

Macro Roundup Article

Headline: [One Weird Trick](#)

Article Link: <https://fedguy.com/one-weird-trick/>

Author(s)	Joseph Wang
Publication	Fed Guy Blog
Publication Date	October 23, 2023

Tweet: According to @FedGuy12 Treasury will likely raise the share of bill issuance to support the market. However, this will only have a short-term impact on the supply/demand mismatch driving yields.

Summary: A potential surge in net bill issuance will likely ease upward pressure on longer dated yields, but the impact may not be significant. The 2024 deficit is estimated to be around \$1.5t and Treasury has guided towards raising coupon sizes over the next few quarters to meet its financing needs. A willingness to raise the share of bill issuance means Treasury could at the minimum maintain coupon sizes, and instead issue more bills. Treasury could even be more aggressive and slightly reduce coupon issuance. In effect, this would lower the expected issuance of coupon securities for a period of time. Some prospective investors will look past this as a temporary measure, but at the end of the day there will be less immediate supply for the market to digest. Related: Resilience Redux in the US Treasury Market and When Does Federal Debt Reach Unsustainable Levels? and The NY Fed Trading Desk's Time to Shine?

Primary Topic: Fiscal Deficits

Topics: Financial Markets, Fiscal Deficits, Fiscal Policy, GDP, Op-Ed/Blog Post

Permalink: <https://www.edwardconard.com/macro-roundup/according-to-fedguy12-treasury-will-likely-raise-the-share-of-bill-issuance-to-support-the-market-however-this-will-only-have-a-short-term-impact-on-the-supply-demand-mismatch-driving-yields?view=detail>

Featured Image Link: <https://www.edwardconard.com/wp-content/uploads/2023/10/Tentative-Issuance-Calendar-.png>