

T-Bills trade higher in the repo markets as uncertainty takes hold

Uncertainty surrounding the US debt ceiling is making US T-Bills trade more expensive in the repo markets.

Uncertainty regarding the debt ceiling discussions in the United States of America is causing certain T Bill issues to become more expensive in the repo markets. Those T-Bills that mature close to the expected debt ceiling X-date (the date when the US Treasury is unable to pay its bills), currently assumed to be June 1st, 2023, are trading more expensive with higher-than-average haircuts.

Longer dated T-Bills are also trading more expensive as market participants start to hedge exposures and look to position their books against both positive and negative outcomes. The UST-Bill 11/30/23 and the UST-Bill 12/28/23 are currently trading above SOFR (5.056444 May 17th).

Most expensive US Treasury open term reverse repo assets - Ranked by spread

Instrument Name	ISIN	CUSIP	Reverse Principal (USD)	Reverse Repo Spread All Term (bps)	Reverse Haircut All Term (%)
Ust Bill 11/30/23	US912796ZD42	912796ZD4	280,672,400	-530	1.96
Ust Bill 12/28/23	US912796ZN24	912796ZN2	425,503,552	-501	1.96
Ust 2.250 03/31/24	US91282CEG24	91282CEG2	159,765,920	-307	0.28
Ust Bill 05/30/23	US912797FG75	912797FG7	1,042,357,380	-225	1.87
Ust 2.500 04/30/24	US91282CEK36	91282CEK3	339,667,264	-139	0.85

Source : S&P Global Market Intelligence Repo Data Analytics

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