SPRINGER NATURE Link

O Search

<u>Home</u> > <u>Review of Derivatives Research</u> > Article

A Model of the Convenience Yields in Onthe-Run Treasuries

Published: August 2004

Volume 7, pages 79–97, (2004) <u>Cite this article</u>



Review of Derivatives Research

Aims and scope \rightarrow

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to nature.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

- > Store and/or access information on a device
- > Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Manage preferences

Cart

model, with both interest and special repo rates stochastic, that prices the on-therun bonds that command this convenience yield. A simple implementation of the model can generate yields consistent with the evidence.

Access this article
Log in via an institution
Subscribe and save

This is a preview of subscription content, log in via an institution [2] to check access.

Your privacy, your choice

(i)

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to nature.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Accept all cookies
Reject optional cookies
Manage preferences



Capital Markets	<u>Circulation</u>	Labor Economics	Microeconomics	Microfinance
Public Finance				

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to nature.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Accept all cookies
Reject optional cookies
Manage preferences

Cherian, J., E. Jacquier, and R. Jarrow. (2002). "Convenience Yields in On-the-Run Treasuries: Theory and Evidence," Working Paper, Boston College.

Cherian, J. and R. Jarrow. (1995). "Market Manipulation." In R. Jarrow, V. Maksimovic, and W. Ziemba (eds.) *Finance: Handbooks in Operations Research and Management Science*, Vol. 9, Chapter 20. Amsterdam: North Holland, pp. 611-630.

Google Scholar

Cornell, B. and A. Shapiro. (1989). "The Mispricing of US Treasury Bonds: A Case Study," *The Review of Financial Studies* 2, 297-310.

Google Scholar

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to nature.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Accept all cookies
Reject optional cookies
Manage preferences

Defaultable Securities and the Timing of the Resolution of Uncertainty," *Annals of Applied Probability* 6, 1075-1090.

Google Scholar

Fisher, M. and C. Gilles. (1996). "The Term Structure of Repo Spreads," Working Paper, Board of Governors Federal Reserve System.

Fleming, M. (2000). "Financial Implications of the Federal Debt Paydown," *Brookings Papers on Economic Activity* 2, 221-251.

Google Scholar

Gibson, R. and E.S. Schwartz. (1990). "Stochastic Convenience Yield and the

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to nature.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Accept all cookies	
Reject optional cookies	
Manage preferences	

Structure of Interest Rates," *Econometrica* 60, 77-105.

Google Scholar

Hull, J. (2000). *Options, Futures, and Other Derivative Securities*, 4th ed. Englewood Cliffs, NJ: Prentice Hall.

Google Scholar

Hull, J. and A. White. (1990). "Pricing Interest Rate Derivative Securities," *The Review of Financial Studies* 3, 573-592.

Google Scholar

Hull, I. and A. White. (1994). "Numerical Procedures for Implementing Term

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to nature.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Accept all cookies
Reject optional cookies
Manage preferences

Keane, F. (1996). "Repo Rate Patterns for New Treasury Notes," *New York Fed Newsletter: Current Issues in Economics and Finance* 2(10), 2-6.

Google Scholar

Krishnamurty, A. (2001). "The Bond/Old-Bond Spread," Kellogg Working Paper, Northwestern.

Lowenstein, R. (2000). *The Rise and Fall of Long-Term Capital Management*. New York: Random House.

Google Scholar

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to nature.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Accept all cookies
Reject optional cookies
Manage preferences

Warga, A. (1992). "Bond Returns, Liquidity, and Missing Data," *Journal of Financial and Quantitative Analysis* 27, 605-617.

Google Scholar

Author information

Authors and Affiliations

Banc of America Capital Management, USA

Joseph A. Cherian

HEC Montréal, Canada

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to nature.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Accept all cookies	
Reject optional cookies	
Manage preferences	

Search

Search by keyword or author

Navigation

Find a journal

Publish with us

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 93 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to nature.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Accept all cookies
Reject optional cookies
Manage preferences