

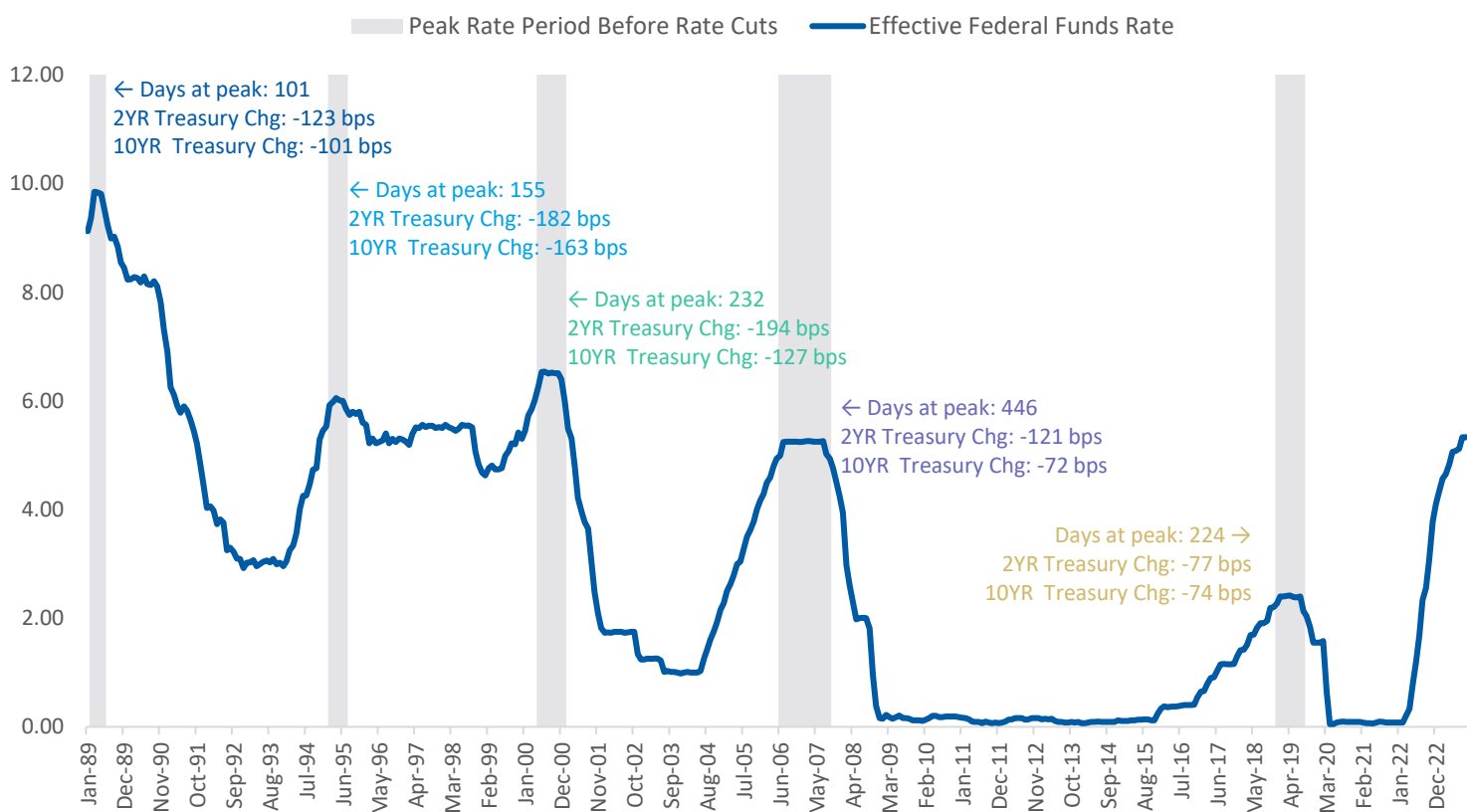
# The Balog Group at Morgan Stanley

## Chart of the Week – 11/20/2023

### How Long Have Peak Rates Lasted in the Past?

The chart below shows previous periods highlighted between the Fed's last rate hike and first rate cut of a cycle.

The table below the chart shows the performance of bond indices during those periods. Generally, bonds do well as rates come down, and longer term bonds outperform shorter term ones during these cycles.



