

Oppenheimer & Co. Inc.  
130 Mayer Road  
Frankenmuth, MI 48734  
Phone: (989) 652-3251

March 2021



(Left to right): Al Nuechterlen, Dan Waskiewicz,  
Luke Suminski, Byron (Rob) Swarts

THE FRANKENMUTH GROUP  
of Oppenheimer & Co. Inc.

### SPRING INTO LOW YIELDS

It seems hard to believe that we are already into March and closing in on the start of spring! The last few weeks have felt like anything other than spring with bitterly cold temps combined with healthy amounts of snow. One beauty of Michigan is that we are exposed to the entire gamut of weather conditions from hot and dry to cold and snowy – we see it all. The advisor in me can't help to compare this season diversification we live in to investment portfolio diversification that similarly goes in cycles.

In a facetious way I wonder what has been lower. Our February temperatures or the yields we have seen on bonds? We have witnessed a recent rise on the 10 year Treasury but for the most part rates have been, and continue to stay, at record lows. It is important to remember that bond prices and yields move in opposite directions. Meaning as the price of a bond moves higher (more people buying), the corresponding yield moves lower and vice versa. The law of supply and demand holds true though bond yields can still be a bit tricky to understand.

2020 saw trillions of dollars pumped into the economy by the Federal Reserve as a way to soften the blow of forced government shutdowns from COVID-19. Much of this money came from the Federal Reserve buying bonds which created market liquidity (more dollars) while also increasing bond prices (lowering yields). The stock market and commodity prices have benefited as investors looked for alternatives to fixed income (bonds, CD's). This trend may continue as stocks, commodities, and real estate are all seen as protection against inflation (rise in prices).

Sugar beets, corn, and soybeans are all at high prices based on historical standards. Having an understanding of current bond yields and their effect on the market, helps put these high commodity prices in perspective. Much like the change in seasons we experience in Michigan, investment sectors go in and out of favor over time. This is why it is so important to hold a diversified portfolio that evolves with you and maintains adequate protection on the downside. Be sure to work with a professional that will help you understand what you own and how it helps achieve your goals.

—Rob Swarts, AWMA®