U.S. Economic Comment

- The December FOMC meeting: cut of 25 basis points expected, in line with market expectations
- Recent data: labor market developments warrant close monitoring; inflation to retreat slowly
- The dot plot: we anticipate few changes for 2025, although median dots for future years may rise
- Quantitative tightening: policy to remain on track into early 2025, with changes possibly by mid-year

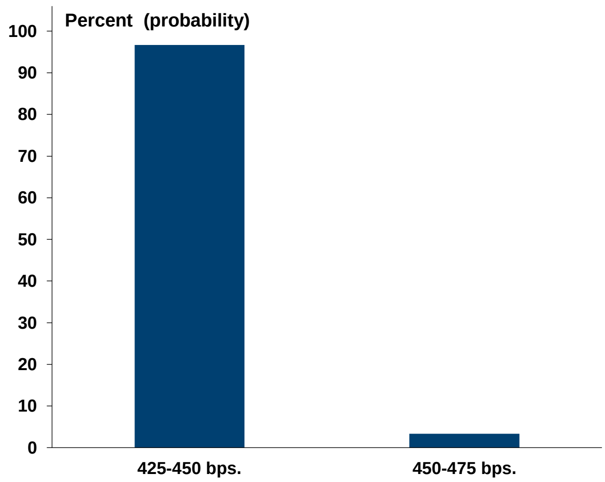
Lawrence Werther
Brendan Stuart
Daiwa Capital Markets America
lawrence.werther@us.daiwacm.com
brendan.stuart@us.daiwacm.com

December FOMC Preview

A resilient U.S. economy and inflation tracking above the Fed's two-percent target had stirred significant debate about the potential outcome of the December 17-18 FOMC meeting and have contributed to a high degree of uncertainty surrounding the path of the federal funds rate in 2025 and beyond. At least with respect to next week's meeting, previously divergent market expectations have coalesced around the view that the FOMC will reduce the target range for the federal funds rate by 25 basis points (chart, below left). Guidance from key Fed officials ahead of last weekend's pre-meeting blackout period contributed to the solidifying of views, with Fed Governor Waller indicating that he is "leaning toward" a reduction at the meeting and John Williams of the New York Fed signaling that he supports lowering the federal funds rate over time (although he refrained from providing specific guidance regarding December). Additionally, labor market and inflation data for November (the Bureau of Labor Statistics' employment report released last Friday and CPI/PPI data published earlier this week) yielded few surprises and thus cleared the way for another near-term adjustment – although they provided little clarity with respect to the path of policy for next year.

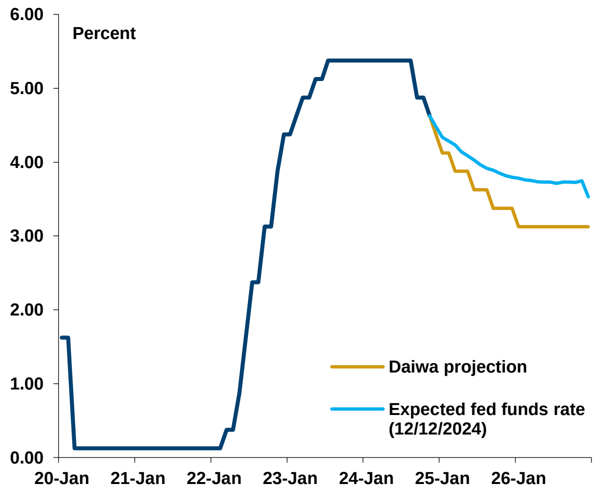
Regarding 2025, we remain open to the idea of sequential cuts early in the year (reductions of 25 basis points at the January and March meetings with pauses in May and July) before a pause in May and subsequent reductions at the June and September policy meetings (year-end median of 3.375 percent) before a final cut for the cycle in early 2026 (prevailing median of 3.125 percent for most of the year; chart, below right). We take at face value officials' statements that they will remain cautious in reducing the target range for the federal funds rate toward a neutral policy setting amid slowly retreating inflation, but we still assess the data developments as broadly consistent with prior SEP forecasts that project rates below current market pricing. Should the December Summary of Economic Projections signal a shallower path of cuts, we will revise our forecast accordingly, but for now our baseline view remains for deeper cuts than implied by futures pricing.

Target Rate Probability for December Meeting*



** The implied target range for the federal funds rate based on futures pricing data as of December 13, 2024.*
Source: CME Group, FedWatch Tool

Federal Funds Target Rate*

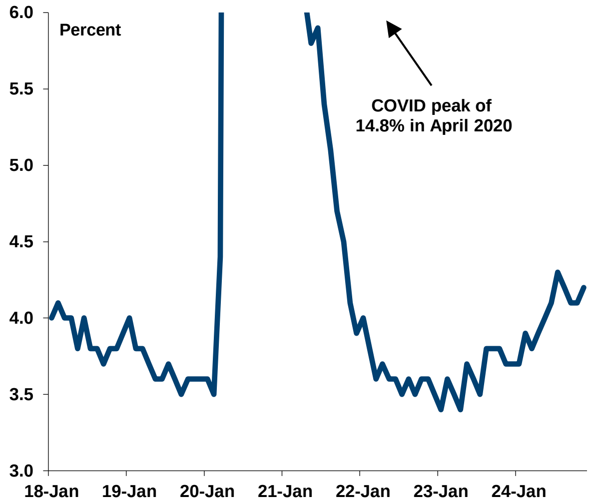


** The light blue line shows the projected path of the FFR through 2026 year-end based on futures pricing data as of December 12, 2024.*
Sources: Federal Reserve Board via Haver Analytics; Daiwa Capital Markets America; Bloomberg

