

Rates Cease Upward Trend - Fixed Income Update

Treasury bond yields stabilized in the 2nd quarter after rising earlier in the year. Short-term rates rose slightly resulting in a flattening yield curve, an indication of possible slower economic growth as the Fed considers raising rates higher.

Comments by St. Louis Federal Reserve member James Bullard indicated that the Fed may start increasing rates in 2022 via buying fewer bonds through their asset purchase program. A scale back on mortgage bond purchases is expected to occur initially before pullbacks on other government bonds.

Rates on mortgages stood steady at 2.98% for a 30-year fixed conforming loan as of July 1, 2021 as posted by FreddieMac. Other consumer loans also held steady as the Fed deliberated on possible future rate increases.

Source: U.S. Treasury, Federal Reserve, FreddieMac

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