



direct bidders dropped to 8.2% from 13.9% in July (12.3% average). The combined customer participation of 61.0% was close to the 61.6% in July and remained above its one-year average 58% for the sixth straight month. Allotments share to investment funds rose to a record 45.3% from July's 38.9%, and compares with the one-year average of 35.4%. However, the allotments share to foreign and international investors dropped to 13.5% from July's 20.1%, and was soft as compared to the average 19.2% for the first time since April. The bid-to-cover ratio bounced back to 3.34 from 3.16 in July, above the average of 3.29. The auction stopped on the screws for the second straight month.

Dealer positioning in two- to three-year Treasuries increased by \$1.6 billion from the last auction to \$1 billion as of August 26.

3-year note auction statistics								
	Size (\$bn)	Primary Dealers	Direct Bidders	Indirect Bidders	Cover Ratio	Stop-out Yield	1PM WI Bid	BP Tail
<i>1yr Avg</i>	\$24.8	42.0%	12.3%	45.7%	3.29			-0.2
<b>Aug-15</b>	<b>\$24.0</b>	<b>39.0%</b>	<b>8.2%</b>	<b>52.8%</b>	<b>3.34</b>	<b>1.013</b>	<b>1.013</b>	<b>0.0</b>
Jul-15	\$24.0	38.4%	13.9%	47.7%	3.16	0.932	0.933	0.0
Jun-15	\$24.0	39.6%	9.7%	50.7%	3.33	1.125	1.124	0.1
May-15	\$24.0	35.7%	11.6%	52.7%	3.34	1.000	1.005	-0.5
Apr-15	\$24.0	39.5%	11.1%	49.4%	3.25	0.865	0.866	-0.1
Mar-15	\$24.0	40.5%	8.0%	51.4%	3.33	1.104	1.110	-0.6
Feb-15	\$24.0	43.9%	7.2%	48.9%	3.34	1.050	1.056	-0.6
Jan-15	\$24.0	39.4%	14.8%	45.8%	3.33	0.926	0.933	-0.6
Dec-14	\$25.0	47.7%	10.1%	42.2%	3.24	1.066	1.066	0.0
Nov-14	\$26.0	47.1%	15.2%	37.7%	3.18	0.998	0.997	0.1
Oct-14	\$27.0	47.0%	17.4%	35.5%	3.42	0.994	0.997	-0.3
Sep-14	\$27.0	46.6%	20.3%	33.1%	3.17	1.066	1.064	0.2

Source: US Treasury and Deutsche Bank

**10-year note**  
 Indirect bidder participation increased to 60.1% from July's 58.1%, beating its one-year average of 54.9% for the seventh straight month. Direct bidders took down 5.8% of the supply, their lowest of the last three years and compares with the average 11.1%. The combined customer participation declined to 66% from 70.2% in July, in line with the one-year average. The allotments share to investment funds decreased to 41.3% from 45.3% of the auction in July, but was still above its one-year average 40.1%. However, foreign and international investor share increased to 22.7% from July's 21.7%, a touch below the average 23.0%. The bid-to-cover ratio fell to 2.40 from July's 2.72, the lowest since March 2009, and well below the average of 2.65. The auction tailed by 0.8bp for the first time in the last seven months.

Dealer net shorts in seven- to eleven-year Treasuries increased by \$1.8 billion from around the last auction to \$3.9 billion as of August 26.