

Macro Roundup Article

Headline: [The \\$27 Trillion Treasury Market Is Only Getting Bigger](#)

Article

Link: <https://www.wsj.com/finance/the-27-trillion-treasury-market-is-only-getting-bigger-a9a9d170>

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Tweet: Since 2019 the Treasury market has grown 60% to \$27T and shifted towards short-term bills. Currently, 22.4% of Treasuries outstanding have a maturity of one year or less, above the government's 20% recommended level.

Summary: The amount of bills—those with maturities of one year or shorter—has risen to 22.4% of debt outstanding, above the recommended 20% limit set by the borrowing committee that advises the government. Demand has been more than adequate. Investors still aren't requiring extra compensation to hold longer-term Treasuries. The so-called term premium is actually negative. One reason demand for Treasuries remains solid: fewer alternatives. Many companies issued long-term bonds when the pandemic sent rates near zero, then slowed borrowing when the Fed started raising them. The market for mortgage-backed securities is nearly frozen, with few Americans moving in the most expensive housing market in decades. Related: The Long Term Budget Outlook: 2024 to 2054 and From Riches to Rags: Causes of Fiscal Deterioration Since 2001 and Bond Vigilantes Snooze As Treasury Market Shrugs Off Vast US Borrowing

Primary Topic: Fiscal Deficits

Topics: Financial Markets, Fiscal Deficits, Fiscal Policy, GDP, Government Spending, News article

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