Interest Rates Focus

16:53 CET
19 August 2026

https://research.ca-cib.com

Increased buybacks flatten the curve

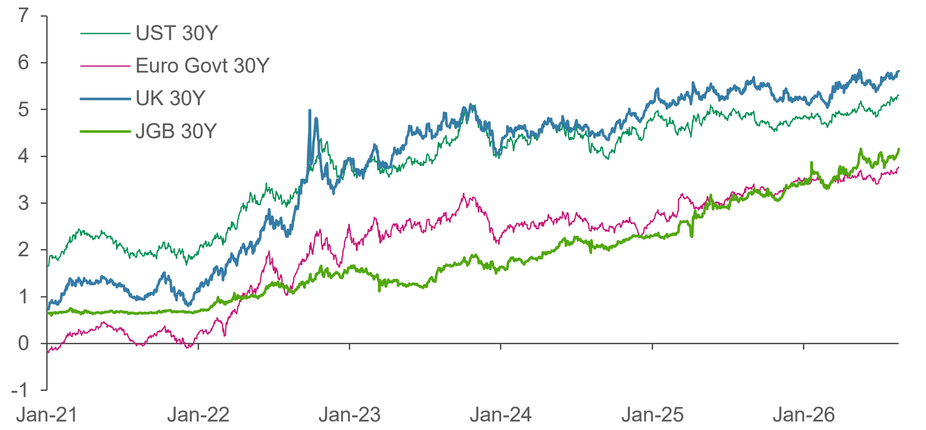
- **The Treasury announced this morning that it would raise the size of buybacks in longer-dated nominal coupon Treasuries, ie, 10-20Y and 20-30Y sectors from a maximum of USD2bn per operation to at least USD4bn per operation starting 9 September. The announcement has brought down long-end rates, with the 30Y yield about 10bp lower on the day.**
- **The Treasury will provide additional information on future buybacks at the 4 November refunding announcement. The increase in longer-dated buyback operation sizes is to provide greater liquidity support in the sector, which has cheapened significantly over the past couple of months.**
- **The Treasury General Account (TGA) has a balance of USD933bn. The increased size in buybacks is a drop in the bucket against the massive TGA and bill issuance. As Treasury debt management intends to keep coupon sizes stable "for at least the next several quarters", it will probably issue more bills to fund the increased buybacks, which should create no major issues given bill auction sizes.**
- **Recent long bond sell-off pushed 30Y Treasury yield above 5.30% early this week before starting to reverse course yesterday. Markets have not seen 5.30% Treasury bond yield since 2007.**
- **Surging long bond yields have been global – besides Treasury 30Y, 30Y Gilts are at 5.80% and 30Y JGB at 4.15%, as fixed income buyers require a higher premium against relentless government spending and a prospect of high inflation becoming entrenched.**
- **Increasing real yields have been a primary contributor to rising long-end rates and a steepening curve, with the 30Y real yield at almost 3.10%, a rare phenomenon since the early 2000s, before declining to 2.95% today.**
- **Not surprisingly, term premium has jumped to the high end of the range. In the US, the Fed ACM 10Y term premium has widened about 45bp since late June to 90bp.**
- **We think bonds look cheap vs near record high stocks. Bloomberg US Aggregate index has returned -0.3% YTD vs the S&P 500 index returning +13%.**
- **High bond yields will probably keep stripping volume elevated. USD5.9bn Treasuries were net stripped in July, in the high end of the YTD range. Meanwhile, the Milliman 100 Pension Funding Index jumped a record 112% in July, thanks to a strong equity market.**
- **Curve steepening through early this week put 2-10Y, 5-30Y, and 10-30Y above or near the RSI level of 70, a signal for overbought conditions. The 2-10Y curve exceeded its 200-day moving average before diving today.**
- **Payroll and inflation data this month have reduced the probability the Fed would hike in September. The bar for the Fed to hike in September appears high, as the meeting takes place less than two months before the November midterm elections. A hike in September would require a strong August payroll and more importantly August CPI prints well exceeding expectations.**

