



www.argedion.com

September 2026

Decomposing Bond Yields: A Comparison with Fed Models

Abstract

We compare Argedion's estimates of the US 10-year term premium and expected short rate with three widely used Federal Reserve models. Although term premium estimates co-move substantially across models, they imply markedly different decompositions of long-term yield movements. In Argedion's model, term premia account for only 29% of monthly fluctuations in the 10-year Treasury yield, compared with 47–77% in the Fed models.