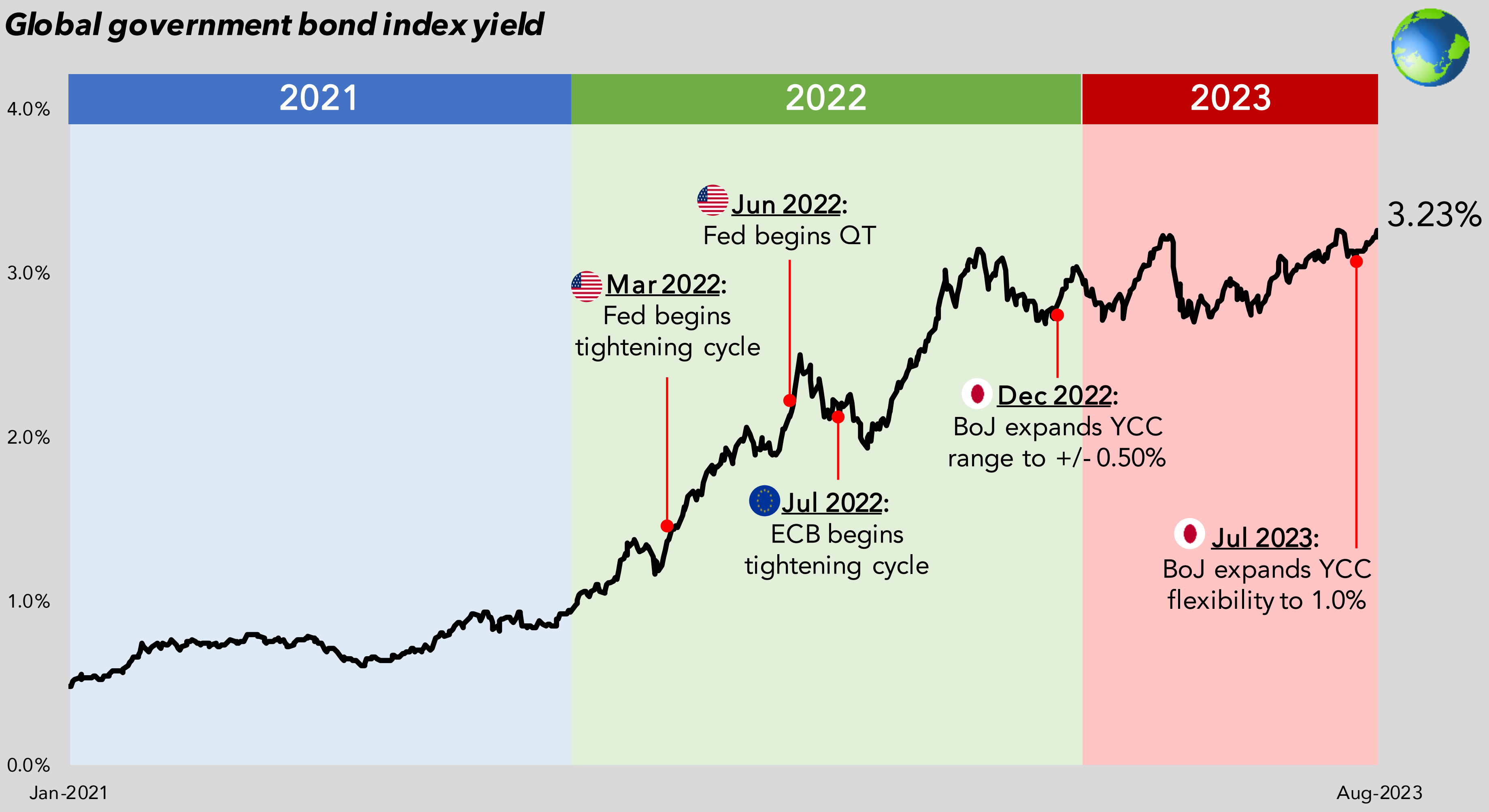
Capital Markets Strategy
Essential inCights for the C-Suite

Chart of the Day

Global bond yields are trading near multi-year highs following a post-COVID period of elevated inflation and synchronized global central bank tightening. Last week's adjustment in Japan's yield curve control (YCC) policy has contributed to the latest move higher in yields. Given that Japan has $3 trillion invested in overseas financial assets ($1.1 trillion in USTs), higher yields in Japan will increase the attraction of repatriation flows back into Japanese assets, thereby driving a paradigm shift in global markets.

