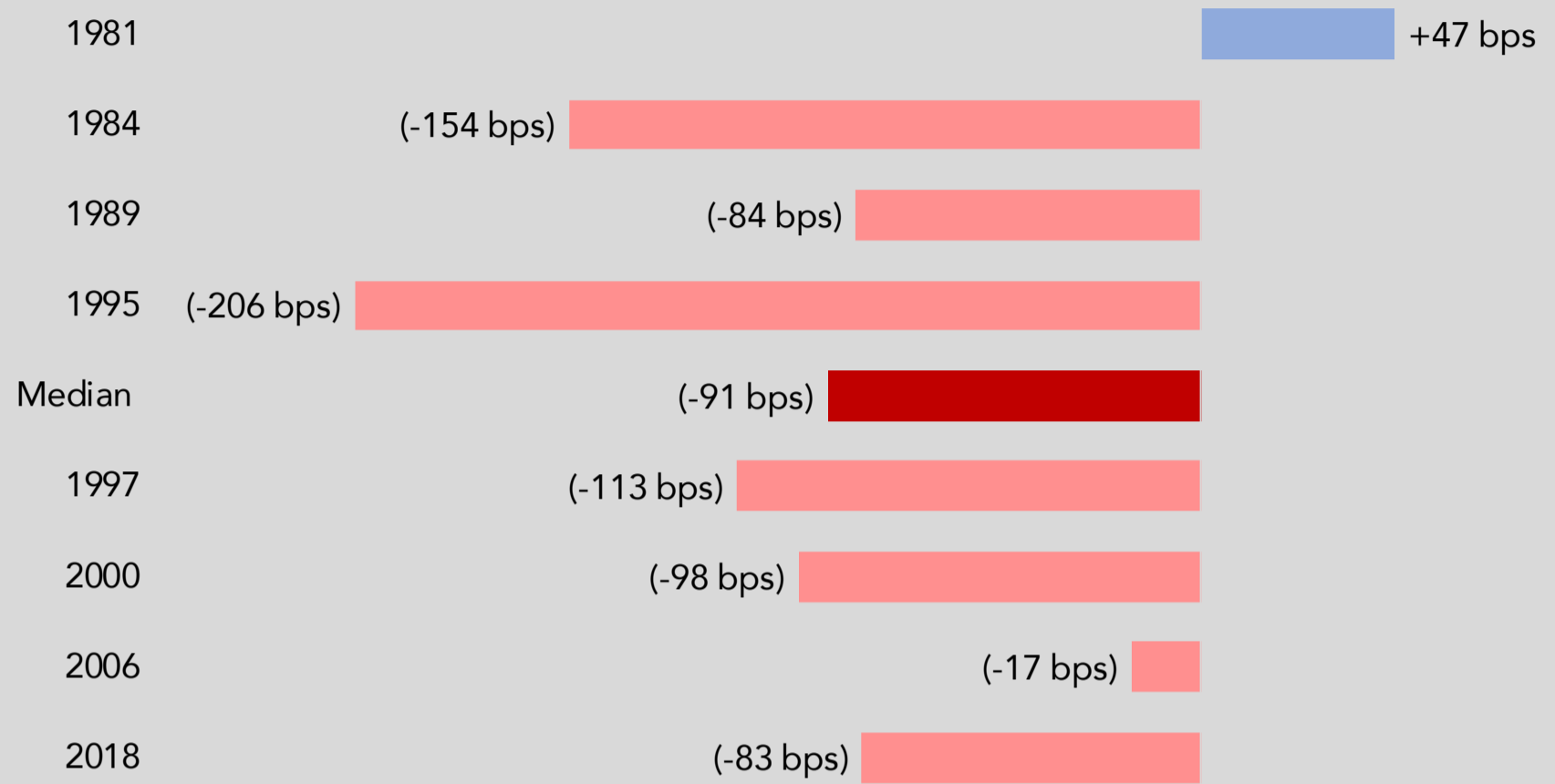


Chart of the Day

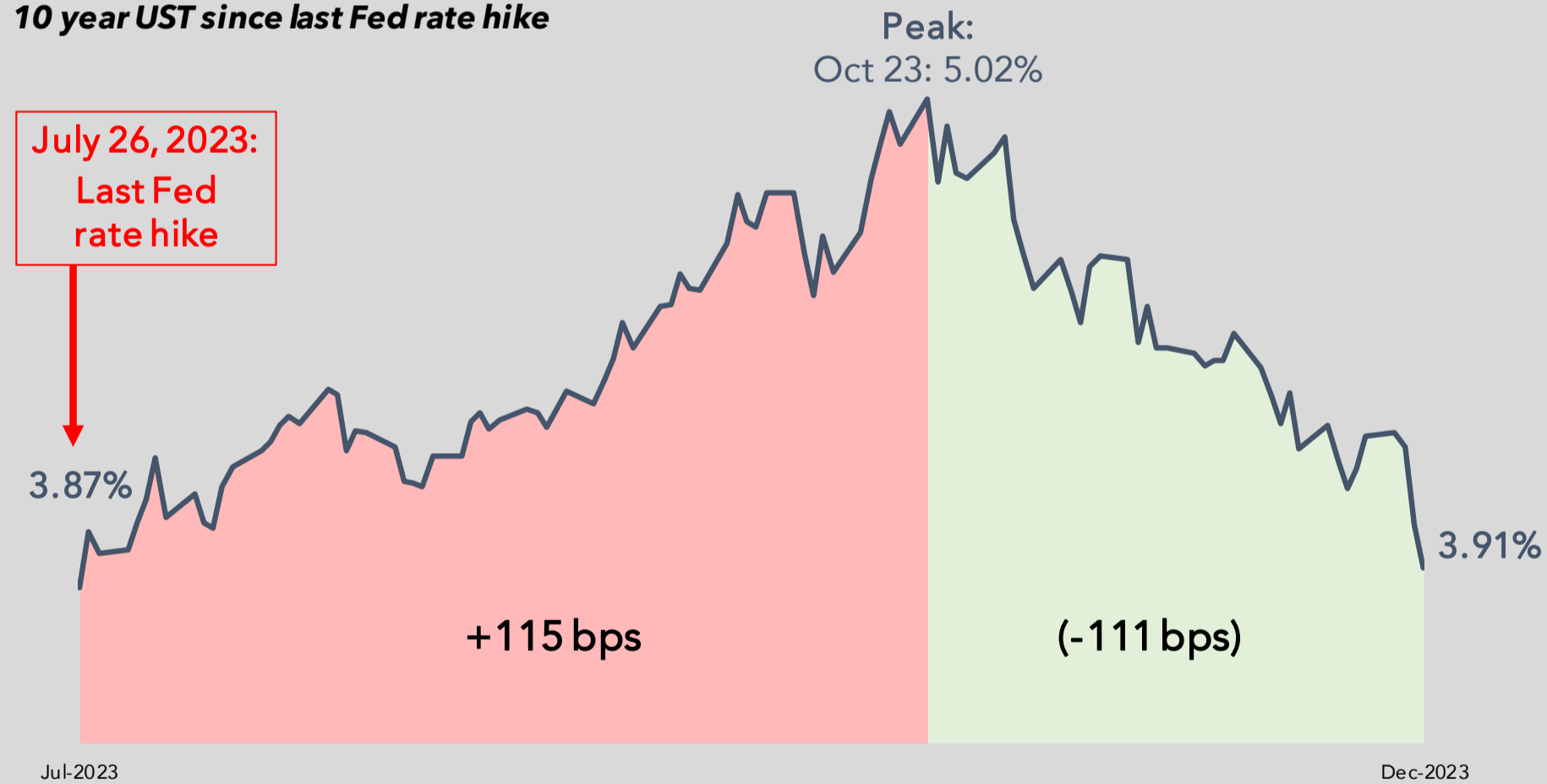
Looking at Fed easing cycles since 1980, the Fed has historically begun its next easing cycle approximately 7 months after the last rate increase. Though subject to “corrections” if the economy dips into recession, markets generally perform well during easing cycles, with the 10 year UST rallying an average of 90 bps and equities up +16% in the 12 months immediately following the last Fed rate hike.

10 year UST performance in the 12 months following the end of Fed tightening cycle







Since the last Fed rate hike five months ago (July 26), 10 year UST yields initially spiked 115 bps higher on resilient economic data and larger than anticipated UST supply. After peaking above 5% on Oct 23, 10 year yields today broke below 4% as markets have begun a rally consistent with the historic pattern of moving lower in anticipation of Fed rate cuts to come.

10 year UST since last Fed rate hike



Source: (1-2) Bloomberg. Data as of December 14, 2023. October 2023 peak is intraday.

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“Macro stability isn’t everything, but without it, you have nothing.”