

Bond Yields Starting To Feel Pressure - Fixed Income Update

The Federal Reserve announced that it anticipates alleviating bond buying possibly later this year, yet with no imminent interest rate increases for now. The Fed's pull back in bond buying is known as tapering, when stimulus support starts to unwind.

Ironically, any pull back in bond buying is expected to lead to higher rates, an indirect consequence of tapering. Yields on Treasury bonds maturing from 2 to 30 years all saw slight increases, interpreted by economists as a shift up in the yield curve, meaning that economic expansion is possible and that inflationary pressures are looming.

Sources: Fed, U.S. Treasury

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