

Insurers' bond portfolios take a beating in 2022

And just how bad was 2022? Reacting to 7 Fed rate increases in 2022 representing the fastest and steepest rate rise on record, the bond market was absolutely pummeled last year. Core Bonds, portfolios typically benchmarking the Bloomberg Aggregate, had their second largest negative annualized return since records have been kept- 1927! All bond sectors, all maturities...simply everything was steeply negative. For comparative purposes, of the 14 negative years posted by the bond market, the average down year produced a -3.5% return. There was simply nowhere to hide. See the chart below.

However, 2023 promises the highest yields on investment grade bonds in many years for those fast enough to take advantage...talk to us to find out how!

Morningstar Bond Indexes

	Performance %	
	Q3 2022	2022
Core Bond		
Core Bond	1.88	-12.96
Sector		
U.S. Treasuries	0.73	-12.44
Corporate	3.72	-15.71
High Yield	4.07	-11.09
Mortgage	1.87	-12.09
Maturity		
Short-Term Core	1.19	-5.74
Intermediate Core	2.08	-12.90
Long-Term Core	2.66	-27.57
U.S. Government		
Short-Term Treasury	0.95	-5.43
Intermediate Treasury	1.19	-12.56
Long-Term Treasury	-0.63	-29.45
Inflation-Protected		
TIPS	2.03	-11.86
Floating Rate		
Leveraged Loans	2.71	-0.63

Source: Morningstar Direct, Morningstar Indexes. Data as of December 30, 2022.