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Trump's Tax Bill Adds to Bond Market's Woes.

After the tariff scare, Treasury yields are on the rise as investors focus on the worsening fiscal outlook.

Key Takeaways

- Treasury yields are rising amid mounting concerns about an unsustainable fiscal outlook and stubborn inflation.
- Higher yields are a sign that investors see more risk in investing in US debt and are demanding a higher premium to compensate for that risk.
- Strategists say yields could remain elevated if the fiscal picture doesn't change.
- Higher yields mean higher mortgage rates and could hurt stock valuations.

The bond market is looking jittery again, thanks to President Donald Trump's new tax bill. Hand-wringing over the United States' fiscal deficit is nothing new, but the legislation's advance in Washington this week has set investors on edge, sending yields to their highest levels in months. If passed, the bill would cut taxes without significantly slashing spending, and experts estimate that it would add more than $3 trillion to the deficit over the next decade.

Continue reading.

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