

## Macro Roundup Article

**Headline:** [How Has Treasury Market Liquidity Evolved in 2023?](https://libertystreeteconomics.newyorkfed.org/2023/10/how-has-treasury-market-liquidity-evolved-in-2023/)

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Publication	Federal Reserve Bank of New York
Publication Date	October 17, 2023

**Tweet:** The @NewYorkFed finds U.S. Treasury liquidity is within the historical bounds implied by the current level of interest rate volatility.

**Summary:** The 2023 observations (in gray) fall in line with the historical relationship. That is, the association between liquidity and volatility in 2023 has been consistent with the past association between these two variables. This is true for the ten-year note as well, whereas for the two-year note the evidence points to somewhat higher-than-expected price impact given the volatility (as also occurred in fall 2008, March 2020, and 2022). While Treasury market liquidity has not been unusually poor given the level of interest rate volatility, continued vigilance by policymakers and market participants is appropriate. The market's capacity to smoothly handle large trading flows has been of concern since March 2020. Related: Liquidity Event and Resilience Redux in the US Treasury Market and Living with High Public Debt

**Primary Topic:** Financial Markets

**Topics:** Financial Markets, Fiscal Deficits, Fiscal Policy, GDP, Government/NGO

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