

**Abstract :**

We propose a clientele-based model of the yield curve and optimal maturity structure of government debt. Clienteles are generations of agents at different life cycle stages in an overlapping-generations economy. An optimal maturity structure exists in the absence of distortionary taxes and induces efficient intergenerational risk sharing. If agents are more risk-averse than log, then an increase in the long-horizon clientele raises the price and optimal supply of long-term bonds. But while a welfare-maximizing government caters to clienteles, it does not accommodate fully their demand, and limits issuance of long-term bonds to a level where these earn negative expected excess returns.

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The Center for Research in Economic Analysis of the University of Luxembourg is pleased to invite you to the **Lunchtime Seminar in Economics:**

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

**Yves Nosbusch**  
**London School of Economics**

**June 8, 2011**  
**13:00 – 14:00**

Campus Limpertsberg  
Building of Science – Room BS001  
162a, avenue de la Faïencerie  
L-1511 Luxembourg

Lunch is planned for the participants

Registration: by email to [fdel-colloques@uni.lu](mailto:fdel-colloques@uni.lu)

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