Snapshot Of Bond Valuations

Par Weighted Price of Bond/Income Indices

View from the Observation Deck

1. Today’s blog post is one we do ongoing so that investors can monitor fluctuations in bond prices relative to changes in interest rates and the global economy.

2. While there was once a time when we would have focused almost exclusively on the state of the U.S. economy, times have changed.

3. Economies around the world are more interconnected today, in our opinion. We just witnessed it at the September 17th Federal Open Market Committee meeting.

4. The Fed chose to leave the federal funds rate unchanged at that meeting and cited concerns over weak growth overseas as a contributing factor, according to The Wall Street Journal.

5. Global growth concerns aside, Brian Wesbury, Chief Economist at First Trust Advisors L.P., believes that the Fed is likely to initiate a rate hike in December due in part to October’s better-than-expected U.S. nonfarm payroll number.

6. Wesbury puts the odds of a December rate hike at 70%. Bond investors may be sensing something as well. The yield on the 10-Year Treasury Note rose from 2.04% on 10/27/15 to 2.33% on 11/6/15, according to Bloomberg.