Bond Report

U.S. Treasury Bond prices have plummeted this week, sending yields in to the low 2% range. Friday, May 1st is the 5th straight day of trading that bond prices have fallen, marking the biggest weekly selloff of U.S. bonds in almost 2 months. Falling Bond prices during the past week have come as a result of the Fed’s FOMC meeting held on April 28-29. The yield on benchmark 10-year Treasury notes was around 1.93% on April 27th, and closed out this week at 2.12% this past Friday. Friday’s selloff of bonds was most notably caused by a report released stating there has been stabilization in the U.S. manufacturing sector. This has caused speculation that the U.S. economy is going to regain the momentum it we have recently seen, other than Quarter 1 2015. Next Friday, there will also be a nonfarm jobs report released for April and investors expect to see solid job growth compared to March’s very poor job gains report. This is also supported by the Fed’s recent meetings in which they have stated they feel the U.S. economy is going to rebound and continue to strengthen after a temporary soft patch in the first quarter. In other parts of the world, we have also seen large selloffs of highly rate government bonds. This can be seen most significantly in German government bonds who experienced the biggest weekly selloff sing June of 2013. U.S. Treasuries will continue to see huge amounts of volatility as we near June and the latter months of the summer in which the Fed will continue to monitor the strength and momentum of our country and subsequently decide when to raise interest rates.

What’s Next & Key Earnings