



## Herd mentality in danger of trampling on the bulls

[Bond markets signal early end to Fed rate rises - Financial Times, July 15, 2018](#)

While the central bank hails strength of US economy, traders are not so sure

[BOJ Policy Change Speculation Roils Markets – Bloomberg, July 23, 2018](#)

A dramatic day for Japan's debt market saw yields surge on media reports of possible changes to the nation's ultra-loose monetary policy, spurring the central bank to offer to buy an unlimited amount of bonds.

For many years bond bulls were encouraged by first central bank QE, and then stimulus measures in the form of government bond purchase programs, in EU and Japan, stoking the fires of the bulls. Since then though we have moved from QE to QT in the US, global economic stimulus generally is being wound back and being a successful investor in bonds has become far more difficult.

Persuading clients to invest in bonds when pressures are clearly for higher bond yields can be a tough assignment. A shortened duration is one way to manage bond investments in a rising rate environment. However, you must know the shape and gradient of the yield curves, understand the convexity and duration in order to be able to advise clients which bonds to purchase to maximize their returns. Especially with the fear of trade wars, mixed signals from policy makers and different strength of economic growth around the world makes it ever more difficult to know whether to buy or sell bonds, which bonds and whether to lengthen or shorten the duration.

It starts with knowing the fundamentals.

For [Intuition blended learning](#) related to this article, some of our popular workshops include:

- Bonds Masterclass – Understanding Risks & Identifying Opportunities
- High Yield Offering for Private Clients: Understanding Client Opportunities, Demand and Risk
- Unbundling Bonds - A FinTech Disruption

The [Intuition Know-How Library](#) consists several tutorials related to this article:

### Fixed Income Analysis

- Fixed Income Analysis - An Introduction
- Excel Interactive - Bond Prices & Yields *(New)*
- Yield Curves - An Introduction
- Yield Curves - Construction
- Excel Interactive – Yield Curves *(New)*
- Zero-Coupon Securities *(New)*
- Duration Analysis *(New)*
- Convexity Analysis *(New)*
- Fixed Income Analysis – Credit Risk
- High Yield Debt
- Floating Rate Notes (FRNs)
- Fixed Income Derivatives

### Fixed Income Strategies

- Bond Strategies – Fundamentals
- Relative Value Trading - An Introduction
- Relative Value Trading - Strategies & Risks
- Bond Hedging with Options
- Bond Hedging with Swaps

### Bond Markets

- US Bond Market
- UK Bond Market
- European Bond Market
- Japanese Bond Market
- Canadian Bond Market
- Eurobonds – An Introduction
- Eurobonds – Issuing & Investing

*The topics covered in Intuition Asia Perspectives are current developments or topics currently in the market. Intuition Asia provides bespoke learning solutions, both eLearning and Instructor-led courses. These can also be blended in a program to provide the most effective form of learning. These workshops can be structured as lunch & learns, webinars or full day deliveries. Clients can use these to keep their workforce updated with the latest developments in the market and complete their mandatory CPD learning hours.*

Get in touch with your Intuition account manager at [asiainfo@intuition.com](mailto:asiainfo@intuition.com) for more details.