Alex Li
Head of US Rates Strategy
+1 212 261 3950
alex.li@ca-cib.com

Click below to experience our new interactive data website:

RED MOUNT Analytics
BY CRÉDIT AGRICOLE CIB

Fig 1. Long-end rates rose globally before declining today



Source: Credit Agricole CIB, Bloomberg

The Treasury announced this morning that it would raise the size of buybacks in longer-dated nominal coupon Treasuries, ie, 10-20Y and 20-30Y sectors from a maximum of USD2bn per operation to **at least** USD4bn per operation starting 9 September. The announcement has brought down long-end rates, with the 30Y yield about 9bp lower on the day.

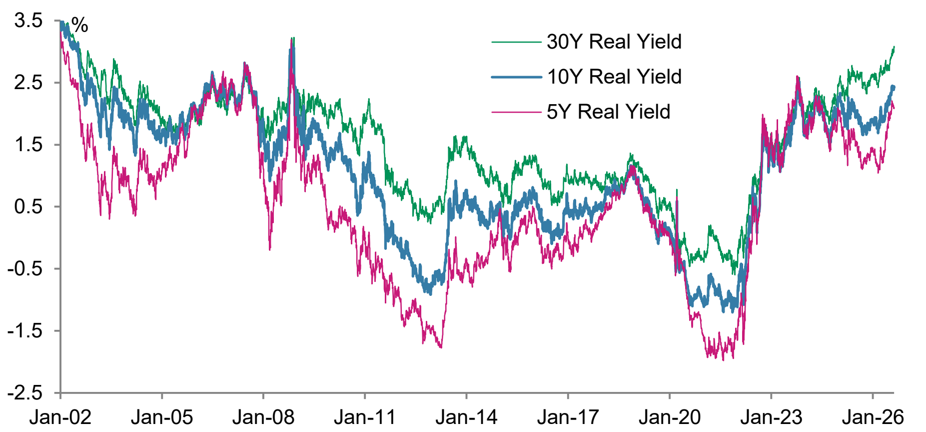
The Treasury will provide additional information on future buybacks at the 4 November refunding announcement. The increase in longer-dated buyback operation sizes is to provide greater liquidity support in the sector, which has cheapened significantly over the past couple of months.

The Treasury General Account (TGA) has a balance of USD933bn. The increased size in buybacks is a drop in the bucket against the massive TGA and bill issuance. As Treasury debt management intends to keep coupon sizes stable "for at least the next several quarters", it will probably issue more bills to fund the increased buybacks, which should create no major issues given bill auction sizes. Today's announcement raises the possibility the Treasury reduces longer-dated nominal coupon auction sizes at future refundings if long bond yields stay high.

Recent long bond sell-off pushed 30Y Treasury yield above 5.30% early this week before starting to reverse course yesterday. Markets have not seen 5.30% Treasury bond yield since 2007. Surging long bond yields have been global – besides Treasury 30Y, 30Y Gilts are at 5.80% and 30Y JGB at 4.15%… and the list goes on (Figure 1), as fixed income buyers require a higher premium against relentless government spending and a prospect of high inflation becoming entrenched.

Increasing real yields have been a primary contributor to rising long-end rates and a steepening curve, with the 30Y real yield at almost 3.10%, a rare phenomenon since the early 2000s, before declining to 2.95% today (Figure 2).

