

TMPG Meeting¹ Minutes

Date: November 29, 2022

Location: Wells Fargo, 30 Hudson Yards

TMPG attendees

Alberto Antonini (Tudor)	Paul Hamill (Citadel Securities)	Andrea Pfenning (BNYM)
Richard Chambers (Goldman Sachs)	Ari Kavour (Wells Fargo)	Jerry Pucci (BlackRock)
Sunil Cutinho (CME)	Laura Klimpel (DTCC)	Carolyn Sargent (Morgan Stanley)
David Finkelstein (Annaly)	John Madziyire (Vanguard)	Carsten Schwarting (Barclays)
Doug Friedman (Tradeweb)	Priya Misra (TD Securities)	Marc Seidner (PIMCO)

New York Fed attendees

Michael Fleming	Rania Perry	Janine Tramontana
Veronika Jastrzebski	Jenny Phan	Nate Wuerffel
Frank Keane	Brett Rose	Patricia Zobel

U.S. Department of Treasury attendees

Josh Frost

- The meeting commenced on an administrative note, with the TMPG Secretariat sharing the tentative dates for the 2023 TMPG meetings for member review.
- The Chair requested that members review the TMPG's 2021 white paper on [Operational Plans for Various Contingencies for Treasury Debt Payments](#) and convey views to the TMPG Secretariat on whether any updates should be considered. The paper serves as a technical reference on potential trading, clearing, settlement, and other operational challenges that could arise in the unlikely event of a disruption in the timing of payments on U.S. Treasury securities. It was noted that this white paper was similarly reviewed in advance of the debt ceiling legislative deadline in 2021 and was subsequently updated.² It was also emphasized that the potential practices described in the paper would only modestly reduce, and not eliminate, the operational difficulties posed by a delayed payment on Treasury debt. A delayed payment on Treasury debt even under these limited contingency practices could cause significant damage to, and undermine confidence in, the markets for Treasury securities and other assets.

¹ The TMPG meeting was held as a hybrid meeting, with members attending both in-person and via videoconference.

² See Dec. 6, 2021 press release: [TMPG Updates White Paper on Delayed Payment Contingency Planning](#)

- The TMPG discussed potential priorities and areas of focus for the coming year. The discussion began with a recap of key takeaways from the Inter-Agency Working Group for Treasury Market Surveillance (IAWG) 2022 [Staff Progress Report](#) and the [U.S. Treasury Market Conference](#), held on November 16 at the New York Fed. Potential priorities discussed included further consideration of all-to-all trading protocols within the Treasury market; implications of Treasury's proposal for additional transparency into on-the-run Treasury coupon transactions; a review of agency MBS market structure, including clearing, settlement, and intermediation; and recent changes in the agency MBS market. The 2023 TMPG priorities will be finalized during the February 2023 meeting.
- The TMPG Data and Transparency Working Group chair and a New York Fed staff member discussed the latest draft of the white paper on data availability and transparency in Treasury cash, repo, and futures markets. Members discussed the value of summarizing the data graphically within the paper, as well as the need to identify existing gaps. The TMPG plans on issuing the paper in the coming months.
- Members then turned to a discussion of market developments since the October TMPG meeting. The group discussed the easing of financial conditions following a lower-than-expected October CPI print, and its implications for the path of policy in the wake of the November FOMC meeting. Members also discussed the outlook for year-end market conditions.
 - TMPG members noted current market expectations for the federal funds rate to reach a terminal level of around five percent by the middle of next year. Though members expressed uncertainty and a range of views on the path of policy and the data thresholds that would result in a shift in policy direction, there was broad agreement that a 50-basis-point rate increase was most likely at the December FOMC meeting. Members discussed the market reaction following the lower-than-expected October CPI print and the market reaction to the print.
 - In terms of market functioning, members noted that overall, markets are functioning well, pointing to a firming in repo rates, strong FHLB issuance, and more moderate volatility. Members were also attentive to the flattening of the yield curve and noted a higher recession probability as more of a base case for 2023 outlooks.
 - Lastly, members noted that preparations for year-end had been progressing smoothly thus far. They also noted their expectation that market participants will most likely keep investments in shorter-dated tenors due to potential risks associated with the debt ceiling and expectations for somewhat reduced liquidity into year-end.