BANKERS' BANK
Always your partner, never your competitor.™

# VIEW FROM THE TRADING DESK

**A monthly look at the Bond Market from a community banking perspective:** **February 1, 2021**

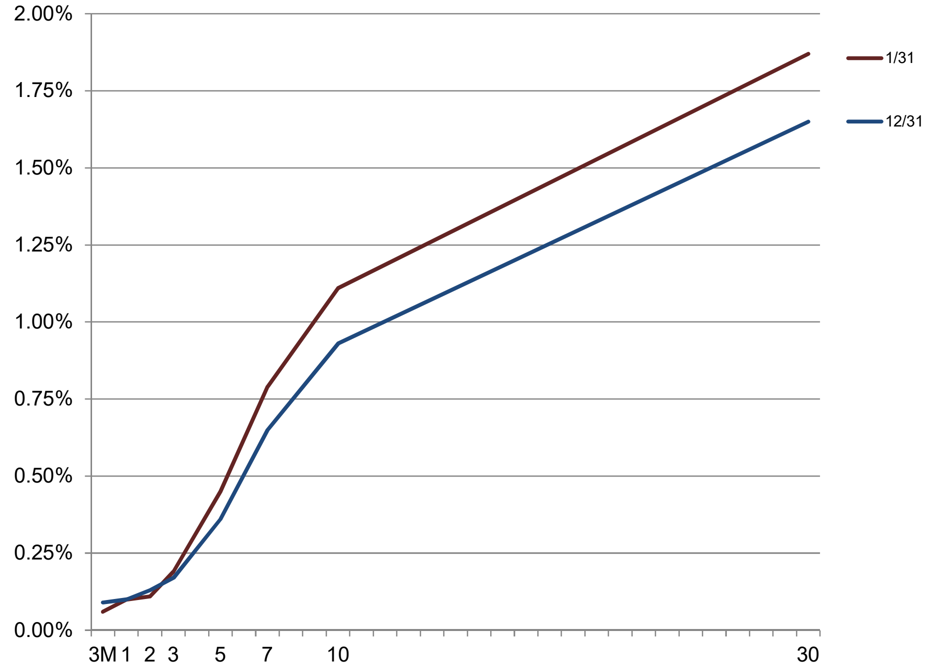
## JANUARY RECAP

While the shortest-term benchmark Treasury yields seem to be anchoring in at historically low levels (in fact, edging even lower the past month), the longer end of the curve continues to steepen.

Since year-end the 5Yr Treasury climbed 9 bps to 0.45%, the 10Yr Treasury moved 18 bps higher to 1.11% and the Long Bond jumped from 1.65% to 1.87%. The 2Yr Treasury dipped two bps to 0.11%.

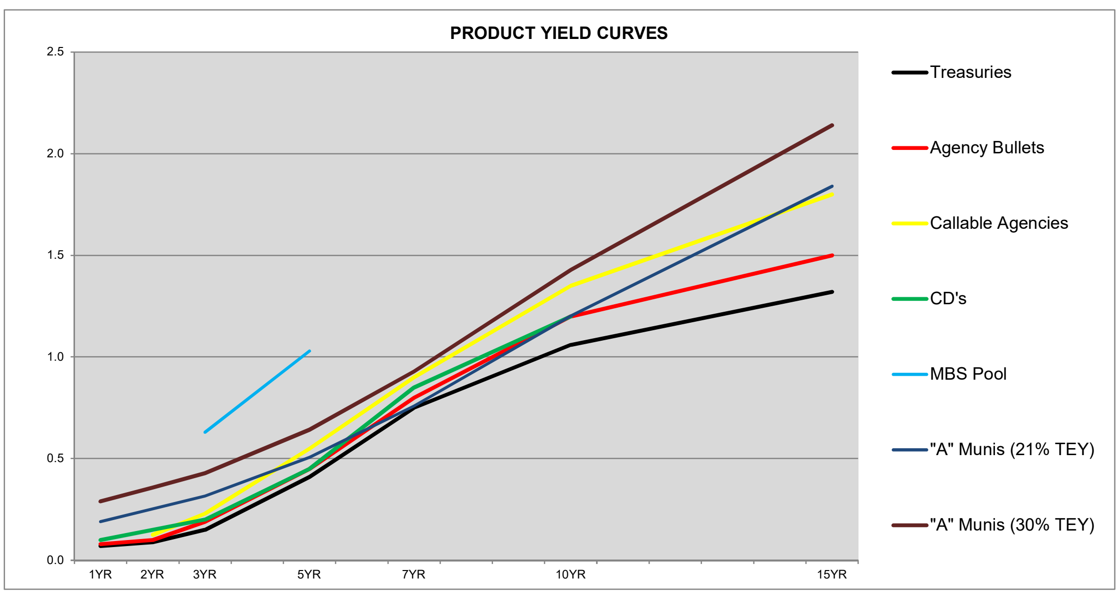
January was also a bit more volatile intra-month than we've seen as of late.
The 10Yr closed at 0.93% on 1/4, spiked more than 20 bps to 1.15% by 1/11, spent the middle part of the month near 1.10%, fell to 1.04% on 1/27 then closed the month at 1.11%.

### TREASURY YIELD CURVE COMPARISON




## OUR TAKE

The following chart illustrates just how much spreads have tightened across the different product families most bank portfolio managers work with. The light blue MBS product line clearly stands out, and munis and callable Agencies widen as you approach the 10Yr maturity point and beyond. However, it's important to be mindful of the extension risk inherent in these products, especially in a historically low interest rate environment. While select MBS and longer-term munis and callable Agencies can indeed offer value, additional review is warranted at this point in the rate cycle.




**For Investment Services contact a Bankers' Bank Investment Officer at 800-955-4468.**

*Information contained herein is deemed reliable but not guaranteed.*