



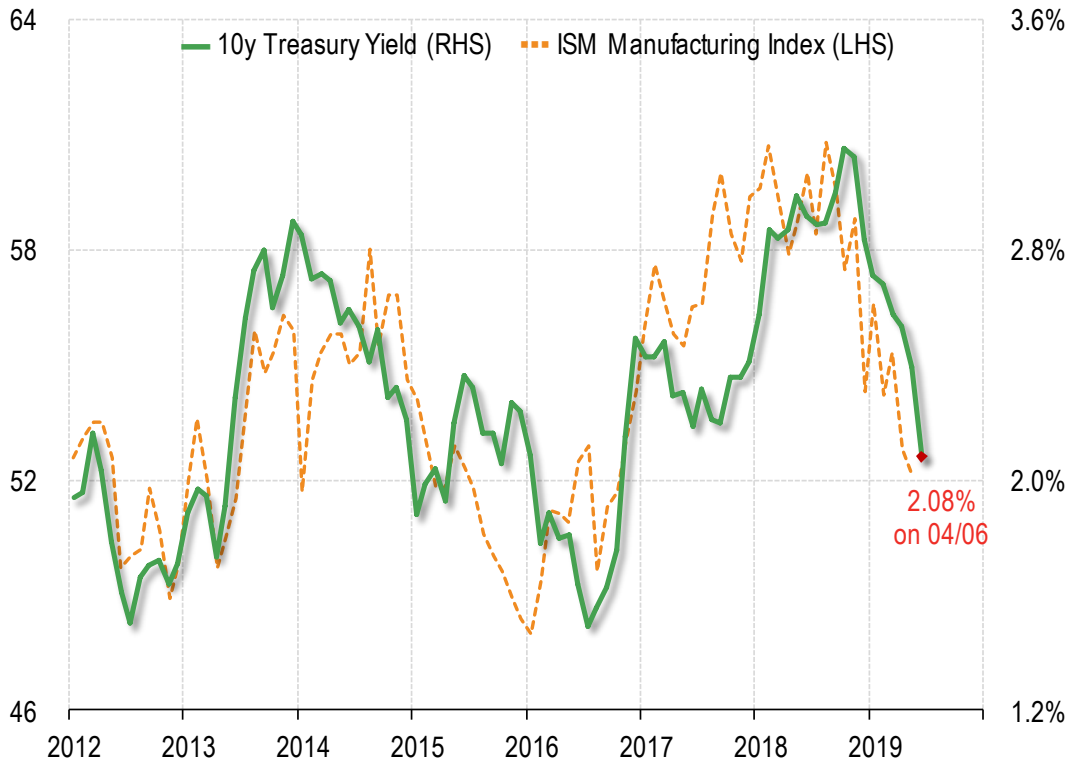
About the decline in US long-term rates

Interest rates on US federal government debt have declined significantly in recent months. With the yield on 10-year Treasuries at 2.1%, the Federal government's cost of borrowing has fallen to the lowest level since September 2017.

President Donald Trump is bound to be pleased. The supremacy of the dollar offers him the privilege of being able to widen the deficit almost endlessly, at a time when the appetite for US Treasuries seems to be inexhaustible.

Yet the stronger demand for Treasuries is also a warning signal: it indicates that investors are seeking safe havens as they form more cautious expectations. In the United States, the decline in yields is also a faithful indicator of a deterioration in the business climate.

United States: Business climate vs yields



Source: Institute for Supply Management, Refinitiv