

A Global Snapshot of Government Bond Yields

2- & 10-Year Government Bond Yields (As of 9/4/19)

Country	2-Year		10-Year	
	Yield	YTD Change (BPS)	Yield	YTD Change (BPS)
Australia	0.76%	-113	0.93%	-139
Canada	1.33%	-53	1.13%	-83
France	-0.83%	-33	-0.38%	-108
Germany	-0.91%	-28	-0.68%	-92
Hong Kong	1.59%	-7	0.98%	-91
Italy	-0.37%	-83	0.81%	-193
Japan	-0.31%	-16	-0.29%	-28
Switzerland	-1.22%	-34	-1.01%	-70
United Kingdom	0.34%	-40	0.49%	-79
United States	1.43%	-105	1.47%	-122

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. The yield on the U.S. 10-year Treasury-note (T-note) closed at 1.47% on 9/4/19, that was 466 basis points (bps) below its historical average yield of 6.13% since 1/5/62, according to Bloomberg.
4. As indicated in the table above, many countries have negative-yielding sovereign debt trading in the market. While not included in the table, investors should be aware that there also happens to be negative-yielding corporate debt trading in the market.
5. The volume of negative-yielding debt exceeded \$17 trillion at the close of August 2019, according to Bloomberg. It notes that 30% of all investment-grade bonds currently bear sub-zero yields.
6. Bond yields in Japan and parts of Europe are still in negative territory despite stimulus efforts from their respective central banks.
7. 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.
8. 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, including a new trade deal between the U.S. and China.

This chart is for illustrative purposes only and not indicative of any actual investment.

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