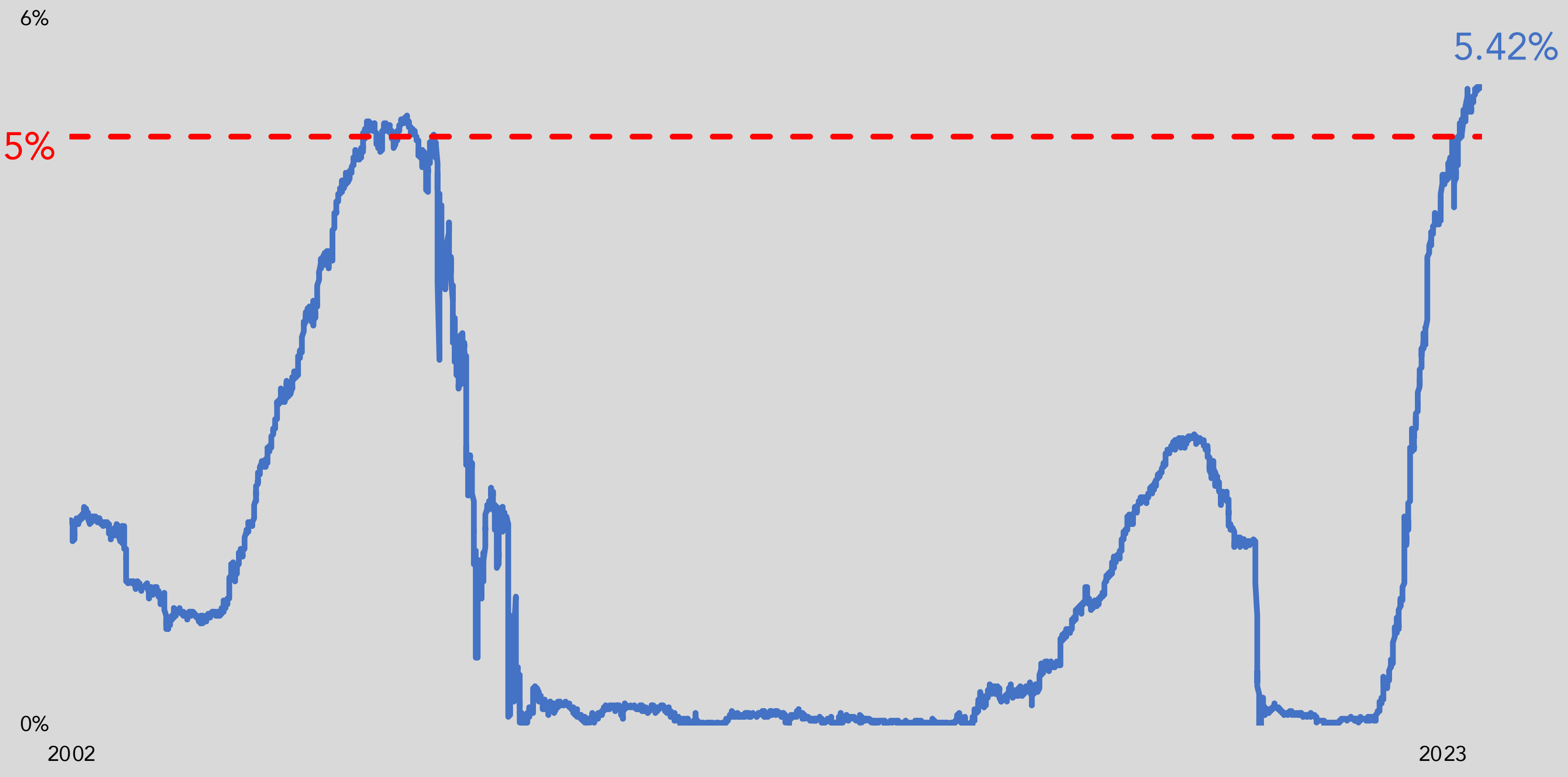
Global government bond index yield



Resilient US labor market data, elevated US Treasury issuance, the Fitch ratings downgrade and the BOJ's policy pivot have all contributed to the recent uptick in US government bond yields.

