

## **Fed Tapering is Concerning Bond Markets - Fixed Income Market**

Comments by Federal Reserve members are hinting that the Fed is considering pulling back on Treasury and mortgage bond purchases, which is known as tapering. The last time the Fed slowed stimulus or pulled back on quantitative easing (QE), was in 2013, resulting in a so-called “taper tantrum.”

A curtailment in stimulus efforts by the Fed is expected to eventually result in rising bond yields, higher mortgage rates and increased loan expenses for consumers. Historically, rising interest rates have been the Fed’s most useful tool in mitigating inflationary pressures, which has recently become a focal point for the Fed.

Sources: Federal Reserve, U.S. Treasury

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