

A Global Snapshot Of Government Bond Yields

2- & 10-Year Government Bond Yields (As of 10/15/21)

| Country | 2-Year | | 10-Year | |
|----------------|--------|---------------------------|---------|---------------------------|
| | Yield | YTD Change (Basis Points) | Yield | YTD Change (Basis Points) |
| Australia | 0.10% | 3 | 1.65% | 68 |
| Canada | 0.76% | 56 | 1.58% | 91 |
| China | 2.50% | -20 | 2.98% | -15 |
| France | -0.69% | 6 | 0.17% | 52 |
| Germany | -0.70% | 3 | -0.17% | 41 |
| Italy | -0.48% | -6 | 0.87% | 33 |
| Japan | -0.13% | 1 | 0.07% | 6 |
| Switzerland | -0.81% | 8 | -0.17% | 44 |
| United Kingdom | 0.57% | 76 | 1.10% | 91 |
| United States | 0.40% | 27 | 1.57% | 66 |

Source: Bloomberg. **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 are up from their historic lows, they remain artificially depressed.
3. The yield on the U.S. 10-year Treasury note (T-note) stood at 1.57% at the close on 10/15/21, 106 basis points (bps) higher than its all-time closing low of 0.51% on 8/4/20 (not in table), but 250 basis points below its 4.07% average yield for the 30-year period ended 10/15/21 (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 117 basis points at the close on 10/15/21, matching its 30-year average spread of 117 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. Federal Reserve ("Fed") Chairman Jerome Powell recently commented that the Fed could begin tapering its asset purchases in November and complete the process by mid-2022, according to Bloomberg. This would entail the Fed cutting back on its monthly bond purchases, consisting of \$80 billion of Treasuries and \$40 billion of mortgage-backed securities.
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 \$770.98 billion for the 12-month period ended 9/30/21, according to Morningstar. Net inflows for the two were a combined \$47.16 billion in September 2021.
7. We will continue to monitor to see if rising inflation plus the potential for tapering by year-end 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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