Labor Market and Inflation Data

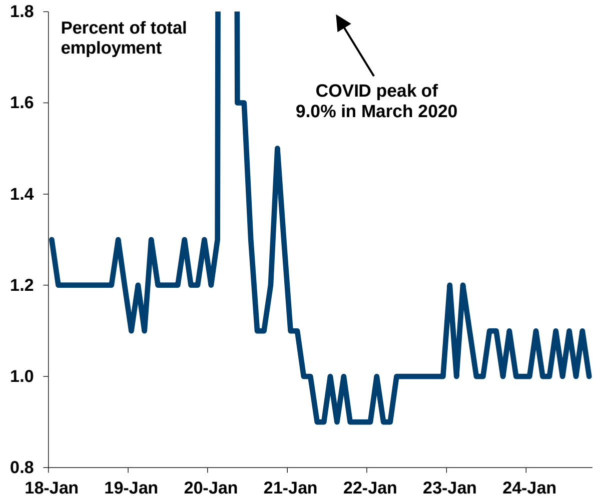
With policymakers now assessing risks to the employment and inflation sides of the dual mandate to be roughly balanced, we have correspondingly adjusted our thinking on the FOMC's reaction function – particularly with respect to underlying labor market conditions. Broadly speaking, notable supply-demand imbalances in the labor market that were generating significant wage pressure have normalized and underlying conditions are akin to those in 2019, when payroll growth was favorable and unemployment was low. On the point, payroll growth has averaged 143k in the past six months, a solid performance albeit somewhat slower than the 165.7k average in 2019, while the unemployment rate as of November at 4.2 percent is above the December 2019 level of 3.6 percent but below the September SEP median of 4.4 percent for 2024 (chart, below left). Additionally, even as job openings have eased back to pre-pandemic norms, layoffs remain contained and are below levels seen in the few years immediately preceding the onset of COVID (chart, below right).

Civilian Unemployment Rate



Source: Bureau of Labor Statistics via Haver Analytics

Layoffs & Discharges Rate



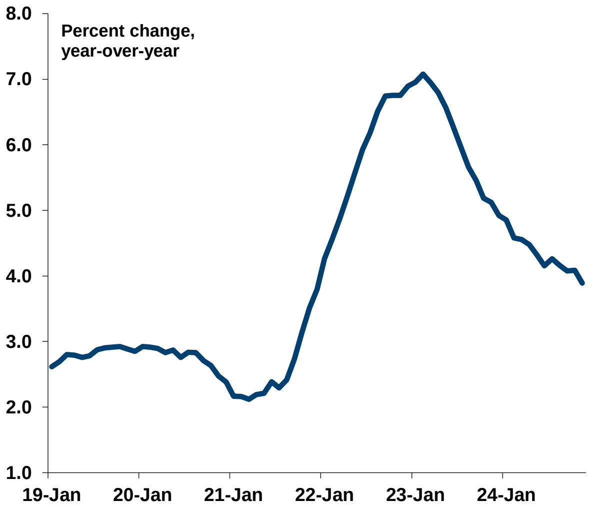
Source: Bureau of Labor Statistics via Haver Analytics

While labor market conditions are currently on track, we emphasize that monetary policy is inherently forward looking and often works with long and variable lags. That is to say, the labor market is not static. Prior policy constraint is likely still influencing the economic behavior (and, by extension, hiring decisions) of firms, and we may be fast approaching an inflection point where the former decline in openings transitions to a pickup in layoffs – particularly if the economy hits an air pocket early next year (again possible given slowing global growth and previously restrictive monetary policy). Thus, we make several inferences based on the data in hand: 1. While the SEP median unemployment rate for year-end 2024 is likely to be nudged lower, 4.4 percent is still a plausible outcome for 2025 given potential further softening in underlying labor market conditions; 2. The aforementioned ongoing moderation is likely to exert additional downward pressure on wage growth from the current prevailing annual pace of 4.0 percent, which should further contribute to slowing services inflation excluding shelter; 3. That trajectory, in our view, calls for preemptive lowering of the federal funds in the direction of neutral.

Turning to inflation, we readily acknowledge that progress toward target appears to have stalled amid less-than-stellar readings in recent months. On face, the latest CPI results confirm that message. Both the headline and core rose 0.3 percent in November, with the core rounding to that increase for the fourth consecutive month (year-over-year advances of 2.7 percent and 3.3 percent, respectively, in November). Additionally, constructs designed to control for outliers and give a better sense of underlying trend ratify that assessment. The Cleveland Fed's Median CPI, which shows the one-month price change of the component whose expenditure weight is the 50th percentile of price shifts, rose 0.2 percent in November – which translated to a still-brisk 3.9 percent year-over-year advance (chart, next page, left). Similarly, the 12-month change in the Atlanta Fed's Sticky CPI (which measures a weighted basket of goods consumers purchase that change prices relatively infrequently) printed at 3.8 percent.

Despite the disappointing results, we are cautiously optimistic heading into next year. Our calculations suggest that both the headline and core price indexes for personal consumption expenditures could round up to 0.2 percent in November. These outcomes would be better month-to-month readings than those for the CPI, although the three-month annualized growth rate for core has turned higher and projected year-over-year advances of 2.5 percent and 2.9 percent, respectively, are still above target (chart on core, below right). Similar monthly advances would yield December-to-December inflation rates of 2.6 percent and 2.9 percent, respectively, which are each 30 basis points above 2024 year-end projections in the September SEP. However, we emphasize that Fed officials have stressed that the road back to two-percent will be "bumpy," with their forecasts (at least according to the September SEP) suggesting that inflation would only approach target by late 2025. Moreover, we would add that loosening labor market conditions and additional slowing in the growth of shelter inflation could provide further tailwinds to disinflation next year. And again, policy should recalibrate expectantly given that remaining too restrictive for too long could jeopardize the health of the labor market. Perhaps patience rather than a shallower path of cuts is warranted.

