White Paper

Bond Market Focus: Understanding Treasury Yields with Survey Data

Understanding Return Expectations, Part 8

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Survey data helps us decompose the Treasury yield into three parts: inflation expectations, real rate expectations, and required bond risk premia. All three key drivers fell sharply from the early 1980s to the early 2020s. The latter two have since risen from negative to positive levels. Inflation expectations have remained well anchored, but this benign situation faces substantial risks amid today's policy challenges.

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