

Markets
Bonds

BofA's Warning of a '5% World' Sinks in With Yields Pushing Higher

- BlackRock's Boivin sees 'remarkable repricing' in longest debt
- Market eyes inflation risk as economy defies recession calls

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All around the world, bond traders are finally coming to the realization that the rock-bottom yields of recent history might be gone for good.

The surprisingly resilient US economy, ballooning debt and deficits, and escalating concerns that the Federal Reserve will hold interest rates high are driving yields on the longest-dated Treasuries back to the highest levels in over a decade.

That's prompted a rethink of what "normal" in the Treasury market will look like. At [Bank of America Corp.](#), strategists are warning investors to brace for the return of the "5% world" that prevailed before the global financial crisis ushered in a long era of near-zero US rates. And [BlackRock Inc.](#) and [Pacific Investment Management Co.](#) say inflation could remain stubbornly above the Fed's target, leaving room for long-term yields to push even higher.