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AS THE DEMAND WANES AMID EASED EUROPEAN DEBT CRISIS CONCERN TREASURIES FALL

With the difference between 10-and 30-year yields widening to the most since September, the Treasuries fell, as signs Europe's debt crisis may be stabilizing reduced demand at auctions of the securities. U.S. 30-year bond yields rose from the very lowest level in a month as Greece and Italy took steps to form a few new governments and address budget and sovereign-debt problems, thus damping demand for haven assets. Yields were much higher than forecast at 10- and 30-year Treasury auctions this week. According to a Bloomberg News survey before a Nov. 15 report, retail sales gained in October at a slower rate than September. ''We continue to be transfixed by the events in Europe,'' says Chris Ahrens, who is the head rates strategist in Stamford, Connecticut, at UBS AG, one of the 21 primary dealers that are required to bid at Treasury auctions. ''Because of the uncertainty and the low yields, people sat on their hands and left the dealer community to underwrite the auctions, which is why we are higher in yield on the week.'' On Oct. 4, thirty-year yields raised two basis points, or 0.02 percentage point, to 3.11 percent in New York, compared with Oct. 4. Yesterday, the bond market was closed. The 3.75 percent securities maturing in August 2041fell 10/32, or $ 3.13 per $1,000 face amount, to 112 14/32. U.S. 10-year note yields rose two basis points to 2.06 percent. The so-called yield curve measuring the difference between 10- and 30-year debt reached almost 107 basis points, the most its been since Sept. 28. Treasuries have rallied around this year amid sluggish economic growth and have demand linked to Europe's debt crisis. According to Bank of America Merrill Lynch index data, the U.S. debt has returned 8.6 percent, the most since 14 percent during the financial crisis in 2008. The $16 billion 30-year sale of bonds drew a yield of 3.199 percent on Nov. 10, compares with the average forecast of 3.148 percent in a Bloomberg survey of eight of the Fed's primary dealers. For the past 10 sales, the bid-to-cover ratio, which gauges demand by comparing total bids with the amount of securities offered, was 2.40, compared with an average of 2.68. According to CRT Capital Group LLC, bond prices weakened into the sale, producing a 4.7 basis point tail, or the difference between the lowest bid and the average bid in the auction. The Fed's primary dealers purchased 55.7 percent of the bonds, the most since the month of August. On Nov. 9 the $24 billion 10-year note auction drew a yield of 2.030 percent, compared with the average forecast of 2.006 in a Bloomberg News survey of nine of the Fed's primary dealers. The bid-to cover ration was 2.64, the lowest its been since December of 2009.