

## Macro Roundup Article

**Headline:** [Weaker Demand for Treasuries](#)

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Author(s)	Torsten Sløk
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**Tweet:** Since the start of the hiking cycle, there have been larger and more frequent yield differences between when-issued Treasuries and actual auction yields, or “tails.” Torsten Sløk argues this signals weakening demand for Treasuries.

**Summary:** When a US government bond auction is announced, a new when-issued bond starts trading, which allows the market to trade the new Treasury bond before the auction has completed. Such trading activity promotes price discovery and allows the market to trade the government bond before it is available for sale. When the auction is complete, the yield difference between the when-issued bond and the new bond is generally called the tail. Specifically, a one basis point tail means that the auction result was one basis point higher than where the when-issued yield was trading minutes before the auction was completed, normally at 1 p.m. This past week, there were auctions for 10-year and 30-year Treasuries, and they both tailed three basis points, which signals that demand for Treasuries was significantly weaker than the market expected. The bottom line is that the trend of larger and more frequent tails since the Fed started raising interest rates in March 2022 underscores the importance of investors closely monitoring Treasury auction metrics. These metrics can provide early indications of weakening demand for Treasuries.

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**Primary Topic:** Fiscal Deficits

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