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One Year of Rate Hikes Ends Decades of Bond Market Prosperity.

Bonds suffered historic losses after the Fed began raising interest rates in March 2022

KEY TAKEAWAYS

- Federal Reserve's interest rate hikes in 1980 sowed the seeds for a long-term rally in bond markets.
- But the same prescription, taken again last year to tame inflation, has hammered bond returns.

In the early 1980s, the Federal Reserve conquered high inflation with economically painful interest rate hikes that, in turn, planted the seeds for a 40-year bull market in fixed-income securities.

The run finally began to end March 17, 2022.

That's the day the Fed, after protecting the U.S. from pandemic calamity by maintaining its benchmark lending rate at a historic low of 0-0.25% for two years, raised rates for the first time since 2018.

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Published March 24, 2023

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