

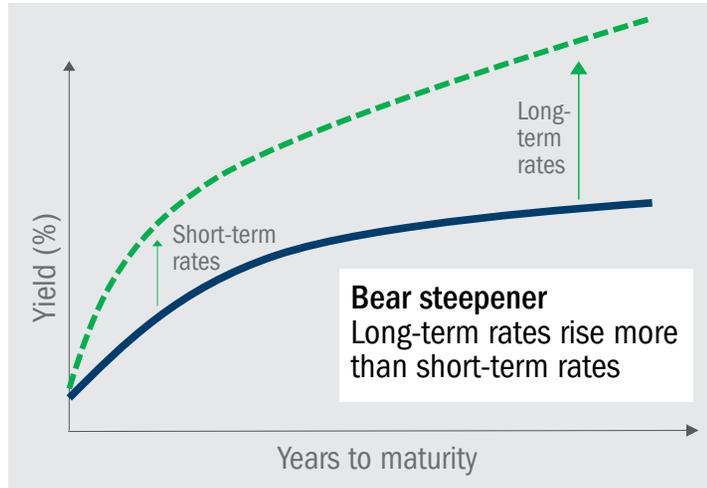
# Chart on the Go

## Latest Insights | Fixed income

[LEARN MORE ON OUR BLOG »](#)

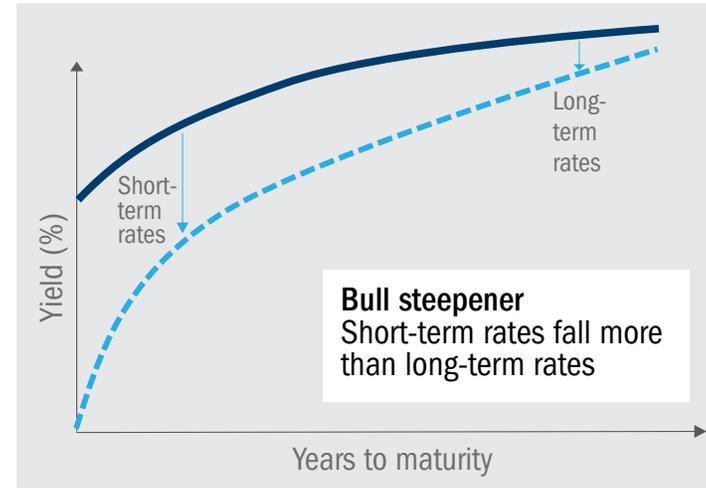
### ▶ A steepening yield curve

The yield curve shows the relationship between bond yields and maturity. A **steepening yield curve** is one where the difference between short-term and long-term rates increases. Whether the movement is at the short end or long end of the curve can provide insight into the market's expectations for the economy and interest rate changes. Recalling the inverse relationship between price and yield, it could occur in two ways:



Source: Columbia Threadneedle Investments. For illustrative purposes only.

Long-term rates **rise by more** than short-term rates. This is referred to as a **bear steepener**. This movement suggests investors are concerned about inflation and expect the Fed to hike interest rates in the future, which makes long-term bonds less attractive. When this happens, fixed-income investors usually reduce their demand for long-term bonds, causing prices to fall and yields to increase.



Short-term rates **fall by more** than long-term rates. This is referred to as a **bull steepener**. This movement occurs as a result of an expectation or the actual cutting of the fed funds rate (a short-term rate) by the Federal Reserve to spur economic activity. Lower yields mean higher prices, which result in gains for bond investors.

**The yield curve is constantly changing, and it's important for investors to be aware of how it could impact their portfolios and to remain proactive in order to respond to potential opportunities.**

Columbia Management Investment Advisers, LLC is an investment adviser registered with the U.S. Securities and Exchange Commission. Columbia Threadneedle Investments (Columbia Threadneedle) is the global brand name of the Columbia and Threadneedle group of companies. © 2021-2023 Columbia Management Investment Advisers, LLC. All rights reserved. The views expressed are as of the date given, may change as market or other conditions change and may differ from views expressed by other Columbia Management Investment Advisers, LLC (CMIA) associates or affiliates. This information is not intended to provide investment advice and does not take into consideration individual investor circumstances. Since economic and market conditions change frequently, there can be no assurance that the trends described here will continue or that any forecasts are accurate. Investing involves risk including the risk of loss of principal.