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Japan Is Driving Global Bond Yields Higher

The yield on some Japanese government debt is above 4% for the first time in more than three decades.



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Yet the higher yields act as a powerful magnet, pulling Japanese savers' money out of markets around the globe and drawing it back home.

That means less demand for sovereign bonds such as Treasuries, German bunds and French OATs at a time when investors already are fretting over persistent inflation and the risk of another uptick in price pressures if the trade war worsens.

Another factor: governments and companies are flooding the market with new bonds as they ramp up spending on defense, data centers, and just about everything else.