



Short Term Rates On The Rise - Fixed Income Update

Rates continued on a gradual ascent in October, with the 10-year Treasury bond yield ending the month at 1.55%, up from 0.88% this same time last year.

The Federal Reserve is scheduled to slow its pace of buying Treasury and mortgage backed bonds in November. It is still uncertain as to how this might affect interest rates and the bond markets.

The yield on the 2-year Treasury bond rose abruptly to 0.48% at the end of October, up from 0.28% on September 30th. The rapid increase in short-term rates is an indicator to bond analysts that the Fed is readying to increase rates. Short-term rates are primarily dictated by the Federal Reserve while longer term rates are dictated by the markets.

Sources: Treasury Dept., Federal Reserve

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