

# SMART MARKETS™

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## SMART MARKETS™ ANALYSIS:

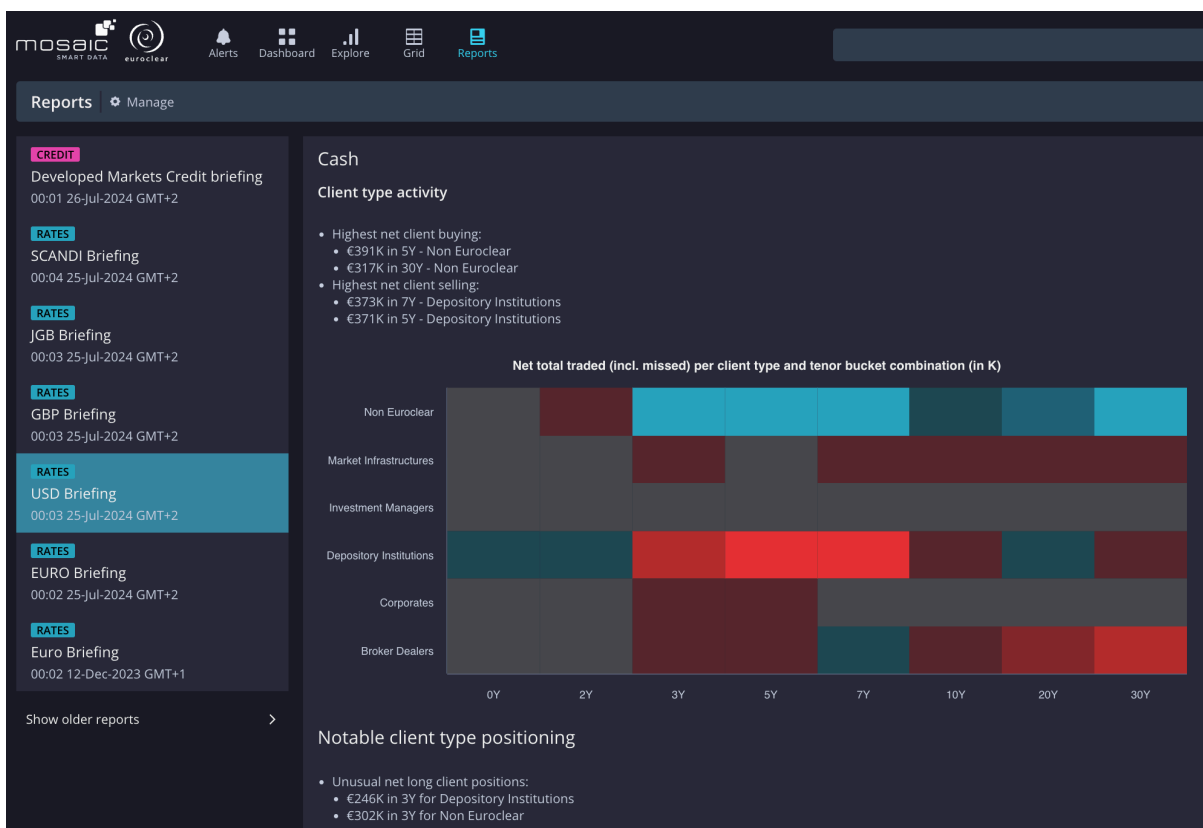
### UST: MARKET TRENDS AFTER TRUMP ASSASSINATION ATTEMPT AND BIDEN WITHDRAWAL

Leveraging Smart Markets™, the advanced analytics platform powered by Mosaic Smart Data & Euroclear, this paper analyses the US Treasury Bonds (UST) trading patterns exhibited by European and international investors during the period 15<sup>th</sup> – 24<sup>th</sup> July 2024, after the Trump assassination attempt on July 13<sup>th</sup> and Biden withdrawal from the presidential election on July 21<sup>st</sup>.

Analysis of the US Treasury Bonds flows is updated up to 24<sup>th</sup> July 2024.