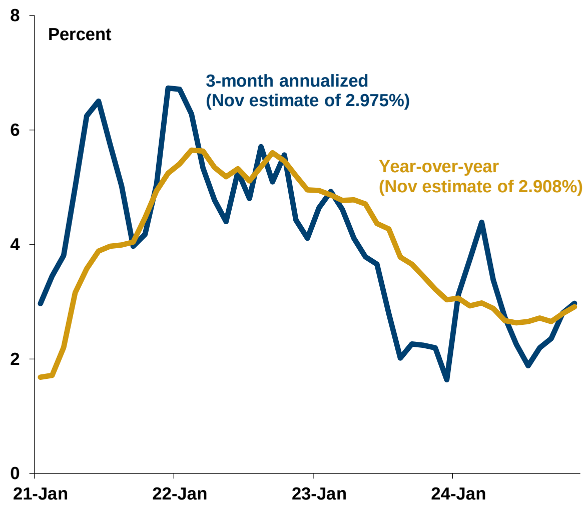
Median CPI*



** A measure of core inflation that provides insight into underlying inflation trends by capturing the middle point of price changes for a broad set of goods and services.*

Source: Federal Reserve Bank of Cleveland via Haver Analytics

Core PCE Price Index*



** The forecasts for November 2024 are based on the assumption of a 0.2 percent increase in the index level.*

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

The Summary of Economic Projections

Turning next to the Summary of Economic Projections, we expect some notable changes to 2024 projections given the evolution of the data since the prior SEP. The median expectation for year-end 2024 GDP growth could be adjusted from 2.0 percent to somewhere in the range of 2.2 to 2.4 percent, contingent on participants' forecasts. Additionally, we could foresee the 2025 median shifted 0.1 percentage point higher to 2.1 percent to reflect better underlying momentum, although we suspect that pace would not be maintained into 2026 (table). With respect to the labor market, the unemployment rate will likely not breach 4.4 percent this year. With that said, we expect a downwardly revised 4.2 or 4.3 percent to still give way to a projection of 4.4 percent next year. Moreover, as discussed earlier, with limited time remaining in 2024, the median projections for both headline and core PCE inflation will almost certainly move higher. Increases of 0.2 percent for both measures in

Economic Projections of the FOMC, Sep. 2024*

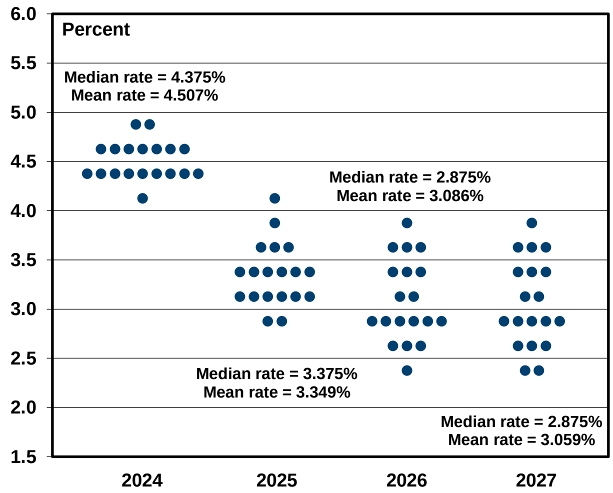
	2024	2025	2026	2027	Longer Run
Change in Real GDP	2.0	2.0	2.0	2.0	1.8
Unemployment Rate	4.4	4.4	4.3	4.2	4.2
PCE Inflation	2.3	2.1	2.0	2.0	2.0
Core PCE Inflation	2.6	2.2	2.0	2.0	--
Federal Funds Rate	4.4	3.4	2.9	2.9	2.9

** Median projections*

Source: Summary of Economic Projections, Federal Open Market Committee, September 2024 each of the last two months of the year would imply year-end readings of 2.6 percent for the headline index and 2.9 percent for the core. (versus 2.3 percent and 2.6 percent currently).

Despite anticipated changes to projections of economic variables for 2024, we are not looking for substantial changes to the 2025 dot plot (year-end median of 3.375 percent as of September; chart, right). Given that policy works with lags and that downside risks to the labor market have likely intensified, we expect that 100 basis points in easing next year (beyond the anticipated reduction of 25 basis points in December) falls within policymakers' definition of a cautious approach to reducing rates with eyes on neutral. With that said, we do look for the median dot in 2026, 2027, and in the longer-term to shift from 2.875 percent to 3.125 percent. The change should have limited impact on near-term labor market and inflation outcomes, but it does point to the equilibrium policy rate being higher in the longer run. On the point, while impossible to make an accurate point estimate of r* (see the wide dispersion of officials' views below), there does appear to be agreement that it is increasing from recent lows. As such, projections for the nominal neutral rate could again be nudged higher.

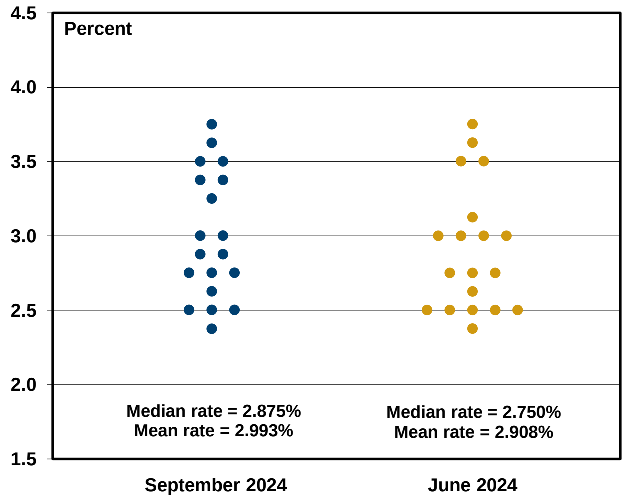
FOMC Rate View, September 2024*



** Each dot represents the expected federal funds rate of a Fed official at the end of the year.*

Source: Summary of Economic Projections, Federal Open Market Committee, September 2024

