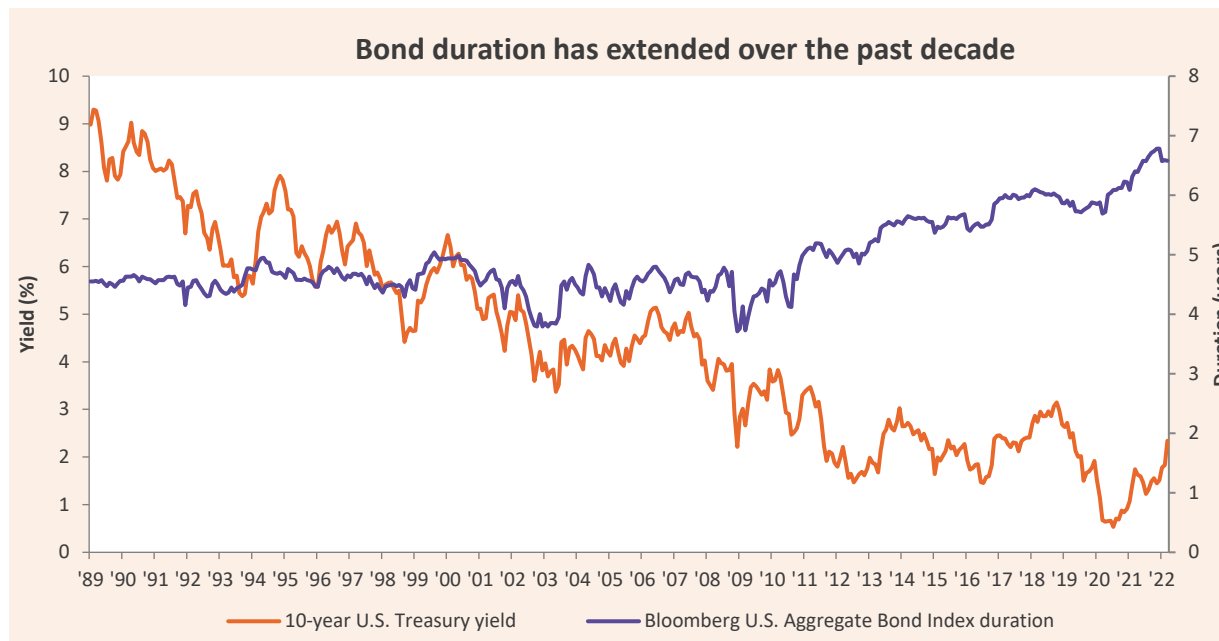


## Higher duration increases interest rate sensitivity



Sources: Bloomberg and Wells Fargo Investment Institute. Monthly data from January 1, 1989 to March 31, 2022. Yields represent past performance and fluctuate with market conditions. Current yields may be higher or lower than those quoted above. **Past performance is no guarantee of future results.** Duration is a measure of interest rate sensitivity.

### Key takeaways

- The overall low-rate environment not only encouraged companies to issue longer-dated maturities, but also naturally increased the duration (interest rate sensitivity) of new-issue securities.
- A higher duration makes bond prices more sensitive to changes in the levels of interest rates. Hence, rising long-term rates poses a more significant impact to fixed-income investors.