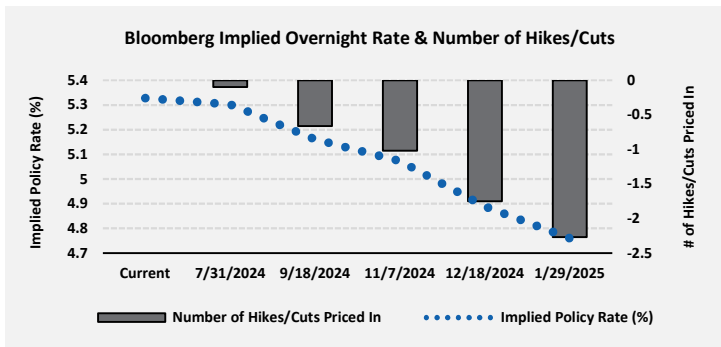




**Expectations for a U.S. rate cut in 2024 remain high.** Bloomberg's interest rate probability model, which analyzes the Federal Funds futures market, currently estimates a 100% probability of a rate cut by November. This is roughly in line with the Fed, which expects 25 basis points of easing this year, according to the median "Dot Plot" projections released in June.

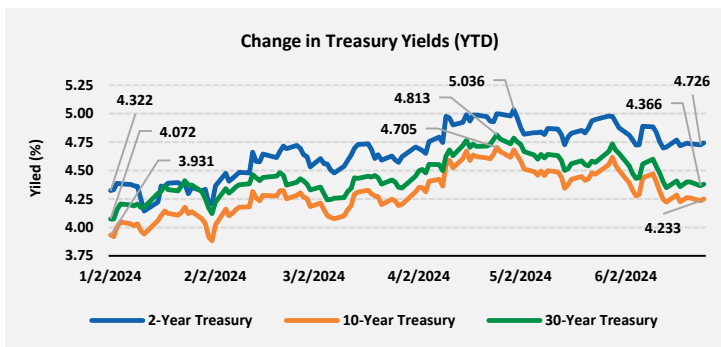
Source: Bloomberg, 25 June 2024. Past performance is no guarantee of future results.



**Treasury Market Snapshot**

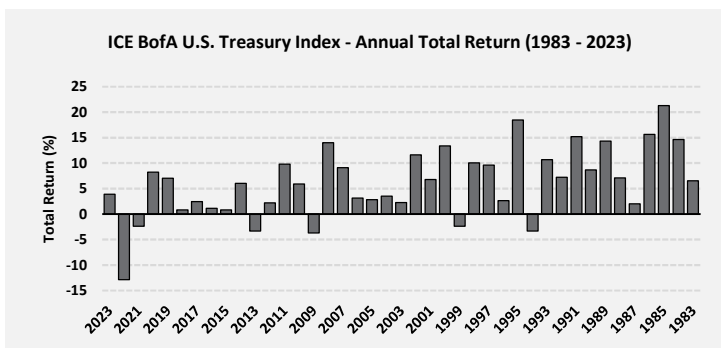
**Treasury yields are trending lower.** After a weak start to the year that saw yields on 2, 10 and 30-year Treasuries increase by over 70 basis points, U.S. government bonds are finally seeing increased demand. The rally that started in May continued into June, with yields collapsing 30-45 basis points across those same tenors as of the 25.

Source: Bloomberg, Bloomberg Intelligence. Past performance is no guarantee of future results.



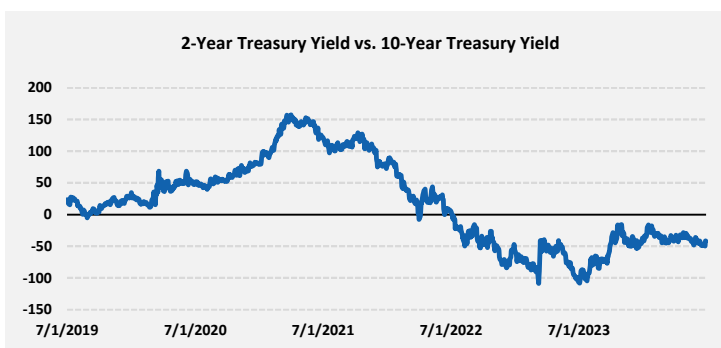
**The ICE BofA US Treasury Index's YTD performance has improved since yields started trending lower in May.** As of June 25, the index is within 5 basis points of turning positive for the year. Years with negative total returns are historically rare in the Treasury market, with just six recorded in the last 40 years from 1983 to 2023.

Source: ICE DATA INDICES, LLC ("ICE DATA"), 25 June 2024. Past performance is no guarantee of future results.



**The Treasury curve remains deeply inverted.** The two-year Treasury has yielded more than the ten-year since July 2022, making this the longest 2/10 curve inversion in history and the longest on record without a recession.

Source: Bloomberg, 25 June 2024. Past performance is no guarantee of future results.



A prudent approach to fixed income investing calls for diversification across both credit and duration exposure. As always, Dynamic recommends staying balanced, diversified and invested. Despite short-term market pullbacks, it's more important than ever to focus on the long-term, improving the chances for investors to reach their goals.

*Bill Smith serves as president, Portfolio Management & Trading, of Harmont Fixed Income in Phoenix.*

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