Rates Remain Stubborn - Fixed Income Overview

Inflationary pressures and better than expected employment data, pushed rates slightly higher in March, persuading the Fed to hold off on its rate reduction strategy. Short term rates rose as expectations for a spring or early summer rate reduction diminished. Estimates are that the Fed will eventually begin reducing rates towards the fall, contingent on forthcoming economic and labor data.

Rates on a 30 year average conforming mortgage ended March at 6.79%, while the average rate on a new auto loan settled at 8.57% for a four year term. Historically, consumer loan interest rates decline as the Fed initiates a rate reduction strategy.

Sources: Federal Reserve Bank of St. Louis, Treasury Dept., FreddieMac