

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 | 4.71% | 97.9 | 5.07% | 61.0 |
| Canada | 2.88% | 38.9 | 3.51% | 49.7 |
| China | 1.28% | -19.8 | 1.81% | -0.1 |
| France | 2.81% | 65.6 | 3.77% | 33.5 |
| Germany | 2.62% | 60.0 | 3.03% | 30.7 |
| Italy | 2.92% | 64.1 | 3.98% | 13.5 |
| Japan | 1.36% | 49.5 | 2.37% | 82.8 |
| Switzerland | 0.10% | -2.2 | 0.37% | -21.0 |
| United Kingdom | 4.45% | 25.4 | 4.93% | 24.0 |
| United States | 3.83% | -8.3 | 4.35% | 10.0 |

Source: Bloomberg. As of 4:00PM CST on 3/30/26. Past performance is no guarantee of future results.

View from the Observation Deck

Today's table offers a comparison of 2-year and 10-year government bond yields across ten countries. We also include the trailing 12-month yield change for each country's respective tenor. We last updated this topic in November 2025 ([click here to view it](#)).

Global government bond yields surged over the period captured in the table, with 10-year yields increasing in all but two countries (China and Switzerland) over the 12-months ended 3/30/26.

Australia, France, and Italy saw the largest increase in their 2-year yields, which surged by 97.9 basis points (bps), 65.6 bps, and 64.1 bps, respectively, over the period. Japan, Australia, and Canada saw the largest spikes in their 10-year yields, with trailing 12-month increases of 82.8 bps, 61.0 bps, and 49.7 bps, respectively.

Despite recent declines, headline inflation is expected to surge in the coming months.

While the data is not presented above, the months following our last post brought some relief to the global pace of rising prices, with headline inflation declining within six of the ten countries in the table. That said, energy price shocks from the war with Iran have reignited near-term global inflation concerns. Tellingly, seven of the ten countries above have year-end inflation forecasts that exceed their current headline observations.

Most real yields (yield minus inflation) offered by 10-year government bonds increased since our last post.

Higher yields, combined with declining inflation (noted above), resulted in nine of the ten 10-year government bonds offering greater real yields than they were in November 2025. The only exception was China, whose real yield declined by 1.58 percentage points since 11/3/25. At 2.31 and 1.30 percentage points, respectively, Japan and the U.K. had the largest increase to their real yields over the period. As shown in the column marked "12-Month Change (Basis Points)", China and Switzerland were the only governments whose 10-year bond yields did not increase over the trailing 12-months.

Takeaway

As we see it, energy price shocks from the war with Iran present a real challenge to fixed income investors. On one hand, the resultant current real yields may offer an opportunity. On the other, persistent inflation could result in increasingly restrictive central bank policies, which may push yields even higher (and prices lower) over the near term. It appears investors expect the latter scenario. On 3/30/26, the U.S. federal funds rate futures market revealed that the federal funds target rate is expected to settle at 3.61% in 2026, up from an implied rate of 3.05% at the start of the year. For context, it currently sits at 3.75% (upper bound). That said, we believe investors should be wary of becoming too reactionary. The recent surge in energy prices is largely a byproduct of war rather than a systemic breakdown. While it's impossible to time the war's end, we expect these price pressures will subside when peace reigns again.