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# Floating Rate Notes

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# JMDinvestments

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## Floating Rate Notes

As interest rates rise, bond prices fall. Given historically low interest rates, many investors are concerned about bond prices, particularly since the loose monetary policy being implemented by the Fed may trigger inflation and therefore higher future interest rates. To hedge away this interest rate risk, some investors have used inflation protected securities. The Treasury, however, just launched another alternative -- floating rate notes. The interest paid on these notes rise as market rates rise, thereby also protecting the bond's price. [See article here, WSJ.](#)

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