Sources: Parametric, Bloomberg, Federal Reserve

Date of Last Rate Hike	Date of First Rate Cut	Performance between last rate hike and first rate cut			12-month performance after last rate hike		
		ICE BofA US 3-Mo Treasury Index 0.2y duration	Bloomberg Muni. Bond Index 6YR Duration	Bloomberg Corp. Bond Index 7.4YR Duration	ICE BofA US 3-Mo Treasury Index 0.2y duration	Bloomberg Muni. Bond Index 6YR Duration	Bloomberg Corp. Bond Index 7.4YR Duration
2/24/1989	6/5/1989	2.33%	4.25%	5.12%	8.91%	10.26%	11.98%
2/1/1995	7/6/1995	2.51%	6.60%	11.44%	5.98%	15.05%	20.48%
5/16/2000	1/3/2001	4.07%	11.42%	10.44%	6.24%	12.86%	14.55%
6/29/2006	9/18/2007	6.44%	6.79%	8.76%	5.20%	4.91%	7.21%
12/19/2018	7/31/2019	1.50%	6.39%	10.10%	2.30%	7.89%	13.98%
<b>Average:</b>		<b>3.37%</b>	<b>7.09%</b>	<b>9.17%</b>	<b>5.73%</b>	<b>10.19%</b>	<b>13.64%</b>

## Sources:

1. Parametric
2. Bloomberg
3. Federal Reserve

## Disclosures

Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States.

This material has been prepared for informational purposes only. The views expressed herein are those of the author and do not necessarily reflect the views of Morgan Stanley Wealth Management or its affiliates. All opinions are subject to change without notice. Neither the information provided nor any opinion expressed constitutes a solicitation for the purchase or sale of any security.

Please note that the URL(s) or hyperlink(s) in this material is not to a Morgan Stanley Smith Barney LLC website. It was created, operated and maintained by a different entity. Morgan Stanley Smith Barney LLC is not implying an affiliation, sponsorship, endorsement with/of the third party or that any monitoring is being done by Morgan Stanley of any information contained within the linked site; nor do we guarantee its accuracy or completeness. Morgan Stanley is not responsible for the information contained on the third party web site or the use of or inability to use such site.

Information contained herein has been obtained from sources considered to be reliable, but we do not guarantee their accuracy or completeness.

Past performance is no guarantee of future results.

The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Principal value and return of an investment will fluctuate with changes in market conditions.

Asset allocation and diversification do not guarantee a profit or protect against a loss in a declining financial market.

Bonds are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which is the risk that the issuer will redeem the debt at its option, fully or partially, before the scheduled maturity date. The market value of debt instruments may fluctuate, and proceeds from sales prior to maturity may be more or less than the amount originally invested or the maturity value due to changes in market conditions or changes in the credit quality of the issuer. Bonds are subject to the credit risk of the issuer. This is the risk that the issuer might be unable to make interest and/or principal payments on a timely basis. Bonds are also subject to reinvestment risk, which is the risk that principal and/or interest payments from a given investment may be reinvested at a lower interest rate.

The ICE BofA 3 Month US Treasury Bill Index measures the performance of a single issue of outstanding treasury bill which matures closest to, but not beyond, three months from the rebalancing date. The issue is purchased at the beginning of the month and held for a full month; at the end of the month that issue is sold and rolled into a newly selected issue. An investment cannot be made directly in a market index.

The Bloomberg U.S. Municipal Index covers the US dollar denominated long term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. An investment cannot be made directly in a market index.

The Bloomberg US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers. . An investment cannot be made directly in a market index.

Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Anouchka Balog Securities Agent: AL, AR, AZ, CA, CO, CT, FL, GA, HI, ID, IL, IN, LA, MA, MD, ME, MI, MO, MT, NC, NE, NJ, NM, NV, NY, OH, OR, PA, SC, TN, TX, UT, VA, WA, WI;

Investment Advisor Representative; General Securities Representative; Managed Futures  
NMLS#: 1282780  
CA Insurance License #: 0A87150

28202 Cabot Road, Suite 500  
Laguna Niguel, CA 92677  
Direct: 949 365 5306

Morgan Stanley Smith Barney LLC. Member SIPC.

CRC# 6105502 11/2023