

Macro Roundup Article

Headline: [An Update from Our CIOs: Entering the Second Stage of Tightening](#)

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Summary: The second stage of the tightening cycle can be clearly seen in the market action. Earlier in the tightening cycle, short-term interest rates rose and dragged long-term interest rates higher. Then, beginning in October 2022 and lasting almost a year, there was a reprieve. Hikes in short-term interest rates continued, but bond yields traded sideways, reflecting market expectations for future easing, combined with the Treasury circumventing the pressure on long rates by issuing T-bills funded by excess central bank reserves. In the third quarter, both conditions shifted as described above, initiating the next stage of the tightening cycle, led by long rates.

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Primary Topic: Business Cycle

Topics: Business Cycle, Financial Markets, GDP, Growth, Op-Ed/Blog Post, Weekly

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