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A Thread ■ on how bond yields impact stock market ?

Must read for beginners in #StockMarket.

(RT to maximize reach.)

#Bonds #BondYields #StockMarket #Investing

Why are Bond Yields Hurting the Stock Market?



What is #bond ?

Bonds are issued by governments and corporations when they want to raise money. By buying a bond, investor is giving the issuer a loan, and issuer agrees to pay the investor back the face value of the loan on a specific date, and to pay periodic interest as well.

What is bond yield ?

Bond yield, on the other hand, is the return that an investor gets on that bond or on a particular government security.

#Investing #StockMarket #Bonds

Relation between #InterestRates, #BondYield and #BondPrice :

A fall/rise in interest rates in an economy pushes up/pulls down bond prices. However, bond yields fall/rise in this situation.

INTEREST RATE V/S PRICE

➤ Interest rates have adverse effect on prices if the interest rates rise then the prices fall, but if the interest rates fall then the prices rise.



Effect of Bond Yields on Economy & #StockMarket :

Rise in bond yields denotes higher interest rates in economy. This increases borrowing costs for companies & consumers. This ultimately reduces overall demand in economy & negatively impacts #StockMarket.

■ Conclusion ■

Bond Yields ■■ Stock Market ■■

This is what happened

US 10-year T-note yield surged to a 1-year high of 1.609 percent.

10-year UK gilt yield rose to an 11-month high of 0.829 percent.

10-year German bund yield climbed to an 11-month high of -0.216 percent.

This resulted in global equity sell off.

This resulted in Bloodbath on Dalal Street as #BSE #Sensex fell 1,939 points and #NSE #Nifty settled below 14,550.