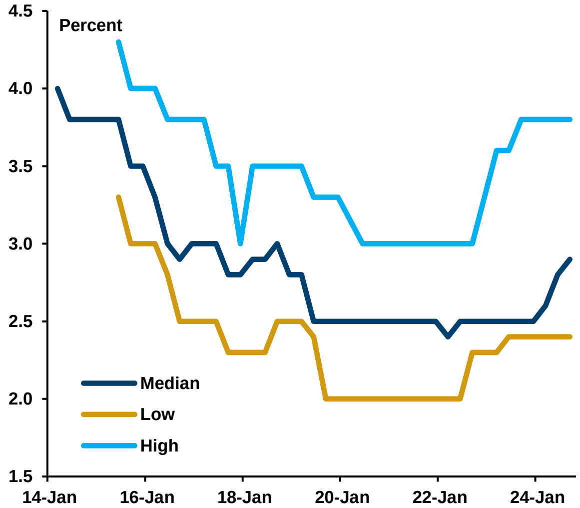
FOMC Rate View, Longer Run*



** Each dot represents the expected longer run level of the federal funds rate of a Fed official.*

Sources: Summary of Economic Projections, Federal Open Market Committee, September 2024 & June 2024

Appropriate Longer Run Federal Funds Rate*



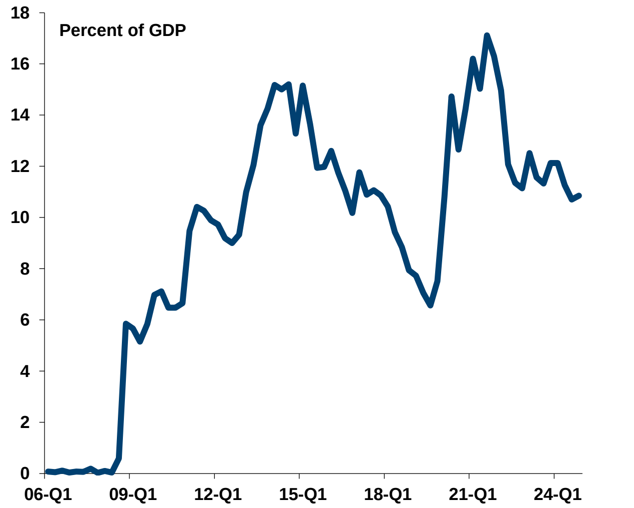
** High and low estimates are unavailable prior to June 2015. Compiled from previous releases of the FOMC's Summary of Economic Projections.*

Source: Federal Reserve Board via Haver Analytics

Prospects for QT and Possible Adjustment to the RRP Rate

Amid the ongoing normalization of monetary policy, balance sheet reduction, or quantitative tightening (QT), has continued apace. We expect that the Committee will leave unchanged next week the current pace of balance sheet runoff, which is currently capped at $25 billion per month of U.S. Treasury securities and $35 billion of agency mortgage-backed securities. With that in mind, changes are likely in coming months as reserves continue the transition from "abundant" to "ample." Although it is nearly impossible to identify *a priori* where abundant, ample, or scare fall on the supply curve of reserves, Fed officials have, over time, offered guidance that it is possibly in the vicinity of 10 percent of nominal GDP. If that is indeed the case, our calculations suggest that this reserve target would be reached in the second quarter of next year. Ahead of that point, we expect the FOMC to begin communicating a transition plan regarding balance sheet policy. While we hesitate to make broad assumptions concerning what this will involve, we do anticipate a wind-down of Treasury redemptions but a continuance of MBS reductions, with redemptions of those securities being rolled into Treasuries, and possibly some additional Treasury purchases to maintain reserves in the area of 10 percent of GDP.

Reserve Balances as a Share of GDP*

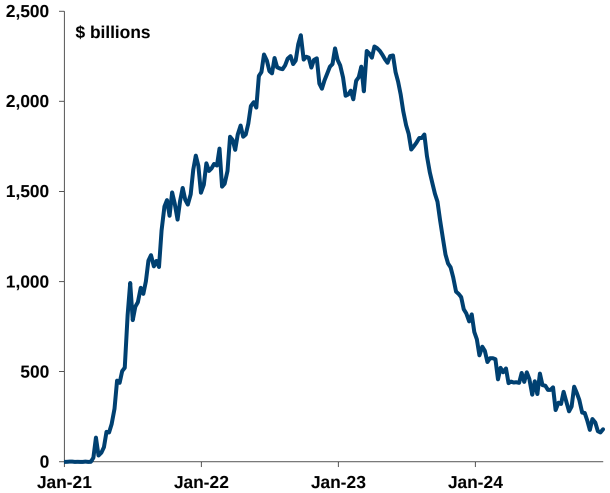


** The estimate for 2024-Q4 is based on the average of weekly data for reserve balances in Q4 thus far divided by DCMA's current projection for nominal GDP.*
Sources: Bureau of Economic Analysis, Federal Reserve Board via Haver Analytics; Daiwa Capital Markets America

We do see in real time evidence of excess reserve runoff and emergent pressure in repo rates. Uptake at the Fed's reverse repurchase facility, which is deployed to absorb excess liquidity in the financial system such as that present in an abundant-reserves regime, has fallen from nearly $2.4 trillion in the fall of 2022 to $180 billion in the week ended Wednesday December 11, with the drop gaining momentum since May of last year (chart, below left). Concurrently, hints of pressure have emerged in overnight funding markets (see the chart on the Secured Overnight Funding Rate (SOFR); below, right).

