Fixed Income Overview

Government and corporate bond yields saw a slight increase in July as the Fed raised short-term rates and increased government debt levels.

Shorter-term bond yields remained higher than longer-term bond yields at the end of July, also known as an inverted yield curve, indicative of eventual lower yields in the future. The recent downgrade by Fitch of U.S. government debt has propelled yields higher for the time being. The last downgrade of government debt in August 2011 by Standard & Poor's produced a short-term effect on bond yields where yields ended 2011 nearly the same as when the downgrade occurred.

Sources: Fitch, Standard & Poor's, U.S. Department of the Treasury