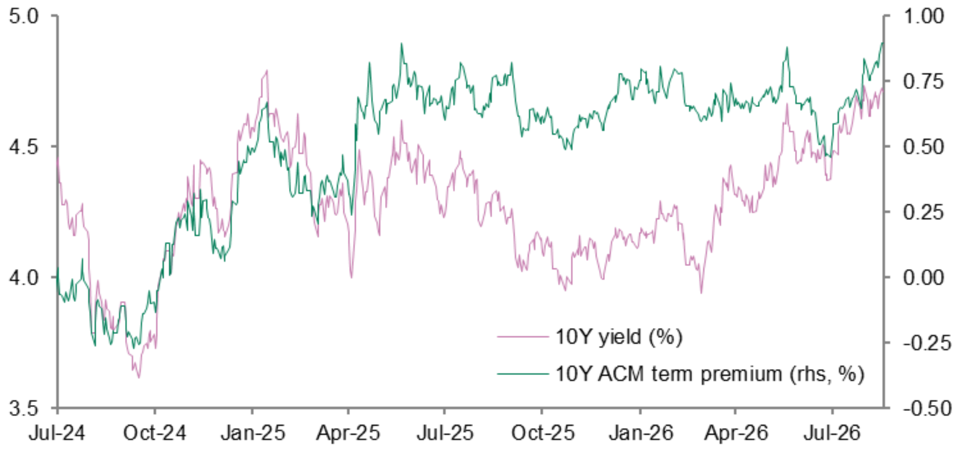
Fig 2. 30Y real yields have not been over 3.00% since the early 2000s



Source: Credit Agricole CIB, Bloomberg

Not surprisingly, term premium has jumped to the high end of the range. In the US, the Fed ACM 10Y term premium has widened about 45bp since late June to 90bp (Figure 3). We think bonds look cheap vs near-record high stocks. Bloomberg US Aggregate index has returned -0.3% YTD vs the S&P 500 index returning +13%.

Fig 3. Term premium jumps



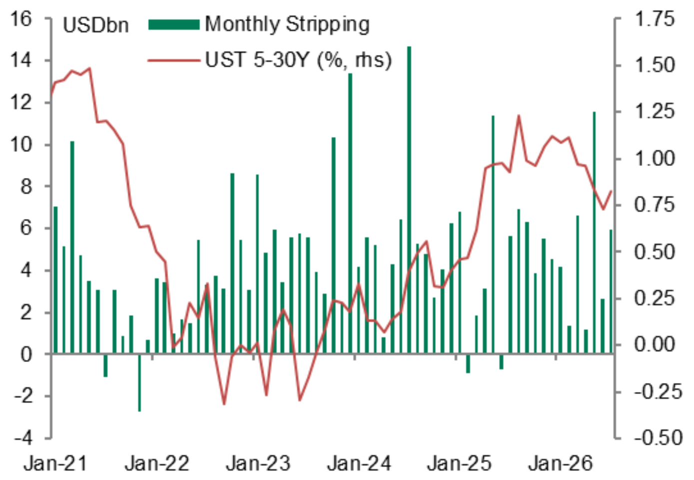
Source: Credit Agricole CIB, Bloomberg

High bond yields will probably keep stripping volume elevated. USD5.9bn Treasury notes and bonds were net stripped in July, in the high end of the YTD range. Meanwhile, the Milliman 100 Pension Funding Index jumped a record 112% in July, thanks to a strong equity market (Figures 4 & 5).

Curve steepening through early this week put 2-10Y, 5-30Y, and 10-30Y above or near the RSI level of 70, a signal for overbought conditions. 10-30Y curve exceeded its 150-day moving average before diving today (Figures 6 & 7).

