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Bond Portfolio Duration

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JMDinvestments

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Bond Portfolio Duration

Duration is a measure of the effective maturity of a bond or bond portfolio. A higher duration is indicative of higher price risk, particularly in response to changing rates. Thus, if interest rates rise and bond prices fall, a bond with a higher duration will experience a sharper drop in price. Given the relatively low level of interest rates in the current market, bond investors have moved to lower duration portfolios, as protection against expected increases in rates. ([See article here, Wall Street Journal.](#))

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