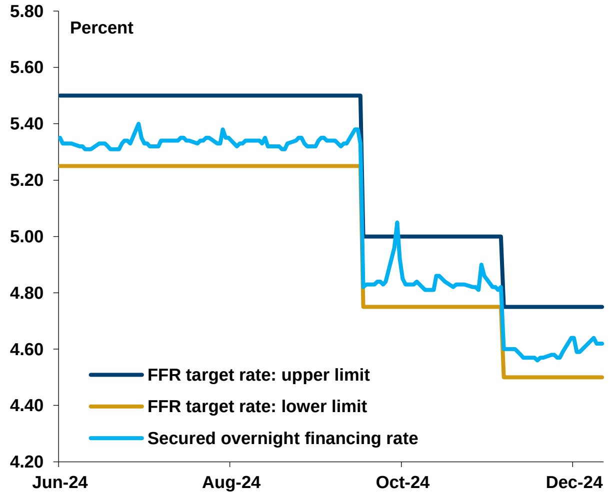
The FOMC may take the opportunity to push back on this upward drift by adjusting the overnight rate on reverse repurchase agreements (ON RRP) which, along with the interest rate on reserve balances (IORB), maintains the federal funds rate – and by extension other money market rates – within the target range for the federal funds rate. In this regard, the minutes from the November FOMC Meeting raised the possibility of a technical adjustment to the ON RRP rate wherein the rate would be lowered by 5 basis points to align with the lower end of the target range rather than reside slightly above it. The change, in theory, would assist in anchoring money market rates more so to the middle of the target range. Fed staff briefed officials at the meeting and, "Some participants remarked that, at a future meeting, there would be value in the Committee considering a technical adjustment to the rate offered at the ON RRP facility to set the rate equal to the bottom of the target range for the federal funds rate, thereby bringing the rate back into an alignment that had existed when the facility was established as a monetary policy tool." The change is not guaranteed to happen in December, or at subsequent meetings, but it has been discussed. Even if the aforementioned adjustment isn't enacted this year, discussion of this technical change does suggest that changes to QT may soon be implemented.

Reverse Repurchase Agreements*



** Weekly end-of-period data as of Wednesday December 11, 2024. Excludes transactions with foreign official institutions.*
Source: H.4.1 Report, Federal Reserve Board via Haver Analytics

Secured Overnight Financing Rate*



** Daily data.*
Sources: Federal Reserve Board, Federal Reserve Bank of New York via Haver Analytics

The Week Ahead

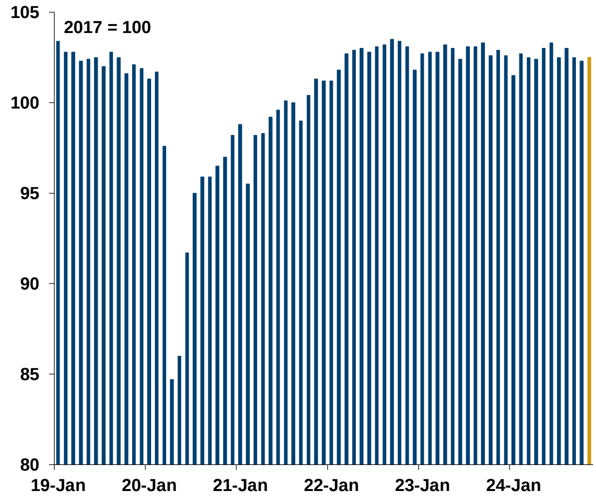
Retail Sales (November) (Tuesday)
Forecast: +0.8% Total, +0.7% Ex. Autos, +0.4% Ex. Autos & Gas

An increase in seasonally adjusted gasoline prices could boost the gasoline component of retail sales. Additionally, new vehicle sales rose for the third consecutive month, raising the possibility of an advance in the motor vehicle and parts dealers area. Outside of autos and gas, reports from various news outlets suggest active Black Friday spending, with shoppers notably active in transactions with online retailers.

Industrial Production (November) (Tuesday)
Forecast: +0.2% Total, +0.3% Manufacturing

Hurricanes and strike activity have disrupted production in the factory sector in recent months, although the sector's performance was already unimpressive in light of ongoing sluggish demand and cautious production schedules. With that said, available data on factory work times raises the possibility of a pickup in November, which would reverse the downward tilt in the series and instead leave a sideways trend. Additionally, an uptick in hiring suggests an increase in the mining sector. The utility component is often volatile (changes of -1.3 percent to +2.3 percent in the past six months), influenced by swings in the weather rather than economic fundamentals; in the latest month, above-average temperatures suggest a dip after back-to-back increases.

Industrial Production*



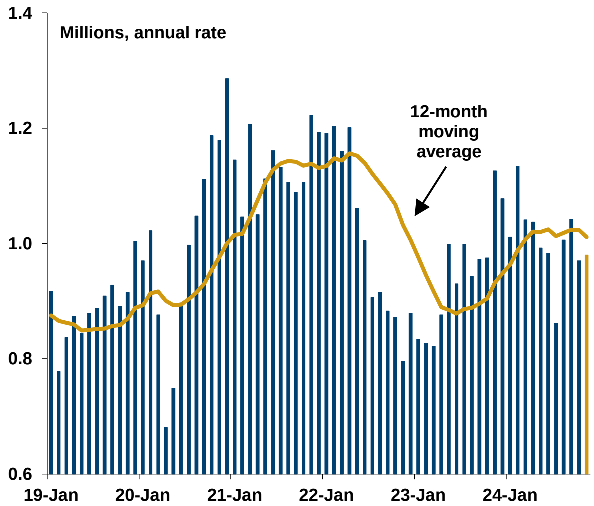
** The gold bar is a forecast for November 2024.*

Sources: Federal Reserve Board via Haver Analytics; Daiwa Capital Markets America

Housing Starts (November) (Wednesday)
Forecast: 1.340 Million (+2.2%)

Elevated builder inventories suggest that firms will exercise caution in new single-family housing starts in November, which will likely leave the pace of activity within the recent range. Multi-family starts, in contrast, have softened notably in recent months, although the recent pattern of new permit issuance raises the possibility of a pickup in November.

