

FEDERAL RESERVE

# The Market Rose on the Fed's Rate Hikes. What It Might Be Missing.

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Or

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The yield on the 30-year Treasury fell 3.8 basis points (hundredths of a percentage point), to 2.442%. But the two-year note, the coupon maturity most sensitive to expectations for future Fed policy, jumped 6.6 basis points, to 1.934%, the highest since June 2019. The 10-year benchmark yield edged up three basis points, to 2.18%, which was almost equal to the five-year note at 2.176%, up 6.9 basis points on the session.

All these moves in the Treasury market add up to a marked flattening in the slope of the yield curve, a classic signal the market foresees a slowing of real growth along with an eventual diminution of inflation pressures.