

Cash Flow and Carey


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Global 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	3.61%	-44.5	4.35%	-20.2
Canada	2.42%	-66.9	3.14%	-9.0
China	1.40%	-1.3	1.79%	-32.4
France	2.21%	-26.1	3.44%	30.5
Germany	1.99%	-26.3	2.67%	27.4
Italy	2.17%	-58.8	3.41%	-25.6
Japan	0.92%	48	1.67%	73.6
Switzerland	-0.21%	-44.1	0.07%	-18.3
United Kingdom	3.80%	-63.5	4.43%	-2.1
United States	3.60%	-55.9	4.11%	-17.6

Source: Bloomberg. As of 4:00PM CST on 11/3/25. **Past performance is no guarantee of future results.**

View from the Observation Deck

Today's table reveals the trend in global government bond yields over the trailing 12-months ended 11/3/25. Policy rate reductions, which began in 2024, have persisted this year as the world's central banks grapple with economic malaise and geopolitical turmoil. That said, concerns that inflation may not be fully contained (among other factors) remain, and may preclude further rate reductions over the near-term.

Inflation increased in nearly half of the countries in today's table since our February post on this topic ([click here](#)).

Several of the world's largest economies are experiencing resurgent inflation, which could smother dovish monetary policy over the near term. In the U.S., for example, the 12-month rate of change on the consumer price index stood at 3.0% in September, up from 2.3% in April. Inflation in the U.K. measured at just 2.5% in our February post, a far cry from its most recent reading of 3.8%. Australia was not immune to stubbornly high prices either, with its headline inflation rate increasing from 2.5% in our February post to 3.5% in today's.

Real yields (yield minus inflation) offered by 10-year government bonds have come under pressure recently.

As shown in the column marked "12-Month Change (Basis Points)", most 10-year government bond yields in today's table have declined over the last year. This decline, combined with increasing inflation has caused real yields to narrow in recent months. That said, eight of the ten countries presented in today's table offered a positive real yield on their 10-year note as of 11/3 (down from nine the last time we posted on this topic).

Takeaway

We maintain that central banks may find themselves with limited tools to fight recession should inflation remain elevated. While data from Bloomberg reveals muted near-term inflation expectations, these forecasts can change rapidly. Case in point: inflation's resurgence in the U.K., Australia, Canada, and the U.S. in recent months. We expect central bank policy rates will remain elevated in countries where inflation has reaccelerated but recognize that these are multifaceted decisions. Should these economies face substantial stagnation, central banks may choose to lower short-term rates despite the risks posed by price increases. We will continue to monitor the situation and report back as new developments occur.