

# Chart of the Day

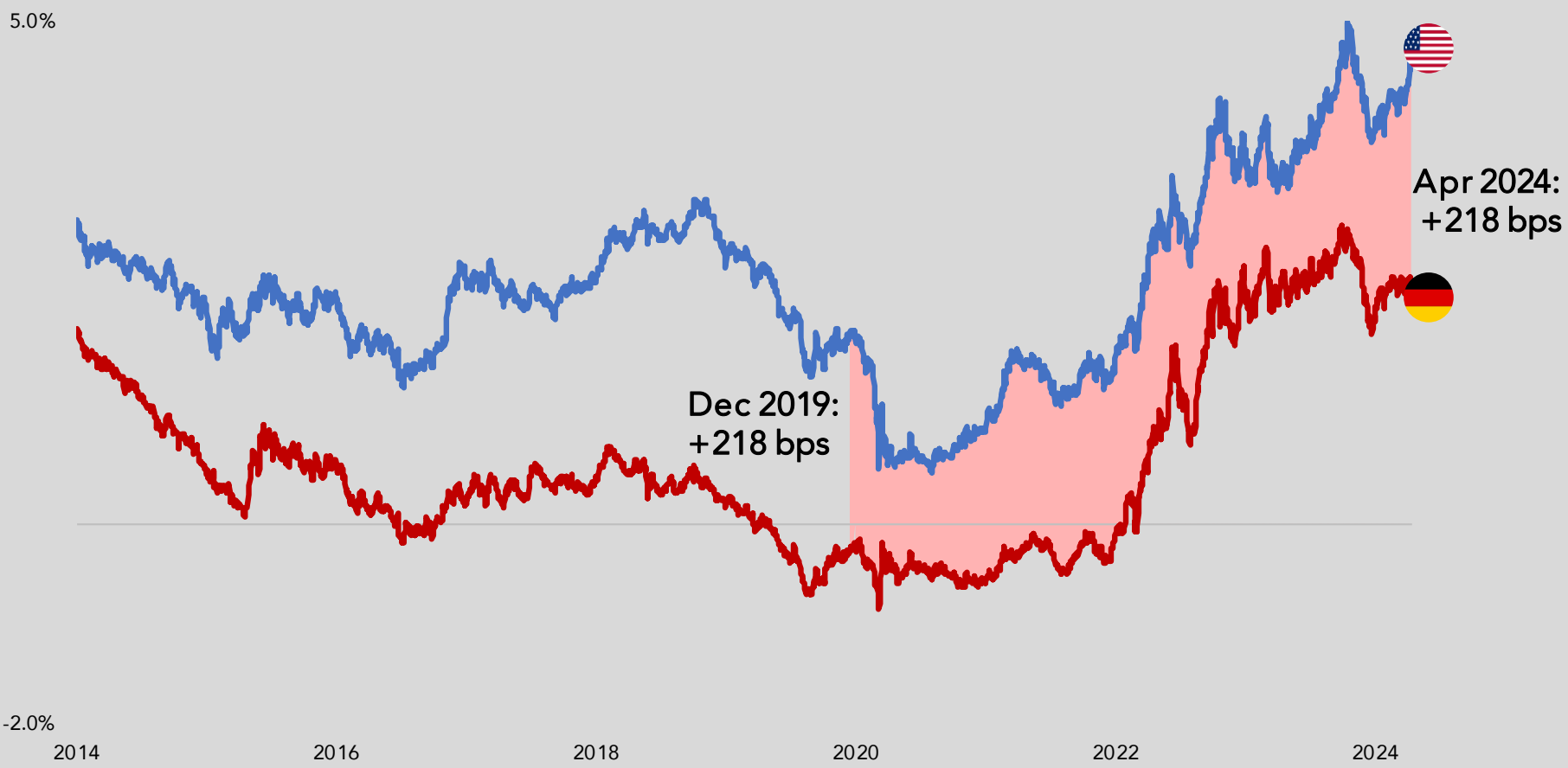


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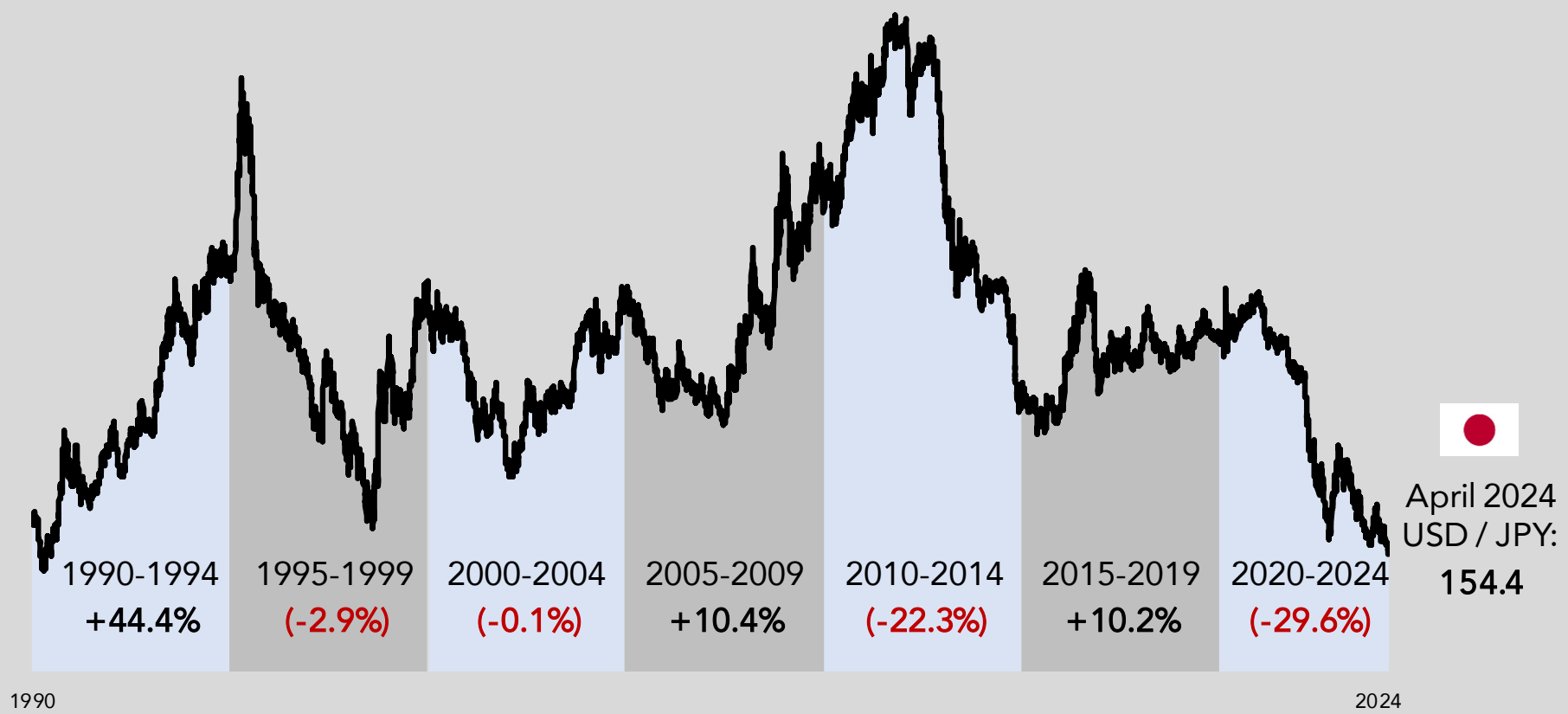
The gap between 10 year US and German borrowing rates reached 218 bps on Friday, its widest gap in nearly 5 years (since Dec 2019). US economic strength and divergent Fed-ECB policy easing expectations (ECB sooner, Fed later) have been key drivers of the wider rate differentials. USD continued to strengthen, rallying +1.7% on the week, and trading to its highest levels vis-a-vis Euro and Sterling since November.

## 10 year UST vs. 10 year German bunds



Japanese Yen, above 154, declined to its weakest level vs. the US Dollar in 34 years. Geopolitical-induced safe-haven flows have also contributed to USD strength. As an energy-deficit country that is importing oil in US dollars with a weakening currency, Japan faces increased pressure to intervene and support the Yen as Middle East risk escalates.

## JPY performance vs. USD



Source: (1-2) Bloomberg. Currency graph is JPY vs. USD. Data as of April 15, 2024.

## Global Corporate & Investment Banking Capital Markets Strategy Team



**Tom Joyce**  
Managing Director  
Tom.Joyce@mufgsecurities.com  
(212) 405-7472



**Hailey Orr**  
Managing Director  
Hailey.Orr@mufgsecurities.com  
(212) 405-7429



**Stephanie Kendal**  
Vice President  
Stephanie.Kendal@mufgsecurities.com  
(212) 405-7443



**Angela Sun**  
Analyst  
Angela.Sun@mufgsecurities.com  
(212) 405 - 6952

“Macro stability isn’t everything, but without it, you have nothing.”