current view, we expect the move to come in June, but additional progress on inflation in early 2024 -- or a more rapid correction of supply-demand imbalances in the labor market and rapidly decelerating wages -- could prompt earlier action. That said, once the Fed pivots, we project somewhat sharper cuts than indicated in the December SEP. Monetary policy lags have proved difficult to assess in the current cycle (on account of COVID-related disruptions and significant monetary and fiscal stimulus) and we suspect that a more forceful response in the real economy to restrictive policy has been delayed, not averted. Thus, rather than just trimming rates as inflation cools, Fed officials may be prompted to cut further to offset economic weakness.

Economic Outlook*

(Percent change annual rate, unless otherwise noted)

		2023					2024				
Item		**Q1**	**Q2**	**Q3**	**Q4**	**Q4/Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q4/Q4**
1	Gross Domestic Product	2.2	2.1	4.9	1.6	2.7	1.2	-0.1	-0.6	0.5	0.2
2	Personal Consumption Expenditures	3.8	0.8	3.1	2.2	2.5	1.5	0.5	-0.6	-0.4	0.2
3	Business Fixed Investment	5.7	7.4	1.4	4.3	4.7	-0.8	-2.1	-2.5	1.2	-1.0
4	Residential Construction	-5.3	-2.2	6.7	1.0	-0.1	-1.5	-2.0	-1.5	-0.5	-1.4
5	Change in Business Inventories	-2.2	0.0	1.3	-0.7	--	0.3	-0.4	-0.2	0.3	--
	(Contribution to growth)										
6	Government Spending	4.8	3.3	5.8	2.4	4.1	1.7	1.6	1.3	0.8	1.4
7	Net Exports	0.6	0.0	0.0	-0.2	--	-0.2	0.1	0.2	0.2	--
	(Contribution to growth)										
	Inflation and Unemployment										
9	Core PCE Price Index	5.0	3.7	2.0	2.1	3.2	2.9	2.5	2.3	2.2	2.5
	(Annual rate)										
10	Unemployment Rate	3.5	3.6	3.8	3.7	--	3.9	4.3	4.4	4.5	--
	Interest Rates (End of Period)										
11	Federal Funds Target (midpoint)	4.88	5.13	5.38	5.38	--	5.38	5.13	4.63	4.13	--
12	2-year Treasury	3.95	4.87	5.03	4.23	--	4.25	3.85	3.50	3.20	--
13	10-year Treasury	3.53	3.81	4.59	3.88	--	4.00	3.70	3.55	3.35	--
14	30-year Fixed-Rate Mortgages	6.24	6.70	7.35	6.42	--	6.80	6.45	6.20	5.95	--

** Readings on the unemployment rate and interest rates are end-of-period figures. GDP and inflation data for 23-Q4 thru 24-Q4 are forecasts. 23-Q4 readings on the unemployment rate and interest rates are actuals.*

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Board, Freddie Mac via Haver Analytics; Daiwa Capital Markets America

The Week Ahead

Retail Sales (December) (Wednesday)
Forecast: 0.4% Total, 0.2% Ex. Autos, 0.3% Ex. Autos & Gas

An increase in new vehicle sales suggests a firm performance in the auto component of retail sales in December. The gasoline component, in contrast, could decline, with lower prices weighing on sales. Activity excluding autos and gasoline could be restrained, as shoppers appear to have pulled forward holiday-related shopping into the fall – a view supported by average monthly jumps of 0.7 percent in activity from September through November.

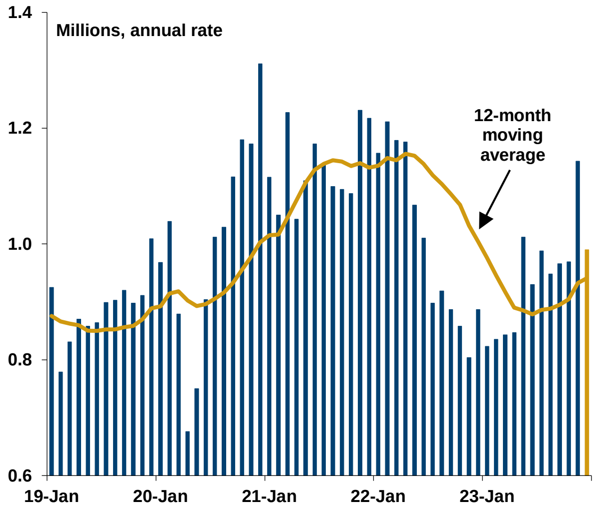
Industrial Production (December) (Wednesday)
Forecast: -0.2% Total, -0.1% Manufacturing