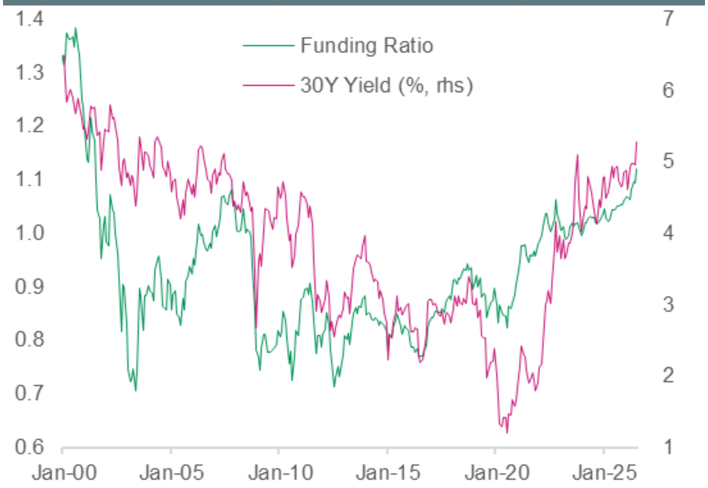
Payroll and inflation data this month have reduced the probability the Fed would hike in September. The bar for the Fed to hike in September appears high, as the meeting takes place less than two months before the November midterm elections. A hike in September would require a strong August payroll and more importantly August CPI prints well exceeding expectations.

Fig 4. Net stripping totalled USD5.9bn in July



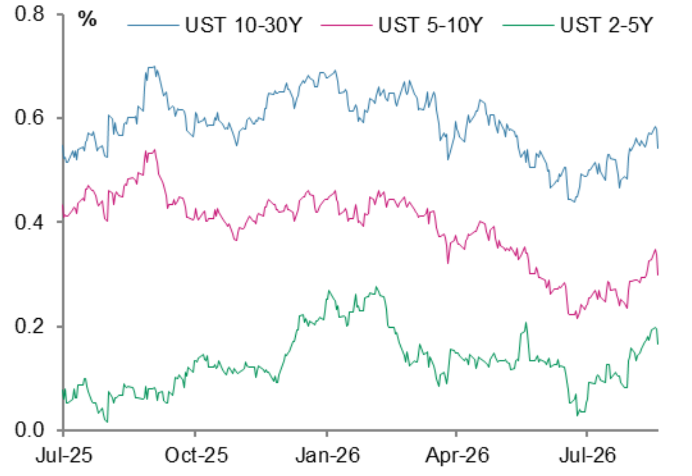
Source: Bloomberg, Crédit Agricole CIB

Fig 5. Pension funding ratio at a record high



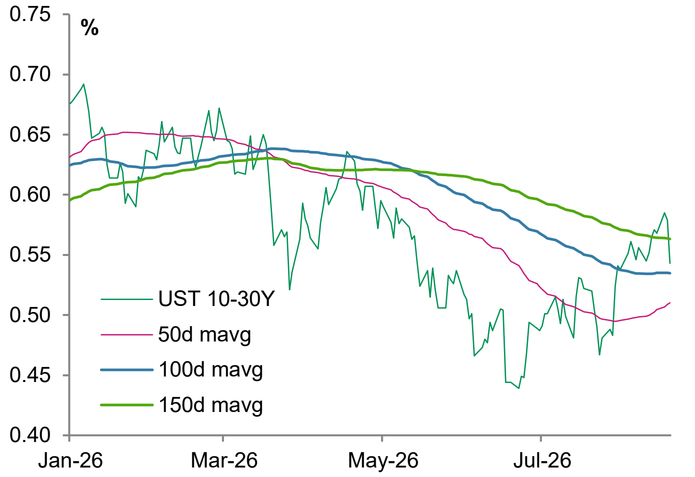
Source: Bloomberg, Crédit Agricole CIB

Fig 6. Curve steepened…



Source: Bloomberg, Crédit Agricole CIB

Fig 7. …breaking the 150-day moving average before diving today



Source: Bloomberg, Crédit Agricole CIB

Interest Rates Research advanced tools

With Red Mount Analytics, we are setting a new standard for market intelligence

Rates Markets Sectors

1 - Fundamentals

- Advanced Rates Forecasts
- Central Bank Expectations Monitor
- Futures Positioning
- Nominal and Implied Real Swap Rates
- Rating Momentum
- US CFTC Futures Positioning

2 - Bonds

- EGB RV Explorer
- EGB RV Monitor Spline Model
- EGB total return
- US Curve Analysis

3 - Derivatives

- Swap Forward Grid Analysis
- Swaption Grid Analysis
- Xccy and FX Forwards

4 - Flows and Supply

- Flows and Market mood EGBs
- Primary EGB supply
- US Auction Statistics
- US Debt Vital Statistics

1 - Fundamentals

This section provides core analytics for interest rates markets such as robust monitoring of central bank policy expectations and market positioning. Features several quality of life improvement features like sovereign credit ratings and our advanced rates forecasts.

