

## TMPG Meeting Minutes

November 17, 2020

### TMPG attendees

Alberto Antonini (Tudor)	Ari Kavour (Wells Fargo)	Jerry Pucci (BlackRock)
Deborah Cunningham (Federated)	Chris Leonard (Barclays)	Rasmus Rueffer (ECB)
David Finkelstein (Annaly)	Edward McLaren (Bank of America)	Marc Seidner (PIMCO)
Doug Friedman (Tradeweb)	Priya Misra (TD Securities)	Casey Spezzano (NatWest)
Kourtney Gibson (Loop)	Murray Pozmanter (DTCC)	Gemma Wright-Casparius (Vanguard)
Rob Huntington (Credit Suisse)		

### New York Fed attendees

Frank Keane	Rania Perry	Janine Tramontana
Lorie Logan	Matthew Raskin	Kyle Watson
Matt Milroy	Brett Rose	Nate Wuerffel

### U.S. Department of Treasury attendees

Fred Pietrangeli	Nicholas Steele	Brian Smith
Kipp Kranbuhl		

- Due to the coronavirus pandemic, the TMPG meeting was held via videoconference.
- The TMPG meeting commenced with a discussion of market developments since the October TMPG meeting, including market conditions around the U.S. election, post-election expectations for fiscal policy, the market impact of COVID-19, and the outcome of the November FOMC meeting. The member discussion also touched on policy expectations, market functioning, and expectations for year-end market conditions.
  - o Members noted that while high volatility had been anticipated for the month of November, TMPG-covered markets had, to date, remained liquid and resilient. On COVID-19, members described the rapid increase in case count in recent weeks as dampening the near-term economic outlook even as positive news on progress toward a vaccine supported the intermediate-term outlook.
  - o Members emphasized the market focus on further FOMC communication related to the future path and composition of asset purchase programs. In particular, members discussed some increasing expectations for the weighted average maturity (WAM) of SOMA Treasury purchases to lengthen; however, members generally expressed the view that such a change would not be announced at the December FOMC meeting. Members expressed uniform support for an extension of the Federal Reserve's 13(3) facilities,

- noting the facilities are viewed as a successful backstop in supporting the market despite limited take-up across certain facilities.
- Members generally categorized market functioning and liquidity in Treasury and agency MBS markets as “healthy.” They noted that bid-ask spreads continued to tighten in Treasury securities and agency MBS, though the market for longer-dated Treasuries remained somewhat less liquid than prior to the pandemic. Several members noted that implied financing rates (IFRs) on lower-coupon agency MBS To-Be-Announced (TBA) contracts remained elevated relative to historical norms. Members cited continued Fed purchases coupled with elevated commercial bank demand as drivers of the increased specialness; however, members agreed that SOMA purchases of MBS should not change at this time.
  - Members continued to expect funding market conditions to remain stable leading up to, and crossing over, the year-end turn, with expectations for stress muted relative to previous year-end periods, which have often been marked by volatility in funding markets.
- Following the discussion on market developments, the TMPG shifted its focus to a discussion of next steps for the TMPG related to the market functioning issues experienced in March and April. The TMPG agreed to convene two work streams ahead of the next meeting:
- Repo clearing and settlement: Members agreed to restart the previously paused effort to map the clearing and settlement landscape for Treasury and agency MBS funding markets, and to seek to identify any risk and resiliency issues.
  - Data and transparency: Members agreed to start a working group tasked with discussing potential improvements in data transparency in covered markets. It was agreed that the working group could begin by cataloguing data currently available in covered markets before considering whether consideration of practice guidance in this area would be appropriate.
- Additionally, members discussed the potential for future work streams around market structure and intermediation, with both topics cited as important drivers behind volatility in March and April. The TMPG will continue discussing these topics in future meetings and as part of both of the working groups launched above.
- Finally, members briefly discussed the group’s annual future priorities document and agreed to revisit the document and set priorities at the next TMPG meeting.
- The next regularly scheduled TMPG meeting will take place on February 9, 2021, from 3:00-5:00 PM.