#### KEY HIGHLIGHTS

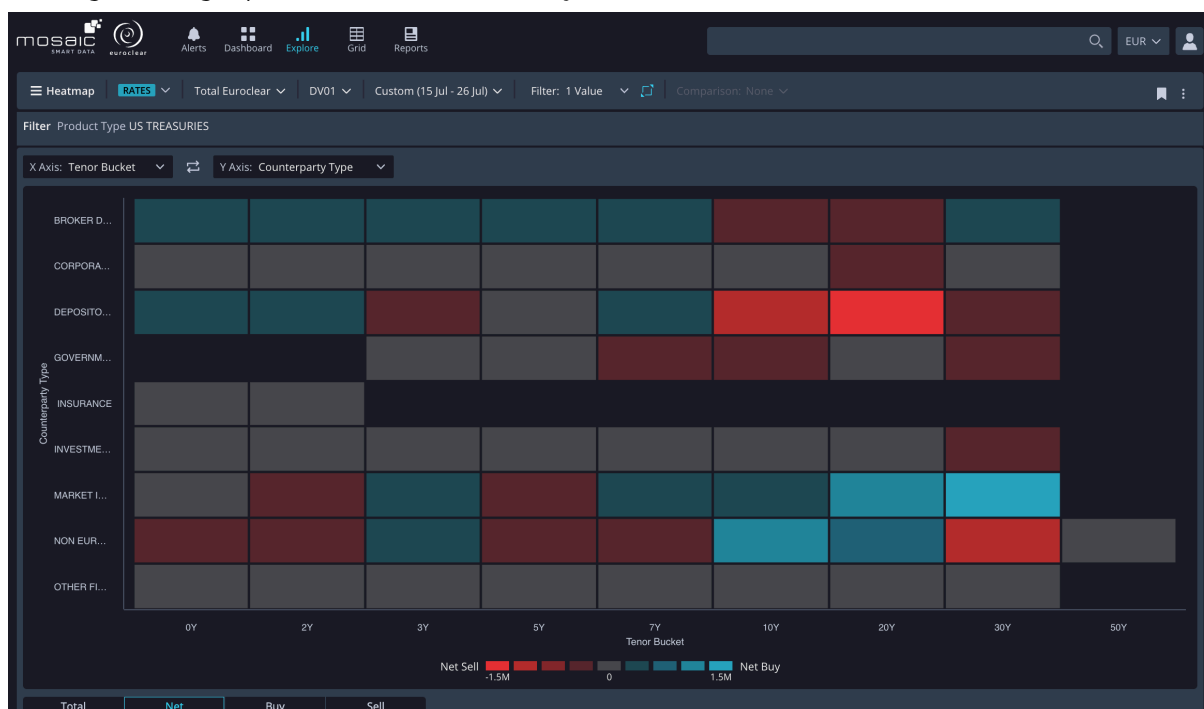
- **UST yield curve is steepening**, as highlighted for instance by ING research team in this article: <https://think.ing.com/articles/rates-spark-trump-assassination-attempt-contributes-to-steeper-curves/>
- Euroclear settlement data on UST settled flow highlights that:
  - **European investors** are now **net sellers of UST**, especially the long part of the curve (**10Y – 20Y**). The buying counterparties are outside of the Euroclear network, so most likely European investors are selling to large US investment banks.
  - The sell-off of 10Y-20Y UST from European investors is aligned with the overall market trend of the **UST curve steepening**: the long part of the curve is seeing higher yields, i.e. lower prices.
  - This is a rather unusual trading pattern compared with the behaviour of European investors in 2024: in the previous part of the year European investors in the Euroclear network have been net buyers of USTs, across the maturity curve.



*This daily report is based on data from USD market (00:00 23-Jul-2024 UTC to 00:00 24-Jul-2024 UTC)*

The automated Smart Markets™ report highlights the unusual sell-off from European depository institutions (mostly buy-side firms), with net buying activity that lies outside of the Euroclear network (“Non Euroclear”), which is most likely driven by large US investment banks.

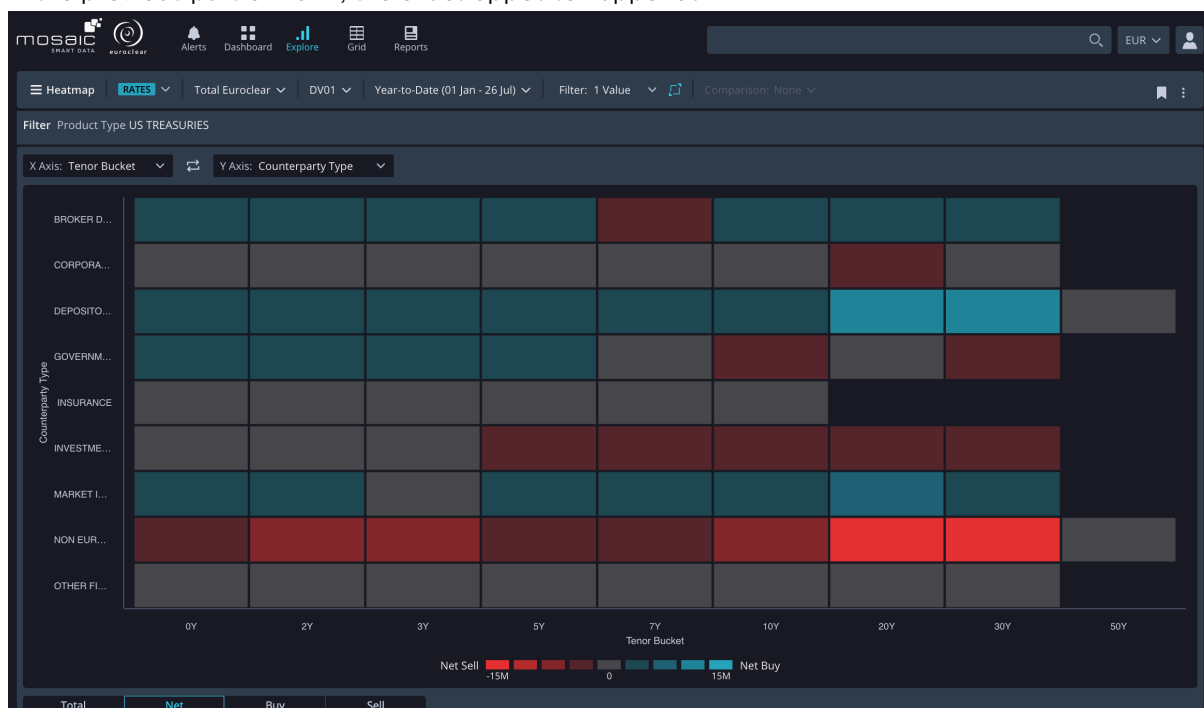
Looking at a longer period, from 15<sup>th</sup> – 24<sup>th</sup> July 2024, we observe:



It is interesting to notice how European depository institutions (mostly buy-side firms) shorted 10Y and 20Y UST bonds, which is aligned with the overall market trend of the UST curve steepening: the long part of the curve is seeing higher yields, i.e. lower prices.

The buying counterparties are outside of the Euroclear network, so are most likely European investors are selling to large US investment banks.

In the previous part of 2024, the exact opposite happened:



Here, we see European depository institutions (mostly buy-side firms) buying 10Y and 20Y from Non-Euroclear (likely US investment banks), which sold across the entire curve.