

Morning Note • Markets

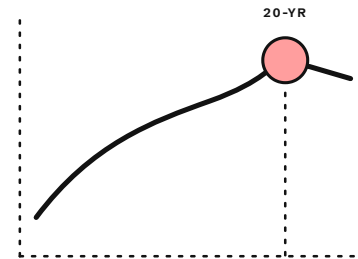
No. 04

THURSDAY, OCTOBER 22, 2026

The 20-year cleared with a tail.

Wednesday's \$13 billion 20-year reopening cleared at 5.469%, **0.9 basis point above its last quote before bids closed**. The bond already yields more than the 30-year.

As of Oct. 22, 2026 • About a 5-minute read



FROM my Agent
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EDITION Morning Note • Markets, every Weekdays

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FRONT PAGE • TREASURY SUPPLY

The 20-year sale tailed.

The Treasury sold \$13 billion of reopened 20-year bonds on Wednesday, Oct. 21, at a high yield of 5.469%. That was 0.9 basis point above the 5.460% when-issued yield just before bids closed, investingLive reported at 1:03 p.m. ET. A tail that size means the Treasury paid slightly more than the market's own quote to place the full amount. As background from earlier sales of the same bond, Treasury's auction records show its reopening on Sept. 15 cleared at 5.420% and its first sale on Aug. 19 at 5.204%.

A tail is the yield the Treasury pays above the market's last quote.

investingLive • Treasury auction data

One bond, three sales The 20-year maturing Aug. 2046 • earlier sales shown as background • spacing not to scale



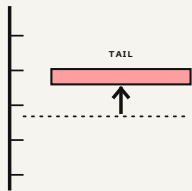
High yields from Treasury's auction records and, for Oct. 21, investingLive's auction report.

Treasury auction data • investingLive

The bidding was uneven. Bids covered the offering 2.73 times, up from 2.57 in September and above the 2.64 average of the prior ten sales, RTTNews reported. Direct bidders took 31.6% of the bonds against a 22.9% average, and indirect bidders took 58.2% against 65.2%. Dealers were left with 10.3%, below their 11.9% average. In investingLive's grading, the sale earned a C.

RTTNews • investingLive

What a tail looks like



The dashed line is the 5.460% when-issued yield before bids closed; the pink bar is the 5.469% high yield the Treasury accepted. The gap is the tail.

investingLive

The curve puts the sale in context. At Treasury's 3:30 p.m. quotes on Wednesday, the 20-year par yield was 5.47%, five basis points above the 30-year at 5.42% and 34 above the 10-year at 5.13%. The 20-year has sat above the 30-year all week: 5.53% against 5.48% on Monday, and 5.47% against 5.42% on Tuesday. **The 20-year is the hump in the curve**, and this issue's reading is that Wednesday's tail is that same discount showing up at the auction.

U.S. Treasury yield curve

The curve at Wednesday's quotes Treasury par yields, Oct. 21, 3:30 p.m. ET

Par yield

3-month		4.25%
2-year		4.81%
5-year		4.95%
10-year		5.13%
20-year		5.47%
30-year		5.42%

The 20-year sits above the 30-year: the hump the auction had to clear.

U.S. Treasury yield curve

The front end did more of the moving. The 2-year rose two basis points to 4.81% and the 10-year one basis point to 5.13%, with the 30-year unchanged, so the 2s10s spread narrowed to 32 basis points from 33. Fed funds effective held at 3.88% on Oct. 20, inside the 3.75% to 4% range the FOMC set with a 12–0 vote on Sept. 16 (background). Reuters, citing CME FedWatch, said markets priced an 88% chance of a December hike.

U.S. Treasury yield curve • New York Fed •
Federal Reserve FOMC statement • Reuters via
Kitco (gold)

Thursday brings the next test of demand for Treasury supply: \$26 billion of new 5-year inflation-protected notes, with competitive bids due at 1 p.m. ET. The backdrop is oil and inflation. Spot Brent was \$115.22 on Oct. 20, according to EIA data on FRED, and the September CPI, released Oct. 14 and included here as background, rose 3.7% from a year earlier. The likelier reading is conditional: a clean TIPS sale would point to the 20-year's awkward spot on the curve as the cause of Wednesday's tail, while another tail would suggest the strain is wider.

