Macro Roundup Artcile

Headline: Bond Vigilantes Snooze As Treasury Market Shrugs Off Vast US Borrowing

Article Link: https://www.ft.com/content/05933a27-a461-4001-a3dd-43441c623495

Author(s)	Kate Duguid
Publication	Financial Times
Publication Date	March 20, 2024

Tweet: Despite the 10 year Treasury yield retreating from its 5% peak in October, long-dated yields might rise due increased new issuance and ongoing Fed QT.

Summary: The yield on the 10-year Treasury has fallen from a peak of 5% in October to 4.3%, reflecting higher bond prices. Inflows into US bond funds in the first week of March reached the highest level since 2021, according to EPFR data. In the wake of the coronavirus pandemic, large Fed purchases thwarted the vigilantes, despite the US's record borrowing needs. But as the Fed turned from buyer to seller, the quantity of US Treasury sales remained high, suggesting that conditions might finally be turning in the vigilantes' favour. The quantity of Treasuries outstanding is set to rise by $1.7tn this year, according to Goldman Sachs. While this is lower than last year's increase, it will be more weighted to longer-dated bonds, which are riskier for investors and harder for markets to digest. Related: In 2023 Foreign Demand for Long Term Treasuries Exceed Net Issuances and Who Is Buying US Treasuries? and Preferred Habitats and Timing in the World's Safe Asset

Primary Topic: Fiscal Deficits

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

Permalink: https://www.edwardconard.com/macro-roundup/despite-the-10-year-treasury-yield-retreating-from-its-5-peak-in-october-long-dated-yields-might-rise-due-increased-new-issuance-and-ongoing-fed-qt?view=detail

Featured Image Link: https://www.edwardconard.com/wp-content/uploads/2024/03/US-Government-Borrowing-Is-On-The-Rise-.png