Market Commentary Blog

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Real Rate of the 10-Year Treasury Note

Historical Real Rates Of Return On 10-Yr. Treasury Note (T-Note)

Year	10-Yr. T-Note (Year-End & 9/15/26)	CPI YoY (Year-End & 8/31/26)	Real Rate (Yield-CPI)
2026	5.0%	3.4%	1.6%
2025	4.2%	2.7%	1.5%
2024	4.6%	2.9%	1.7%
2023	3.9%	3.4%	0.5%
2022	3.9%	6.5%	-2.6%
2021	1.5%	7.0%	-5.5%
2020	0.9%	1.4%	-0.5%
2019	1.9%	2.3%	-0.4%
2018	2.7%	1.9%	0.8%
2017	2.4%	2.1%	0.3%
2016	2.5%	2.1%	0.4%
2015	2.3%	0.7%	1.6%
2014	2.2%	0.8%	1.4%
2013	3.0%	1.5%	1.5%
2012	1.8%	1.7%	0.1%
2011	1.9%	3.0%	-1.1%
2010	3.3%	1.5%	1.8%
2009	3.8%	2.7%	1.1%

Source: Bloomberg. **Past performance is no guarantee of future results.**
10-Yr. T-Note yields are rounded. The 9/15/26 yield is as of 4:00PM CST. CPI rates are measured year-over-year (YoY) and NSA.

View from the Observation Deck

We periodically update this table to monitor the impact of interest rate policy on the longer-term fixed income market, as represented by the U.S. 10-Year Treasury Note (T-note). At a minimum, bond investors typically seek to generate a yield that outpaces the rate of inflation over time, allowing them to maintain a base level of purchasing power. A bond's real yield (calculated by subtracting the most recent inflation rate, such as the Consumer Price Index (CPI), from the bond's current yield) is a simple way to measure this.

The yield on the benchmark 10-year T-note was 5.00% on September 15, 2026, above the 3.4% trailing 12-month CPI rate in August 2026. This equates to a real yield of 1.60%.

Over the 30-year period ended August 31, 2026, the average monthly yield on the 10-year T-note was 3.60%, while the CPI averaged 2.6%, according to data from Bloomberg. Those figures translate into an average real yield of 1.00%, well below the T-note's current real yield.

The Federal Reserve ("Fed") increased its federal funds target rate (upper bound) from 3.75% to 4.00% on September 16, 2026.

The Fed's announcement was largely expected, especially given recent consumer price inflation driven by global oil supply constraints. The trailing 12-month rate of change in the CPI increased from 2.4% in February 2026 to 3.4% in August. Prior to this move, the federal funds target rate had been unchanged since December 11, 2025, when it declined from 4.00% to 3.75%.

Takeaway

Persistently high oil prices pushed the CPI to 3.4% in August 2026, causing the Fed to act by increasing interest rates yesterday. The move was largely expected by investors, with the yield on the 10-year T-note eclipsing 5.00% earlier in the week, marking the first time it closed at or above 5.00% since July 19, 2007. The Treasury has taken notice, hoping to stabilize yields by buying back up to $6 billion of government debt in September. Tellingly, the actual buyback figures were nearly three times the amount the Treasury planned to purchase when it made the announcement in August. That said, bond investors have reason to celebrate. As of September 15, 2026, the 10-year T-note's real yield of 1.60% was 60 basis points above its historical average of 1.00%. It is unclear how long real yields will remain elevated, but we believe pressure from oil prices will subside when the Strait reopens.