2 – Bonds

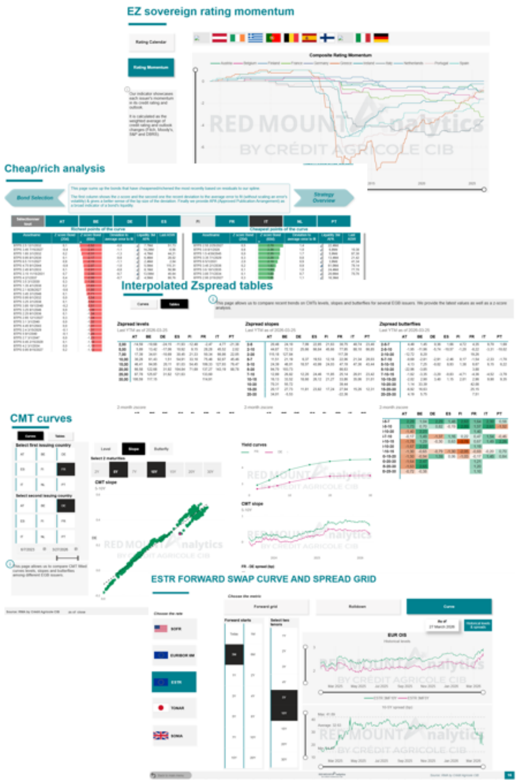
Focused on identifying investment opportunities in sovereign bond markets, this section offers comprehensive relative value analysis tools. It features systematic approaches, from spline models to AI-enhanced signals, alongside a fully interactive RV explorer to scout for attractive switches or butterfly. These dashboards also leverage on our CMT curves to analyse historical moves without being polluted by benchmark rolls.

3 – Derivatives

This section features screeners for interest rate derivatives. You can monitor swap curve analytics (rolldown, volatility adjusted carry) across multiple tenors and analyse swaption volatility surfaces. We also provide a first building block for cross-currency trades.

4 – Flows and supply

This section tracks primary market issuance and demand dynamics in government bond markets. Our market mood dashboard leverages on Crédit Agricole CIB's flows while our overbidding/tail data allows you to gauge investor interest at auctions and syndications. You will find detailed issuance statistics going back to 2009 for EGBs and USTs



Source: RMA by Crédit Agricole CIB

Red Mount Analytics

Complex markets require the most advanced and powerful tools…

Source: RMA by Crédit Agricole CIB

Our new [interactive data website](#) features:

- 25bn data points
- over 4,500 interactive charts
- over 1,000 proprietary models
- over 250 use cases
- over 150 thematic reports
- 9 product classes (eg, EM, FX, Sustainable, Credit)
- 6 categories (eg, flows, fundamentals, RV)
- 90% exclusive content
- AI modelling

