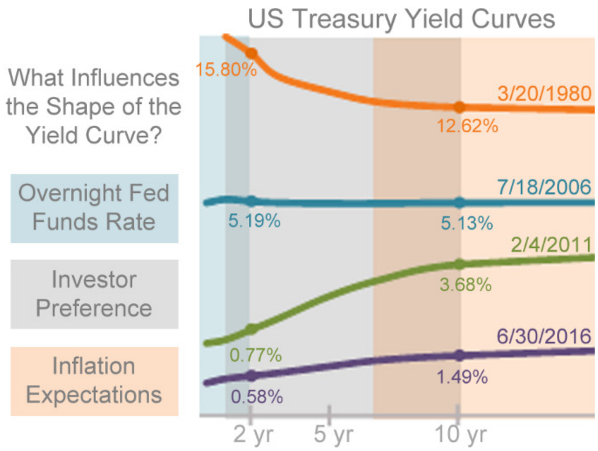
For Your Information...

Yield Curve-ology

The shape of the yield curve reflects investor views and preferences.

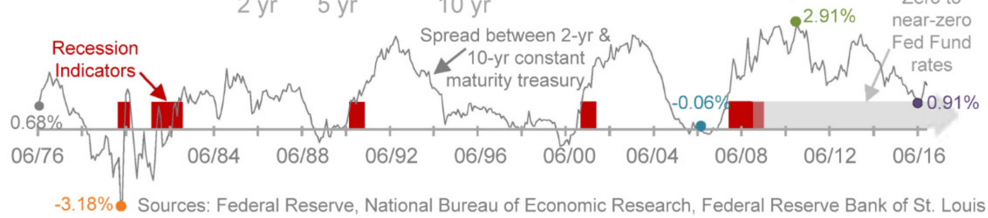


Inverted: Often considered a predictor of economic slowdown or recession.

Flat: Short-lived & a transition between environments; can signal uncertainty about the future.

Steep: Thought to signal an improving economy or increasing inflation concern.

Normal: Reflects expectations of normal economic growth with subdued volatility in inflation rates and available capital.



Sources: Federal Reserve, National Bureau of Economic Research, Federal Reserve Bank of St. Louis

Bellwether Consulting LLC
PO Box 31
Millburn, NJ 07041-0031

The yield curve reflects the bond market's consensus opinion of future economic activity, levels of inflation, and interest rates. Movements in short-term interest rates (controlled by the Fed) will affect bonds differently depending on their term structure and the market's inflation expectations. Investor preferences (i.e., supply and demand) have a greater influence in the intermediate and long-term space.

Economic activity and inflation directly affect the price of everything from equity and real estate investments to household items. As a fiduciary, understanding the implications of the investment environment is the foundation of performance monitoring as well as an important component of strategy selection.

Bellwether Consulting is an independent investment advisor serving the needs of retirement plan sponsors and other institutional investors.

For more information please have a look at our website at www.bellwetherconsulting.net, or call us at (646) 205-9346.