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The Trean Report by Matt Carinato

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\$25BN brand spanking new 30y notes at the top of the hour to wrap up quarterly refunding week. Just being nostalgic and thinking back to when this was a milestone day every quarter. Oh well, a girl can always hope....

So this thing has richened almost 9 bps from when it was announced last Weds, currently marking 4.64%. The range since announcement has been 4.777% to 4.5625%, so you are pretty much in the middle of the WI range. You are roughly 3 bps richer than last month's final reopening of the Feb refunding but roughly 28 bps cheaper to Feb's initial offering for the issue.

All right, seeing a decent number of pieces saying this needs to cheapen up further. I don't know. Lately issues have followed the lead of the underlying: bullish days have produced more aggressive bidding, bearish days less so. If that holds, we will be see less aggressive bidding. 4 5/8% for 30y?? I think I want it, but guess it will have a small tail here, betting decent to good investor demand, just being judicious on price. Gun to head, I'll go less than bp tail to on the screws.

Average bid to cover over last six auctions is 2.36. Indirects over last six auctions have averaged 67.7%, 64.4% in April, 69.29% in March, and 70.7% at the Feb refunding. Directs have averaged 17.7%, with 17.3% in April, 13.93% in March and 14.91% in February. Dealers have averaged 14.6%.

Good luck out there...

mjc

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