

Rates Stabilize As Global Central Banks Cut Rates Further - Fixed Income Update

Yields on government and corporate bonds leveled off in January as fixed income markets awaited the proposed policies and agenda of newly installed Treasury Secretary Scott Bessent. Reducing federal debt and curtailing government expenditures is a primary objective for the Treasury Secretary. Lower rates that are expected to be enacted by the Fed actually benefit the U.S. government just as it benefits consumers, as the cost on the interest that the government pays declines as rates fall.

Central banks across Asia and Europe are on track to lower rates as global growth contracts. The European Central Bank (ECB) cut interest rates on January 30, 2025, making it the fifth rate cut since June 2024.

Sources: Treasury Dept., EuroStat, Federal Reserve

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