

Rates On Track To Continue Heading Lower - Fixed Income Overview

Interest rates on certain consumer loans including mortgages and auto loans began to gravitate lower in August in anticipation of the Fed's objective to begin lowering the Fed Funds Rate in September. Treasury and corporate bond yields fell in August as some analysts expected a larger initial rate cut by the Fed than originally expected.

The yield on the 10 year U.S. Treasury bond ended August at 3.91%, down from 4.09% at the end of July. Yields on shorter term and well as longer term Treasury bonds also fell, normalizing the yield curve from an inverted curve, when short term yields are higher than longer term yields. The yield on the 2 year Treasury bond ended August at 3.91%, the same as the 10 year Treasury bond yield.

Sources: U.S. Treasury, Federal Reserve

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