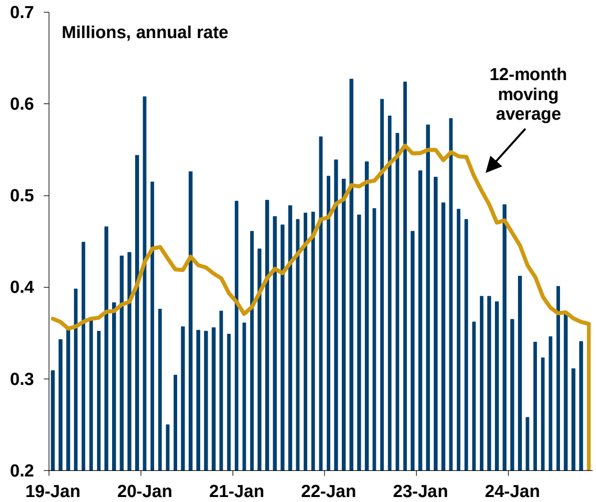
Single-Family Housing Starts*



** The gold bar is a forecast for November 2024.*

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

Multi-Family Housing Starts*



** The gold bar is a forecast for November 2024.*

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

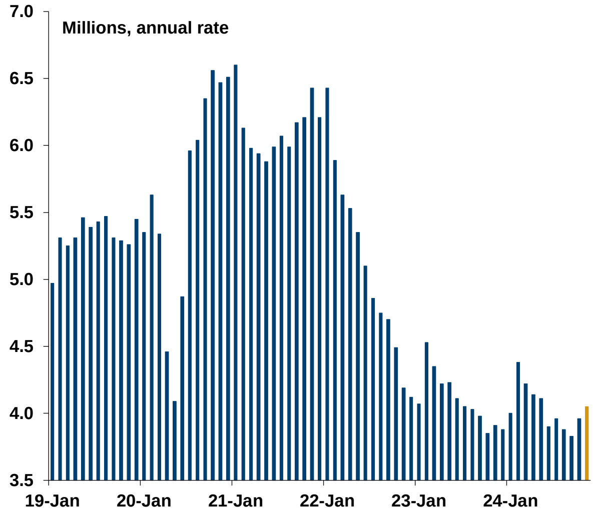
Revised GDP (24-Q3) (Thursday)
Forecast: +2.9% (+0.1 Pct. Pt. Revision)

While the third estimate of quarterly GDP is usually close to the prior tally, new Q3 data on spending on services by consumers suggest an upward revision to already-firm growth of 3.5 percent in the personal consumption expenditures component. That adjustment, all else equal, could nudge GDP growth slightly higher.

Existing Home Sales (November (Thursday)
Forecast: 4.05 Million (+2.3%)

A recent pickup in pending home sales spurred by a brief easing in mortgage rates raises the possibility of back-to-back increases in sales of existing homes. With that said, the projected reading in November is still in the lower end of the longer-term range, as affordability constraints exacerbated by relatively tight inventories have broadly curtailed activity.

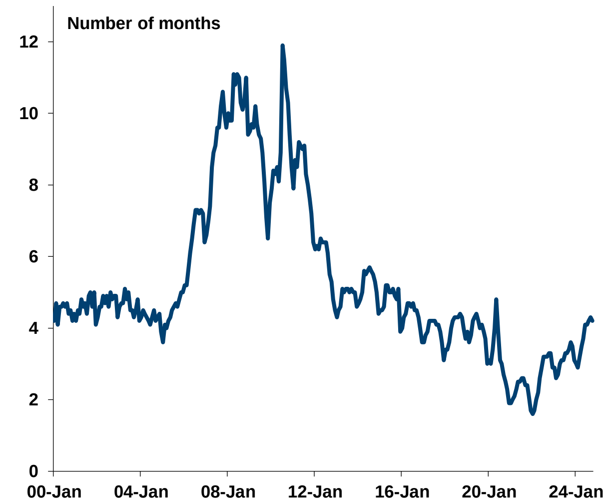
Existing Home Sales*



** The gold bar is a forecast for November 2024.*

Sources: National Association of Realtors via Haver Analytics; Daiwa Capital Markets America

Months' Supply of Unsold Homes

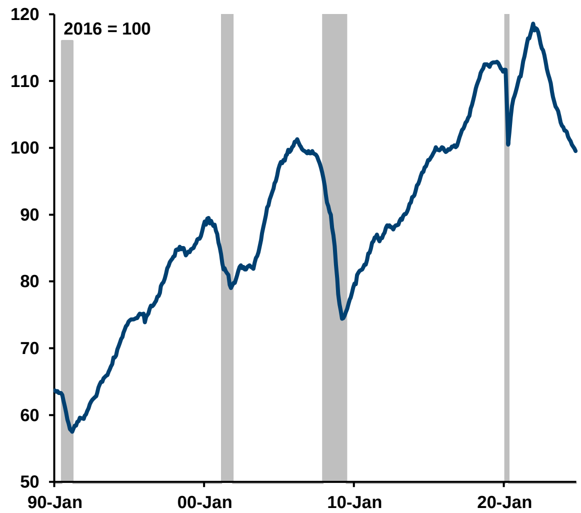


Source: National Association of Realtors via Haver Analytics

Leading Indicators (November) (Thursday)
Forecast: 0.0%

Available data suggest that the index of leading economic indicators could be little changed in November after 31 declines in the prior 32 months. If the forecast is realized, the index would remain 16.1 percent below the cycle peak of 118.6 in December 2021. Although the easing seen in the past two and one-half years is generally consistent with eventual recession, recent data - along with a recalibration in Fed policy - instead support the view that the economy is transitioning to a soft landing after a previous bout of brisk inflation.

