Capital Markets Strategy
Essential inCights for the C-Suite

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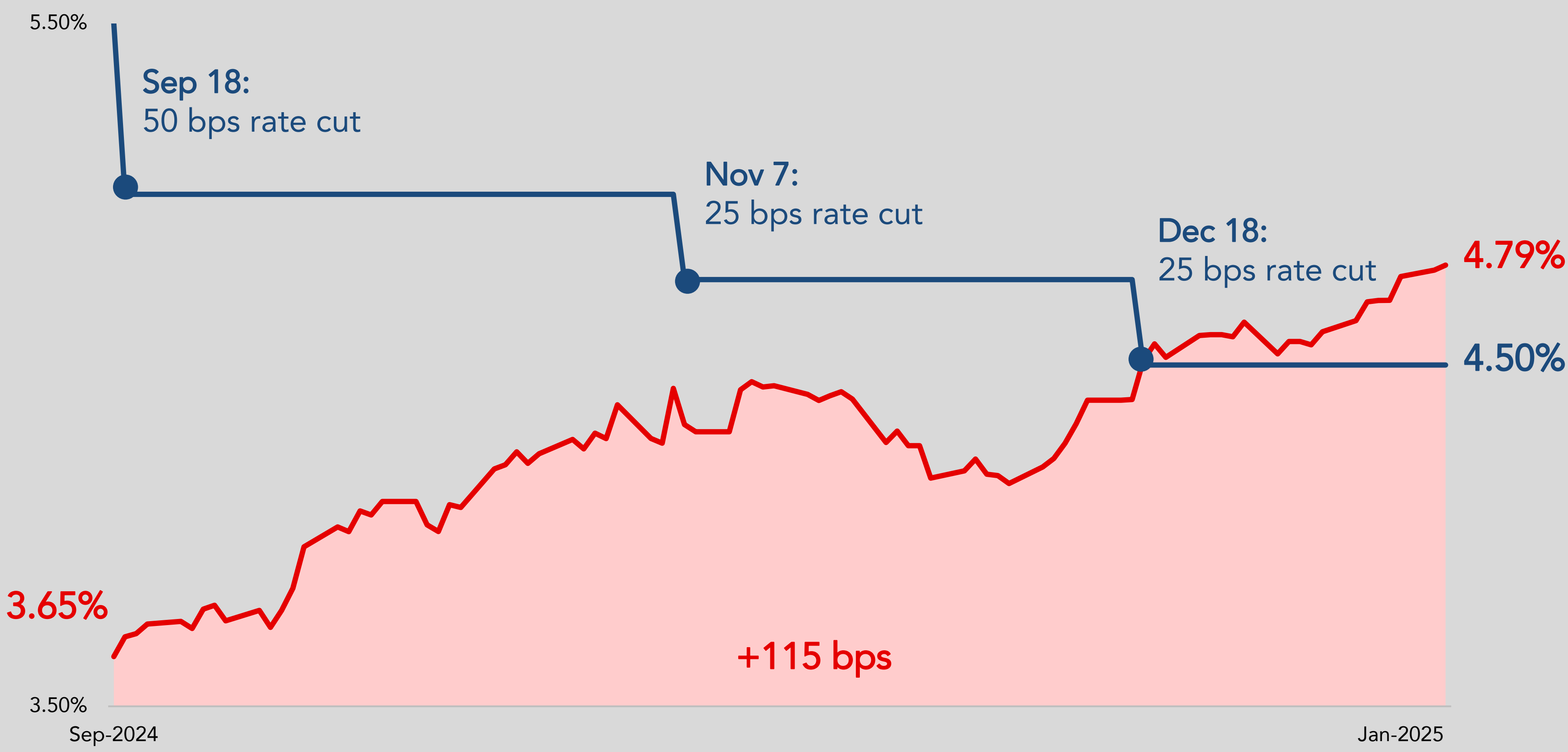
Chart of the Day

The Fed may cut rates in September 2025, but 10 year US Treasury yields may rise anyway. One need only to look back a year ago for a relevant case study. Between September and December 2024, the Fed cut policy rates 100 bps and the 10 year UST yield instead rose more than 100 bps over roughly the same period. At the time, bond yields traded less on Fed policy, and more on the public policy expectations of a new President (i.e., pro-growth deregulation, fiscal expansion and hawkish trade policy - all of which are inflationary).

September 18, 2024 - January 14, 2025
(First Fed rate cut to 10 yr UST yield peak)

Fed funds and 10 year UST from September rate cut to January 2025 peak in UST yields



Source: (1) Bloomberg. Data is September 18, 2024 to January 14, 2025. Fed funds is upper bound.

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"Macro stability isn't everything, but without it, you have nothing."