



Finance and Economics Discussion Series: Optimal Portfolio Allocation in a World Without Treasury Securities

By Antulio N. Bomfim

BiblioGov. Paperback. Book Condition: New. This item is printed on demand. Paperback. 30 pages. Dimensions: 9.7in. x 7.4in. x 0.1in. If current projections of future budget surpluses materialize, investing in Treasury securities--an asset class with which investors have long been familiar--could eventually become a thing of the past. In this paper, I examine the extent to which investors portfolio allocation decisions are likely to be affected by the retirement of all federal government debt. The analysis suggests only small effects for most investors, especially, as is effectively the case for many institutional investors, when a no short sale constraint is in place. Under such circumstances, highly conservative investors--whose portfolios have risk-return characteristics akin to money market instruments--and very aggressive investors--who hold mostly equities--stand to be the least affected by the removal of Treasuries from the pool of investable assets. The analysis abstracts from indirect beneficial effects on investors from a Treasury debt payoff, such as the potential for greater productivity growth (and faster wealth accumulation) as more resources are freed up for investment in the private sector. This item ships from La Vergne, TN. Paperback.



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