

Chart on the Go

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▶ Historically, a pause in a rate hiking cycle has meant positive performance across fixed income

(forward returns, %)

	3 months	6 months	12 months
3-month T-bills	1.5	3.1	5.6
10-year Treasuries	5.9	8.9	11.6
Investment grade	5.1	9.4	14.3
High yield	5.3	8.7	12.9
MBS	4.7	7.4	12.4

We looked at the performance of fixed income during periods when the Fed stopped or paused a rate hiking cycle.

Historically, fixed income posts positive returns around the end of a rate hiking cycle, benefiting from higher starting yields and lower interest-rate volatility as uncertainty decreases.

Although we don't know when the current rate hiking cycle will end or pause, we do know that we're getting closer. And with the potential for compelling returns, investors may want to consider stepping off the sidelines — sooner rather than later — to take advantage of this opportunity.

Past performance is not a guarantee of future results. Source: Columbia Threadneedle Investments, Bloomberg. Represents data from 1984 to 2023. Three-month bills are represented by the Bloomberg U.S. Treasury Bellwethers 3 Month Index, which is an unmanaged index representing the on-the-run (most recently auctioned) U.S. Treasury bill with 3 months' maturity; 10-Year Treasuries bonds are represented by The Bloomberg U.S. Treasury Bellwethers 10 Yr. Index, an unmanaged index representing the on-the-run (most recently auctioned) U.S. Treasury bond with 10 years' maturity; Investment Grade is represented by the Bloomberg U.S. Corporate Investment Grade Index, which measures the investment-grade, taxable corporate bond market; High Yield is represented by the Bloomberg U.S. High Yield Corporate Bond Index, which represents the universe of fixed-rate, non-investment grade debt; Mortgage-backed securities are represented by the Bloomberg U.S. Mortgage-Backed Securities Index, which tracks agency mortgage-backed pass-through securities. An investment cannot be made in an Index.

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