A Global Snapshot Of Government Bond Yields

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 extremely low levels, and in some instances, remain in negative territory.

3. The yield on the U.S. 10-year Treasury-note stood at 0.70% at 11:00am CST on 5/20/20, 537 basis points below its historical average yield of 6.07% since 1/5/62, according to Bloomberg.

4. While not in the table above, yesterday marked the first time that the U.K. has ever auctioned off a government bond at a negative yield. It sold £3.8 billion ($4.66 billion) worth of three-year gilts at a yield of -0.003%, according to CNBC.

5. The volume of negative-yielding debt exceeded $11 trillion worldwide as of 5/18/20, according to Bloomberg.

6. Yields could trend lower due to economic damage from the spreading of the coronavirus (COVID-19). President Donald J. Trump has been an advocate for negative interest rates in the U.S., but Federal Reserve Chairman Jerome Powell rejects such a move at this time.

7. With volatility on the rise, particularly in the equities markets, a climate of low interest rates and relatively low inflation likely suits bond investors just fine.

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