Restrained job growth in the factory sector and a decline in the average workweek raise the possibility of a dip in manufacturing production following recent volatility associated with strike activity in the auto sector. From a longer-term perspective, manufacturing output has tilted lower since late 2022. In contrast, pickups in the rotary rig count and hours worked raise the possibility of a second consecutive increase in mining production. That said, the trend in this area has flattened out in 2023 after a sharp upward trend in the previous two years erased a COVID-related plunge in output. Warmer-than-average temperatures suggest below-average home heating usage, which raises the possibility of a drop in utility output. However, changes in this area almost always represent changes in weather rather than economic fundamentals.

Housing Starts (December) (Thursday)
Forecast: 1.400 Million (-10.3%)

The surge of 18.0 percent in single-family housing starts to 1.143 million far exceeded the average 0.916 million in the first 10 months of 2023. That said, with builders already contending with elevated inventories and far-from-robust single-family permit issuance, the November surge appears more likely to be a random move rather than the beginning of a sustainable uptrend. Multi-family starts increased in November from recent lows, but the continued downtrend in multi-family permit issuance suggests that a further meaningful advance is unlikely in December. Brisk multi-family starts in 2022 and early 2023 likely met at least a large portion of previous firm demand for rental units.

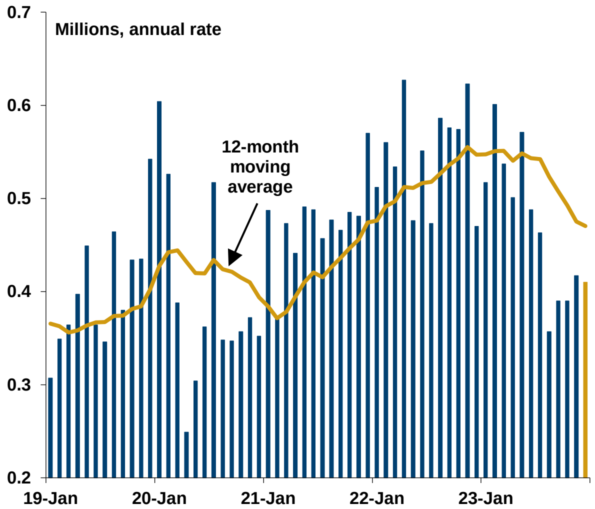
Single-Family Housing Starts*



** The gold bar is a forecast for December 2023.*

Sources: U.S. Census Bureau via Haver Analytics; Daiwa Capital Markets America

Multi-Family Housing Starts*



** The gold bar is a forecast for December 2023.*

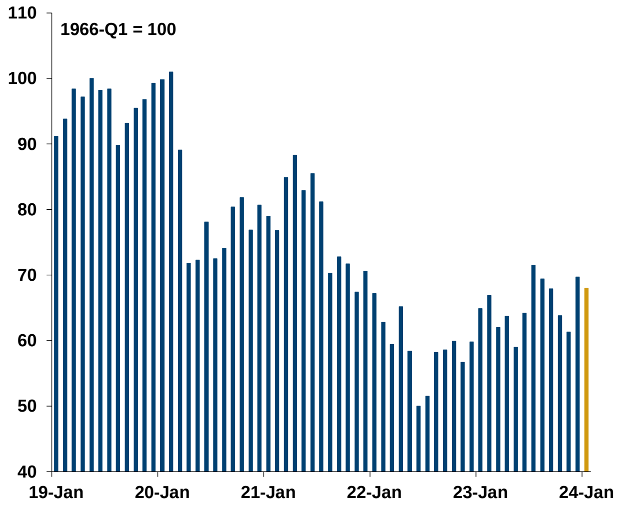
Sources: U.S. Census Bureau via Haver Analytics; Daiwa Capital Markets America

Consumer Sentiment (January) (Friday)
Forecast: 68.0 (-2.4% or 1.7 Index Pts.)

