# Fixed Income: The Worst Is Over for Long Rates

#### What it shows:

After a long stretch in negative territory, the term premium has stabilized around its 20-year average.

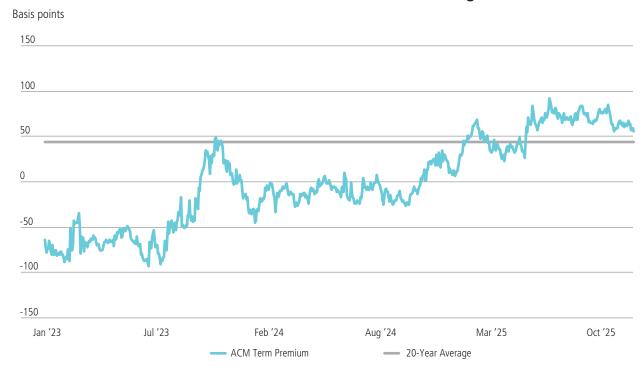
### Why it matters:

The term premium indicates how much extra yield investors require to hold longer-term government debt. The relative stability seen in 2025 indicates that, heading into 2026, investors could be less worried about holding longer-term U.S. debt.

### How you can apply it:

The front end of the yield curve was a safe play while the Fed was aggressively hiking rates. Now that the central bank has adopted a more dovish bias, consider opportunities further out on the curve, pairing shorter and longer duration assets and taking selective credit exposure.

## The Term Premium Has Stabilized and Is Near Its 20-Year Average



Source: Bloomberg, October 2025. Estimated daily Adrian, Crump and Moench (ACM) term premium on U.S. Treasuries vs. 20-year average.

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