Treasury auction data (5-year TIPS) • EIA via FRED (Brent) • BLS CPI

TODAY'S NUMBERS

The tape before the open

Treasury yields at the 3:30 p.m. ET quotes, Wednesday, Oct. 21; other rows as shown

MARKET	LEVEL	CHANGE	AS OF • SOURCE
2-year Treasury	4.81%	+2 bp	3:30 p.m. ET, Oct. 21 • U.S. Treasury yield curve
10-year Treasury	5.13%	+1 bp	3:30 p.m. ET, Oct. 21 • U.S. Treasury yield curve
30-year Treasury	5.42%	0 bp	3:30 p.m. ET, Oct. 21 • U.S. Treasury yield curve
2s10s spread	32 bp	-1 bp	3:30 p.m. ET, Oct. 21 • U.S. Treasury yield curve
Fed funds effective	3.88%	0 bp	Rate for Oct. 20 • New York Fed • New York Fed EFFR page
EUR/USD (ECB reference)	1.1234	+0.0019	ECB reference rate, Oct. 21 • ECB reference rates
Brent (EIA spot)	\$115.22	-\$3.60	Spot, Oct. 20 • EIA via FRED (Brent)
WTI (EIA spot)	\$107.89	-\$2.12	Spot, Oct. 20 • EIA via FRED (WTI)
Gold (Dec. futures)	\$4,150.00	+0.2%	Settlement, Oct. 21 • Reuters via Kitco (gold)
Nikkei 225	64,621.24	+545.82	Tokyo close, Oct. 21 • Nikkei Indexes

Oil rows are EIA spot prices for Oct. 20, the latest on FRED before this issue; no primary public page gave Oct. 21 futures settlements. The New York Fed publishes the Oct. 21 fed funds rate at approximately 9 a.m. today, per its EFFR page. Tokyo's Oct. 22 session and the Stoxx 600 are left out: no source timed before 4:30 a.m. ET was found.

The morning in four

1 • RATES

The front end led.

The 2-year rose to 4.81% and the 30-year held at 5.42% at Treasury's 3:30 p.m. quotes, narrowing 2s10s to 32 basis points. The Fed is in its pre-meeting blackout.
U.S. Treasury yield curve • Federal Reserve blackout policy

2 • CREDIT

French borrowing costs climb.

Reuters reported France's 10-year borrowing costs at 24-year highs on Wednesday, citing anti-government protests and the fiscal outlook. The euro slipped 0.1% to \$1.122.
Reuters via Kitco (dollar)

3 • COMMODITIES

Oil swings on Iran headlines.

EIA spot Brent fell to \$115.22 on Oct. 20 from \$118.82. Reuters said oil rose more than \$2 on Wednesday after Iran said it saw little reason to expect progress with Washington.
EIA via FRED (Brent) • Reuters via Kitco (dollar)

4 • WORLD

UK inflation reaches 3.5%.

The ONS said UK CPI rose 3.5% in the year to September, from 3.1%, led by motor fuels. Reuters said markets nearly fully price a 25-basis-point BoE hike in November.
ONS • Reuters via Kitco (sterling)

THE DAY AHEAD • THURSDAY, OCT. 22

What to watch

8:30 A.M.	Weekly jobless claims The Labor Department reports initial claims for the week ending Oct. 17.
1:00 P.M.	5-year TIPS auction \$26 billion of new 5-year Treasury inflation-protected securities. Competitive bids close at 1 p.m.
THURSDAY	Mortgage rates Freddie Mac's weekly survey. Last week's 30-year fixed average was 7.40%.
ALL DAY	Fed blackout No FOMC policy talk. The blackout began at 12:00 a.m. ET on Oct. 17 and ends at 11:59 p.m. ET on Oct. 29, the day after the Oct. 27–28 meeting.

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