Although gasoline prices eased again in early January and are well below recent highs close to $4.00 per gallon, which all else equal would boost moods, concerns about a slowing job market and uncertain economic outlook suggest that the University of Michigan sentiment index could ease after jumping to the upper end of the subdued range of the past year.

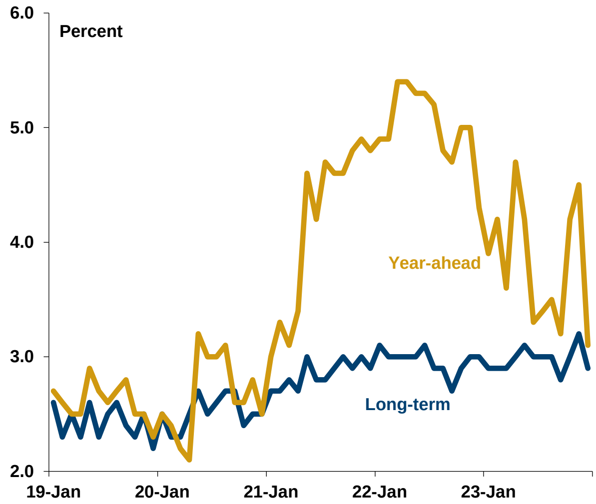
Keep an eye on the year-ahead and long-term inflation expectation measures published with the Michigan report. Year-ahead inflation expectations plunged 1.4 percentage points to 3.1 percent, reversing all of the deterioration that occurred in the October-November period. Long-term expectations also improved in December, decreasing 0.3 percentage point to 2.9 percent – a reading in the middle of the recent range.

Consumer Sentiment*



** The gold bar is a forecast for January 2024.*
Sources: University of Michigan via Haver Analytics; Daiwa Capital Markets America

Consumer Inflation Expectations

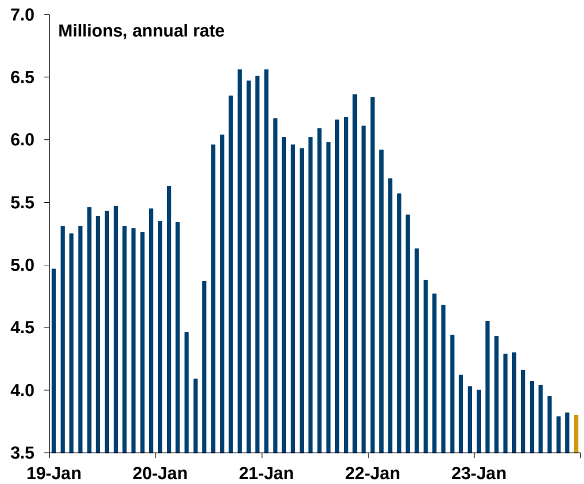


Source: University of Michigan via Haver Analytics

Existing Home Sales (December) (Friday)
Forecast: 3.80 Million (-0.5%)

Although mortgage rates eased for the second consecutive month, falling to the low seven-percent area, tight inventories and high prices are likely to restrain sales of existing homes again in December. Additionally, the index of pending home sales, which correlates with home sales one to two months in the future, remained at a record low in November after a drop in the prior month – emphasizing that the sluggish pace of transactions is unlikely to improve in the near-term.

Existing Home Sales*



** The gold bar is a forecast for December 2023.*
Sources: National Association of Realtors via Haver Analytics; Daiwa Capital Markets America

Economic Indicators

January/February 2024

Monday 8

CONSUMER CREDIT

Sep	$10.9 billion
Oct	$5.8 billion
Nov	$23.8 billion

Tuesday 9

NFIB SMALL BUSINESS OPTIMISM INDEX

Oct	90.7
Nov	90.6
Dec	91.9

TRADE BALANCE

Sep	-$61.2 billion
Oct	-$64.5 billion
Nov	-$63.2 billion

Wednesday 10

WHOLESALE TRADE

	Inventories	Sales
Sep	0.0%	2.0%
Oct	-0.3%	-1.5%
Nov	-0.2%	0.0%

Thursday 11

UNEMPLOYMENT CLAIMS

	Initial	Continuing
	(millions)	
Dec 16	0.206	1.886
Dec 23	0.220	1.868
Dec 30	0.203	1.834
Jan 6	0.202	N/A

