THE Kingsmill Team

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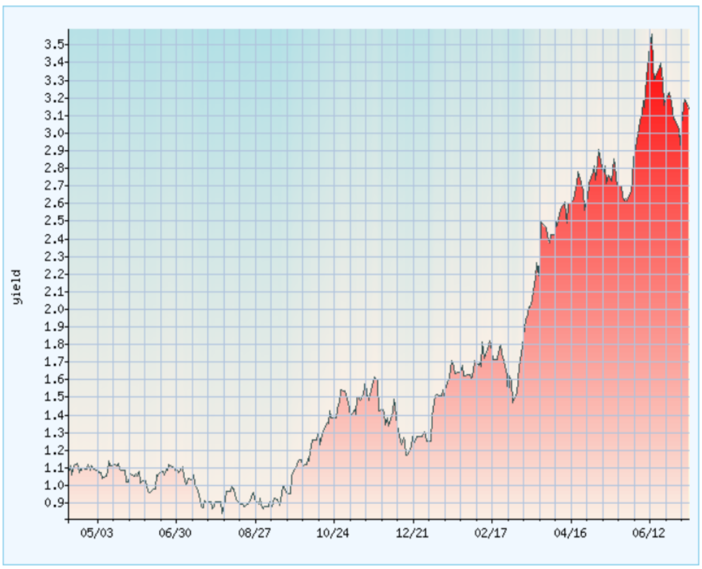

The Yield Curve. It's a snapshot of the June 27 Canada Bond and its yield, and it is used by many to map a strategy for their assets. This graph illustrates April 2021 through July 11, 2022.

This graphic shows bond yields spiking and already coming back down. The Wall Street Journal says that mortgage rates in the US are going down which, the pundits know, means that we should expect a recession next year. In the US, the variable Mortgage Rates are based on the 30 year Bond Rate. (In Canada, we use a different system, variable mortgage rates are based on Prime)

Clearly there is an opportunity here, how to capitalise on it? Are these opportunities getting built into the Market now? Should we lock in the best rates now? When will the yields' drop begin in earnest? Do we hear the 'band warming up?' What does this graph say?

Or do you wait until it' feels like' time to lock in? Will the Market get there before you? You bet they will. They are watching graphs like this and several more. Those thinking to 'catch this wave' need to know that the actions to affect Inflation are already baked in. We *know interest rates are going up. They have said it!*

Look at the graph. If Interest Rates are going up, why do the Bond yields show *going down over time?* Because Markets are at least 6 months ahead of today.

What is happening now, that will affect the Bond market? It's already showing clearly in the 5 yr. rate in Canada. There's your neon sign to act now.

The trick is to be able to see it.

Shall we talk?

BMO Nesbitt Burns

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