



Bond Banking Aftershock

March 23, 2023

All the banking turmoil—both real and perceived—sent waves through the bond market. Two-year U.S. treasury bonds experienced a 1.2% rate drop over five trading days. Depending on how you look at it, this was the largest decline in rates since 1987 or the biggest gain short-term gains for investors holding government bonds in their portfolios. Traders reported that the markets had snarled, causing buyers and sellers to wait minutes between transactions.

The strong rally in government bonds will probably last as long as investors are nervous about the safety and soundness of the financial system, which could be days, weeks or months, depending on the headlines. Meanwhile, the bond parts of diversified portfolios gained value as stock prices declined, which is precisely the offsetting behavior that one would want to happen in uncertain markets.

Sources:

<https://www.reuters.com/markets/trading-big-bond-markets-becomes-challenging-after-bank-rout-traders-2023-03-15/>

<https://www.cnbc.com/2023/03/17/us-treasury-yields-investors-consider-outlook-for-bank-stocks.html>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

Please feel free to forward this article and offer to anyone you know who might have financial questions or need some unbiased advice. Most financial advice is sales advice. In stark contrast, we are fee-only (non-commissioned) fiduciary advisors. We just provide truthful, unbiased advice to our clients.



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