

A Global Snapshot Of Government Bond Yields

2- & 10-Year Government Bond Yields

Country	2-Year		10-Year	
	Yield	12-Month Change (Basis Points)	Yield	12-Month Change (Basis Points)
Australia	3.11%	311	3.66%	241
Canada	3.76%	332	3.03%	181
China	2.02%	-46	2.64%	-22
France	1.67%	238	2.44%	242
Germany	1.73%	245	1.89%	221
Italy	2.72%	323	4.12%	342
Japan	-0.06%	8	0.25%	21
Switzerland	1.02%	183	1.22%	151
United Kingdom	3.34%	307	3.31%	250
United States	4.05%	384	3.53%	221

Source: Bloomberg. As of 4:00PM CST on 9/21/22. **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. Bond yields are up from their historic lows and it looks like they have the potential to trend higher based on yesterday's guidance from Federal Reserve ("Fed") Chairman Jerome Powell signaling continued rate hikes moving forward to combat stubbornly high inflation.
3. The yield on the U.S. 10-year Treasury Note (T-note) stood at 3.53% at the close on 9/21/22, 302 basis points (bps) higher than its all-time closing low of 0.51% on 8/4/20 (not in table), but 39 bps below its 3.92% average yield for the 30-year period ended 9/21/22 (not in table), according to Bloomberg.
4. The yield on the U.S. 2-year T-note stood 52 bps higher than the yield on the 10-year T-note at the close on 9/21/22 (see table), which means the yield curve is severely inverted. Over the past 30 years, the yield on the 10-year T-note exceeded that of the 2-year T-note by an average of 111 bps, according to Bloomberg.
5. As of 9/21/22, the federal funds target rate (upper bound) stood at 3.25%, above its 30-year average of 2.46%. The Fed hiked rates by 75 bps in June, July and September, the fastest pace since 1994.
6. With the rise in government bond yields throughout much of the globe over the past year, the amount of negative-yielding debt has declined significantly, as measured by the Bloomberg Global Aggregate Negative Yielding Debt Index. The total value stood at \$1.90 trillion on 9/21/22, down from \$14.53 trillion a year ago.
7. We will continue to monitor the situation to see if high inflation plus any tapering the Fed does to its balance sheet of assets is enough to push bond yields higher in the months ahead.

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

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