

August Spotlight: Off-the-Run Treasuries Present the Next E-Trading Challenge

August Data Spotlight: U.S. Rates Trading

August 19, 2024

Executive Summary:

The New York Federal Reserve (the Fed) has collected and distributed U.S. Treasury trading data from its primary dealers since 1998. The average daily notional volume (ADNV) traded the first week of reporting in January 1998 was \$255 billion, nearly 60% of which was between primary dealers—a stark contrast to the \$695 billion traded the same week in 2024 (27% between primary dealers). This is the dataset we and the market have relied on for years. Until 2020, it was the only central and official source of U.S. Treasury market volumes.

FINRA began reporting weekly U.S. Treasury trading volumes via TRACE in March 2020—a well-timed coincidence. Three years later, in February 2023, daily volumes were made available. And most recently, in March, trade-level reporting began. The main difference between the Fed's and FINRA's data is that the former uses submissions from only primary dealers, whereas the latter focuses on broker-dealers. In September 2022, FINRA also began requiring depository institutions ("Covered Depository Institutions") to report their trades as well.

Methodology:

Coalition Greenwich continuously gathers data and insights from U.S. Treasury market participants, including asset managers, hedge funds, primary dealers, market makers, and trading platforms. The data, once aggregated, normalized and enhanced, is analyzed by our market structure research team who identify key areas of change and the likely direction of volume, holdings, market share, and other trends in the coming months.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

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