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2023: 10-Year Yields



- Like a roller coaster... the yield on the 10 Year U.S. Treasury note ended 2023 where it began the year, but had lots of ups and downs along the way.
- In March, during the regional banking crisis, the yield declined to 3.25% before rising steadily to surpass 5% in October – the first time that the yield on the 10y exceed 5% since 2008.
- At the end of October, the U.S. Treasury index was heading for a historic third consecutive year of losses.
- Then yields declined sharply over November and December as the outlook shifted from a Fed that was going to hold its policy rate ‘higher-for-long’ to an expectation for rate cuts to begin in March.
- During the last two months of the year, the yield on the 10y UST declined by 105 bps, resulting in a rise in prices. For the year, the Bloomberg Treasury index returned 4.18%.
- The market is now pricing in more than 150 basis points (bps) of rate cuts in 2024 beginning in March.

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