



EPISODE  
385



# THE GLOBAL BOND ROUT

## Disclaimer:

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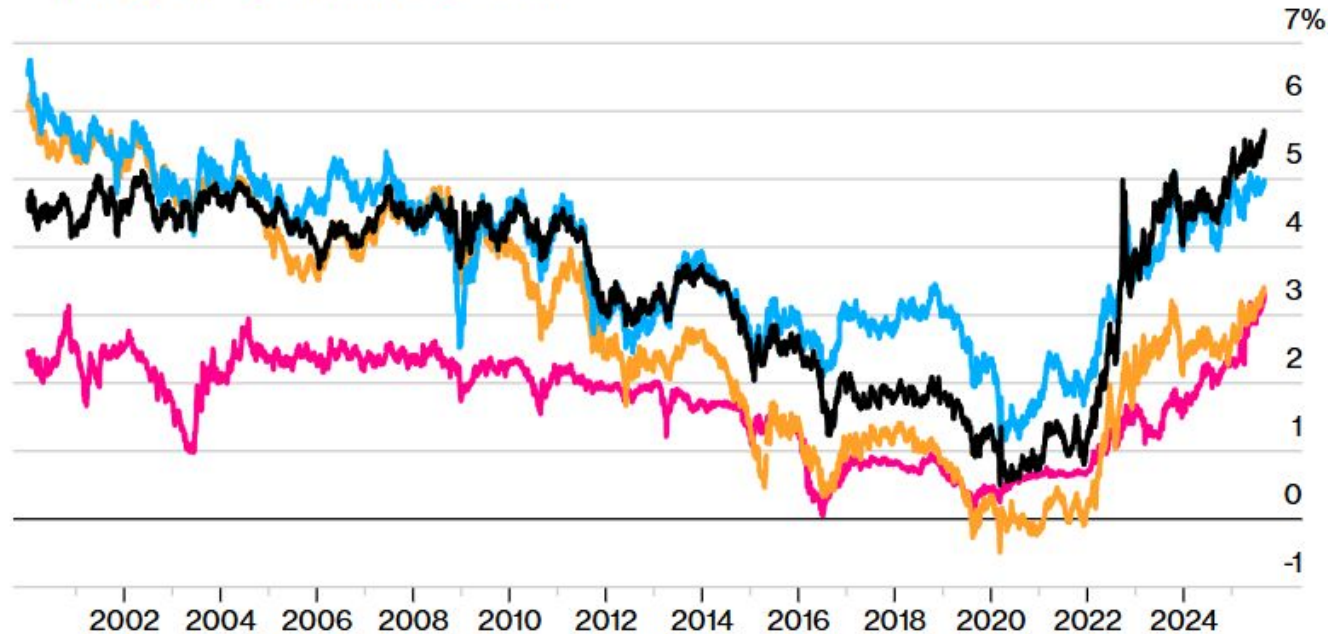
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# Global 30 Year bonds:

