

AERIAL VIEW BITES

WHAT ARE WE GOING TO SEE IN TERMS OF Q4 TREASURY BOND ISSUANCE?

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In order to fund itself the treasury has to issue debt, and it chooses parts of the yield curve where they want to issue that debt.

They generally try to keep it regular and predictable across the curve to keep most of the curve as liquid as possible and to fulfill all different points of demand on that curve.

The issuance that came out this week actually does increase total issuance – the Treasury is funding itself at a higher level because the deficit has deteriorated.

But most of the additional new supply, the extra supply that's being generated, is not at the very long end of the curve most of the additional issuance is concentrated in the intermediate and shorter ends of the curve.

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