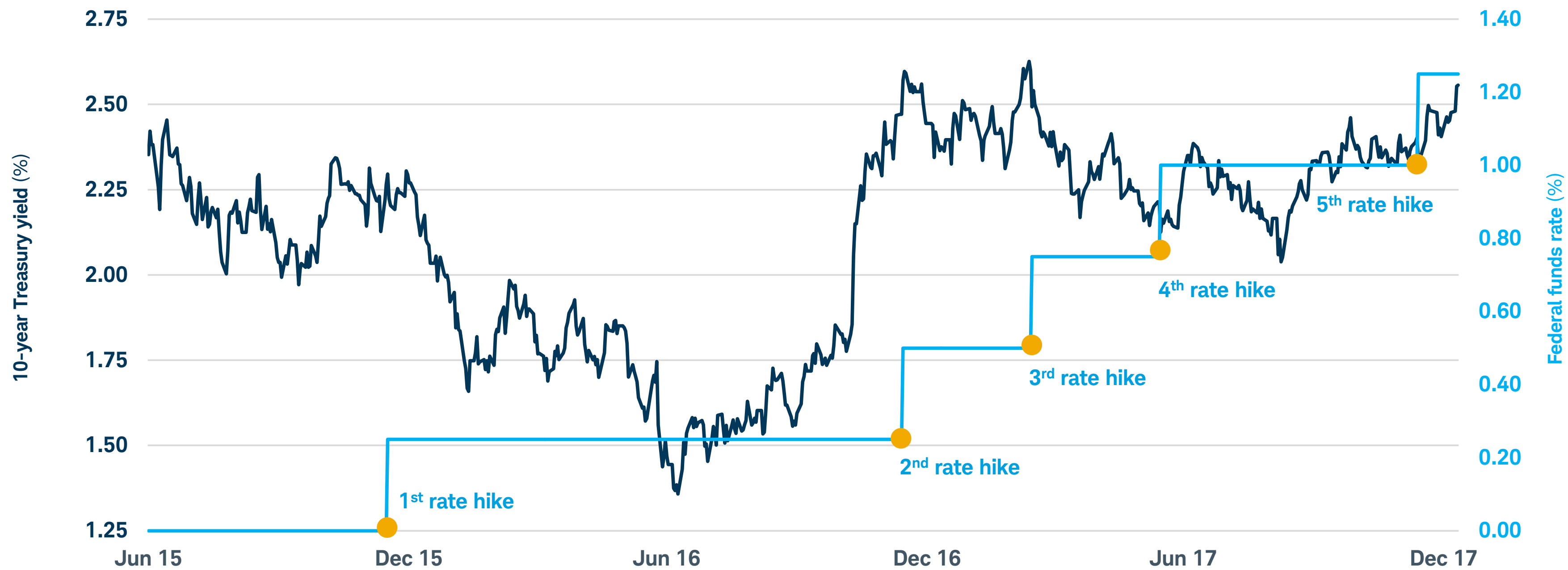
Longer-term bond yields don't have to rise just because the Fed is "normalizing" rates.

Yields on 10-year Treasuries have risen only about 25 basis points (0.25%) in spite of five rate hikes by the Fed since 2015.[1]



From mid-December 2015 through mid-January 2018, the Federal Reserve (Fed) raised the federal funds rate target five times.

Even though overnight lending rates are now 1.25% higher, 10-year Treasury yields have risen by only about 0.25%.[2]

As this demonstrates, Fed rate hikes don't always translate into higher longer-term bond yields.

Sources: Charles Schwab Investment Management; Bloomberg.

What does this mean for investors?

If you're abandoning longer-term Treasuries because the Fed has been raising rates, consider reevaluating this strategy.

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[1]For the period ending 1/10/2018.
[2]*Ibid.*

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