

Who's Going to Buy All the Bonds?! Russia Has Sold Its US Treasury Holdings, China Has Warned About Withdrawing, What's Happening in the Gold Market?

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Back in May, after hovering just below the 3% mark for several weeks, the yield on the benchmark U.S. 10-year Treasury note finally burst through the 3% level and spiked up to 3.11%. But after the [Italian bond market experienced its latest round of chaos](#), U.S. yields came back in. With the mainstream explanation being that it was yet another flight to safety amid global financial chaos (with the U.S. treasuries amazingly still being seen as the safe-haven asset). However given what we've learned since then, something doesn't quite add up.

Because in the time since, we've found out that over the course of April and May, [Russia sold almost all of its U.S. Treasury holdings](#). Keep in mind that this occurred during the same time when the Fed is raising interest rates, reducing its balance sheet of government and mortgage securities (at least according to [the data on its own website](#) – and you can take that for what you will), and China has [warned about withdrawing as well](#), while also making every arrangement possible to [conduct trade outside of dollar infrastructure](#).

Other nations like Hungary and Turkey have been repatriating their gold and speaking publicly about how [fed up they are with the U.S. dollar system](#). And to be completely honest, I don't think they're alone in the global community in regards to their feelings about U.S. policy.

Which begs the question, if all of these parties are selling, or in the very least not buying more treasuries, as analyst [Rob Kirby brilliantly points out in this interview](#), who is buying all of the bonds?

A quick refresher is that [the bond yield moves inversely to its price](#). Meaning that when the yield came from 3.11% down to about 2.75%, that was a massive rally. Indicating that someone was out there buying.

Were there investors and funds that reacted to the Italian news by seeking the alleged safe haven of the U.S. treasury market? While I disagree with that fundamental strategy as a response to global bond market chaos, I do believe that there are some who did act by buying treasuries.

Yet it still seems a bit difficult to imagine that there was that much buying power in the

treasury market that it would be enough to offset the selling that Russia, the Fed, and others were doing.

While we may be unlikely to get a definitive answer anytime in the near future, given the amount of [manipulation I've discovered](#) in my time researching the markets, some form of involvement from a unit like [the Exchange Stabilization Fund](#) becomes more and more plausible as we witness the latest market reactions. Especially given the conversations I've had with some of my contacts in the financial industry.

Certainly it's plausible enough that every effort available would be made to continue propping up the dollar system as long as possible. Because at this point the United States government exists solely based on its ability to fund itself with paper.

Which is why I continue to see [precious metals and select cryptos](#) as the most direct form of insurance against the eventual break in the dollar. Which seems to be coming closer and closer, with each event such as the latest repudiation of the treasury market by Russia.

Currently the interest rate on the 10-year note is again hovering just under 3%. And now it's going to be interesting to see who will be there to buy the bonds the next time the market sinks and yields spike.

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