

# Global bonds battered as flaring inflation spooks investors

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- Bond yields surge as inflation fears rise after Iran war shocks
- Central banks expected to hike rates, with few cuts seen likely this year
- Analysts warn of higher deficits and possible fuel subsidies amid volatile inflation
- Bond investors also point to spike in real yields, or TIPS

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Investors said the broad selloff reflected a week of high inflation readings and the realization that the war in [Iran](#) was likely to continue to stoke higher energy prices, following a meeting between [the U.S.](#) and [China](#) that yielded no significant news on the Middle East situation. Brent crude rose 4% to exceed \$109 a barrel.

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Higher benchmark yields [could also present headwinds for U.S. stock prices, as companies and consumers will face higher borrowing costs](#). This can also weigh on economic growth and corporate profits, while possibly making bond returns more competitive with stocks. Major global stock indexes [were down between 1% and 2%](#), a day after the S&P 500 ([.SPX](#))  and Nasdaq ([.IXIC](#))  hit new highs.