Term Premia Watch

– Insights on yield curve drivers –

21 January 2026

ARGEDION

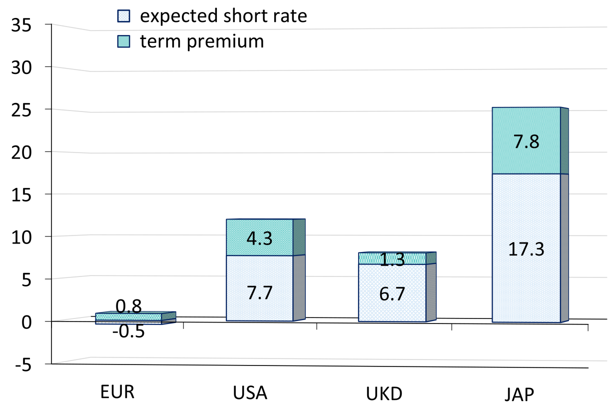
TAKEAWAY

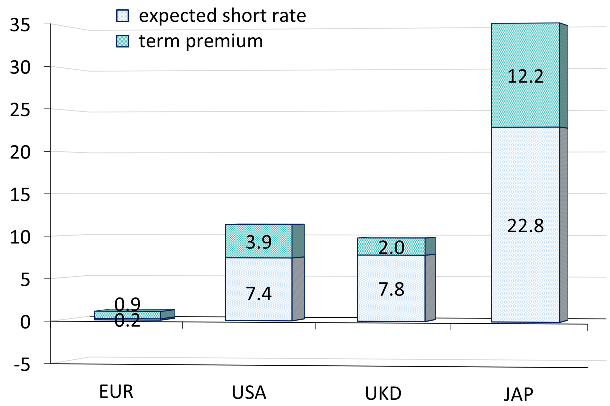
US and UK yields whipsaw, Japan's curve gears up for lift-off

HIGH VOLATILITY TIMES

- US and UK long-end yields reverse their early-January dip. Between Jan 10 and Jan 20, 10- and 20-year expected short rates rise by nearly 8 bps, while term premia edge higher by around 4 bps, reflecting renewed risk pricing into duration
- Japan remains the outlier. Expected short rates jump roughly 20 bps at both 10 and 20 years, with term premia up about 10 bps, signaling policy normalization expectations
- The Eurozone is currently the only area where bond yields remain stable
- Argedion estimates: US term premia at 40–50 bps (10Y) and 60–70 bps (20Y); UK at 30–40 and 60–70; Eurozone at 10–20 and 40–50. In Japan, term premia turn positive at 10Y and reach 60–70 bps at 20Y

Changes in 10Y and 20Y Components (20 vs. 10 Jan, 2026)





Source: Argedion estimates

OBSERVATIONS

- US and UK: Term premia and expected short rates are up, signaling market caution on policy. Long-end risk remains elevated and reacts to data and supply.
- Japan: Stronger moves in rates and term premia suggest policy normalization is gaining traction. The curve is set to steepen further as long-maturity risk is repriced.