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What Does the Recent Hike in Treasury Yields Indicate?

The recent unexpected hike in treasury yields has many investors worried about the future of their investments in all asset classes.

As the 10-year and 30-year treasuries hit 1.60% & 2.29%, respectively, investors are concerned whether these changes are due to inflation expectations under the assumption that rapid economic recovery is imminent in the near future – even though all the leading economic recovery indices are still skeptical. In addition, Federal Reserve chair Jerome Powell also showed his skepticism in the recent senate hearing about the inflation expectations, saying, “We could have a surge in spending as the economy reopens. We don’t expect that to be a persistent longer-term force, so while you could see prices move up that’s a different thing from persistent high inflation, which we do not expect.”

In this article, we will take a closer look at the recent surge in treasury yields and how the Fed is likely to mitigate inflation fears.

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