Index of Leading Economic Indicators*



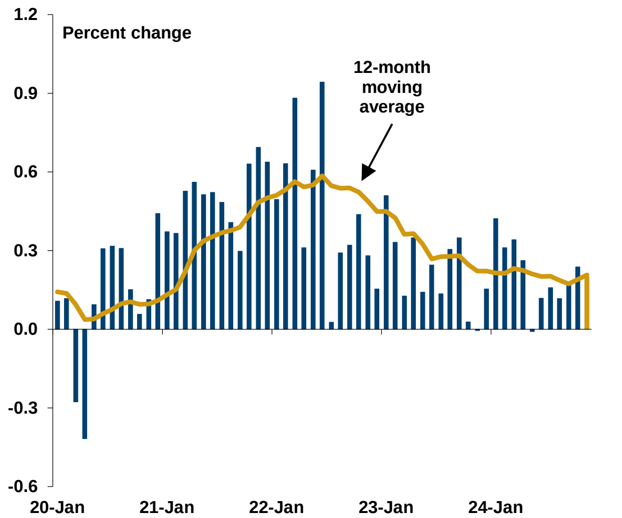
** The shaded areas indicate periods of recession in the United States.*

Sources: The Conference Board, National Bureau of Economic Research via Haver Analytics

Personal Income, Consumption, Price Indexes (November) (Friday)
Forecast: +0.4% Income, +0.5% Consumption, +0.2% Headline, +0.2% Core

A second consecutive advance of 0.4 percent in average hourly earnings suggests a firm increase in wages and salaries in November, which points to a solid performance in overall income growth. On the spending side, an increase in vehicle sales raises the prospect of a firm reading on outlays for durable goods, while favorable reports on Black Friday results suggest that spending on nondurable items was strong. Spending on services has remained on a solid track in 2024 thus far. Results for the CPI and PPI suggest increases of 0.2 percent for both the headline and core PCE price indexes. The projected readings would translate to year-over-year advances of 2.5 percent for the headline (versus 2.3 percent in October) and 2.9 percent for the core index (versus 2.8 percent in October).

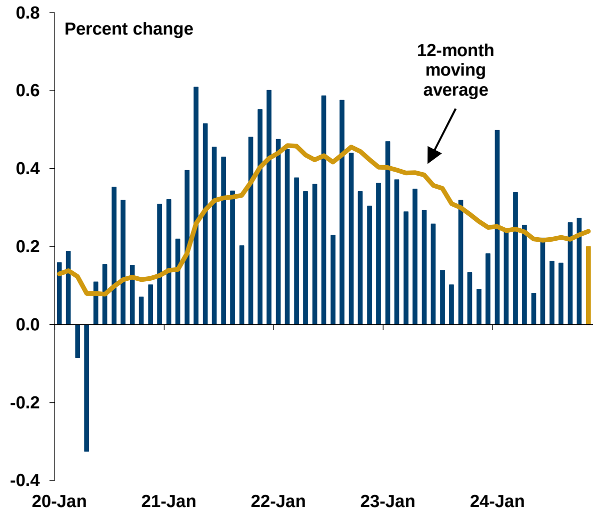
Headline PCE Price Index*



** The gold bar is a forecast for November 2024.*

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

Core PCE Price Index*



** The gold bar is a forecast for November 2024.*

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

Economic Indicators

December 2024 / January 2025

Monday	Tuesday	Wednesday	Thursday	Friday
9	10	11	12	13
WHOLESALE TRADE Inventories / Sales Aug 0.2% 0.2% Sep -0.2% 0.5% Oct 0.2% -0.1%	**NFIB SMALL BUSINESS OPTIMISM INDEX** Sep 91.5 Oct 93.7 Nov 101.7 **PRODUCTIVITY & COSTS** Productivity / Unit Labor Costs 24-Q2 2.1% -1.1% 24-Q3(p) 2.2% 1.9% 24-Q3(r) 2.2% 0.8%	**CPI** Total / Core Sep 0.2% 0.3% Oct 0.2% 0.3% Nov 0.3% 0.3% **FEDERAL BUDGET** 2024 / 2023 Sep $64.7B -$170.7B Oct -$257.5B -$66.6B Nov -$366.8B -$314.0B	**UNEMPLOYMENT CLAIMS** Initial / Continuing (millions) Nov 16 0.215 1.897 Nov 23 0.215 1.871 Nov 30 0.225 1.886 Dec 7 0.242 N/A **PPI** Final Demand / Ex. Food & Energy Sep 0.2% 0.3% Oct 0.3% 0.3% Nov 0.4% 0.2%	**IMPORT/EXPORT PRICES** Non-Petrol Imports / Nonagri. Exports Sep 0.2% -0.7% Oct 0.2% 0.8% Nov 0.2% 0.1%
16	17	18	19	20
EMPIRE MFG (8:30) Oct -11.9 Nov 31.2 Dec --	**RETAIL SALES (8:30)** Total / Ex.Autos Sep 0.8% 1.0% Oct 0.4% 0.1% **Nov 0.8% 0.7%** **IP & CAP-U (9:15)** IP / Cap.Util. Sep -0.5% 77.4% Oct -0.3% 77.1% **Nov 0.2% 77.2%** **NAHB HOUSING INDEX (10:00)** Oct 43 Nov 46 Dec -- **BUSINESS INVENTORIES (10:00)** Inventories / Sales Aug 0.3% -0.2% Sep 0.0% 0.3% **Oct 0.1% 0.0%** **FOMC MEETING (FIRST DAY)**	**HOUSING STARTS (8:30)** Sep 1.353 million Oct 1.311 million **Nov 1.340 million** **CURRENT ACCOUNT (8:30)** 24-Q1 -$241.0 bill. 24-Q2 -$266.8 bill. **24-Q3 -$287.1 bill.** **FOMC RATE DECISION (2:00)**	**UNEMP. CLAIMS (8:30)** **GDP (8:30)** GDP / Chained Price 24-Q2 3.0% 2.5% 24-Q3(p) 2.8% 1.9% **24-Q3(r) 2.9% 1.9%** **PHILADELPHIA FED MFG BUSINESS OUTLOOK (8:30)** Oct 10.3 Nov -5.5 Dec -- **EXISTING HOME SALES (10:00)** Sep 3.830 million Oct 3.960 million **Nov 4.050 million** **LEADING INDICATORS (10:00)** Sep -0.3% Oct -0.4% **Nov 0.0%** **TIC FLOWS (4:00)** Long-Term / Total Aug $108.8B $75.9B Sep $216.1B $398.4B Oct -- --	**PERSONAL INCOME, CONSUMPTION, AND CORE PRICE INDEX (8:30)** Inc. / Cons. / Core Sep 0.3% 0.6% 0.3% Oct 0.6% 0.4% 0.3% **Nov 0.4% 0.5% 0.2%** **REVISED CONSUMER SENTIMENT (10:00)** Oct 70.5 Nov 71.8 Dec(p) 74.0
23	24	25	26	27
CHICAGO FED NATIONAL ACTIVITY INDEX **CONFERENCE BOARD CONSUMER CONFIDENCE**	**DURABLE GOODS ORDERS** **NEW HOME SALES**	***CHRISTMAS***	**UNEMP. CLAIMS**	**INTERNATIONAL TRADE IN GOODS** **ADVANCE INVENTORIES**
30	31	1	2	3
MNI CHICAGO BUSINESS BAROMETER **PENDING HOME SALES**	**FHFA HOME PRICE INDEX** **S&P CORELOGIC CASE-SHILLER 20-CITY HOME PRICE INDEX**	***NEW YEAR'S DAY***	**UNEMP. CLAIMS** **CONSTRUCTION**	**ISM MFG. INDEX** **VEHICLE SALES**

