

# Global Yields, Local Consequences

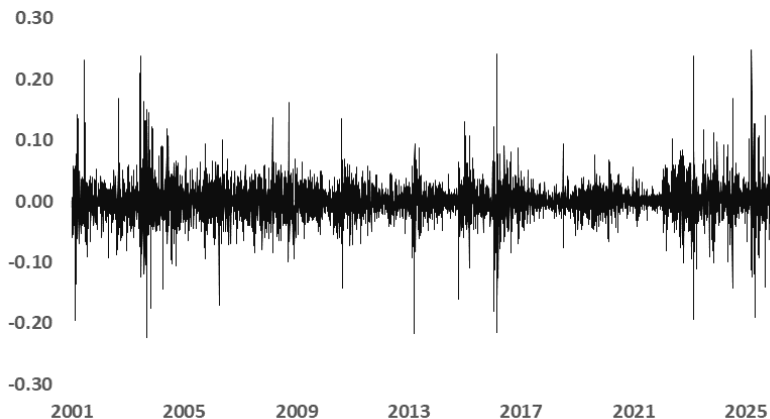
After the holiday weekend, investors were quickly and sharply reminded of the tight interconnectedness of global markets. That reminder came through surging bond yields in Japan, which rippled across markets—including the U.S. Treasury market, where 10-year and 30-year yields rose just under 0.10%. While the move in U.S. yields may seem modest, the catalyst behind it has captured investor attention and concern.

So what happened, and why does it matter?

On Tuesday, a sharp selloff in Japan’s bond market caused yields on 30-year Japanese government bonds to jump 0.25%—an extraordinary move in the world of sovereign debt. The backdrop was Japan’s central bank reducing its purchases of government bonds, effectively removing a price floor and allowing interest rates to rise as prices fell. The immediate trigger was Prime Minister Sanae Takaichi’s election proposal to cut food taxes without offering offsetting spending reductions. Fearing a deteriorating fiscal outlook, investors sold Japanese bonds en masse.

All else equal, higher foreign bond yields can make U.S. Treasuries less attractive to global buyers. Just as slowing demand contributed to volatility in Japan’s market this week, weakening demand for U.S. Treasuries could set the stage for more volatile U.S. yields as well.

**Japan 30-Year Bond Yield**  
Daily Moves



\* Chart source: Bloomberg, Goelzer Investment Management.

## Economy

Last Week	This Week
- <b>Consumer Price Index (Dec.):</b> +0.3% HL / +0.2% Core (MoM) +2.7% HL / +2.6% Core (YoY)	- <b>Pending Home Sales (Dec):</b> 1/21
- <b>New Home Sales (Oct.):</b> +0.1% MoM, 737K SAAR vs. 738K SAAR one month prior	- <b>Personal Spending &amp; PCE Inflation (Dec.):</b> 1/212
- <b>Retail Sales (Dec.):</b> +0.6% HL / +0.4% Control (MoM) vs. 0.0% HL / 0.8% Control, one month prior	- <b>S&amp;P Global PMIs (Jan. P):</b> 1/7
- <b>Producer Price Index (Nov.):</b> +0.2% HL / 0.0% ex food & energy (MoM) +3.0% HL / +3.0% ex food & energy (YoY)	- <b>U. of Mich. Consumer Sentiment:</b> 1/23

## Equities

Index	Level	Returns (%)					
		1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
S&P 500	6797	-2.38	-0.66	-0.66	14.77	21.57	13.82
Russell 1000 Growth	4617	-3.64	-3.07	-3.07	13.38	27.99	14.12
Russell 1000 Value	2125	-0.74	2.66	2.66	14.98	14.12	11.41
FTSE High Dividend Yield*	535	-0.71	2.13	2.13	14.29	13.66	12.49
S&P Small and Mid Cap	19247	-0.20	4.94	4.94	8.61	11.60	8.08
MSCI EAFE	2969	-0.12	2.68	2.68	32.43	16.30	9.56
MSCI EM	1481	0.59	5.48	5.48	40.81	15.84	3.94

Index	NTM P/E	NTM P/E (20Y med)	Div Yield	S&P Sector Returns YTD												
				Energy	Materials	Staples	Industrials	Real Estate	Utilities	Health Care	Cons. Discr.	Comm. Serv.	Financials	IT		
S&P 500	21.9	15.6	1.2	8	6	4	2	0	-2	-4						
Russell 1000 Growth	27.7	18.1	0.5													
Russell 1000 Value	17.6	13.6	1.9													
FTSE High Dividend Yield*	14.3	13.1	3.8													
S&P Small and Mid Cap	16.1	15.4	1.7													
MSCI EAFE	16.3	13.5	2.8													
MSCI EM	13.4	11.2	2.3													

\* Bloomberg U.S. Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.

## Fixed Income

Index	Yield	Returns (%)					
		1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
U.S. Aggregate	4.42	-0.47	-0.30	-0.30	7.00	3.56	-0.27
U.S. Int. Gov/Credit	4.03	-0.29	-0.26	-0.26	6.59	4.34	0.97
U.S. Corporates	4.91	-0.48	-0.30	-0.30	7.49	4.77	0.10
High Yield	6.71	-0.12	0.37	0.37	8.12	8.92	4.45
Municipals (1-10)	2.82	-0.04	0.69	0.69	5.86	3.11	1.32

Key Rates	Last	Levels (%)					
		1 Wk Ago	Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago	5 Yrs Ago
2-yr Treasury	3.60	3.51	3.48	3.48	4.30	4.17	0.12
10-yr Treasury	4.29	4.13	4.17	4.17	4.61	3.48	1.11
30-yr Treasury	4.92	4.78	4.85	4.85	4.83	3.66	1.87
SOFR	3.64	3.64	3.87	3.87	4.30	4.30	
6-mo. CD rate	3.72	3.71	3.62	3.62	4.37	4.95	0.18
Prime Rate	6.75	6.75	6.75	6.75	7.50	7.50	3.25
30-yr fixed mortgage	6.18	6.21	6.25	6.25	7.14	6.47	2.88

Data as of 10:50 AM ET, January 21, 2026. Returns through January 20, 2026.

