



CHASE CHASE BUSINESS CHECKING
MORE CHOICES. MORE BENEFITS.

START TODAY
AND WE'LL GIVE YOU
\$100

CNNMoney.com

 **PRINT THIS**

Powered by  Clickability

Treasury prices vault higher

Chinese equity selloff and weakness on Wall Street support government bond prices.

Last Updated: August 19, 2009: 4:54 PM ET

NEW YORK (Reuters) -- Treasury prices rose Wednesday as persistent doubts about the staying power of any economic recovery pushed some investors into lower-risk assets like government debt.

But as [U.S. stocks](#) recovered from an initial stumble following steep losses in Chinese equities, Treasuries pared some of their early safe-haven gains.

"We are definitely keying off of equity movements today," said Mary Ann Hurley, vice president of fixed income trading at D.A. Davidson & Co. in Seattle. "There is still concern about economic growth over the long term."

Recent data has suggested that the cash-strapped U.S. consumer is still struggling, amid the longest recession in decades. As a result, investors have become warier of riskier assets such as stocks and more disposed to buy safe-haven Treasuries, analysts said.

"Most believe the recession is bottoming out or pretty much over, but where is the catalyst or stimulus showing the economy is going to improve in any strong fashion?" said Walter Gerasimowicz, chief executive of Meditron Asset Management in New York.

That economic reality check helped Treasuries on Wednesday, together with a rise in global risk aversion after the Chinese equities selloff, Gerasimowicz said.

The benchmark 10-year Treasury note's price, which moves inversely to its yield, was trading 11/32 higher for a yield of 3.47%, down from 3.51% late Tuesday. The yield slipped to 3.4% Wednesday morning, its lowest in over a month.

The morning move below 3.46%, seen as a key technical level, would be significant if it manages to stick through the day, said William O'Donnell, head of Treasury strategy at RBS Securities in Greenwich, Conn.

A close at or below that yield level could pave the way for a move down to 3.30%, he said, the lowest since early July.

<http://cnnmoney.printthis.clickability.com/pt/cpt?action=cpt&title=Prices+climb+as+investors+seek+low...> 8/20/2009



Does your backseat driver know what is expected of them?

Click here to print the contract.

We're on the driver's side

76

The two-year note was trading 2/32 higher in price for a yield of 1.00%, down from 1.04% late Tuesday. The 30-year bond was one full point higher in price to yield 4.29% from 4.35%.

Treasurys have been on a bit of a tear lately, with a price surge Monday on the heels of last week, which was the best week for benchmark notes so far this year.

Investors are fretting over the strength of the global economic recovery, and whether a five-month rally in stocks may have been overdone.

"As equity markets wane, you are going to get another flight to quality," and that shift has already started, said John Lekas, senior portfolio manager of the Leader Short Term Bond Fund with Leader Capital Corp. in Portland, Ore. "Treasurys are where you want to be," he said.

With little in the way of data Wednesday, investors were looking ahead to the government's announcement Thursday of the size of next week's two-, five- and seven-year note auctions. ■

First Published: August 19, 2009: 10:00 AM ET

Find this article at:

<http://money.cnn.com/2009/08/19/markets/bondcenter/bonds.reut>

Check the box to include the list of links referenced in the article.

© 2007 Cable News Network LP, LLP.