Rates Hold Steady Yet Still Too High For Consumers - Fixed Income Update

Rates held steady in May as the Fed's indecisiveness stirred confusion in the bond markets. The yield on the benchmark 10 year Treasury bond ended May at 4.51%, down from 4.7% in April this year. Stubbornly high rates continue to pressure consumers as rates on loans remain elevated, hindering consumer expenditures.

Growing debt levels among consumers are becoming a concern especially on variable rate loans, whose interest rates have increased as the Fed has risen short term rates. Higher rates have become a primary factor with rising delinquencies, from auto loans to credit cards.

Sources: U.S. Treasury Dept., Federal Reserve