Treasury Benchmark Curve Introduction

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Introduction

Treasury curve or treasury benchmark curve is the term structures of treasury bill/bond prices vs maturities. The two major types of marketable securities issued by government are treasury bills and treasury bonds.

Treasury bills, that do not pay coupons but rather are issued at a discount and mature at their par value, are issued at short terms. Issurance occurs through a competitive auction.

Treasury bonds pay a fixed semi-annual coupon and have a fixed maturity date. Issurance involves maturities across the yield curve with original terms to maturity. Each issue is reopened several times to improve liquidity. They are currently on a comparatitive yield auction rotation.

At any given time, there are benchmark bonds outstanding bills or bonds outstanding with terms to maturity. These notes are the most actively traded in the market.

Treasury yield curves or treasury zero-coupon yield curve are derived from these benchmark bills/bonds. The main interest in the market to estimate treasury yield curves is to provide insights into the evolution of market expectations. It is considered essential that the information contained in these bonds be incorporated into the yield curve construction.

Treasury Benchmark Curve Data Sample

The term structure of the benchmark treasury notes is the treasury curve shown below::

Instrument	Date	Tenor	Price	Yield
US9127965…	2020-11-25	1M	0.000625	0.000625
US912796X…	2020-11-25	3M	0.000837	0.000837
US912796A...	2020-11-25	6M	0.000888	0.000888
US9127964…	2020-11-25	1Y	0.001013	0.001013
US91282CA…	2020-11-25	2Y	99.92969	0.001602
US91282CA…	2020-11-25	3Y	100.1289	0.002064
US91282CA…	2020-11-25	5Y	99.90234	0.003947
US91282CA…	2020-11-25	7Y	99.84375	0.006479
US91282CA…	2020-11-25	10Y	99.92969	0.008824
US912810S…	2020-11-25	30Y	100.0078	0.016247

You can find more details at
https://finpricing.com/lib/EqAsian.html