

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	4.49%	104.7	4.88%	48.8
Canada	2.81%	0.5	3.53%	-5.0
China	1.26%	-12.3	1.73%	7.2
France	2.91%	77.8	3.91%	53.2
Germany	2.73%	88.2	3.12%	43.3
Italy	2.93%	87.6	3.91%	36.7
Japan	1.43%	65.0	2.68%	111.1
Switzerland	0.07%	20.5	0.39%	-0.7
United Kingdom	4.31%	46.1	4.94%	29.9
United States	4.15%	25.5	4.56%	10.2

Source: Bloomberg. As of 4:00PM CST on 7/15/26. **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 change in yields for each country's respective tenor. We last updated this discussion in March ([Global Government Bond Yields - March 2026](#)).

Global government bond yields surged over the period captured in the table, with 10-year yields increasing in all but two countries (Canada and Switzerland) over the 12-months ended July 15, 2026.

Japan, France, and Australia saw the largest spikes in their 10-year yields, with trailing 12-month increases of 111.1 bps, 53.2 bps, and 48.8 bps, respectively. Australia, Germany, and Italy saw the largest increase in their 2-year yields, which rose by 104.7 basis points (bps), 88.2 bps, and 87.6 bps, respectively, over the period.

Higher oil prices have heightened global inflation expectations.

Since our last discussion on this topic, headline inflation increased in eight of the ten countries presented, pushed upward by surging energy prices from the war with Iran. While there have been periods of temporary relief, the recent breakdown in negotiations and re-blockade of the Strait of Hormuz leads us to believe prices could remain elevated into the back half of this year. Analysts appear to share this sentiment, with seven of the ten countries in our table showing year-end inflation forecasts that exceed current headline observations.

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

Rising inflation (noted above), resulted in seven of the government bonds in today's table offering lower real yields on their 10-year notes than they were in March 2026. The exceptions were China, The U.K., and Japan, whose real yields increased by 22 bps, 21 bps, and 11 bps, respectively. Italy, Canada, and the U.S. had the largest declines in their real yields over the period, falling 157 bps, 138 bps, and 89 bps, respectively. As shown in the column marked "12-Month Change (Basis Points)", Canada and Switzerland were the only governments whose 10-year bond yields did not increase over the trailing 12-months.

Takeaway

The Iranian war's impact on global inflation has been notable, with surging energy costs pushing consumer prices higher across most major economies. As we see it, the short-term bond yields in today's table likely reflect rising expectations of higher near-term interest rates. As the table shows, China was the sole country to experience a decline in 2-year government bond yields over the past year, with the remaining observations increasing between 0.5 bps (Canada) and 104.7 bps (Australia). While oil prices have come down from their recent highs, peace between the U.S. and Iran remains elusive, threatening to reverse this trend. In the U.S., the trailing 12-month rate of change in the consumer price index declined from 4.2% in May 2026 to 3.5% in June 2026. For comparison, the price per barrel of WTI crude oil fell from \$105.07 on April 30, 2026, to \$69.50 on June 30, 2026. That said, oil prices have spiked again amid crumbling peace negotiations, rising to \$79.60 per barrel on July 15, 2026. While the war's duration is unknowable, we expect a cessation of hostilities could bring rapid relief to surging price indices. Stay tuned!