

Macro Roundup Article

Headline: [The Return of the Bond Vigilantes or the Start of the 'Roaring 20s'?](#)

Article Link: <https://moneyinsideout.exantedata.com/p/the-return-of-the-bond-vigilantes>

Author(s)	Alex Etra
Publication	Money: Inside and Out
Publication Date	May 13, 2024

Tweet: [@EtraAlex](#) argues that changes in term premia are dominated by changes in expected short-term rates and oil prices and that news about Treasury borrowing has minimal impact.

Summary: If bond supply was driving changes in term premium (TP)—that is driving changes in long-term yields over and above changes in the expected path of short-term rates—we might expect changes in the residual term to be explained by proxies of bond supply. But an event study which uses intraday price action around QRAs as a proxy for unexpected supply shocks, does not suggest that announcements about Treasury borrowing are having a meaningful impact on our TP proxy. The chart shows the cumulative residual from our TP proxy since October 2022 around QRA announcements and outside them.

Related Articles: Political Risks to the U.S. Safe Harbor Premium and The Long Term Budget Outlook: 2024 to 2054 and Federal Debt

Primary Topic: Fiscal Deficits

Topics: Financial Markets, Fiscal Deficits, Fiscal Policy, GDP, Monetary Policy, Op-Ed/Blog Post

Permalink: <https://www.edwardconard.com/macro-roundup/etraalex-argues-that-changes-in-term-premia-are-dominated-by-changes-in-expected-short-term-rates-and-oil-prices-and-that-news-about-treasury-borrowing-has-minimal-impact?view=detail>

Featured Image Link: <https://www.edwardconard.com/wp-content/uploads/2024/05/20987-the-return-of-the-bond-vigilantes-or-the-start-of-the-roaring-20s-featured-thumbnail-image.png>