

APPENDIX C

What Happens When Treasury Yields Trend Higher? Usually, Good Things S&P 500 Returns When 10-Year U.S. Treasury Yields Rise (100 bps or more)

A big worry in the first week of 2022 was the spike in yield for the U.S. 10-year Treasury note to 1.76% from 1.51%, its highest level since the pandemic. The 25-basis point (0.25%) one-week increase was the largest weekly gain since September 2019.

Many investors were concerned the surge in the benchmark Treasury could threaten the bull market. That's always a possibility, but evidence from the past suggests that a higher trending 10-year yield has been quite positive for equities. The past 7 periods of higher yields all saw an improving stock market.

Rising Rates Start Date	Rising Rates End Date	Duration (months)	Change in 10-Year UST Yield	S&P 500 Gain/Loss
12/26/1962	8/29/1966	44.7	1.7%	18.3%
3/16/1967	12/29/1969	34.0	3.6%	1.3%
3/23/1971	9/16/1975	54.6	3.2%	-18.1%
12/30/1976	9/30/1981	57.8	9.0%	8.7%
5/4/1983	5/30/1984	13.1	3.9%	-7.9%
8/29/1986	10/16/1987	13.8	3.3%	11.8%
10/15/1993	11/7/1994	12.9	2.9%	-1.4%
1/19/1996	7/8/1996	5.7	1.5%	6.7%
10/5/1998	1/21/2000	15.8	2.6%	45.8%
6/13/2003	6/28/2006	37.0	2.1%	26.0%
12/30/2008	4/5/2010	15.4	1.9%	33.3%
7/24/2012	12/31/2013	17.5	1.6%	38.1%
7/8/2016	10/5/2018	27.3	1.9%	35.5%
3/9/2020	3/31/2021	12.9	1.2%	44.6%
	Average	25.9	2.9%	17.3%
	Median	16.7	2.4%	15.1%
	% Positive			78.6%

Source: LPL Research, Bloomberg