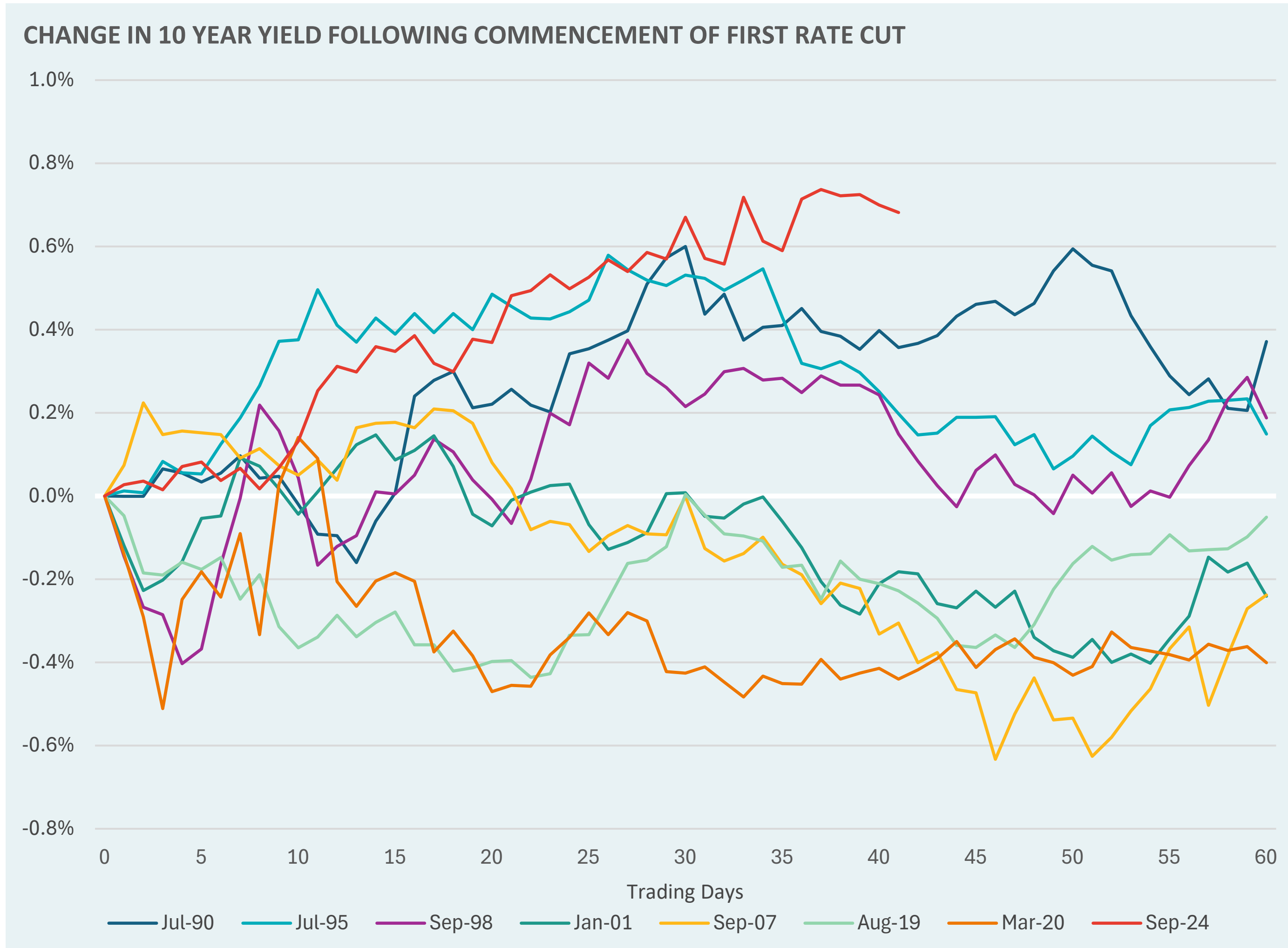
Verus Market Note

Observing the unusual behavior of U.S. treasuries during this rate cutting cycle

Investors expected longer-term bond yields to drop or stay stable as the Fed began rate cuts, with the anticipated effect being lower borrowing costs for homes, autos, and businesses. Instead, bond yields rose significantly, more than in any rate-cutting cycle in the past 35 years. This jump is likely due to stronger-than-expected economic data, firmer inflation reports, and assumptions about the Trump administration's impact on growth and inflation.

In this week's Market Note, we compare recent 10-year U.S. Treasury yield movements to past rate-cutting cycles.



Source: U.S. Treasury, as of 11/19/24