

A Global Snapshot Of Government Bond Yields

2- & 10-Year Government Bond Yields (As of 5/5/21)

Country	2-Year		10-Year	
	Yield	YTD Change (Basis Points)	Yield	YTD Change (Basis Points)
Australia	0.07%	1	1.73%	77
Canada	0.30%	10	1.51%	84
China	2.60%	-9	3.15%	2
France	-0.67%	8	0.14%	48
Germany	-0.70%	3	-0.23%	35
Italy	-0.30%	12	0.90%	36
Japan	-0.13%	1	0.09%	8
Switzerland	-0.82%	7	-0.25%	36
United Kingdom	0.05%	23	0.82%	63
United States	0.15%	3	1.57%	65

Source: Bloomberg. Yields as of 4:20PM CST. **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. While bond yields still remain near their historic lows, they have been rising in 2021, particularly with respect to 10-year government bonds (see YTD Change in table).
3. The yield on the U.S. 10-year Treasury note (T-note) stood at 1.57% at the close on 5/5/21, 442 basis points below its historical average yield of 5.99% since 1/5/62 (not in table), according to Bloomberg.
4. The yield spread between the U.S. 2-year T-note and the 10-year T-note was 142 basis points on 5/5/21, well above its 30-year average spread of 118 basis points, according to Bloomberg. Remember not that long ago when economists were concerned about an inverted Treasury yield curve? That is a scenario where short-term yields exceed those offered by bonds with intermediate and long maturities.
5. The increase in the yield on the 10-year T-Note in Q1'21 (82 basis points) was the sharpest since late 2016, according to Reuters.
6. Investors continue to funnel huge amounts of capital into bond mutual funds and exchange-traded funds despite the rise in bond yields. Taxable and Municipal bond mutual funds and ETFs reported estimated net inflows totaling a combined \$55.71 billion in March 2021, according to Morningstar. That figure stood at \$893.63 billion for the 12-month period ended 3/31/21.

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

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