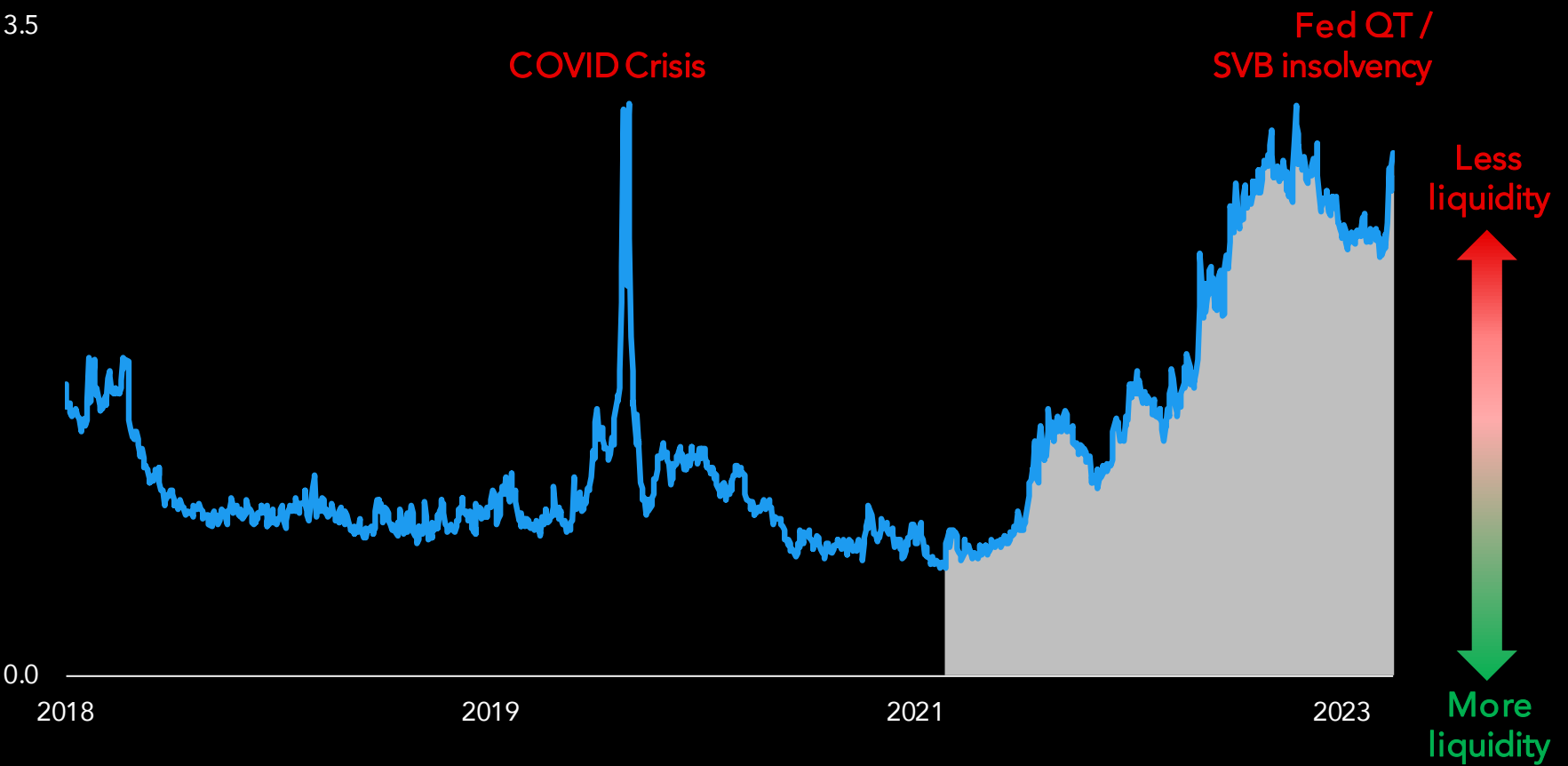


Chart of the Day

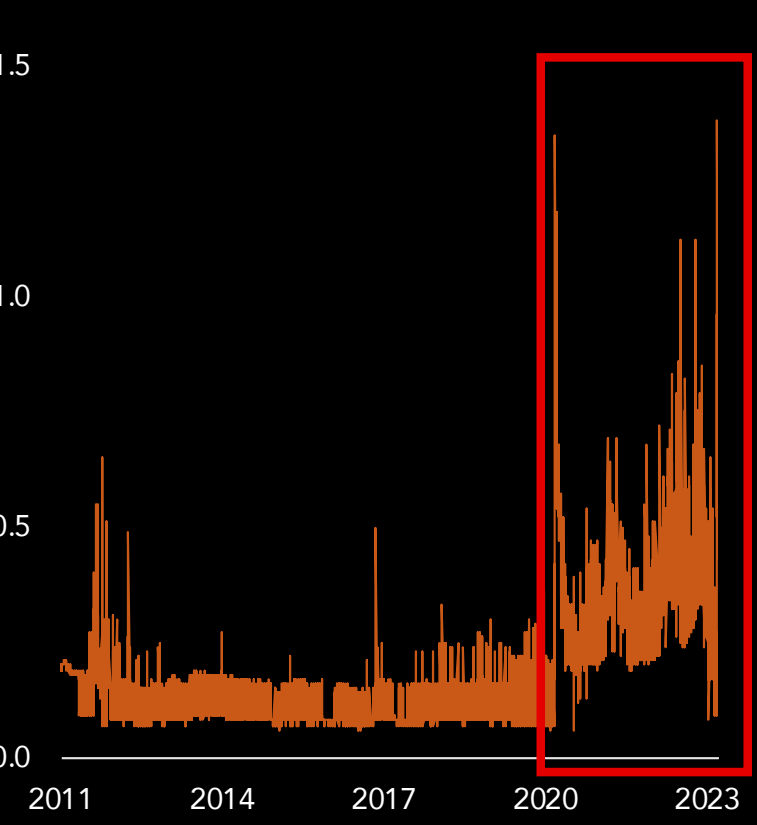
Liquidity in the \$24 trillion US Treasury market has declined to its lowest levels since the 2008 financial crisis, and 5x worse than a year ago. Given the importance of US rates and the dollar at the center of the global financial system, the implications for global markets and banks have been formidable.

US government securities liquidity index

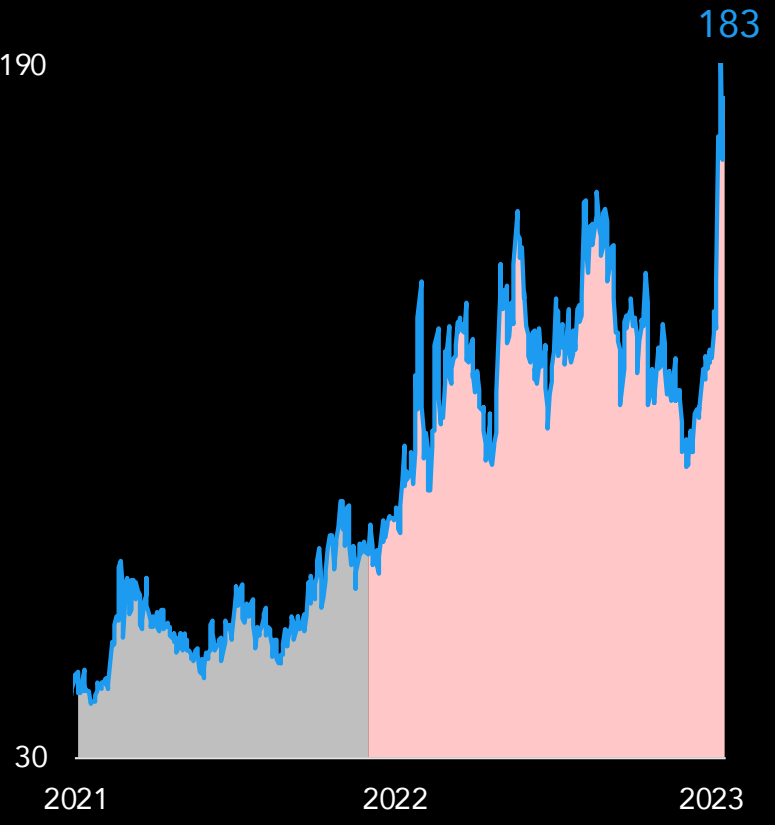


With bid-ask spreads widening across all maturities since Fed QT began, the MOVE interest rate volatility index has risen to its highest levels since 2008. Following SVB's insolvency, 2 year UST yields plunged on Monday March 13 by the largest amount since 1982, having soared above 5% on hawkish Powell testimony only a few days earlier.

Bid-ask spread in 30 year UST bonds, bps



Rate volatility (MOVE index)



Source: (1-3) Bloomberg. Data as of March 20, 2023.

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“Macro stability isn’t everything, but without it, you have nothing.”