

## **Rates Rise As The Fed Tightens - Fixed Income Update**

Global bond yields rose in April, with both government and corporate bond yields rising across various international regions. Numerous analysts believe that the Fed may be raising rates too fast in response to inflation data that may have caught the Fed off guard. Should economic growth start trending lower, the Fed is expected to possibly slow its rate and amount of increases.

Yields across most bond maturities flattened out in April, a dynamic known as a flattening yield curve, indicating uncertainty in the direction of interest rates. Some analysts attribute this to the extent of inflationary expectations and how long inflation may last.

Some analysts and economists believe that the Federal Reserve's trajectory of raising interest rates may be too aggressive and lead the country into a recession. Prior Fed rate hikes have historically been accomplished during periods of strong economic expansion, which is not the case now.

Sources: Federal Reserve, Bloomberg

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