

VIEW FROM THE TRADING DESK

A monthly look at the Bond Market from a community banking perspective

1/4/2022 10:25

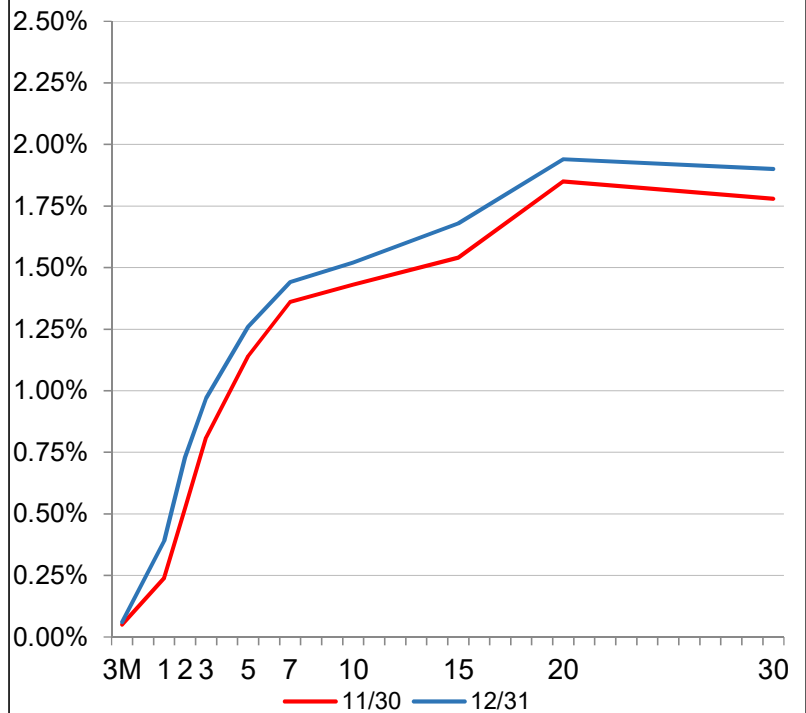
DECEMBER RECAP

The economic impact of Omicron seems limited enough for investors to write off the more contagious, less severe variant that caused significant volatility in November and early parts of Decembers. Pricing in Fed rate hikes and strong jobs numbers as well has given a rise in rates all across the board, with the most dramatic changes being in the 1Yr, 2Yr, and 3Yr Treasuries rising +15, +21, and +16 bps respectively.

Benchmark Treasury Yields:

	11/30/2021	12/31/2021	% Change
3M	0.05	0.06	0.01
1Yr	0.24	0.39	0.15
2Yr	0.52	0.73	0.21
3Yr	0.81	0.97	0.16
5Yr	1.14	1.26	0.12
7Yr	1.36	1.44	0.08
10Yr	1.43	1.52	0.09
30Yr	1.78	1.90	0.12

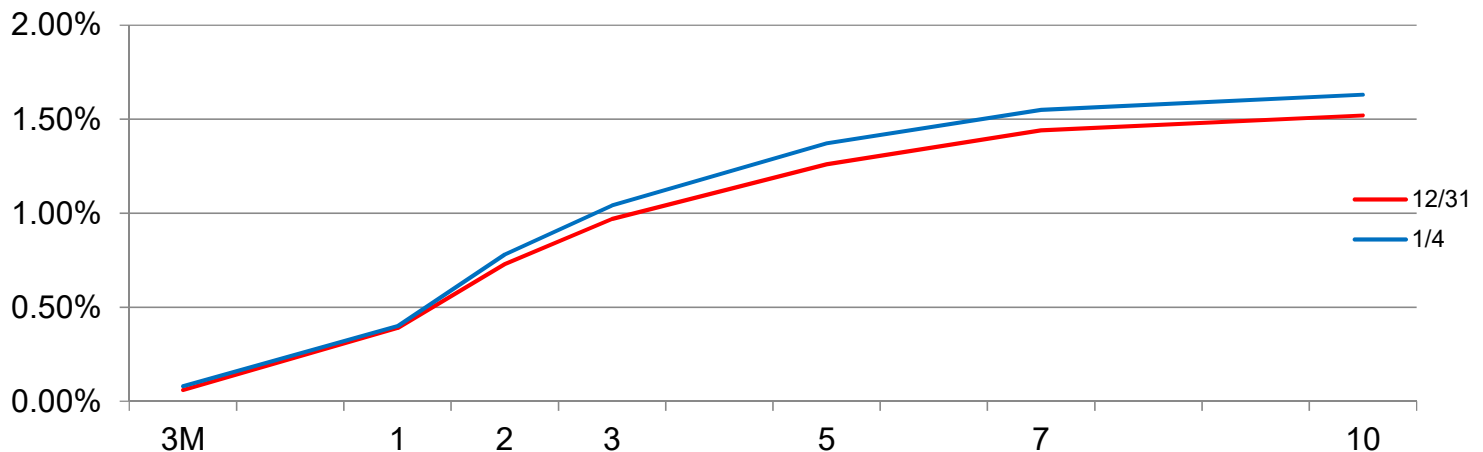
TREASURY YIELD CURVE COMPARISON



OUR TAKE

The increase in US Treasury Yields in December combined with the additional move higher from 12/31/21 to 1/4/22 has pushed the 3 to 5 year rates to their highest levels since March of 2020. With spreads on other investment options continuing to be historically tight we think it makes sense for community banks to buy some US Treasury Notes in the 3 - 5 year maturity range to pick up significant yield over the current Fed Funds rate and fill in some gaps in their cash flow ladders.

US TREASURY RATES



	3M	1Y	2Y	3Y	5Y	7Y	10Y
12/31/2021	0.06	0.39	0.73	0.97	1.26	1.44	1.52
1/4/2022	0.08	0.40	0.78	1.01	1.37	1.55	1.63

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

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