GLOBAL
Insight

Wealth Management

Global fixed income perspective

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Altitude sickness

Key points

- **Fed Chair Kevin Warsh's early tenure has been marked by reduced communication and heightened uncertainty, likely a key driver of 30-year U.S. Treasury yields reaching 19-year highs.**
- **Central banks largely stood still in July, but oil price volatility and ongoing inflation concerns could likely compel policymakers to spring back into action this fall.**
- **The unusual step of joint intervention in currency markets by the U.S. and Japan to support the yen could ease near-term pressures, but longer-term fundamental issues remain.**

For a month when most global, developed-market central banks simply stood pat on any policy rate changes, it was a volatile one for global fixed income markets.

And though central banks kept policy rates on hold, the same cannot be said for global sovereign bond yields. 2026 has seen numerous fresh multi-decade highs for 30-year government bond yields including those in the UK, Germany, Japan, and Canada. And that trend continued into July, most notably with the U.S. 30-year Treasury joining the fray by trading as high as 5.28% to mark the highest trading level since 2007.

The primary driver of recent volatility was the latest Federal Reserve meeting. And the source of it came not from what the Fed did, which was nothing, but from what Fed Chair Kevin Warsh said—which was not much more than nothing.

In broad strokes, it seems to us that his goal is to punt the Fed's responsibilities to markets. For example, Warsh attributed the recent rise in Treasury yields to the lack of forward guidance and communication from the Fed—which served as a proxy for the Fed raising its policy rate.

There are numerous problems with this approach, in our view, the most important being that central bankers can only talk tough for so long without following through with action. But until markets have more clarity on Warsh's approach to managing monetary policy, we see little reason to think that volatility and the trend of higher yields will subside anytime soon. This clarity could come later this month at the Fed's Jackson Hole Economic Policy Symposium, an event often used by central bankers to mark significant pivot points.

Fixed income views

Region	Gov't bonds	Corp. credit	Duration
United States	–	–	1–3
Canada	+	–	3–7
Continental Europe	–	–	3–7
United Kingdom	–	–	3–7

+ Overweight; = Market Weight; – Underweight
Source - RBC Wealth Management

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All values in U.S. dollars and priced as of market close, July 31, 2026 unless otherwise stated.
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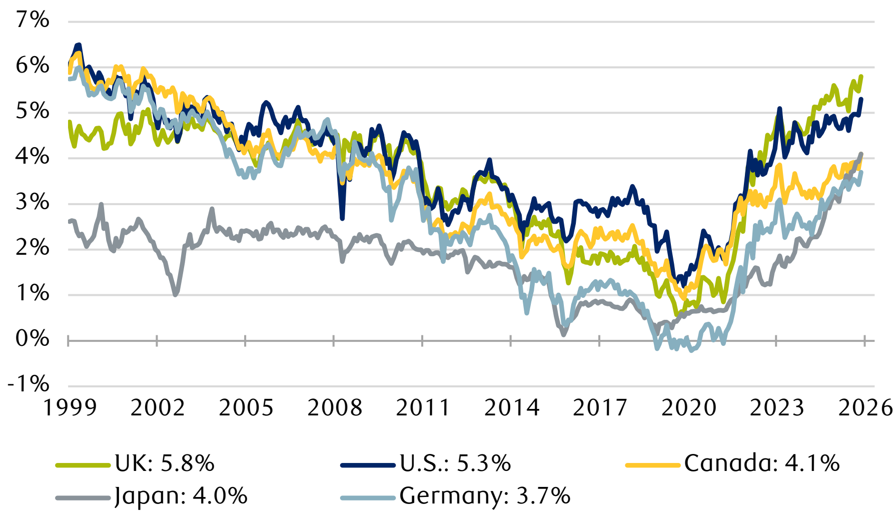
GLOBAL FIXED INCOME

Global 30-year sovereign bond yields reach fresh multi-decade highs

Historical and current yields as of 7/31/26

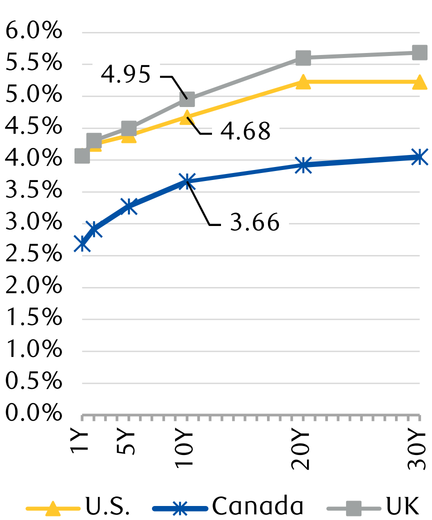


Source - RBC Wealth Management, Bloomberg

In Japan, authorities stepped into foreign exchange markets once again, this time in a coordinated effort with the U.S. Treasury, to support the yen, as the Bank of Japan (BoJ) held off on raising interest rates—simply alluding to the idea it could move faster if needed. Yen weakness and ever-higher Japanese government bond yields are just some signs, in our view, that the BoJ may be dragging its feet.

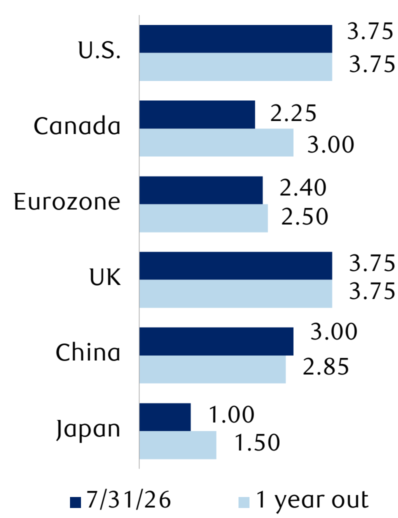
Globally, the monetary policy outlook has stabilized somewhat, but oil prices remain a significant risk factor for central banks.

Sovereign yield curves



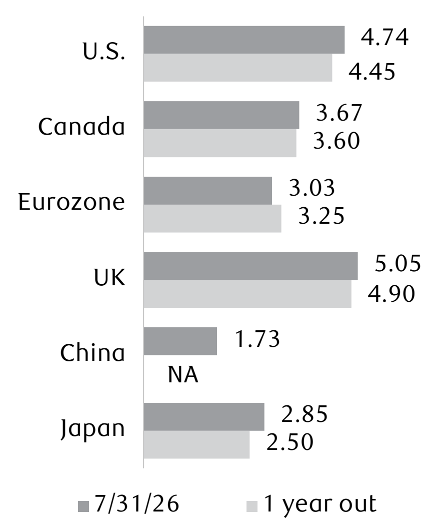
Source - Bloomberg; data through 7/30/26

Central bank rates (%)



Source - RBC Economics, RBC Global Asset Management, Bloomberg

10-year rates (%)



Note: Eurozone utilizes German Bunds.
Source - RBC Economics, RBC Global Asset Management, Bloomberg

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