Term Premia Watch

– Insights on yield curve drivers –

18 January 2026

ARGEDION

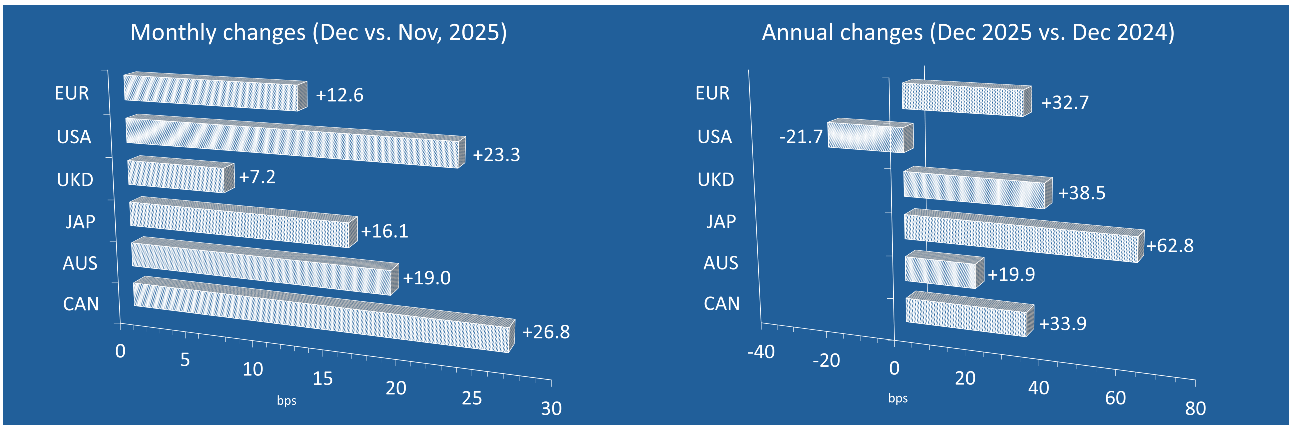
TAKEAWAY

Real rates repriced in 2025, but early-2026 signals suggest a phase of stabilization across major bond markets

GLOBAL EXPECTED REAL RATES

- In 2025, real rates rose across most major markets, except the US. The 10-year expected real rate climbed 63 bps in Japan, 30–40 bps in the Eurozone, UK, and Canada, 20 bps in Australia, while it fell 22 bps in the US
- Year-end trends (December vs. November 2025) show broad-based increases in 10-year expected real rates – including the US (+23 bps) – driven by higher expected nominal yields, with inflation expectations remaining largely stable
- In early 2026, the trend has slowed, with nominal yields and breakeven inflation reversing last month's moves

Monthly and Annual Changes in 10Y Expected Real Rate



Source: Argedion estimates

OBSERVATIONS

- The 2025 rise in real rates reflects higher expected nominal yields and a reassessment of medium-term policy and growth prospects, while inflation expectations have stayed broadly stable
- In early 2026, market developments point to a temporary pause, as nominal yields and breakeven inflation reversed last month's moves, signaling a stabilization of real rates