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U.S. 10-Year Yields Have Broken Away from the Rest of the World

Story by Karishma Vanjan 9-5-2025

The U.S. government bond market has divorced itself from the rest of the world, perhaps influenced by Treasury Secretary Scott Bessent.

This year, both investors in U.S. Treasuries and those holding sovereign bonds internationally have struggled with a common problem: Nations' debts are rising, and it isn't clear that governments will be able to deal with the challenge. Yet despite that common nemesis, yields on U.S. 10-year government bonds—a key rate for mortgages, credit cards, and financial markets—have taken a different path than comparable debt abroad. *Note*

So far this year through Tuesday, international yields have gained 0.1131 percentage point, while the 10-year Treasury yield has fallen 0.3038 point, Barron's calculations indicate. Dow Jones Market Data took a simple average of the change in yields for 10-year government bonds issued by the U.K., France, Italy, Germany, Netherlands, Spain, China, Japan, Taiwan, Australia, Canada, and Brazil. An average weighted by countries' gross domestic product showed a greater increase in international yields, and thus an even wider gap.

The 10-year Treasury began charting its own path around Feb. 19, right around the time Bessent started talking to media outlets about lowering the 10-year Treasury yield. Bessent, sworn in on Jan. 28, has been more vocal than recent secretaries about rates on U.S. debt and how government policies on energy and deregulation can "naturally" lower yields. *Note*

Yields go down when prices of bonds go up.

"It feels like on the margin investors are choosing the biggest bond market in the world as their executive branch is actively citing their desire to bring 10 year [Treasury] yields down," Tavis McCourt, a strategist from Raymond James, told Barron's via email. "Whereas this executive activism is not taking place elsewhere around the world."

A capitulation among global bondholders has allowed Bessent to succeed in "jawboning" the 10-year yield lower, in McCourt's view. "It's a strange dynamic and maybe it will correct but so far Bessent is winning," he said.

"The U.S. Treasury market continues to demonstrate that it is the safest and most liquid in the world," a Treasury spokesman said in response to a question about whether Bessent's comments are drawing investors in and pushing yields lower. "Under President Trump's leadership, strong tariff revenues, an improving fiscal outlook, slowing inflation, resilient market functioning, and robust investment into the United States have further bolstered demand for U.S. Treasuries."

Bessent himself has repeatedly accused his predecessor, Janet Yellen, of using her power to engineer easier financial conditions. And a paper published in the summer of 2024 by economist Nouriel Roubini and [Stephen Miran](#), current chairman of the White House Council of Economic Advisers, accused Yellen of actively lowering rates on longer-term debt by keeping a thumb on longer-dated debt issuance.

Bessent's commentary this year may be creating the impression that he will seek to keep yields lower.

Other factors may also be restraining yields in the \$29 trillion U.S. Treasury market. Yields on corporate bonds, an important alternative fixed-income investment, are the lowest relative to Treasury debt since 1998. In other words, investors are receiving little compensation for the risk of lending to companies, rather than holding ultrasafe Treasury securities.

Note

There is also a perception that the market for Treasuries is more liquid and resilient than its counterparts in the U.K., Japan, or Germany.

Bessent's Treasury has also said repeatedly this year that sales of longer-dated debt won't increase "for at least the next several quarters," meaning supply will be relatively limited, which tends to keep prices up and yields lower. He's "doing his best to shield longer dates from issuance pressure," ING's regional head of research, Padhraic Garvey told Barron's. He also cited Treasuries' role as a holding vehicle for dollars globally as a net positive.

These factors help partially offset the big worries in the U.S. debt market—the level of spending and uncertainty about tariffs—and that has likely kept yields lower than overseas. The market's belief that the Federal Reserve is close to enacting rate cuts helps as well.

"I think traders are deeply concerned about longer-term, more structural issues in terms of America's debt, but the price action we're seeing up to ~10-year maturity now is really mostly about how this easing cycle plays out, which has been a big source of uncertainty," Phillip Wool, chief research officer and portfolio manager at Rayliant Global Advisors, told Barron's via email.

In other words, hopes for interest-rate cuts, which tend to boost the prices of existing bonds, are encouraging investors to hold Treasury debt.

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