

A Global Snapshot of Government Bond Yields

2- & 10-Year Government Bond Yields (As of 2/28/19)

Country	2-Year		10-Year	
	Yield	Change from 2/28/18 (BPS)	Yield	Change from 2/28/18 (BPS)
United States	2.52%	27	2.72%	-14
Canada	1.78%	-1	1.94%	-29
Mexico (USD)	3.32%	121	4.45%	16
Germany	-0.52%	2	0.18%	-47
France	-0.44%	1	0.57%	-35
Italy	0.38%	56	2.75%	78
United Kingdom	0.83%	5	1.30%	-20
Japan	-0.15%	1	-0.02%	-7
Australia	1.70%	-30	2.11%	-70

Source: Bloomberg. BPS refers to basis points. Past performance is no guarantee of future results.

View from the Observation Deck

1. Today's blog post shows the yields on a couple of benchmark government bond maturities from key countries/economies around the globe.
2. Investors need to be cognizant of the fact that interest rates are still at low levels relative to their historical averages.
3. Even though the yield on the 10-year Treasury-note (T-note) has doubled from its all-time closing low of 1.36% on 7/8/16, at 2.72% (2/28/19), it is still 344 bps below its historical average yield of 6.16% since 1/5/62, according to Bloomberg.
4. Over the past 12 months, the yield on the 10-year T-note hit or surpassed the 3.00% mark three times but could never hold the level for much more than a couple of months.
5. The absence of any inflationary pressure in the U.S., despite the acceleration in economic growth in 2018, and the exceptionally low interest rate climate in Europe and Japan has enabled the yield on the 10-year T-note to remain artificially low, in our opinion.
6. Bond yields in Japan and parts of Europe are still in negative territory despite stimulus efforts from their respective central banks. As of mid-February 2019, Forbes estimated that 20% of all global debt sported a negative yield.
7. We have been waiting for interest rates and bond yields to normalize in the U.S. a while now. It looks as though we won't get there without some help from abroad.

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