Global Markets Research contact details

Jean-François Paren Head of Global Markets Research +33 1 41 89 33 95

	Asia (Hong Kong, Singapore & Tokyo)		Europe (London & Paris)		Americas (New York)
Macro Strategy	Takuji Aida Chief Economist Japan +81 3 4580 5360	Ken Matsumoto Macro Strategist Japan +81 3 4580 5337	**Louis Harreau** **Head of Developed Markets Macro & Strategy** **+33 1 41 89 98 95**	Valentin Giust Global Macro Strategist +33 1 41 89 30 01	Nicholas Van Ness ** Chief US Economist +1 212 261 7601
Interest Rates			**Jean-François Perrin** **Head of Rates and Inflation Research & Strategy** **+33 1 41 89 73 49** Matthias Loise Inflation Strategist +33 1 41 89 20 06	Guillaume Martin Interest Rates Strategist +33 1 41 89 37 66 Riccardo Lamia Interest Rates Strategist +33 1 41 89 63 83 Monna Dimitrova Interest Rates Strategist +33 1 41 89 05 61	Alex Li ** Head of US Rates Strategy +1 212 261 3950
Emerging Markets	Xiaojia Zhi Chief China Economist Head of Research, Asia ex-Japan +852 2826 5725 Eddie Cheung CFA Senior Emerging Market Strategist +852 2826 1553	Jeffrey Zhang Emerging Market Strategist +852 2826 5749 Yeon Jin Kim Emerging Market Analyst +852 2826 5756	**Sébastien Barbé** **Head of Emerging Market Research & Strategy** **+33 1 41 89 15 97**		Olga Yangol ** Head of Emerging Market Research & Strategy, Americas +1 212 261 3953
Foreign Exchange	David Forrester Senior FX Strategist +65 6439 9826		**Valentin Marinov** **Head of G10 FX Research & Strategy** **+44 20 7214 5289**	Alexandre Dolci FX Strategist +44 20 7214 5064	
Quant Research			Alexandre Borel Data Scientist +33 1 57 87 34 27		

*** employee(s) of Crédit Agricole Securities (USA), Inc.*

Certification

The views expressed in this report accurately reflect the personal views of the undersigned analyst(s). In addition, the undersigned analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report.

Alex Li

Important: Please note that in the United States, this fixed income research report is considered to be fixed income commentary and not fixed income research. Notwithstanding this, the Crédit Agricole CIB Research Disclaimer that can be found at the end of this report applies to this report in the United States as if references to research report were to fixed income commentary. Products and services are provided in the United States through Crédit Agricole Securities (USA), Inc.

Foreign exchange disclosure statement to clients of CACIB

https://www.ca-cib.com/sites/default/files/2017-02/2016-05-04-cacib-fx-disclosure-april-2016_0.pdf

Additional recommendation obligations – available from analyst(s) upon request:

- A list of all the recommendation changes on any financial instrument or issuer disseminated within the last 12 months.
- Where Crédit Agricole CIB is a market-maker or liquidity provider in the financial instruments of the issuer.

Valuation and methodology

Based on their expertise, each analyst defines the information that is relevant to produce their recommendations. This information may change over time. All recommendations focus on FX instruments, either G10 FX spot or G10 FX derivative markets. Crédit Agricole CIB is currently disclosing investment recommendations either at the issuer level, at the financial instrument level or at the country level. Credit Agricole CIB investment recommendations are based on a risk and reward analysis:

- Risk analysis may be conducted at the financial instruments level. Among the information normally used to define the risks, are (1) publications produced by other research teams within Crédit Agricole CIB (Economics, FX, Credit Research, Emerging Markets), (2) country analysis, (3) regulatory filings; (4) regular discussions with relevant stakeholders such as experts or regulatory bodies or (5) any other publicly available sources.
- Reward analysis is usually based on valuation models. Valuation may be based on proprietary models or external models provided by sources considered as reliable (eg, Bloomberg). Among other factors, valuation models may be based on relative value models, quantitative models, cross-asset models.
- Investment recommendations may also be based on other technical aspects, including positioning flows and observing the market and underlying movements in particular instruments or issuers. This analysis will take into account key criteria such as market liquidity of the financial instrument at the time of production of the recommendation.

Any change in recommendation is disclosed via specific documents indicating both the new and the previous recommendation and the rationale backing the change.

Credit Agricole CIB expressly disclaims any responsibility for: (i) the accuracy of the models or estimates used in deriving the recommendations; (ii) any errors or omissions in computing or disseminating the valuations: and (iii) any uses to which the recommendations are put. Any valuation provided may be different from the valuation of the same product that Credit Agricole CIB may use for its own purposes, including those prepared in its own financial records.

