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Cash Is No Longer King

The Fed is ready to cut rates in 2024. Lock in yields while you can.

After the most extreme period of interest rate increases in more than 40 years, we are approaching a reversal from the Federal Reserve. Market expectations and Fed projections are showing at least one 25 basis point cut to the overnight rate in 2024. Though the exact timing of the first rate cut is uncertain, it is clear from comments by Chairman Powell and the Federal Reserve that lower interest rates are coming.

Now may be the right time to consider stepping out of cash and investing out the curve to lock in yields for an extended period. Additionally, longer term fixed income has historically outperformed cash for the 24-month period after the first Fed cut.

Date of First Rate Cut	Date of Last Rate Cut	PERFORMANCE BETWEEN FIRST AND LAST RATE CUT			24-MONTH PERFORMANCE AFTER FIRST RATE CUT		
		ICE BofA US 3-Month Treasury Bill Index	Bloomberg Municipal Bond Index	Bloomberg Corporate Bond Index	ICE BofA US 3-Month Treasury Bill Index	Bloomberg Municipal Bond Index	Bloomberg Corporate Bond Index
6/5/1989	9/4/1992	23.69%	32.74%	38.40%	16.18%	16.55%	20.37%
7/6/1995	11/17/1998	16.75%	27.76%	26.35%	11.18%	14.36%	14.42%
1/3/2001	6/25/2003	6.81%	19.56%	31.14%	6.17%	14.39%	19.83%
9/18/2007	12/15/2008	3.28%	-5.52%	-6.48%	3.47%	11.36%	13.55%
7/31/2019	3/16/2020	1.40%	0.16%	1.72%	1.54%	8.82%	14.03%
	Average	10.39%	14.94%	18.23%	7.71%	13.10%	16.44%

Source: Bloomberg as of 12/29/2023. For illustrative purposes only. Not a recommendation to buy or sell any security. It is not possible to invest directly in an index. **Past Performance is not indicative of future results.** All investments are subject to risk, including the risk of loss. Indexes are unmanaged and do not reflect the deduction of fees or expenses.

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