CPI

	Total	Core
Oct	0.0%	0.2%
Nov	0.1%	0.3%
Dec	0.3%	0.3%

FEDERAL BUDGET

	2023	2022
Oct	-$66.6B	-$87.9B
Nov	-$314.0B	-$248.5B
Dec	-$129.4B	-$85.0B

Friday 12

PPI

	Final Demand	Ex. Food & Energy
Oct	-0.4%	0.0%
Nov	-0.1%	0.0%
Dec	-0.1%	0.0%

Monday 15

MARTIN LUTHER KING JR DAY

Tuesday 16

EMPIRE MFG (8:30)

Nov	9.1
Dec	-14.5
Jan	--

BEIGE BOOK (2:00)

November 2023:

"On balance, economic activity slowed since the previous report, with four Districts reporting modest growth, two indicating conditions were flat to slightly down, and six noting slight declines in activity."

Wednesday 17

RETAIL SALES (8:30)

	Total	Ex.Autos
Oct	-0.2%	0.0%
Nov	0.3%	0.2%
Dec	**0.4%**	**0.2%**

IMPORT/EXPORT PRICES (8:30)

	Non-Petrol Imports	Nonagri. Exports
Oct	-0.2%	-1.0%
Nov	0.2%	-1.0%
Dec	--	--

IP & CAP-U (9:15)

	IP	Cap.Util.
Oct	-0.9%	78.7%
Nov	0.2%	78.8%
Dec	**-0.2%**	**78.4%**

NAHB HOUSING INDEX (10:00)

Nov	34
Dec	37
Jan	--

BUSINESS INVENTORIES (10:00)

	Inventories	Sales
Sep	0.2%	0.9%
Oct	-0.1%	-1.1%
Nov	**-0.1%**	**0.2%**

Thursday 18

UNEMP. CLAIMS (8:30)

HOUSING STARTS (8:30)

Oct	1.359 million
Nov	1.560 million
Dec	**1.400 million**

PHILADELPHIA FED MFG BUSINESS OUTLOOK (8:30)

Nov	-8.0
Dec	-12.8
Jan	--

Friday 19

CONSUMER SENTIMENT (10:00)

Nov	61.3
Dec	69.7
Jan	**68.0**

EXISTING HOME SALES (10:00)

Oct	3.790 million
Nov	3.820 million
Dec	**3.800 million**

TIC FLOWS (4:00)

	Long-Term	Total
Sep	$0.9B	-$64.8B
Oct	$3.3B	-$83.8B
Nov	--	--

Monday 22

LEADING INDICATORS

Tuesday 23

Wednesday 24

Thursday 25

UNEMP. CLAIMS

Q4 GDP

DURABLE GOODS ORDERS

INTERNATIONAL TRADE IN GOODS

CHICAGO FED NATIONAL ACTIVITY INDEX

ADVANCE INVENTORIES

NEW HOME SALES

Friday 26

PERSONAL INCOME, CONSUMPTION, AND CORE PRICE INDEX

PENDING HOME SALES

Monday 29

Tuesday 30

FHFA HOME PRICE INDEX

S&P CORELOGIC CASE-SHILLER 20-CITY HOME PRICE INDEX

CONFERENCE BOARD CONSUMER CONFIDENCE

JOLTS DATA

FOMC MEETING (FIRST DAY)

Wednesday 31

ADP EMPLOYMENT

EMPLOYMENT COST INDEX

MNI CHICAGO BUSINESS BAROMETER

FOMC RATE DECISION

Thursday 1

UNEMP. CLAIMS

PRODUCTIVITY & COSTS

ISM MFG. INDEX

CONSTRUCTION

VEHICLE SALES

Friday 2

EMPLOYMENT REPORT

REVISED CONSUMER SENTIMENT

FACTORY ORDERS

Forecasts in bold.