Forecasts in bold. (p) = preliminary (2nd estimate of GDP), (r) = revised (3rd estimate of GDP)

Treasury Financing

December 2024 / January 2025

Monday	Tuesday	Wednesday	Thursday	Friday
9	10	11	12	13
AUCTION RESULTS: Rate Cover 13-week bills 4.300% 2.89 26-week bills 4.200% 2.90	**AUCTION RESULTS:** Rate Cover 3-yr notes 4.117% 2.58 42-day CMBs 4.320% 2.67 **ANNOUNCE:** $64 billion 17-week bills for auction on Dec 11 $80 billion 4-week bills for auction on Dec 12 $75 billion 8-week bills for auction on Dec 12 **SETTLE:** $64 billion 17-week bills $85 billion 4-week bills $80 billion 8-week bills	**AUCTION RESULTS:** Rate Cover 17-week bills 4.240% 2.83 10-yr notes 4.235% 2.70	**AUCTION RESULTS:** Rate Cover 4-week bills 4.240% 3.14 8-week bills 4.260% 2.81 30-yr bonds 4.535% 2.39 **ANNOUNCE:** $153 billion 13-,26-week bills for auction on Dec 16 $13 billion 20-year bonds for auction on Dec 17 $22 billion 5-year TIPS for auction on Dec 19 $65 billion 42-day CMBs for auction on Dec 17 **SETTLE:** $153 billion 13-,26-week bills $75 billion 42-day CMBs	
16	17	18	19	20
AUCTION: $153 billion 13-,26-week bills **SETTLE:** $58 billion 3-year notes $39 billion 10-year notes $22 billion 30-year bonds	**AUCTION:** $13 billion 20-year bonds $65 billion 42-day CMBs **ANNOUNCE:** $64 billion* 17-week bills for auction on Dec 18 $80 billion* 4-week bills for auction on Dec 19 $75 billion* 8-week bills for auction on Dec 19 **SETTLE:** $64 billion 17-week bills $80 billion 4-week bills $75 billion 8-week bills	**AUCTION:** $64 billion* 17-week bills	**AUCTION:** $80 billion* 4-week bills $75 billion* 8-week bills $22 billion 5-year TIPS **ANNOUNCE:** $153 billion* 13-,26-week bills for auction on Dec 23 $48 billion* 52-week bills for auction on Dec 23 $69 billion* 2-year notes for auction on Dec 23 $70 billion* 5-year notes for auction on Dec 24 $44 billion* 7-year notes for auction on Dec 26 $28 billion* 2-year FRNs for auction on Dec 24 **SETTLE:** $153 billion 13-,26-week bills $65 billion 42-day CMBs	
23	24	25	26	27
AUCTION: $153 billion* 13-,26-week bills $48 billion* 52-week bills $69 billion* 2-year notes	**AUCTION:** $70 billion* 5-year notes $28 billion* 2-year FRNs **ANNOUNCE:** $64 billion* 17-week bills for auction on Dec 26 $80 billion* 4-week bills for auction on Dec 26 $75 billion* 8-week bills for auction on Dec 26 **SETTLE:** $64 billion* 17-week bills $80 billion* 4-week bills $75 billion* 8-week bills	***CHRISTMAS***	**AUCTION:** $64 billion* 17-week bills $80 billion* 4-week bills $75 billion* 8-week bills $44 billion* 7-year notes **ANNOUNCE:** $153 billion* 13-,26-week bills for auction on Dec 30 **SETTLE:** $153 billion* 13-,26-week bills $48 billion* 52-week bills	**SETTLE:** $28 billion* 2-year FRNs
30	31	1	2	3
AUCTION: $153 billion* 13-,26-week bills	**ANNOUNCE:** $64 billion* 17-week bills for auction on Jan 2 $80 billion* 4-week bills for auction on Jan 2 $75 billion* 8-week bills for auction on Jan 2 **SETTLE:** $64 billion* 17-week bills $80 billion* 4-week bills $75 billion* 8-week bills $13 billion 20-year bonds $22 billion 5-year TIPS $69 billion* 2-year notes $70 billion* 5-year notes $44 billion* 7-year notes	***NEW YEAR'S DAY***	**AUCTION:** $64 billion* 17-week bills $80 billion* 4-week bills $75 billion* 8-week bills **ANNOUNCE:** $153 billion* 13-,26-week bills for auction on Jan 6 $58 billion* 3-year notes for auction on Jan 7 $39 billion* 10-year notes for auction on Jan 8 $22 billion* 30-year bonds for auction on Jan 9 **SETTLE:** $153 billion* 13-,26-week bills	

**Estimate*