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The bond market is the world's largest financial market. The total outstanding volume is over \$77 trillion, compared to \$60 trillion for the stock market. Of the figure 38% comes from the US, of which \$6.5 trillion is issued by the US government. This dissertation studies various aspects of the market for these treasuries. In the first part the focus is on trading in this financial instrument. Using a unique treasury futures market dataset the study provides evidence that traders on the exchange rely on orders coming in from outside the exchange to fully appreciate releases of macroeconomic news. In addition results show that speculative positions by market makers in this market are built up by active trade initiation. In the second part of the dissertation the focus is on the term structure of interest rates. The study shows that some common assumptions in a popular term structure model are too strong, and investigates how they can be relaxed.

Michel van der Wel (1981) obtained his master's degree in econometrics at the VU University Amsterdam in 2004. He started his PhD in Economics at the Tinbergen Institute and VU University Amsterdam in the same year. During his PhD he visited the Federal Reserve Bank of New York and gave presentations at over 24 occasions.