Rates Steady As Inflation & Tariffs Alter Sentiment - Fixed Income Update

The U.S. Treasury is considering elongating federal debt, meaning that it would consider extending maturities of bonds rather than issuing short term maturities to fund current government expenditures.

Treasury yields fell moderately across the yield curve with the 2 year Treasury yielding 3.99% at the end of February and the 10 year Treasury closing the month at 4.24%. Short term and long term Treasury yields have become flatter, meaning that yields across the maturity curve have become more similar across all maturities.

Analysts believe that markets are dictating the direction of rates more so than the Federal Reserve, as Treasury initiatives and the threat of heightened inflation derail Fed plans to continue cutting rates.

Sources: Treasury Dept., Federal Reserve