Treasury Financing

January/February 2024

Monday	Tuesday	Wednesday	Thursday	Friday
8	9	10	11	12
AUCTION RESULTS: Rate Cover 13-week bills 5.235% 2.95 26-week bills 5.030% 3.06	**AUCTION RESULTS:** Rate Cover 3-yr notes 4.105% 2.67 42 day CMBs 5.280% 2.93 **ANNOUNCE:** $56 billion 17-week bills for auction on Jan 10 $80 billion 4-week bills for auction on Jan 11 $80 billion 8-week bills for auction on Jan 11 **SETTLE:** $56 billion 17-week bills $80 billion 4-week bills $80 billion 8-week bills	**AUCTION RESULTS:** Rate Cover 17-week bills 5.180% 3.19 10-yr notes 4.024% 2.56	**AUCTION RESULTS:** Rate Cover 4-week bills 5.280% 2.78 8-week bills 5.275% 2.98 30-yr bonds 4.229% 2.37 **ANNOUNCE:** $143 billion 13-,26-week bills for auction on Jan 16 $13 billion 20-year bonds for auction on Jan 17 $18 billion 10-year TIPS for auction on Jan 18 $70 billion 42-day CMBs for auction on Jan 16 **SETTLE:** $143 billion 13-,26-week bills $70 billion 42-day CMBs	
15	16	17	18	19
MARTIN LUTHER KING JR DAY	**AUCTION:** $143 billion 13-,26-week bills $70 billion 42-day CMBs **ANNOUNCE:** $56 billion* 17-week bills for auction on Jan 17 $80 billion* 4-week bills for auction on Jan 18 $80 billion* 8-week bills for auction on Jan 18 **SETTLE:** $56 billion 17-week bills $80 billion 4-week bills $80 billion 8-week bills $52 billion 3-year notes $37 billion 10-year notes $21 billion 30-year bonds	**AUCTION:** $56 billion* 17-week bills $13 billion 20-year bonds	**AUCTION:** $80 billion* 4-week bills $80 billion* 8-week bills $18 billion 10-year TIPS **ANNOUNCE:** $143 billion* 13-,26-week bills for auction on Jan 22 $44 billion* 52-week bills for auction on Jan 23 $60 billion* 2-year notes for auction on Jan 23 $61 billion* 5-year notes for auction on Jan 24 $41 billion* 7-year notes for auction on Jan 25 $28 billion* 2-year FRNs for auction on Jan 24 **SETTLE:** $143 billion 13-,26-week bills $70 billion 42-day CMBs	
22	23	24	25	26
AUCTION: $143 billion* 13-,26-week bills	**AUCTION:** $44 billion* 52-week bills $60 billion* 2-year notes **ANNOUNCE:** $56 billion* 17-week bills for auction on Jan 24 $80 billion* 4-week bills for auction on Jan 25 $80 billion* 8-week bills for auction on Jan 25 **SETTLE:** $56 billion* 17-week bills $80 billion* 4-week bills $80 billion* 8-week bills	**AUCTION:** $56 billion* 17-week bills $61 billion* 5-year notes $28 billion* 2-year FRNs	**AUCTION:** $80 billion* 4-week bills $80 billion* 8-week bills $41 billion* 7-year notes **ANNOUNCE:** $143 billion* 13-,26-week bills for auction on Jan 29 **SETTLE:** $143 billion* 13-,26-week bills $44 billion* 52-week bills	
29	30	31	1	2
AUCTION: $143 billion* 13-,26-week bills	**ANNOUNCE:** $56 billion* 17-week bills for auction on Jan 31 $80 billion* 4-week bills for auction on Feb 1 $80 billion* 8-week bills for auction on Feb 1 **SETTLE:** $56 billion* 17-week bills $80 billion* 4-week bills $80 billion* 8-week bills	**AUCTION:** $56 billion* 17-week bills **ANNOUNCE:** $54 billion* 3-year notes for auction on Feb 6 $42 billion* 10-year notes for auction on Feb 7 $25 billion* 30-year bonds for auction on Feb 8 **SETTLE:** $13 billion 20-year bonds $18 billion 10-year TIPS $60 billion* 2-year notes $61 billion* 5-year notes $41 billion* 7-year notes $28 billion* 2-year FRNs	**AUCTION:** $80 billion* 4-week bills $80 billion* 8-week bills **ANNOUNCE:** $143 billion* 13-,26-week bills for auction on Feb 5 **SETTLE:** $143 billion* 13-,26-week bills	

**Estimate*