MiFID II contact details

Andrew Taylor MiFID II Research contact andrew.taylor@ca-cib.com	Please send your questions on MiFID II to: research.mifid2@ca-cib.com

Disclaimer

This research report or summary has been prepared by Crédit Agricole Corporate and Investment Bank or one of its affiliates (collectively "Crédit Agricole CIB") from information believed to be reliable. Such information has not been independently verified and no guarantee, representation or warranty, express or implied, is made as to its accuracy, completeness or correctness.

This report is provided for information purposes only. Nothing in this report should be considered to constitute investment, legal, accounting or taxation advice and you are advised to contact independent advisors in order to evaluate this report. It is not intended, and should not be considered, as an offer, invitation, solicitation or personal recommendation to buy, subscribe for or sell any of the financial instruments described herein, nor is it intended to form the basis for any credit, advice, personal recommendation or other evaluation with respect to such financial instruments and is intended for use only by those professional investors to whom it is made available by Crédit Agricole CIB. Crédit Agricole CIB does not act in a fiduciary capacity to you in respect of this report.

Crédit Agricole CIB may at any time stop producing or updating this report. Not all strategies are appropriate at all times. Past performance is not necessarily a guide to future performance. The price, value of and income from any of the financial instruments mentioned in this report can fall as well as rise and you may make losses if you invest in them. Independent advice should be sought. In any case, investors are invited to make their own independent decision as to whether a financial instrument or whether investment in the financial instruments described herein is proper, suitable or appropriate based on their own judgement and upon the advice of any relevant advisors they have consulted. Crédit Agricole CIB has not taken any steps to ensure that any financial instruments referred to in this report are suitable for any investor. Crédit Agricole CIB will not treat recipients of this report as its customers by virtue of their receiving this report.

Crédit Agricole CIB, its directors, officers and employees may have financial interests or may effect transactions (whether long or short) in the financial instruments described herein for their own accounts or for the account of others, may have positions relating to other financial instruments of the issuer thereof, or any of its affiliates, or may perform or seek to perform securities, investment banking or other services for such issuer or its affiliates, within the regulatory framework set by Article 37 of Delegated Regulation (EU) 2017/565. Crédit Agricole CIB may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Without prejudice to the requirements arising from Article 4 of Delegated Regulation (EU) 2016/958, Crédit Agricole CIB is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report. Crédit Agricole CIB has established a "Policy for Managing Conflicts of Interest" which is available upon request. A summary of this policy is published on the Crédit Agricole CIB website conflict of interest | Crédit Agricole CIB. This policy also applies to the investment research activity.

None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without the prior express written permission of Crédit Agricole CIB. To the extent permitted by applicable securities laws and regulations, Crédit Agricole CIB accepts no liability whatsoever for any direct or consequential loss arising from the use of this document or its contents.

