

## Macro Roundup Article

**Headline:** [Manufacturing Demand](#)

**Article Link:** <https://fedguy.com/manufacturing-demand/>

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**Summary:** Banks were huge investors in Treasuries during World War II, but steadily reduced their holdings even as Treasury issuance climbed. The share of bank assets in Treasuries remains historically low as banks have preferred to make loans or invest in higher yielding securities. While banks are required to hold high quality liquid assets, they have chosen to meet those requirements with reserves and Agency MBS rather than Treasuries. A revision to Basel in the form of a revamped leverage calculation would not only boost liquidity across markets, but also potentially make banks significant investors in Treasuries just in time to meet increased future issuance.

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**Primary Topic:** Banking

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