

Opinion | Mohamed A. El-Erian, Columnist

## Bond Vigilantes Are Putting Governments on Notice

Yield increases show that investors are closely watching whether advanced economies have the ability to deal with high debt and rising borrowing costs.

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On a rather quiet final Friday of the year, I used my Bloomberg Terminal to check how key government bond yields in advanced economies have changed in 2024. After all, these are widely regarded as the most accurate gauge of the economic outlook, including growth, inflation and central bank policies. It is, therefore, interesting to see the many ways in which bond yields defied the majority of forecasts in 2024 and consider what that means for the year ahead.

The first thing that struck me is the extent to which 10-year bond yields have increased in a year that saw central banks in advanced economies begin cutting interest rates and during which record amounts flowed into fixed-income investments.