Will political paralysis in the U.S. eventually affect markets?

Long-term rates have continued to slide down in the second week since the Fed raised the overnight cost of money. The 10-year T-note has moved from 2.62 percent to 2.40 percent, taking mortgages from just under 4.50 percent back to 4.25 percent.A move like this is not unusual nor a trend change, and it reflects neither current political entertainment nor the economy. It is just a pause on the way to the Fed's next hike, as the economy is doing fine. Politics may have some effect on economic prospects and long-term rates, but that will be weeks to months ahead.The 10-year T-note in the last six months. For five months and counting it's remained in the same, narrow range. The fading of stimulus dreams is holding rates down, but the Fed is still coming.The Fed's intentions show through in the 2-year T-note and its trading relative to the 10- year: 10s fell 22 basis points (bps = one one-hundredth of a percent), but the 2s only fell 14 bps.The 2-year Treasury, also ...

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