## Yields on 30-Year Government Bonds Are Rising Globally

US Treasury yields were around 5% in early September

UK US Germany Japan



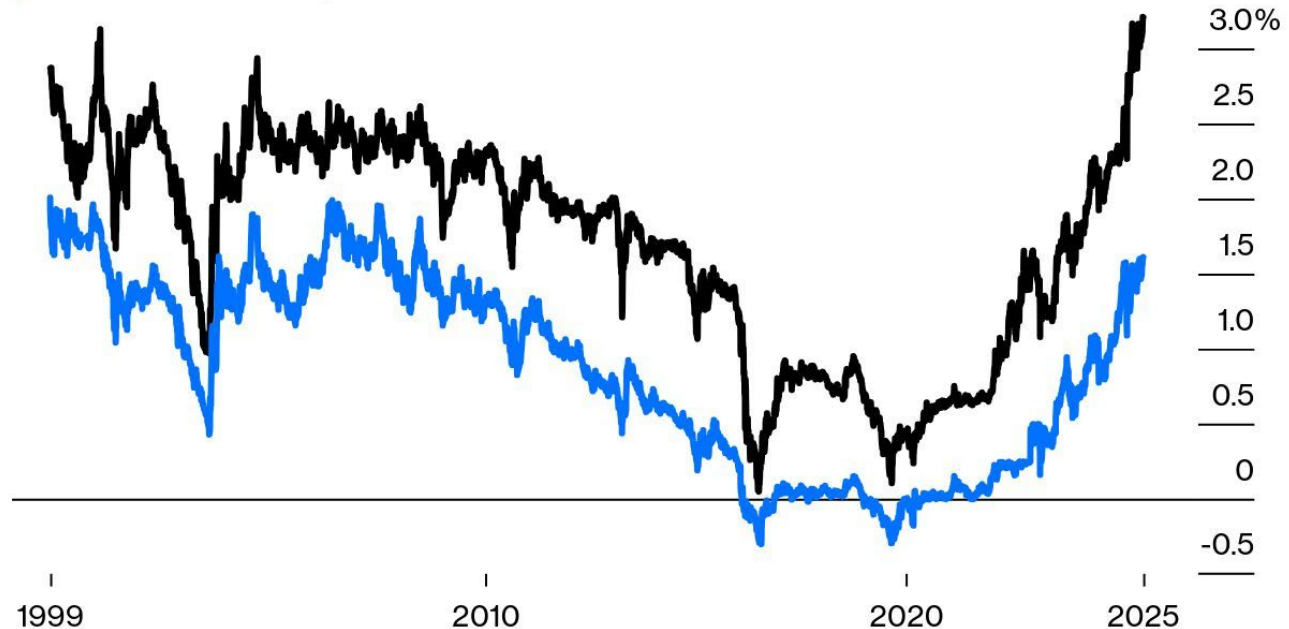
Source: Bloomberg

# Reversing the carry trade:


## De-Japanification


30-year JGB yields are their highest ever, 10-year at post-GFC record


10-Year JGB Yield 30-Year JGB Yield





## Choose themes to screen from your portfolio away from (i.e. remove stocks)


Climate Change  



War  



Human Rights  



Health  


Vices  


Animal Rights  


Religion  


Asset Class  


Thematic  


### Climate Change

- ☐ No Fossil Fuels (Worst Offenders) ⓘ
- ☐ No Fossil Fuels (Any) ⓘ
- ☐ No Coal Seam Gas or Fracking ⓘ
- ☐ No Nuclear Power ⓘ
- ☐ No Old Growth Forest Logging ⓘ

# 10y bond yields considerably less stress:

**FRED**  — Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis



Source: Board of Governors of the Federal Reserve System (US) via FRED®

Shaded areas indicate U.S. recessions.

[fred.stlouisfed.org](https://fred.stlouisfed.org)

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# No real signs of stress in corporates:



Source: Ice Data Indices, LLC via FRED®

Shaded areas indicate U.S. recessions.

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## Valuations:

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- Stocks are a long duration asset, so similarly affected.
- $e/(r-g)$
- $22\times P/E = (\text{say}) 10\% \text{ discount rate vs } 5.5\% \text{ growth rate. } 1\% \text{ change} = 18.2\times P/E.$
- Is this inflationary concerns? If so then maybe both move up.
- Typically higher interest rates are negative for stock market
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## Paradox:

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- Short term bond yields lower, long term higher
- Since 2020, the global fiscal stance is looser;
- Governments want to spend more money everywhere. Little pushback
- Trump risk premium?
- Demographic issues?
- Gold price as alternative to central banks, Russia, Trump
- Effect on US long rates and housing market
- Funding crisis unlikely.
- Fed independence. What are the issues. Miran involved. Fundamentalist rather than lackey.
- Trading issues UK. Not heaps, shorter term more important

## Investment outlook:

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- Alert not alarmed
- Sudden moves create trading issues like LTCM. Slower moves create losses.
- Sticking nearer short end
- Heightened uncertainty
- Earnings the key focus.

# Personalise Your Portfolio

## Screens

You can exclude the below to customise your portfolio

Climate Change	War	Human Rights	Health	Vices
Animal Rights	Religion	Asset Class	Thematic	

- No Fossil Fuels (Worst Offenders) ?
- No Fossil Fuels (Any) ?
- No Coal Seam Gas or Fracking ?
- No Nuclear Power ?
- No Old Growth Forest Logging ?



## Tilts

You can add the below to customise your portfolio

Investment Style Factors	Climate Change	Technology	
Consumption	Commodities	Military	GICS Sectors

- Quality Stocks ?
- Value Stocks ?
- Growth Stocks ?
- Defensives ?

Personalise your portfolio now >



# Build Your Portfolio

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Investment Choice

Risk Profile

**Build Your Portfolio**

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Review

Applicants


Bank Details


Compliance


Final Review


## Portfolio Tilts



Quality Stocks 

Value Stocks 

Growth Stocks 

Oil & Gas Stocks 

Gold Stocks 


Agribusiness 


Large Technology Stocks 

Cloud Computing Stocks 

Robotics/AI 

Video Gaming 


Cybersecurity 

Clean Energy 

Defensives 


Battery Supply Chain 

Nuclear Power 


Defense Contractors 


Travel 

Luxury Goods 


Logistics 

Global Communication Services 

Global Consumer Discretionary 

Global Consumer Staples 

Global Energy 

Global Financials 

Global Health Care 

Global Industrials 

Global Information Technology 

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