

Chart of the Week

19 January 2026

momentum

global investment management

30-year government bonds yields

- Germany and Japan



The extraordinary rise in long dated bond yields

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What this chart shows

The chart above shows the dramatic rise in 30-year government bonds yields in Germany and Japan over the last five years.

Why this is important

Thirty-year sovereign yields in both Germany and Japan have undergone an extraordinary regime shift. 30-year Japanese Government Bond (JGB) yields have surged from just above zero to around 3.5%, while 30-year German Bund yields have risen from deeply negative territory to roughly the same 3.5% level—a move of unprecedented magnitude for markets long anchored by deflationary expectations and ultra-loose policy.

The drivers are clear and shared: the global inflation shock, the end of yield-curve control and policy normalization in Japan, tighter monetary policy in the euro area, heavier fiscal issuance, and a structural repricing of term premia after years of financial repression. The scale of the price impact is starkly illustrated by Germany's 0% 2052 Bund, issued in 2021 at price of about 95 despite paying no coupon for 30 years; as yields reset higher, its long duration and zero cash flow made it acutely sensitive to rate rises, sending the price to around 40—a brutal reminder that when yields rise from negative or near-zero levels to mid-single digits, duration risk dominates and capital losses can dwarf income considerations.

From today's starting point, however, these much higher yields materially improve expected long-term returns, meaning the very repricing that caused such pain now lays the groundwork for far more attractive future outcomes for sovereign bonds.

Global markets were rattled by escalating US tariff threats, political pressure on central banks, and rising geopolitical tensions, offset partly by resilient Chinese markets and strong UK gilt performance, as investors rotated defensively amid elections, sanctions, and strained transatlantic relations.



US

- » President Trump threatened tariffs of up to 25 % on multiple European countries unless they support his controversial Greenland acquisition plan, prompting sharp diplomatic pushback from allies.
- » The Department of Justice opened a criminal investigation into Federal Reserve Chair Jerome Powell, stoking deep concerns over Fed independence.
- » Broader geopolitical tensions continued, with US rhetoric on Iran unrest and potential military options underscored.
- » Domestic unrest and political controversies, including nationwide protests and civil liberty criticisms, continued to draw attention.



UK

- » The UK was directly targeted in Trump's threatened tariffs over the Greenland dispute; Prime Minister Starmer labelled the move "completely wrong."
- » The UK expanded sanctions on Iran in response to violent repression of protests.
- » Gilt markets rallied strongly, with UK government bonds among the best-performing assets in early 2026 as interest rate cuts and reduced issuance calmed investors and lowered long-term yields.
- » Focus on inflation data and labour market metrics shaped expectations for Bank of England decisions in the coming weeks.



Europe

- » EU leaders jointly condemned the US tariff threats, warning of a "dangerous downward spiral" in transatlantic ties.
- » Emergency EU discussions took place on invoking anti-coercion measures in response to US pressure.
- » Cyprus commenced its six-month EU Council presidency with sessions on defence partnerships and policy priorities.
- » In Portugal, polls opened in a cliffhanger presidential election with far-right and centrist candidates tied.



Rest of the World/Asia

- » China bolstered its trade policy apparatus by appointing a seasoned export controls negotiator to key trade roles amid rising US and Japan tensions.
- » Chinese markets showed resilience amid softer CPI readings and easing producer price pressures, supporting risk sentiment.
- » Japan's Prime Minister Sanae Takaichi is preparing to call a snap general election as early as February, aiming to cement her political agenda.
- » Gold hit record highs amid concerns over political interference in monetary policy, while stocks recoiled on uncertainty.

Weekly market data

Week ending 16 January 2026

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Asset Class / Region	Currency	Cumulative returns			
		Week ending 16 January	Month to date	YTD 2026	12 months
Developed Markets Equities					
United States	USD	-0.4%	1.4%	1.4%	17.9%
United Kingdom	GBP	1.2%	3.1%	3.1%	26.3%
Continental Europe	EUR	0.7%	3.7%	3.7%	20.1%
Japan	JPY	4.1%	7.3%	7.3%	39.5%
Asia Pacific (ex Japan)	USD	2.1%	5.2%	5.2%	37.5%
Australia	AUD	2.1%	2.2%	2.2%	10.4%
Global	USD	0.1%	1.9%	1.9%	22.1%
Emerging Markets Equities					
Emerging Europe	USD	1.8%	6.3%	6.3%	60.3%
Emerging Asia	USD	2.2%	5.9%	5.9%	41.9%
Emerging Latin America	USD	1.8%	6.0%	6.0%	59.0%
BRICs	USD	0.7%	2.2%	2.2%	28.1%
China	USD	1.6%	4.5%	4.5%	42.1%
MENA countries	USD	2.1%	2.9%	2.9%	1.5%
South Africa	USD	2.9%	5.8%	5.8%	86.4%
India	USD	-0.4%	-2.5%	-2.5%	6.6%
Global emerging markets	USD	2.3%	5.8%	5.8%	42.3%
Bonds					
US Treasuries	USD	-0.2%	0.0%	0.0%	6.2%
US Treasuries (inflation protected)	USD	-0.1%	0.0%	0.0%	6.4%
US Corporate (investment grade)	USD	0.0%	0.3%	0.3%	8.1%
US High Yield	USD	0.2%	0.6%	0.6%	8.4%
UK Gilts	GBP	-0.1%	0.7%	0.7%	6.2%
UK Corporate (investment grade)	GBP	0.0%	0.8%	0.8%	8.1%
Euro Government Bonds	EUR	0.2%	0.5%	0.5%	2.1%
Euro Corporate (investment grade)	EUR	0.1%	0.4%	0.4%	3.9%
Euro High Yield	EUR	0.0%	0.5%	0.5%	5.9%
Global Government Bonds	USD	-0.2%	-0.4%	-0.4%	6.9%
Global Bonds	USD	-0.2%	-0.3%	-0.3%	9.1%
Global Convertible Bonds	USD	1.5%	5.0%	5.0%	27.0%
Emerging Market Bonds	USD	0.1%	-0.1%	-0.1%	12.7%

Weekly market data continued...

Asset Class / Region	Currency	Cumulative returns			
		Week ending 16 January	Month to date	YTD 2026	12 months
Property					
US Property Securities	USD	2.9%	4.6%	4.6%	6.3%
Australian Property Securities	AUD	1.7%	0.4%	0.4%	1.5%
Global Property Securities	USD	2.0%	4.0%	4.0%	16.2%
Currencies					
Euro	USD	-0.3%	-1.2%	-1.2%	12.6%
UK Pound Sterling	USD	-0.2%	-0.5%	-0.5%	9.3%
Japanese Yen	USD	0.0%	-0.8%	-0.8%	-1.8%
Australian Dollar	USD	0.0%	0.1%	0.1%	7.5%
South African Rand	USD	0.6%	0.9%	0.9%	14.5%
Swiss Franc	USD	-0.2%	-1.2%	-1.2%	13.4%
Chinese Yuan	USD	0.1%	0.3%	0.3%	5.2%
Commodities & Alternatives					
Commodities	USD	1.2%	3.3%	3.3%	4.9%
Agricultural Commodities	USD	0.1%	0.7%	0.7%	-6.0%
Oil	USD	1.2%	5.4%	5.4%	-21.1%
Gold	USD	1.9%	6.3%	6.3%	68.9%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

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