

Macro Roundup Article

Headline: [Bond Market Turmoil](#)

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Tweet: Chris Satterthwaite notes that Treasury volatility is at a level that was previously seen only during crises. He notes, "High volatility—and therefore high uncertainty about credit availability—can have pernicious downstream consequences."

Summary: Treasuries—the same safe-haven asset that might have brought down Silicon Valley Bank—saw a nearly four standard deviation rise in volatility. Figure 1 below shows realized volatility in 10-year Treasuries reaching levels previously only seen in March 2020, during the Eurozone debt crisis, and during the 2008 financial crisis. The failure of Silicon Valley Bank caused a significant downward shift in the forward implied curve. We believe this led a strong rally in Treasuries as rate expectations came down. In fact, the two-year Treasury note had the single largest weekly move (-72bps) in over 10 years. This kind of Treasury volatility can have a chilling effect on corporate credit issuance, much of which is priced off Treasuries. High volatility—and therefore high uncertainty about credit availability—can have pernicious downstream consequences.

Primary Topic: Business Cycle

Topics: Business Cycle, Financial Markets, GDP, Op-Ed/Blog Post, Theory

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