France: Crédit Agricole Corporate and Investment Bank is authorized and regulated by the Autorité de Contrôle Prudentiel et de Résolution ("ACPR") and supervised by the European Central Bank ("ECB"), the ACPR and the Autorité des Marchés Financiers ("AMF"). Crédit Agricole Corporate and Investment Bank is incorporated in France with limited liability. Registered office: 12, Place des Etats-Unis, CS 70052, 92 547 Montrouge Cedex (France). Companies Register: SIREN 304 187 701 with Registre du Commerce et des Sociétés de Nanterre. United Kingdom: Crédit Agricole CIB is authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution (the "ACPR") and supervised by the European Central Bank (the "ECB"), the ACPR and the Autorité des Marchés Financiers (the "AMF") in France. Crédit Agricole CIB London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Financial Conduct Authority and the Prudential Regulation Authority are available from Crédit Agricole CIB London on request. Crédit Agricole Corporate and Investment Bank is a public limited company ("société anonyme") under French law, incorporated in France under SIREN number 304187701 at the Nanterre Trade and Companies Registry, with limited liability and its head office address at 12, Place des États-Unis, CS 70052, 92547 Montrouge Cedex, France. It is registered in England and Wales as an overseas company at Companies House under company number FC008194, with a UK establishment at Broadwalk House, 5 Appold Street, London, EC2A 2DA, United Kingdom (UK establishment number BR001975). United States of America: This research report is prepared by Crédit Agricole Corporate and Investment Bank and is distributed in the United States solely to persons who qualify as "Major U.S. Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934 and who deal with Crédit Agricole Corporate and Investment Bank. This report does not carry all of the independence and disclosure standards of a retail debt research report or a research report prepared by a U.S. broker-dealer. Recipients of this research in the United States wishing to effect a transaction in any security mentioned herein should do so by contacting Crédit Agricole Securities (USA), Inc. (a broker-dealer registered with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA"). The delivery of this research report to any person in the United States shall not be deemed a recommendation of Crédit Agricole Securities (USA) Inc. to effect any transactions in the securities discussed herein or an endorsement of any opinion expressed herein. This report shall not be re-distributed in the United States without the consent of Crédit Agricole Securities (USA) Inc. Italy: Crédit Agricole Corporate and Investment Bank is authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution (the "ACPR") and supervised by the European Central Bank (the "ECB"), the ACPR and the Autorité des Marchés Financiers (the "AMF") in France. Crédit Agricole Corporate and Investment Bank Milan Branch is subject to supervision by the Bank of Italy and by the Commissione nazionale per le società e la borsa ("CONSOB"). This report is not intended, and should not be considered, as an offer, invitation, solicitation or recommendation to buy or sell any of the financial instruments described herein. This report is not intended, and should not be considered, as advice on investments in securities under the Consolidated Financial Law (Legislative Decree No. 50 of 24 February 1998) and can only be distributed to, and circulated among, professional investors (controparti qualificate), as defined by the relevant Italian securities legislation. Spain: This report may only be distributed to professional investors (as defined in Article 194 of Law 6/2023, of 17 March, of the Securities Markets and the Investment Services, and Article 112 of Royal Decree 813/2023, of 8 November, on the legal regime for investment services firms and other entities providing investment services) and cannot be distributed to other investors that do not fall within the category of professional investors. Hong Kong: Distributed by Crédit Agricole Corporate and Investment Bank, Hong Kong branch, an authorized financial institution registered with the Securities and Futures Commission for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities with Central Entity Number AAK816. This research report has not been reviewed or authorised by any regulatory authority in Hong Kong and is available only for professional investors within the meaning of the Securities and Futures Ordinance (Cap.571) and its subsidiary legislations. Japan: Distributed by Crédit Agricole Securities Asia B.V. which is registered for financial instruments business in Japan pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948), and is not intended, and should not be considered, as an offer, invitation, solicitation or recommendation to buy or sell any of the financial instruments described herein. This report is not intended, and should not be considered, as advice on investments in securities which is subject to the Financial Instruments and Exchange Act (Act No. 25 of 1948). Singapore: Crédit Agricole Corporate and Investment Bank, Singapore branch ("CACIB SG") may distribute information/research produced by its head office Crédit Agricole Corporate and Investment Bank incorporated in France, pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Credit Agricole Corporate and Investment Bank only distributes to accredited, expert, or institutional investors (in each case, as defined in the Securities and Futures Act 2001).

Switzerland: This report is provided only to institutional clients and/or professional clients within the meaning of the Swiss Financial Services Act and in strict compliance with applicable Swiss law. This document is not a prospectus within the meaning of Swiss Financial Services Act. The products mentioned in this document may not be suitable for all types of investors. Germany: This report may only be distributed to institutional investors. Australia: Distributed to wholesale investors only. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act.

THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS REPORT, YOU AGREE TO BE BOUND BY THE FOREGOING.

09/12/25