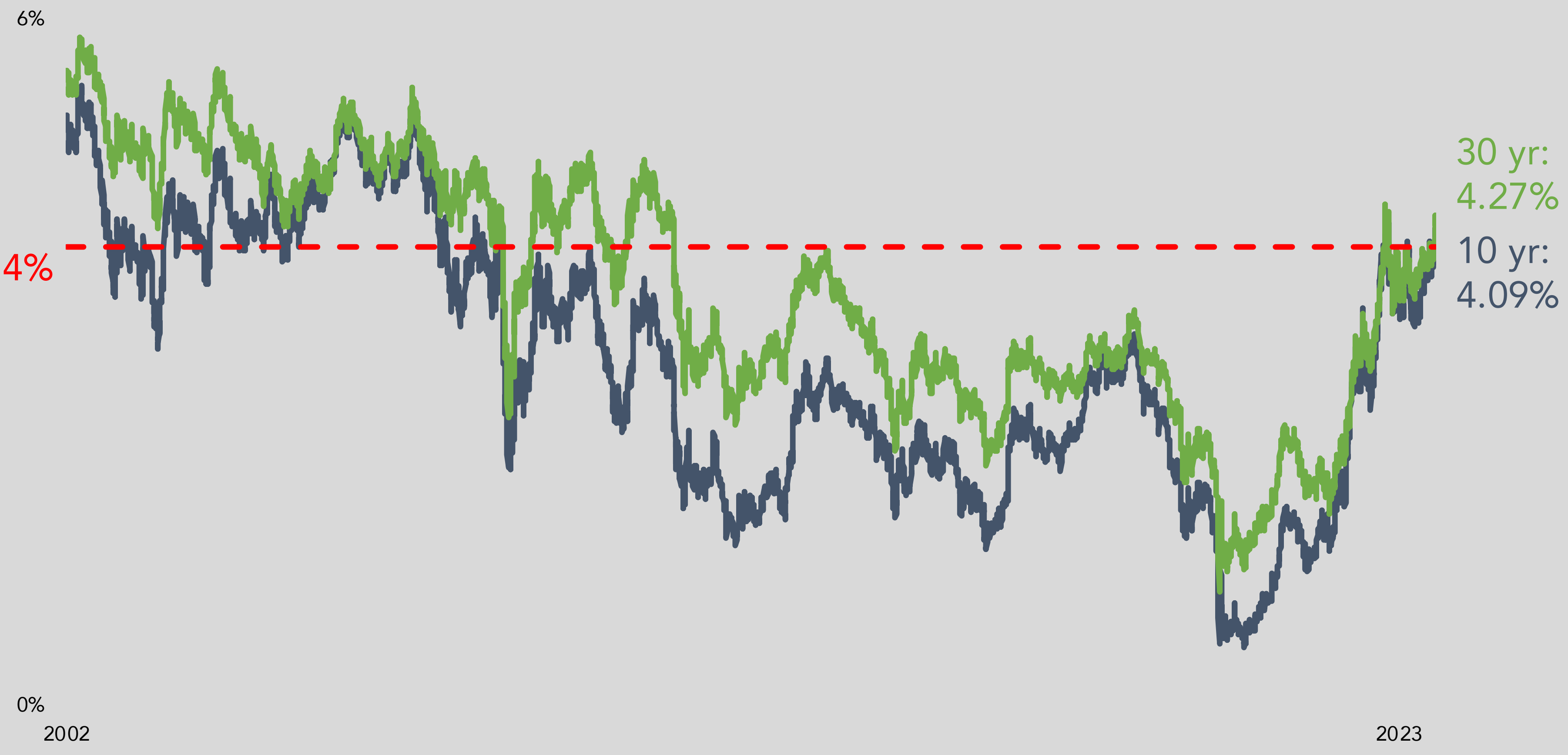
US Front End Yields Highest in 2 Decades

3 month T-bill yield



US Longer End Yields Back Above 4%

10 and 30 year UST yields



Source: (1-3) Bloomberg. Data as of August 7, 2023.

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"Macro stability isn't everything, but without it, you have nothing."