

**Date of the event:**

On Thursday 6th May 2010  
From 01:00 PM to 2:00 PM

**Location:**

Luxembourg School of Finance  
University of Luxembourg  
4 Rue Albert Borschette  
2<sup>nd</sup> Floor  
Modigliani Miller Auditorium (E02-003)  
L-1246 Luxembourg

**Registrations:**

- Free seminar (with lunch included)
- Registrations by email before May 3rd, 2010
- At the following address : [lsf-events@uni.lu](mailto:lsf-events@uni.lu)

**Information:**

Ms Deborah Marx  
Tel : +352 46 66 44 6873

<http://www.lsf.lu/eng/Research/Seminars-and-Conferences/Seminars-Workshops>



The LSF is pleased to invite you to the following  
lunch seminar:

## Bond Market Clienteles: the Yield Curve and Optimal Maturity Structure of Government Debt

*By M. Yves Nosbusch  
London School of Economics*



**Wednesday 6th May 2010  
From 01:00 PM to 2:00 PM**

***Bond Market Clienteles: the Yield Curve and Optimal  
Maturity Structure of Government Debt***

***By Yves Nosbusch***

The **L**uxembourg **S**chool of **F**inance

Is pleased to invite you to the

**LSF Seminar**

This paper provides a clientele-based model of the yield curve and develops a novel theory of the optimal maturity composition of government debt. We consider an infinite-horizon stochastic overlapping generations economy in which agents live for three periods. Clienteles correspond to generations of agents at different stages of their life cycle. We examine how changes in the clientele mix and the maturity structure of government debt affect the equilibrium yield curve. We show that an optimal maturity structure exists even in the absence of distortionary taxes. The government can use the maturity structure to achieve efficient intergenerational risksharing by effectively trading on behalf of future generations. The optimal fraction of long-term debt increases in the weight of the long-horizon clientele, provided that agents are more risk-averse than log.

